

Graduate School of Business

**Reward Program Influences:
Employees' Perceptions in Malaysian Private Organizations**

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Declaration

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

To the best of my knowledge and belief, this thesis contains no material previously published by any other person except where due acknowledgment has been made.

Signature

Date:

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ABSTRACT

Previous researches on non-monetary rewards have explored ways in which psychological phenomena can enhance the motivational power which may reduce or eliminate any inherent advantage of cash as an incentive to employees. However research on reward program influences in Malaysian private organizations is almost non-existent. Literature also suggests that non-monetary rewards alone do not motivate. This study focuses on the antecedents of cultural orientation, Islam Hadhari's principles and environmental factors (internal and external) that may influence the perception held by exempt employees of Malaysian private organizations on non-monetary and monetary rewards. This study further investigates the relationship between the Malaysian cultural orientation, Islam Hadhari's principles, environmental factors and perceptions of non-monetary and monetary rewards toward the reward program influences. The other important aim of the study is to identify the moderating role of organizational characteristics, i.e. organization size and ownership status between cultural orientations, Islam Hadhari's principles, environmental factors (internal and external) and perceptions of non-monetary and monetary rewards.

The study adopted a positivist paradigm and a two-phase sequential mixed method research design consisting of qualitative and quantitative approaches. A tentative research model was first developed based on an extensive literature review. In the first phase, the qualitative field study was then carried out to explore the perceptions of non-monetary and monetary rewards in the Malaysian private organizations. The findings from the qualitative study were then combined with initial research model and literature review to develop the final research model, which was then used to develop measures and instruments. In the second phase of the study, data were collected by questionnaire survey of 1000 exempt employees in Malaysian private organizations. 329 valid questionnaires were obtained. The responses were analyzed using Partial Least Square (PLS) based Structural Equation Modeling (SEM) approach.

The results of this study showed that femininity orientation, Islam Hadhari's principles specifically mastery of knowledge and good quality of life, and external environmental factors have positive influences on employees' perceptions of non-monetary and monetary rewards. However, surprisingly the relationship between internal environmental factors, Islam Hadhari's principles of balance and comprehensive economic development, and also cultural and moral integrity and non-monetary and monetary rewards were found to be non-significant in this study.

This study also confirmed the influence of non-monetary rewards on reward program influences of employees' contribution, productivity, loyalty except employees' turnover was found to be non-significant in this study. The results also showed that perception of monetary rewards was significant in relation to employees' contribution, productivity, loyalty as well as turnover. The findings also revealed the negative/positive, and also significant and non-significant relationships between the factors tested in this study in the existence of the moderating variables of organizational size and ownership status. The detailed of the results were discussed comprehensively in the thesis.

This study contributes to the existing literature as there has been little evidence and attention found in the literature relating to cultural orientation, Islam Hadhari's principles and environmental factors (internal and external) with non-monetary and monetary rewards. This study also indicates that Islam Hadhari's principles does play a very important role in encouraging the intellectual, spiritual (intrinsic rewards) and physical development in Malaysia. The study also will benefit the human resource practitioners theoretically and practically by providing direction and suggestions in designing and implementing the non-monetary and monetary rewards for Malaysian private organizations from Islamic perspectives.

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Operational Definitions (Terms Used in the Model)

Many terms used within the human resource management discipline have accrued different meanings. The following definitions have been used operationally in this study.

Non-monetary rewards (NMR)

Non-monetary rewards are referred as rewards that do not involve any direct payments and often arise from the work itself, for instance achievement, autonomy, recognition, scope to use and develop skills, training, career development opportunities and high-quality leadership. This includes career and social rewards such as job security, flexible hours and task enjoyment and friendships (Armstrong and Murlis, 2007).

Monetary rewards (MR)

Monetary rewards are referred as basic salary/wages, allowances, and monetary incentives such as bonuses (Henderson, 2005)

Cultural Orientation (CO)

High power distance

Power distance reflects the extent to which less powerful members of organizations accept an unequal distribution of power (Hofstede, 2001; Adler, 2000)

Feminine orientation

Femininity stands for a society in which both men and women are supposed to be modest, tender and concerned with the quality of life (Hofstede, 2001)

Islam Hadhari's principles (IHP)

Four principles of Islam Hadhari as follows (Badawi, 2005; Bashir, 2005):

Mastery of knowledge

Islam proposed training and development to increase knowledge of workers to all levels ensuring that this knowledge includes the general knowledge that can improve their faith (Surah Fatir 35: 28) and their religious practices (Hashim, 2007).

Balanced and comprehensive economic development

A balanced and comprehensive economic development requires an approach which combines the efforts to establish ethical economic practices and the ability to conduct economic activities effectively in tandem with local and international economic developments (Surah Jumu'ah 62: 10) (Department of Islamic Development Malaysia Putrajaya, 2005: p.30).

A good quality of life

A quality of life involves various forms of selfless acts; first is pure selfless acts, second is loyalties to persons and groups, third is commitment to duty, and fourth is strategic conformity to rules that advance the well being of the group (Diwan, 2000).

Cultural and moral integrity

Cultural and religious diversity must be protected based on a value and moral system which is strong, lofty and honourable in order to enhance the development of Malaysia. The internalization of high moral values will ensure prosperity, harmony and peace in a multiracial society and it will also make the nation honourable and respected (Surah Al-Mu'mininun 23: 1-2), (Department of Islamic Development Malaysia Putrajaya, 2005: p.39).

Exempt employees

Exempt employees are defined as employees who, exempt from the minimum wage and overtime provisions of the Fair Labor Standards Act, or FLSA. In order to qualify as "exempt" an employee may meet the requirements of two tests: (1) the duties test; and the (2) salary test. "Duties test": An employee may qualify for the executive, administrative or professional exemption to the overtime rules. "Salary test": Exempt employees shall be paid an established monthly or annual salary and are expected to fulfill the duties of their positions regardless of hours worked (Milkovich and Newman, 2005).

Organizational Characteristics (OC)

Organizational characteristics refer to those factors characteristics to a particular enterprise which influence the level of implementation of preventive environment options, include the size and situation of the company, its industrial sector, the available infrastructure and human behavioral patterns like the motivation and awareness of the employees and organizational culture (Zilahy, 2004).

CHAPTER 1

Introduction

"In the arena of human life the honors and rewards fall to those who show their good qualities in action."

Aristotle

1. Overview of Thesis

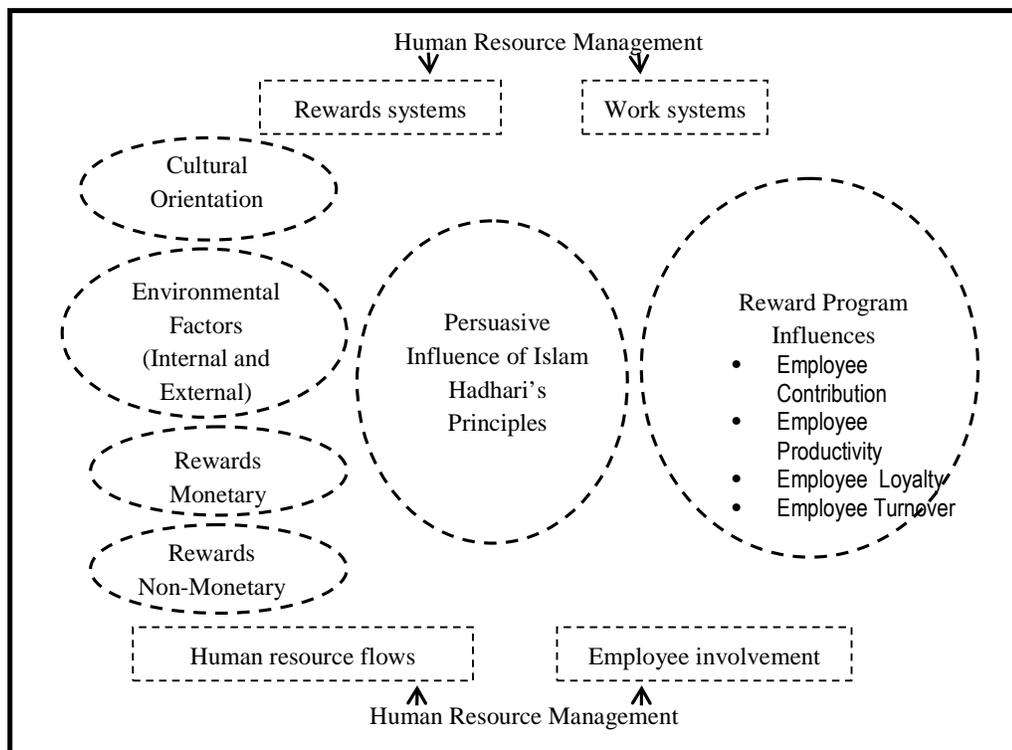
This study investigates the impact of non-monetary and monetary rewards on individuals who live and work in the cultural orientation of Islam and Hadhari's principles. The group members selected for the study were named 'exempt' employees (exempt from the minimum wage and overtime under Fair Labor Standard Act (FLSA)). Concerning rewards, theories such as the 'Two factor' theory identified by Herzberg, Mausner, & Snyderman (1959), containing, as a motivational factor, elements of recognition, responsibility, advancement, achievement and growth as well as others describes later and in chapter two were developed within the western, secular business environment. In contrast, this study is conducted in a predominantly Islamic cultural context. The spiritual and practical overlay of Islam Hadhari's principles informs emic (Pike, 1971) accounts of both societal and organizational life. Pike (1971) claims both etic and emic approaches are of great value for special phases of behavioural analysis. Pike (1971) explained etic as broader, universal societal accounts which would allow procedures and terms to be cross-culturally applicable.

These shared features are referred to as universal aspect of culture (Earley and Randel, 1995), including all comparable events (sounds, ceremonies, activities) of all people and all parts of the earth (Pike, 1971). In contrast, Pike (1971) describes emic or local accounts of life experiences. Local accounts are often described as 'from the inside out' where etic or universal accounts are described as 'from the outside in'. The 'inside' in this study is represented by the Malaysian Islam Hadhari context. The 'outside' in this study refers to the well established and validated criteria for non-monetary and monetary reward systems. A recent study by Stankov and Lee (2009), cites Segall, Lonner and Berry (1998) who further propose that cross-cultural psychologists use the term etic to refer to comparative across-

cultures studies and emic to refer to careful, internal exploration of psychological phenomena in local cultural terms. However, it is possible that some of the concepts and constructs within western theory are compatible with Islam Hadhari's Principles. The highly emic nature of these requires a research design that can fulfill qualitative requirements across the etic/emic divide, using the data to inform a robust data collection instrument within the quantitative perspective. An important aim of the qualitative study is to check for semantics, acceptability and the relative position of variables as having independent / dependent status.

A more expansive description of western theories of motivation and reward systems will be elaborated in chapter 2. In this chapter, a brief and more general discussion of human resource management, and reward systems will be followed by an introduction to culture orientation, environmental factors, non-monetary and monetary rewards, reward program influences and, at the centre, given the role of Islamic religion in organizational contexts, Hadhari's principles as referred to in Figure 1.1.

Figure 1.1: Open Systems of Functional Activities within a Human Resource Management environment



Informed by De-Cieri, Kramar, Hollenback & Wright (2003)

The scope of Human Resource Management (HRM) activities varies across organizations. For instance, De-Cieri, Kramar, Hollenback, & Wright, (2003) identify four major areas of HRM policy. Those relate to employee involvement, rewards systems, work systems and human resource flows. This study selects reward systems in the particular context of Malaysian culture. In addition, Stone (2005) said that human resource management involves the productive use of people in achieving the organization's strategic business objectives and the satisfaction of individual employee needs. Numerous studies were conducted on employees' productivity and satisfaction and various connections were found for example, an organization with low employee recognition never scores high in employee satisfaction (Brislin, MacNab, Worthley, Kabigting and Zukis, 2005; Appelbaum & Kamal, 2000; Knoop, 1994; Khojasteh, 1993). Furthermore, according to Nelson (1994), money is not always the best motivator or reward. This is supported by Overell (2003) who claimed that money is not the only answer when it comes to motivating employees. Reward is expressed as compensation in the United States. Rewards are what employees receive for performance. Sometimes these rewards come from the organization in the form of cash (money) and non-cash (recognition and other intangible rewards). Rewards can also be psychological such as the 'feeling of job well done'. The reward system has been recognized as having a powerful, motivating influence of performance. However, in order to achieve improvements in performance, different reward programs must be applied by the respective organizations in line with their organizational cultures and values.

1.1 Islam Hadhari's Principles

In some western cultures, religion and faith do not play a prescriptive role in societal and organizational life. However, Malaysia is 60.4 percent Islamic faith. Additionally the faith permeates all facets of social and organizational interaction. Islam sees the human race as singular and coming from the same singular God (Noor, 2004). Noor (2004) also states that the concept of race has no place in either the theology or praxis of Islam. The Malaysian Prime Minister, Abdullah Ahmad Badawi spelt out his vision of Islam Hadhari or Civilization and comprehensive Islam. Badawi is trying to promote his vision of a modern, progressive, tolerant and multicultural Islam where Muslims are encouraged to learn from interaction with other communities. Islam Hadhari is neither a new religion nor a new *mazhab* (denomination), but an effort to bring the *Ummah* (Islamic community) back to the

fundamentals of the *Quran* and the *Hadith* (the Traditions of the Prophet Muhammad) which formed the foundation of Islam civilization (Hassan, 2004). It could well be a paradigm of how Malaysian Muslims should see Islam in the context of a multi-racial Malaysia facing a changing world and also considering the sensitivity of non-Muslims community towards the increasing ‘Islamization’ of Malaysia. Therefore, four principles of Islam Hadhari will be used to examine their relationship toward employees’ perceptions as follows (see Figure 1.2):

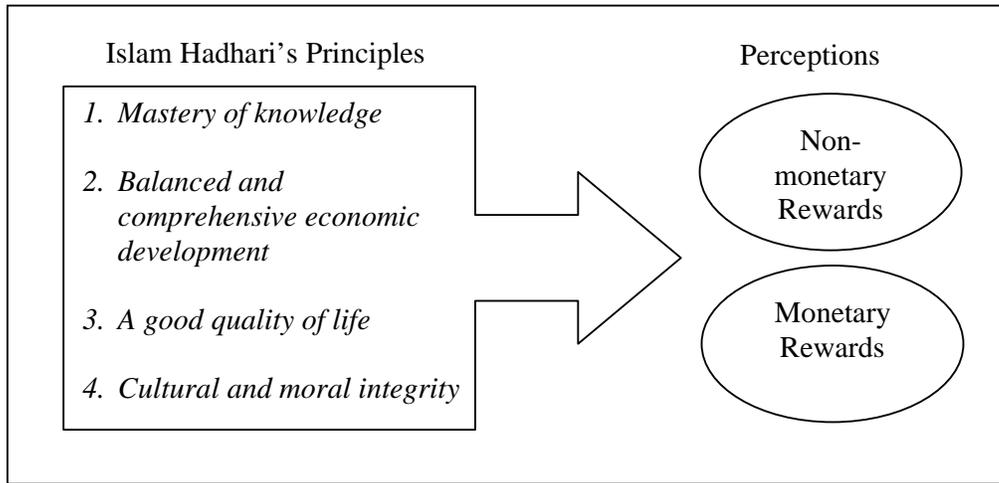


Figure 1.2: Islam Hadhari’s Principles in relation to perceptions of Non-Monetary and Monetary Rewards

Bashir (2005) adds that these principles have been formulated to ensure that the implementation and approach do not cause anxiety among any group in Malaysia. Moreover, the government has to make sure its religious departments and officers are well-versed in the principles of Islam Hadhari.

Tayeb (1997) mentions that Islam is an all-encompassing creed, governing every aspect of life, public and private, political and economic, and as such is relevant to business activities. The Quran advocates a system based on individual enterprise and individual reward. Tayeb (1997) argues that the cross-national research is required to investigate the implications of Islam on organizations which operate in Muslim countries with regard to human resource management practices. Therefore, given the pervasiveness of Islam and its influence on various spheres of material as well as spiritual life in most Muslim countries, it is possible to discern certain patterns in Muslim workplaces which are compatible with their Islamic origins. In this sense, as well as utilizing western Human Resource Management

(HRM) concepts and studies, the Malaysian findings may inform and sensitize leaders and managers who have Muslim staff.

A number of studies have been conducted by researchers and Islamic scholars on specific matters in Muslim countries, such as economics or banking and finance issues, but none is related to the non-monetary and monetary rewards, cultural orientation and internal/external environment factors from an Islamic perspective (Khan, 1991; Tayeb, 1995, 1997; Loqman, 1991; Heim, 2004; Ramadan, 2005). Furthermore, the studies conducted on the impact of Islam on human resource management (HRM) matters are very few (Tayeb, 1997). To fill the gap, this research will study Islam Hadhari's principles and its relationship with perceptions of non-monetary and monetary rewards among the exempt employees in Malaysian private organizations.

1.2 Cultural Orientation

Culture is viewed in many ways by anthropologists (Adler, 2002). Adler (2002) explains the most comprehensive definition of culture is by Kroeber and Kluckhohn (1952). Kroeber and Kluckhohn (1952) and Kluckhohn (1962) defined culture as patterns of (explicit and implicit) of behaviour which are transmitted by symbols, constituting groups of people, including their embodiment in artifacts and other traditions including ideas, values and culture systems. Culture is a learned phenomenon that is shared among people within the same social environment (Hofstede, 2001). A national culture is usually characterized by the values of the people who belong to that culture (Schuler & Rogovsky, 1998). On the other hand, cross-cultural management studies seek to explain the behaviour of people in organizations around the world. Findings inform what is needed for people to work in organizations with employee and client populations from many different cultures (Adler, 2002).

A number of studies have indicated that cross-cultural differences in values exist (Merkin and Ramadan, 2010; Steel and Taras, 2010; Okpara and Kabongo, 2010; Testa, 2009; Chong, 2008; Kim and Leung, 2007; Gupta, MacMillan and Surie, 2004; Palthe, 2004; Luthans, Welsh & Rosenkrantz, 1993; Schneider and Meyer, 1991). Hofstede (2001) stated, in studying values, that researchers compare individuals, in studying cultures, researchers compare societies. Adler (2002) mentions that the cultural orientation of a society reflects the complex interaction of values, attitudes and behaviours displayed by its members. Hofstede (1991) identified and examined five value dimensions of national culture in a large multinational business organization (IBM) in 72 countries and found that they varied among

countries. Although Hofstede's work has not gone uncriticized, especially his early work, his later work has validated the cultural dimensions he emerged. However, of the five dimensions, this study will specifically focus in-depth on two dimensions, power distance and feminine/masculine characteristics. These two dimensions, added to Islamic teachings of honesty, moral integrity, faith and piety (Sharfuddin, 1987) are considered to have a predictive and explanatory influence on the perceptions of Malaysian employees concerning non-monetary and monetary rewards making them highly relevant to this study

Most of the study/research on motivation through non-monetary and monetary rewards has been conducted in Western developed countries. Research in developing nations is needed to test the transferability of theories and practices that originated in the Western cultural context. Such studies seek to identify appropriate alternative strategies for different contexts (Testa, 2009; Chong, 2008; Robertson, Al-Khatib and Al-Habib 2002; Hodgetts and Luthans, 1993) especially in the context of Malaysian culture. Researchers have examined the relationship between the cultural dimensions (power distance and masculinity-femininity). Various aspects of human resource oriented studies relate cultural influences to managerial competency, appraisal (Chong, 2008), performance appraisal (DeVoe and Iyengar, 2004), staffing and selection, motivation (Graf 2004; Huo, Huang and Napier 2002; Harvey et al., 2000), cross cultural training (Okpara and Kabongo, 2010; Bennet, Aston and Colquhoun 2000, Holladay and Quinones, 2005), career development (Harvey, 1995; Stahl, Miller and Tung 2002). Schuler and Rogovsky (1998)'s study examined cultural influences on compensation preferences using Hofstede's dimensions of culture as proxies. However, it did not consider the broader spectrum of rewards in use such as monetary and non-monetary, extrinsic and intrinsic elements (Chiang and Birtch, 2006), and the impact of employees' perceptions towards reward program influences in relation to both culture dimensions and Islam Hadhari Principles. Taken together this area has received less attention from researchers (Chiang and Birtch, 2005, 2006), but it is of particular importance to reward programs in Malaysia.

Hofstede (2001, 1993) defined power distance as a national cultural attribute describing the extent to which a society accepts that power in institutions and organizations is distributed unequally. It ranges from relatively equal (low power distance) to extremely unequal (high power distance). Specifically, it was found individuals from high-power distance cultures tend to be more collectivistic and individuals from low-power-distance cultures tend to be more individualistic (Hofstede 2001, Merkin and Ramdan, 2010) such as the United States. Therefore, in particular, high-power distance has been associated with

collectivism and cooperation. This is because high power distance situations tend to be more authoritarian and tend to stress conformity and submissiveness (Hofstede, 2001). This is supported in the Malaysian environment where the superior and the subordinate each have their own obligations to look after each other. The subordinate accepts that the superior is entitled to perks and privileges, and the superior accepts an obligation to take care of the subordinate's welfare. As such, many people believe that there is a high power distance in the Malaysian context. Individuals from cultures with high power distance such as Malaysia usually accept the inequality of power, perceive differences between superiors and subordinates, are reluctant to disagree with superiors and believe that superiors are entitled to privileges (Karande, Shankarmahesh, Rao and Rashid 2002, Goodwin & Goodwin, 1999, and Hofstede & Bond, 1988).

Hofstede (1993) also described masculinity as standing for a society in which male characteristics of assertiveness, toughness material success were present. In contrast, femininity stands for a society where feminine characteristics of nurturing, tender less and concern with the quality of life are present (Hofstede, 2001, 1991). It is believed that the femininity orientation is compatible with the Malaysian environment. Malaysia is less masculine in that it places more value on qualities like modesty, humility, benevolence, interpersonal relationships and concern for the weak (Karande et al., 2002, Goodwin & Goodwin, 1999, Hofstede & Bond, 1988). Therefore, this study will specifically investigate the two cultural dimensions, high power distance and femininity orientation among the exempt employees in Malaysian private organizations.

Reward systems and practices which are effective in one country may be very different from those that are successful in others (Chiang and Birtch, 2005). Essentially, the individual needs, values and expectation shape the reward preferences across the country. In a masculine society such as in most of western countries, organizations focus more on results and tend to reward individuals based on "performance" rather than on "equality" (Hofstede, 1980a, 1991). This is unlike the feminine orientation with a preference for relationships, cooperation, modesty, caring for the weaker, and the equality of life. Preservation of the environment (Etemadi, Dilami, Bazaz and Parameswaran, 2009, Hofstede, 2001) has a focus on non-monetary rewards such as recognition and praise (Chiang and Birtch, 2005). Furthermore, as Milkovich and Newman (2002) state, the success of a reward depends on its ability to achieve any one of a number of the reward's objectives such as to attract, retain and motivate employees. However, the question arises of how to effectively and efficiently

manage, compensate, and motivate employees in various countries (Gunkel, Lusk and Wolff, 2009)?

1.3 Environmental Factors

Compensation is a common term used in the United State as it is the remuneration received by an employee in return for his/her contribution to the organization. Compensation is an organized practice that involves balancing the work-employee relation by providing monetary and non-monetary benefits to employees. According to Armstrong and Murlis (2007), whom much preferred to address compensation management as reward management, much of the impetus of the development of the reward management concept has come from US writers such as Lawler (1990) with 'strategic pay'; Schuster and Zingheim (1992) with 'the new pay' and Flannery, Hofrichter and Platten (1998) with 'dynamic pay' (cited in Armstrong and Murlis, 2007). Armstrong and Murlis (2007) have different view on new pay in which they argue that Lawler's (1990) concept of 'new pay' is not a set of compensation practices at all, but it is a way of thinking about reward systems in a complex organization. Furthermore, it does not mean implementing new reward practices or the other hand abandoning the traditional ones; as overall, it identifies pay practices that enhance the organization's strategic effectiveness (Armstrong and Murlis 2007). In addition, understanding reward determination is a key to understanding important aspects of the economy. External and internal factors/variables play a very important role in determining the reward package in organizations (Henderson, 2005). As Pophal (2004) stated, among the most emotionally weighted issue for employees is reward. Therefore, many organizations are becoming increasingly innovative with their reward packages to sustain their competitive advantage in the market.

Generally, organizations compare their own employees' reward with the reward of those who work for other companies in developing a reward program to ensure it remains competitive (Armstrong and Murlis 2007, Romanoff, Boehm and Benson 1986). In the case of this study, more complexity is added because of the strong 'Hadhari' value system surrounding and permeating organizational life in the Malaysian research context. Although employee perceptions of equity and inequity are equally important and should be carefully considered when a company sets reward objectives (Milkovich, Newman and Gerhart, 2010; Henderson, 2005, Romanoff et al., 1986); adding to this, the high power distance described earlier have an influence in Malaysian organizations. Determinants for the reward package

are very important and crucial (Henderson, 2005). Furthermore, various demographic factors, including industry, company size and geography influence pay levels (monetary rewards package) (Vocino, 2004; Schaeffer, 2001). This was supported by Henderson (2005), who proposed that company geographical location influences the reward package. In addition, companies doing business in certain geographic locations frequently compensate their employees on the basis of the area's prevailing economic conditions such as local cost of living (Henderson, 2005; Romanoff et al., 1986). Overlaid on this complexity are, Hadhari's principles.

According to Henderson (2005), a company's ability and affordability to pay will always be important. Reward poses a conceptual and practical challenge in how to reconcile the company's ability to pay (i.e. financial resources), desire to pay (image of company), and also need to pay (labor market) (Romanoff et al., 1986). An organization's reward system also should be driven by an overriding philosophy (Pophal, 2004). Even the business nature/type of industry of companies also influenced the rewards package offered to employees (Henderson, 2005; Groshen, 1990; Romanoff et al., 1986). Langer (1987) found that manufacturing-extractive firms tend to pay better than non-manufacturing organizations.

Additionally, a key reward element is profit orientation (Ang, Slaughter and Ng 2002). They indicated that prior empirical research on reward in non-for-profit organizations revealed that workers in non-for-profits received lower average earnings than observably similar individuals working in profit seeking organizations. It is possible here those intrinsic rewards were accepted as part of rewards systems. In addition, large organizations tend to pay more and sometimes significantly more than small organizations (Ang et al., 2002; Schaeffer, 2001; Kalleberg and Van Buren, 1996; Brown and Medoff, 1989; Langer, 1987; Romanoff et al., 1986).

Companies doing business in highly competitive industries are often forced to balance the need to control costs with the need to pay higher wages/salaries to attract a talented workforce (Armstrong and Murlis, 2007; Romanoff et al., 1986). Besides that, there are some variables that affect benefit costs and are identified as direct economic elements such as taxes, inflation and unemployment; and indirect elements such as legislation and judicial decisions (Kaighan, 1988). This section has pointed to the complex mixture of cultural considerations, demographic influences, and other factors that interact to produce reward systems in organizations. The next section goes on to focus on rewards themselves.

1.4 Non-Monetary and Monetary Rewards

Chiang and Birtch (2005) found that reward preference is tied to a reward ability to satisfy employee's needs and fit with cultural-bound values. Financial rewards are important to most individuals and have shown a strong desire for individual achievement and for self-interest in masculine countries such as United States and most other Western countries (Hofstede 2001, 1991, 1980a, 1980b). Furthermore, Ger and Belk (1996) claim that the consumption-based orientation to 'happiness-seeking' that is commonly labelled materialism has generally been seen as a Western trait. This is especially so in the US which has achieved an elevated place in industrial and post-industrial life (e.g., Campbell, 1987; McCracken, 1988). Materialism now seems to have diffused to ever more of the world's people (Ger and Belk, 1996). Hence, superiors are expected to be 'assertive', 'decisive' and aggressive in masculine society (Chang and Noorbakhsh, 2009, Hofstede, 2001, 1980a, 1980b). With the overall aim of material gain on the other hand, feminine cultures such as Malaysia which are characterized as having strong social needs, quality of life and moral integrity focus on non-financial rewards. In such cultural environments, non-monetary rewards of recognition and praise (Chiang and Birtch, 2005; Mendonca and Kanungo, 1994; Vance, McClaine, Boje, and Stage, 1992) are appreciated.

According to Chang and Noorbakhsh (2009), superiors in masculine societies are essentially performance driven individuals. They explain that, in facing new investment, superiors are willing to accept the consequences of making the wrong decision if they get rewarded with considerable share of the success. Generally, corporate executives' rewards in masculine societies are higher than in feminine societies (Chang and Noorbakhsh, 2009). Therefore, in the western context, money can motivate some people under certain conditions. However, since the Hawthorne studies, (Mayo, 1930, 1945) it was recognized that although money plays an important role as a motivator, other motivational influences resided in social and personal relationships. The researchers found that a complex web of social and symbolic interactions were part of organizational life, especially in groups.

Armstrong and Murlis, (2007) proposes that non-monetary rewards can include any benefit an employee receives from an employer or job that does not involve tangible value. This includes career and social rewards such as job security, flexible hours, opportunity for growth, praise and recognition, task enjoyment, friendships (Herzberg et al., 1959). Training opportunities, challenging work and work arrangements that support effective work/life integration (Medcof and Rumpel, 2007) also are non-monetary rewards and surprisingly,

often not thought of as rewards. However, Armstrong and Murlis (2007) note that non-monetary rewards do not involve any direct payments and often arise from work itself. The Job Characteristics Model (JCM) (Hackman and Oldham, 1976) for example identifies skill variety, task identity, task significance, autonomy, feedback as motivating job designs. Among these job dimensions, three contribute to the experienced meaningfulness of the work, and one each contributes to experienced responsibility and to knowledge of results.

Johnson (1992) also mentions that there should be a definable pattern of behaviour at all levels to cater for each of the organization's important values. In this study, overlaid on organizational values are those of the Hadhari principles. There should be a consistent pattern of reward and recognition that is appropriate to the organization's emphasis on that behaviour for each of those desired behaviours in relation to Islam Hadhari's principles. Furthermore, Shaw and Schneier (1995) claim that effective teams are highly valued and rewarded principally through non-monetary rewards. Allen and Helms (2002) explain that non-monetary rewards such as promotion and recognition would be able to bolster both the extrinsic and intrinsic motivation of employees to innovate and achieve a differentiated product or service in order to meet the organization's goals and strategies. Patrick Joiner, CEO of the Institute of Sales and Marketing in the UK said that employers have to motivate the right behaviour and not encourage people to chase money, because the companies will lose customers (Overell, 2003). This comment resonates with the ten Hadhari's principles where economic development is balanced with values such as quality of life.

Lundberg, Gudmundson and Andersson (2009) propose that people are motivated by a great variety of needs, which in turn vary in order of importance and over time or in different situations. As Latham and Ernst (2006) claim, work motivation is a set of energetic forces that originate within as well as beyond an individual's being. According to Wright (1989), the key step in predicting and influencing work behaviour lies in understanding human needs. It was noted, some theorists found it is more useful to concentrate on physiological aspects, whilst others stressed on the behavioural aspect and others on the rationality of human beings (Pinder, 1998). In classic theories of motivation, for example Maslow's (1943,1970) Theory of Need Hierarchy proposed that people have five levels of need the lower order needs, include physiological and security, which are focused on before satisfying higher order needs for affiliation, esteem and self-actualization (Maslow, 1943).

Of particular interest to the notion of non-monetary rewards is Herzberg et al. (1959)'s two factor theory of motivation. An important aspect of this theory was that monetary and other tangible rewards serve the purpose of helping to prevent job

dissatisfaction. These were labeled as ‘hygiene’ factors including supervisory effectiveness, co-worker relationships, pay, fringe benefits and physical work conditions. They were less effective as other more enriching job design factors such as recognition, responsibility, achievement, advancement, feedback and the work itself (Hackman and Oldham, 1976). Several studies using Herzberg et al.’s Two-Factor Theory have been adapted to better suit the specific context studied (Lundberg et al, 2009).

The Two-Factor Theory has attracted much attention, and criticism has included problems regarding the distinction between motivators and hygiene factors (Lundberg et al., 2009). This theory claims that job content or job enrichment by responsibility, achievement, recognition and advancement is the only way to increase motivation (Parsons and Broadbridge, 2006; Wright, 1989). On the other hand, Pinder (1998) claims that hygiene factors such as salary, working condition and interpersonal relations may also act as motivators. Furthermore, Herzberg was criticized for not taking individual differences of needs and values into consideration when explaining work motivation (Parsons and Broadbridge, 2006)

Again within the realm of non-monetary rewards, Vroom’s (1964) theory of expectancy states, that one’s motivation to work is a multiplicative function of three factors. These are expectancy, instrumentality and outcome valence (Story et al., 2009). Illustrating expectancy theory, Lawler (1970) argues money can indeed motivate employees if (i) the employees value the amount that is offered, (ii) if the employees believe that their performance will lead to the attainment of a desired amount, and (iii) if the employees believe their effort will result in valued rewards.

It is proposed in the study that elements of Herzberg’s Two-Factor Theory such as ‘work itself’ (motivator/growth factor) resonate with Islam Hadhari’s Principles ‘mastery of knowledge’

1.5 Reward Program Influences

Once the qualitative investigation within this study takes place, a tentative model will be confirmed that includes reward program influences. This section briefly discusses some of the intrinsic reward theories that were influential in pursuing the elements of reward for the study.

Armstrong and Murlis, (2007) explain that rewards which include intrinsic rewards from the employment environment (Hawk, 1995) go beyond financial returns and include all

of the things about work and working that people find rewarding such as recognition, career and development, feedback and meaningful work. Ting (1997) adds that those forms of non-monetary motivation are espoused as effective means in motivating and retaining employees (cited in Appelbaum and Kamal, 2000). They decrease in effectiveness when those rewards are implemented without consideration to pay satisfaction.

This suggests an interactive relationship between monetary and non-monetary rewards itself. This was a factor in choosing partial least square (PLS) analysis in this study). A new way of getting work done must be supported by appropriate rewards (Boyens, 2008; Hawk, 1995). This is agreed by a recent survey which indicated that companies remain challenged in making sure they have the most effective programs in place to meet employee needs (Hansen, 2007). Adding to this, it is important to know the employees and identify the reward preferences because these inputs will help to know how to get the absolute best out of each of them whilst at the same time recognizing and rewarding their individuality (Boyens, 2008).

As discussed by Gilley and Maycunich (2000), an effective development of compensation and rewards philosophy reflects the importance of change and remaining flexible in adapting to the demands and constraints of a dynamic, ever-shifting business environment. They found that pay and rewards in most organizations have not evolved to effectively compensate individuals for their increased effort, **employee contribution** and learning and development. Important to this study would also be the effect on **employee productivity**. Huang, Lu, Tang, and Huang (2004) also indicated that human resource executives have been focusing on effective ways to increase employees' commitment and satisfaction and which will be able to reduce the cost related to recruitment and turnover. Furthermore, practising fairness in reward as one to which employees is most sensitive is important in order to improve individual commitment and job performance (Huang et al., 2004). Therefore, a well-designed development of compensation and reward program exhibits attribute rewards which are linked to business strategy in-order that employees know what is being rewarded and why rewards support the organization's culture (Gilley & Maycunich, 2000). (Only one attribute here will be needed to be extended and put to the 'Hadhari' test). However, the truth about employee reward perception is more complex than the assumption that employees view each reward element in isolation from all others (Davenport & Roberts, 2005). The authors also mentioned that social scientists who studied employee attitudes have observed that employees view their reward portfolios holistically; forming generalized impressions about how much the organization values their contributions and cares about their

well-being. In the Malaysian setting, this holism will, to the majority of employees following Hadhari's principles, include moral issues and obligations.

Appelbaum and Kamal (2000) also found that there was a clear positive relation between **employee loyalty/retention** and compensation. Dutton (1998) noted that lack of employee recognition is cited as a major and recurring source of **employee turnover** (cited in Appelbaum and Kamal, 2000) and this has resulted in firms losing disenchanted innovators as well as experiencing lower levels of effort and even sabotage and espionage. However, Appelbaum and Kamal (2000) explained that employee motivation through non-monetary rewards may be accomplished by decision makers paying closer attention to the needs of their employees, in particular to relevant factors discussed before, and this may ultimately result in improved revenues through greater productivity, increased employee satisfaction or higher output, reduced employee absenteeism, lower employee turnover rates and a greater overall synergy in increasing the firm's efficiency and bottom line.

1.6 Focus of the Research

This study has two components. First, in a field study, it will examine the perception of non-monetary and monetary exempt employees from twelve 'selected' private organizations in Malaysia. Privately owned companies differ from their publicly traded counterparts in significant ways (Gilles, 1999). Giles (1999) also said that in rewards the difference shows most visibly in a private company's approach to long-term incentives. However, by understanding how governance and ownership, culture, and management systems influence rewards, Gilles (1999) also noted that it is possible to design a program that fit into his or her private company's distinct environment. Secondly, utilizing data from the qualitative study, a model will be designed to test, quantitatively hypotheses on reward program influences.

Historically, the managerial assumptions informing rewards systems were based on a view of employees as rational economic beings (Weisbord, 1987). As such, non-financial rewards are often under-utilized as motivators (Johnson and Welsh, 1999) resulting in less emphasis placed on the inclusion of non-monetary within or alongside monetary rewards. This is particularly important to this study as Malaysian culture, related to Islam Hadhari's principles, emphasizes non-monetary rewards.

Still, contemporary western management theory veers towards an emphasis on tangible and economic rewards, even in the face of critical scholars linking such rewards to an essentially materialistic epistemology (Deckup, Jurkiewicz, & Giacalone, 2010). This is in

direct contrast to the overarching value system of Islam Hadhari's principles which focus on intrinsic values. The effect of overarching value system on motivation through non-monetary rewards remain to be seen and is a focal point of this study, alongside culture, environmental factors (internal and external factors) and monetary/monetary rewards.

Bearing in mind the above discussion, there is sufficient controversy surrounding the efficacy of non-monetary rewards when placed within a value system where moral integrity, helping others and emphasizing a more altruistic approach to life, may (or may not) result in opportunities for a more values based approach to reward systems. The research questions representing this are stated in Chapter 3.

1.7 Structure / Outline of Thesis

The thesis is organized into six (6) chapters as follows. Chapter 1 discusses an overview of the thesis, sets the context of the research with respect to the cultural orientation, Islam Hadhari's principles, environmental factors and perceptions of non-monetary and monetary rewards. This was followed by focus of the research and significance of the research which set the scope of the study.

Chapter 2 presents the background of this research, which reviews the core theories relating to cultural orientation, Islam Hadhari's principles, environmental factors, perceptions of non-monetary and monetary rewards. The core theories investigated were literature on cultural orientation (e.g. Karande et al., 2002; Hofstede, 1984, 1991, 1993, 2001; Goodwin & Goodwin, 1999; Schuler & Rogovsky, 1998; Schneider & Meyer, 1991; etc), Islam Hadhari's principles (e.g. Ramadan, 2005; Bashir, 2005; Heim, 2004; Badawi, 2004; Tayeb, 1995, 1997; Khan, 1991; Khan et. al., etc), and environmental factors (e.g. Pophal, 2004; Vocino, 2004; Henderson, 2005; Schaeffer, 2001; Groshen, 1990; Langer, 1987; Romanoff et al., 1986; etc). Theory on motivation, hygiene and motivator factors by Herzberg et al., (1959), and non-monetary and monetary rewards by other researchers were reviewed. The following list gives some indication of the literature reviewed (e.g. Carrigan, 2010; Lundberg et al., 2009; Udechukwu, 2009; Armstrong and Murlis 2007; Bassett-Jones and Lloyd, 2005; Miller et al., 2005; Halepota, 2005; Kantor and Kao, 2004; Ruthankoon and Ogunlana, 2003; Overell, 2003; Huling, 2003; Allen and Helms 2002; etc). The relevant studies were reviewed and discussed relating to non-monetary and monetary rewards. This chapter also highlighted the lack of literature in the area of Islam Hadhari's principles on non-monetary rewards and stressed the significance of this study.

Chapter 3 is divided into six (6) parts. The **first** part of this chapter outlines the research questions and research objectives. The phenomenon of non-monetary and monetary rewards also was discussed. Finally the conceptual framework of *Cultural Orientation, Islam Hadhari's principles and Environmental factors* → *Perceptions of Non-monetary and Monetary rewards* → *Reward Program Influences* was presented as the preliminary research model.

The **second** part of the chapter presents the research methodology and design that were used in this study. Firstly, the initial section discussed the research paradigm and design, which was a mixed method approach (Creswell, 2007) consisting of a qualitative field study and a quantitative survey. Secondly, the detailed research process for two phases, namely a qualitative field study and a quantitative survey was provided and explained separately. Furthermore, the description of research process for each stage included sample selection, data collection, and data analysis. This part also provided a discussion of the validity and response bias issues relating to the primary research methodology. Discussion of the issues related to response rates were also recounted in this study.

The **third** part of the chapter details the results of the analysis of the interview data collected as part of the field study. A qualitative field study approach was done in eliciting and compiling the information on the concepts and practices from the private organizations. This part also presented a brief description of the demographics of the field study sample and showed the factors and variables that were identified during the analysis of the interview data. The network map for each variable was provided from the coding. A final research model was then developed by incorporating all factors identified and confirmed from literature review and field study was presented in this section. This chapter also concludes a comprehensive description of the factors and variables of the final research model.

The **fourth** part of this chapter discusses the formulation and development research hypotheses and measurement instrument (i.e. questionnaire). The final research model was refined on an initial tentative research model that was developed from literature review and further enriched through a qualitative field study. This part details the hypotheses developed from the final research model.

The **fifth** part of the chapter explains a description of the instrument developed and the reference sources of the measurement items. As through back translation procedure then was undertaken for the questionnaire, some minor adjustments and refinements were made.

The **sixth** part of this chapter describes a brief description of the pre-testing of the survey instrument (questionnaire) that was undertaken. The pilot test results were presented, which suggested that the questionnaire was an effective instrument.

Data analysis of the survey using Structural Equation Modeling (SEM), Partial Least Square (PLS) approach was presented in Chapter 4. Firstly the chapter introduced the SEM, PLS approach. Secondly, it explained the rationale of the composite approach beginning with the sample size in this study. The details of model assessment were then provided.

Chapter 5 presents the results, interpretation and discussions. The first part of this chapter interpreted the results of data analysis (SEM approach) by discussing the twenty four (24) hypotheses proposed in Chapter 6 which were tested in Chapter 8. Then it further analyzed the Rewards Program Influences model through examining cultural orientation, Islam Hadhari's principles and environmental factors. This chapter finished by pointing out the significant implications of this thesis and summarizing the results.

Chapter 6 provides an overview of the study and presented its theoretical and practical contributions. This final chapter also discussed and summarized the research, discussed the research limitations, suggested possible future research directions, and highlighted the significance of the results in this study.

CHAPTER 2

Literature Review

2. Introduction

This literature will revolve around theories and studies that inform; first reward systems, secondly, reward environments and, importantly Islamic Hadhari's principles. Despite there being a substantial amount of non-Malaysian literature on this subject, there is a paucity of information concerning the extent of reward systems research in Malaysia. This research is an attempt to provide further insights into the theory and practice of non-monetary and monetary rewards in the local context as Malaysia is implementing Islam Hadhari's principles in the country. In addition, Hashim (2007) states, the Islamic approach in managing human resources is timely. She also emphasizes Islam as a way of life. It is present in every field of human existence providing guidance for all aspects of life including individual and social, material and moral, economic and political, legal and cultural as well as national and international. Therefore, it is important in this study that all research needs to be informed by existing knowledge in a subject area (Rowley and Slack, 2004). As a result, the related literature either from the past or current issues from journals, articles, books, conferences proceedings, working papers and other resources were found and were referred to in this study.

2.1 Islam Hadhari's Principles

According to Al-Buraey (1985), the study of Islam in the West and even by some people inside the field of orientalism has frequently led to many faulty interpretations. Orientalism is an academic approach to the East- particularly to Arab worlds which refers to a style of thought, and a corporate institution's direction in dominating, restructuring, and having authority over Eastern Asia (Said, 1978 cited by Al-Buraey, 1985: p.47). Scholars on reward systems in the western world may have little knowledge of what Islam is and who Prophet Muhammad (peace be upon him) was (Said, 1978 cited in Al-Buraey, 1985: p. 47). Islam is an Arabic word which means "submission to the will of God", and holds that Islam has

always been the only acceptable religion in the sight of God. According to the Islamic concept of God, which is completely based on Divine Revelation, there is no ambiguity in divinity - God is God and man is man. (El-Najar, 2007; Masters, Squires and Kaka, 2008). Therefore, the context and culture of Islam need to be understood clearly.

Gaynutdin (2008) says the main mission of Islam includes upbringing a person with a healthy body and soul, forming personalities, families, societies so that they may overflow with goodness and virtues in conducting daily activities in a harmonic civilized world.

Essentially, Islam is not only the message of Muhammad but it is the divine message from the days of Adam through Noah, Abraham, Moses, Jesus and finally integrated in the message of Muhammad (Al-Buraey, 1985). Furthermore, he adds that Islam embraced a strong and unique ideology of moral, cultural, political, and economic principles. A social order based on the principles of equality, justice, brotherhood, and freedom are established and not only uphold an ideal by which to live but also to die.

According to Al-Buraey (1985) also, Muslims share many things as well as a universal way of life. They share worship of the same God, recognition of the same religious laws (shari'ah), and observation of the same rituals, such as *solah*, *sawm*, *zakah*, and *hajj* as Islam is known as a universal, trans-ethnic, religion that transcends national, linguistic, and cultural diversities.

Looking back at Malaysia as an Islamic country for more than 8 centuries, when Arab Muslim traders from the Middle East and India were doing their business activities *they* were at the same time through their missionary efforts disseminating the teachings of Islam (Alhabshi, 2004). Islam became the main religion for all the States in Malaya from the 13th century onwards as there has been sufficient evidence to show that the Malacca Sultanate adopted Islamic law in trade, civil and family matters.

As Malaysia is implementing Islam Hadhari's principles in the country, there is a need to understand clearly the term of Islam Hadhari. The term "**hadhari**" means "civilizational". Thus, Islam Hadhari literally means "**civilizational Islam**" or in Arabic, "***al-Islam al-Hadhari***". The succinct definition of Islam Hadhari is "**A comprehensive approach for the development of mankind, society and country based on the perspective of Islamic**

civilization” (Department of Islamic Development Malaysia Putrajaya, 2005: p.17). (See Appendix 1 for the overview of Islam Hadhari’s principles).

Hashim (2007) indicates the Quran enjoins man to embrace Islam without any reservation and all Muslim managers are encouraged and need to apply the Islamic approach on how to manage their human resources. This study will specifically focus on the major area of reward systems. There are many Western approaches in managing employees in today’s Malaysian private organizations. However, it is found that every organization in Malaysia employs Muslims as well as other religious groups (Hashim, 2009) and most of non-Muslim’ organizational cultures share and incorporate many Islamic ethical values such as kindness, trustworthiness, honesty, dedication, and hard work (Hashim, 2009). As these multi-cultural groups share the Islamic ethical value, this study needs to examine and discuss human resource management, specifically on reward systems which are more culture-specific to Malaysia. Besides that, the reward system in countries where Islam plays a dominant role in governing the peoples’ lives needs to reflect Islamic values held by their people. Currently, there is limited of literature on Islamic human resource management (Hashim, 2009) and importantly reward systems. Therefore, this study aims to fill the gap by investigating four principles of Islam Hadhari in relation to reward systems in the Malaysian context.

2.1.1 Mastery of Knowledge as a context of reward systems

Islam proposed training and development to increase knowledge of workers to all levels ensuring that this knowledge includes the general knowledge that can improve their faith (Surah Fatir 35: 28) and their religious practices (Hashim, 2007).

With regard to an Islamic point of view, Khan, Farooq and Hussain (2010) note that any discussion of knowledge and the importance of acquiring knowledge need to begin with a consideration of what its meant by the term knowledge. As a learned scholar of Islam has recently written, the text of the Quran is replete with verses inviting man to use his intellect, to ponder, to think and to know. This is for the goal of human life which is to discover the Truth which is none other than worshipping God in His Oneness. The Hadith literature is also full of references to the importance of knowledge. As Prophet says "*Seek knowledge even in China*", "*Seek knowledge from the cradle to the grave*", and "*Verily the men of knowledge are the inheritors of the prophets*". That has echoed throughout the history of Islam and has incited Muslims to seek knowledge wherever it might be found.

Al-Qaradawi (nd) highlights, *fard kifaayah* (It is the Fard, that if performed by some (a sufficient number), the obligation falls from the rest) that is very important in order to pursue knowledge and to excel in any discipline (a collective obligation). It was observed that the competition between Muslims and non-Muslims for mastery of the secular sciences is at its highest. He also asserts, when a Muslim seeks to learn, to excel, and acquire insight into such sciences for the sake of Allah (SWT), he is actually performing 'ibaadah' and 'jihad' (Surah Az-Zumar 39: 9).

Islam also places great importance on learning or the seeking of knowledge. Surah Al-Alaq : 1-5 states the importance of knowledge and stresses the obligation of every Muslim to seek, teach and share knowledge through systematic ways for divine objectives (Rahman and Hassan, 2008). Besides, Hosseini (2006) stresses that Islam is a knowledge-based religion or a religion of knowledge. Mohamad (2006) also says, it is important to acknowledge as the first message to Prophet Muhammad was '*iqraa*' (read) if we study the true teachings of the Quran regarding Islam's attitude towards the intellectual development of human beings then it cannot be denied that reading needs to impart knowledge to the readers (Surah Iqraa 96:1).

Mohamad (2006) also adds, it stated clearly that the first message to all Muslims is to seek knowledge. Islam is a religion based upon knowledge for it is ultimately knowledge of the Oneness of God combined with faith and total commitment to Allah. Rahman and Hassan (2008) note that knowledge is mentioned seven hundred fifty times in the holy Quran. It was prescribed to us to read and to seek knowledge (Gaynutdin, 2008). According to Rahman and Hassan (2008), knowledge is perishable, and nobody can hoard it. Therefore, people and organizations need to constantly renew, replenish, expand, create more knowledge and share it effectively in order to survive and remain competitive (Surah Iqraa 96: 4-5; Al-Baqarah 2: 255) (Rahman and Hassan, 2008).

The religion of Islam encourages all people to seek and increase their knowledge, and it disparages and warns against ignorance. One field of learning or way or mode of thinking may be easier than another, but the source of all good and blessings is that one seeks help from Allah in acquiring knowledge inherited from the Prophet (SAW) because that is what is truly fit to be named knowledge (Ibn-Taymiyyah, nd). Even, Prophet Mohammad (SAW) told, acquiring knowledge was a duty placed on each and every Muslim, especially the superiority of religious knowledge. This is the knowledge that should be given priority; otherwise all other knowledge will not be of benefit if the people do not have this one.

Moreover, it is important to obtain secular knowledge in the current challenges and increasing technology such as information superhighways (Surah Mujadila 58: 11).

Based on the history of any advanced and civilized nation, one will find that these nations would not have achieved what they have without knowledge as the axis. As known, the civilizations of Baghdad and Andalusia are clear examples of how integrated knowledge has contributed towards the development of the civilizations of the West and East (Department of Islamic Development Malaysia Putrajaya, 2005: p.29). It is necessary to remember and to evaluate our own history according to its merit, the history of Islamic civilization, that enriched world science and gave a lot to western civilization through the works of the medieval geniuses such as Ibn Sina, Ulugbek, Zakariya Ar-Razi, Horezmi, Farabi, Ibn Rushd, those all-round scholars who were the creators of the best examples of world science of culture for all times (Gaynutdin, 2008).

Today, Mohamad (2006) suggests that the Muslim *ummah* is at its weakest. He also adds that Muslim countries have not been able to adapt to the changing world. This is supported by Gaynutdin (2008), who notes that nowadays, the Islamic world is lagging behind in science, technologies, resulting in crisis along with many other adverse developments in the economy. It is very important to bank on the positive ideological potential of Islam, its openness to knowledge and science. Therefore, the pursuit and quest for knowledge and technology is very much encouraged in Islam (Department of Islamic Development Malaysia, Putrajaya, 2005: p.29). Furthermore, science should not make us lose our *iman*, our faith and it also should strengthen it which will make us more humble and more appreciative of the Greatness of Allah and His Religion (Mohamad, 2006). As Rahman and Hassan (2008) says based on a Hadith, the Prophet Muhammad said that seeking knowledge is a way to Paradise and made seeking knowledge an obligation upon every Muslim.

Basically, Majeed (2000b) categorizes the Muslim knowledge worker as, firstly a knowledge worker of God which it is his obligation to know the basic knowledge about how to recognize His presence and how to worship Him. According to Rahman and Hassan (2008), knowledge brings great rewards in Islam. Also, referring to organizations, Grant (1996) says organizational knowledge is recognized as a valuable intangible resource that holds the key to competitive advantage (cited in Bartol and Srivastava, 2002). This is supported by Bock and Kim (2002), who name the strategic management of knowledge resources as one of the key factors for sustainable competitive advantage (Bock and Kim, 2002).

Hence, organizational knowledge is created as a result of the combination and exchange of knowledge existing among employees (Nahapiet and Ghoshal, 1998). This should motivate many organizations to introduce rewards systems which will encourage employees to share their knowledge with others (Bartol and Srivastava, 2002). It can be seen that sharing of knowledge is crucial in the knowledge-based economy and definitely employee interactions can stimulate and enhance creativity and foster learning (Rahman and Hassan, 2008). Thus, in facing the current challenges of globalization, integrated knowledge, science and technology advancements ought to be the focus in order to produce human resources which not only possess knowledge and skills but are also imbued with lofty values which would assist towards the development of nation, race and the entire humanity (Department of Islamic Development Malaysia Putrajaya, 2005: p.29). Therefore, rewards and performance evaluation need to be used to encourage knowledge sharing and knowledge reuse. Rahman and Hassan (2008) citing Andriessen (2006) distinguishes tangible rewards for knowledge sharing (such as, gift, promotion, and access to information) and intangible rewards (such as, recognition, enhancing reputation and public praise). Following this, it is encouraged to conduct studies and researches to ensure that intellectual, spiritual and physical development will take place in a balanced, comprehensive and systematic manner as Malaysia in the process of implementing the Islam Hadhari (Surah Al-i-'Imran 3:18) (Department of Islamic Development Malaysia Putrajaya, 2005: p.30).

Knowledge and rewards from a Western Perspective

There is some controversy surrounding the interplay of monetary and non-monetary rewards. This study is focused on both non-monetary and monetary rewards, because these cannot easily be separated. Accordingly, in this literature review, reference will often be made to the benefits and disadvantages of monetary reward systems in terms of motivating staff. The study by Kugel and Schostek (2004) empirically concluded that monetary rewards seem to have immediate effect on motivation to share knowledge. Bartol & Srivastava (2002) also assert, knowledge sharing practices are linked to reward systems which are useful motivators as employees to share their knowledge. However, it was discovered that if knowledge is shared only because of monetary rewards, the knowledge sharing will decrease when the rewards are withdrawn (Kugel and Schostek, 2004; Bartol & Srivastava 2002). On the other hand, non-monetary rewards may not have immediate effects, but may have a long-term impact on motivation. Therefore, they suggest that monetary incentives should be used with caution. In addition, Bartol and Locke (2000) identify several important aspects of

organizational reward systems that are useful for motivating individuals to perform the targeted behaviours needed. These factors include perceived fairness of rewards, employees setting challenging goals in order to achieve attractive rewards, and practices which would ensure employees possess high self-efficacy for performing tasks. Rewards could range from monetary incentives such as bonuses to non-monetary awards such as certificates and awards, praise or express public recognition that do not have a monetary equivalent value. Rewards could also be intrinsic, such as pleasure derived from performing the task itself. Intrinsic rewards are of primary importance in encouraging knowledge sharing (Rahman and Hassan, 2008). Despite this Kohn (1993) feel that rewards and incentives or the extrinsic motivators do not seem to alter the attitude that underlies the knowledge sharing behaviour (Surah Al-i-'Imran 3: 190).

It is believed that there are limitations to what monetary or related incentives can achieve towards encouraging knowledge sharing among members of the organization and although money cannot buy everything, it may play a role in reward program influences.

2.1.2 A Balanced and Comprehensive Economic Development as a context for reward systems

A balanced and comprehensive economic development requires an approach which combines the efforts to establish ethical economic practices and the ability to conduct economic activities effectively in tandem with local and international economic developments (Surah Jumu'ah 62: 10) (Department of Islamic Development Malaysia Putrajaya, 2005: p.30).

Khan et al. (2010) emphasizes that the basic concept of Islam is the basic ownership of everything that belongs to God alone in the economic field (Surah Al-Baqarah 2: 108; Surah Al-'Imran 3: 190). The economic life of Islam is also based upon solid foundation and divine instructions. Earning one's living through decent labor is not only a duty but a great virtue as well (Abdalati, 1981). He also asserts that as long as there is no indecency or wrong involved, Islam respects all kinds of work towards earning one's livelihood. Islam also provides guidance to its adherents in all phases and activities of life, in matters, material as well as spiritual (Hamidullah, 1973).

Both Quran and Sunnah outline general principles and regulations concerning the economic activities of Muslims. There are two kinds. One, the Quran is strict, rigid, and represents the very foundations of the Islamic economy; and the other, Sunnah is very broad, flexible,

subject to change, and represents detail that highlights means, methods, and so forth of Islamic economic behaviour (Al-Buraey, 1985). Essentially, Al-Buraey (1985) also indicates that the Quran and Sunnah embody most of the tenets comprising Islamic economics. Therefore, he noted that Muslims need to honour the strict principles (Quran and Sunnah) regardless of spatial and temporal situations or what stage of economic development the Muslim society happens to be in.

According to Said (2008), what it does mean is that a Muslim who is true to his religious teachings will not separate the principle of accountability from political governance simply because he wants to perpetuate his power, and neither will he subordinate justice to the creation of infinite wealth and defend it for economic growth.

Therefore, the government and private sectors need to jointly play their roles in order to implement the said approach successfully; in fact, this is emphasized in the Malaysian Incorporated concept. It should be noted that Islam Hadhari demands all members of the Islamic community to seize the opportunities available to improve their economy as it faces current challenges (Department of Islamic Development Malaysia Putrajaya, 2005: p.31). As can be seen, Malaysia's achievements have been improving the welfare of its people in accordance with the Islamic concept of development as contained in the Islamic Welfare Function, formulated by Al-Ghazali and refined and further developed by Al-Shatibi, from 1955 until today (Alhabshi, 2004).

Full employment, price stability and sustainable economic development, justice and economic stability can be achieved through the strategies of poverty eradication. The Islam Hadhari's approach will continue to improve the efficiency of the public sector's delivery system as well as the performance of the private sector. Thus, the quality of the educational system and national training institutions need to be improved continuously so as to fulfil the people's needs (Department of Islamic Development Malaysia Putrajaya, 2005: p.31). Alhabshi (2004) also indicates, the development that has taken place is not only helping its people to improve their welfare, but more importantly it has also carved the Islamic economic system which is so far has no parallel in any other Muslim country.

Baligh (1998) justifies, there is good reason also why Muslim countries might call their economic-political systems Islamic Socialism or Islamic Capitalism, and/or many other terms being used to describe the Islam this or that which is totally different from the Western

economic capitalistic standpoint. The effect is to 'Islamize' the behaviour required of people in the system and hence to make this behaviour forthcoming (Baligh, 1998). Organizational rewards need to include using the rules for righteous behaviour to reward people which, in turn, leads the society to wealth and economic stability.

Therefore, a balanced and comprehensive economic development in the country is very important to improve the welfare of the people. Nevertheless, this will give a significant impact to the cost of living of the people. Hence, Khan et al. (2010) emphasize that wealth needs to remain in constant circulation among all sections of the community and should not be monopoly of the rich (Surah Al-Hasyr 59: 8). As Hashim (2007) says that it is hard to imagine that people working for no money for the livelihood as wages should be commensurate based on the average standard costs of living in a society in reference of the cost living. Thus, wages and rewards should be sufficient to provide a decent living (Hashim, 2009). As referred to one of the Islamic principles of ethics in human resource management namely Principle of Fair Compensation (Al-Ujrah), the reward should correspond to the employee's contribution (Surah Al-Mutaffifin 83: 1-3) (Khan *et. al.*, 2010). Additionally, Azmi (2010) says that in Islam, employees should be rewarded as soon as their work is delivered and completed (Surah Ya-sin 36: 54; Surah An-Najm 53: 39) and Islam also emphasizes that the amount of salary should be given according to the current market rate (Sunan Ibn Majah). The amount of salary should be communicated to employees before they perform the job and, Hashim (2009) cited Ahmad (1995), it should be adequate and reasonable based on the quality and quantity of work being done, skills, capabilities and competencies required (Surah Ash-Shura 26: 183; Surah Al-Ahqaf: 19). Hence, Islam also does not discriminate in rewarding employees by gender or race (Surah An-Nahl 16: 97; Surah Al-Araf 7: 85; Surah Al-Kahf 18: 30). All employees are equal in all respects and worth seeing in the eyes of *Allah* (Khan *et. al.*, 2010). As it is an obligation for the rich to help and support the poor and this will further generate the 'balanced economic society'.

It is true enough that the monetary rewards are needed to fulfill the basic needs (lower needs) before reaching the upper needs (Maslow, 1954). With this, Hashim (2009) and Khan et al. (2010) emphasize that an organization should structure and develop the reward package in such a way to let the employees meet their basic needs and have a better standard of living (Sahih Al-Bukhari).

2.1.3 A Good Quality of Life as a context for reward systems

There is a special reason for including quality of working life in this study. In secular environments, very often QWL is related to aspects such as work/home balance, healthy lifestyles, non excessive working hours and attention paid to occupational health and safety at work. QWL in this study has another important dimension, a spiritual and religious one. First QWL as described in western literature will be presented. Then the Hadhari dimension will be added. It is believed that the democratic industrial societies are showing a deep interest in quality of working life (QWL). Emery (1984) proposes that a QWL- oriented job should provide: fair pay, reasonable hours, due process, a safe workplace, interesting work and opportunities to exercise power and competence. Thus, typical quality of working life factors are physical work environment, reward systems, institutional rights and decisions, job content, internal and external social relations, and career development (Ingelgard and Norrgren, 2001). Ingelgard and Norrgren (2001) assert the notion of quality of working life has been developed to increase satisfaction and higher productivity has proved to be more complex.

As quality of working life, as an expression of one's whole life, it also involves being in harmony with oneself, one's social relations and one's environment. It is defined by relationships and ethics as an integral part of quality of life. According to Diwan (2000), quality of life involves various forms of selfless acts; first is pure selfless acts, second is loyalties to persons and groups, third is commitment to duty, and fourth is strategic conformity to rules that advance the well being of the group. Therefore, ethics, matters not only for normative but also for positive or explanatory theories of human behaviour. Although western business reflects the national/economic capitalist ethic, human values are often expressed in theories of a quality of working life (QWL).

Costanza et al., (2007) acknowledge that there are many definitions and assessment of human experience across multiple disciplines from the perspectives of western countries on quality of life. These include psychology (Bech, Andersen, Bech-Andersen, Tønnesen, Agnarsdottir, and Borg, 2005), sociology and medicine (Yang, Ge, Hu, Chi, and Wang, 2009; Deeken, Taylor, Mangan, Yabroff and Ingham, 2003; Fassino, Abbate Daga, Delsedime, Rogna, and Boggio, 2004; Koch, 2000); economics (Ingelgård and Norrgren, 2001; Falkenberg, 1998), and environmental science (Moser, 2009; Santiago-Rivera, Skawenio Morse, Haase, McCaffrey, and Tarbell, 2007; Rogerson, 1995). Generally, quality of life is either how well

human needs are met (fulfilment) or the extent to which individuals or groups perceive satisfaction or dissatisfaction in various life domains (Costanza et al., 2007; Twenge and King, 2005). However, Islam from the very beginning has stressed the importance of a good quality of life. Achieving a good quality of life in all aspects is the main goal of the religion. In fact, Islam demands each human being should strive in order to master knowledge and possess the ability to succeed in this worldly life. Life in the Hereafter depends on the ability of individuals to achieve a good quality of life in all aspects including spiritual, physical and material.

According to Alhabshi (2004), the injunctions characteristic of this category in Islam are those related to politeness in behaviour and speech, observance of Islamic etiquette in eating, drinking, clothing, salutation, cleanliness, and others as well as moderation in general, a particular instance of which is moderation in expenditure. Improving the quality of one's work and production belongs to this category, as Prophet says (peace be on him), "*God loves for one of you, if you do a job, to do it perfectly*" (Surah Qasas 28: 77)

Eventually, a good quality of life can be achieved if the country, especially Malaysia succeeds in fulfilling the basic needs of life such as preserving religion, improving the status of education of its people, providing a peaceful life, ensuring the right to own property and make providence to the generation of the future. Furthermore, the efforts need to be made to improve all the said aspects so as to be on par with the advanced nations of the world in order to meet the basic needs of a quality life in accordance with Islam in the local context of Malaysian society (Department of Islamic Development Malaysia Putrajaya, 2005: p.33).

Amin, Yusof and Haneef (2006) assert that balanced development can only be achieved if the growth is accompanied by an improvement in the quality of life including reduction in social problems in Malaysia. Hence, the Malaysian Quality of Life Index (MQLI) is developed to take into account the multi-dimensional aspects of development in Malaysia itself (Amin et al., 2006) which it is important to improve quality of life and at the same time to achieve social well being in economic development. Apart from that, this principle also highlights the importance of the family institution. Islam also stresses that a good family will guarantee the creation of a balanced and useful generation. In fact, if each and every family institution is able to function effectively, social maladies can be minimized. Nevertheless, surrounding facilities need to also be given due attention in order to achieve a good quality of life (Department of Islamic Development Malaysia Putrajaya, 2005: p.34). Recreational and

sports facilities which are part of the benefits offered by companies are indeed important in building a healthy and vigorous society.

Therefore, all aspects of the society's quality of life will be developed in an integrated manner based on the Islam Hadhari's approach (Department of Islamic Development Malaysia Putrajaya, 2005: p.34). Even this has been emphasized in real working life as organizations are also concerned with the quality of life for their people to balance quality of time at work as well as with the family. This is part of the recognition that should be given by organizations in appreciating the employees' contribution during their tenure of service with them. Also, Harrington and Ladge (2009) indicate quality of work-life initiatives that are developed in response to employee surveys often result in increasing employee engagement, better working arrangements and conditions, and also comprehensive training programs which facilitate greater manager and employee understanding of the benefits of flexibility. Normally, the strategy of total rewards package for attracting and retaining employees in organizations contains integrated rewards and benefits schemes that are tied to employee life stages and needs (Harrington and Ladge, 2009).

Costanza et al., (2007) claim that some people may believe that their quality of life depends on living in the community where their religious view is enforced for all. Hofstede (1984) also points out a manifestation of a culture in which quality of life is accorded with a very central place of work in a people's life concepts. He explains that it is a product of a society stressing job challenge, achievement, and the satisfaction of intrinsic needs, although there are other societies in which the primary loyalties of individuals are their parents, relatives or clan where life fulfilment consists of living up to those loyalties. In Hofstede's study, personal choices are affected by the cultural environment in which people are brought up. Hofstede (1984) believes the quality of life in some cultures is strongly associated with the degree of satisfaction of material needs (Twenge and King, 2005; Falkenberg, 1998) and in others, it is also related to the degree to which people succeed in satisfying their non-material needs.

2.1.4 Cultural and Moral Integrity as a context for reward systems

Nowadays, many organizations and authorities regulate various kinds of behaviour by using sanctions and rewards in order to keep employees behaving in the desired way (Mulder, 2008). Rewards in organizations aim to produce specific effects on employee behaviour

(Baligh, 1998). Thus, employees receive these rewards for the inputs (decisions and resources) which are usually determined in some measure by other employees in the organization. Baligh (1998) clarifies that the organization needs to identify how rewards are determined and understood in order to match rewards to beliefs (*employee need to believe that output or input produces the reward which he values*). Therefore, a good moral behaviour is important for survival and a productive life, for the individual and even the group in the organization (Allott, 1991) toward achieving organization goals.

“Morals (as defined in terms of justice, well-being, and rights) can be distinguished from social conventionalities, which are standards for particular behaviours that are determined consensually by a certain social group”

(Nucci, 1997 cited by Vélez García and Ostrosky-Solís, 2006; p.348).

From the perspective of the philosopher and layperson’s view, morality is referred to good and bad as well as right and wrong behaviour (DeScioli and Kurzban, 2009; Vélez García and

Ostrosky-Solís, 2006; Setiono, 2001; Allott, 1991). Moral is a concept, including reasoning,

and actions related to well-being, rights, and the fair treatment of other people (Vélez García

and Ostrosky-Solís, 2006). Thus, Broom (2006) says there needs to be an appropriate

motivational system for an individual to behave in a moral way.

Kohlberg (1969) stated that morality deals with the reasons, considerations, and judgments which underly an individual’s decisions about matters that are good or bad, or right or wrong (cited by Setiono, 2001). Hence, among the key civilization principles of a nation and country is the existence of cultural and moral integrity as the identity of the said nation and country. In spite of this, there are non-western moral principles that differ from the western concept

with regard to the Islamic principles. Among the main differences between Islamic and western morality are the emphasis on several key factors such as timeless religious principles, the role of the law in enforcing morality, the different understanding of rights, the rejection of moral autonomy as a goal of moral education and the stress on reward in the Hereafter as a motivator of moral behaviour (Halstead, 2007).

Traditionally, morality-driven behaviours have been attributed to logically and verbally mediated processes, commonly referred to as moral reasoning and judgment (Vélez García

and Ostrosky-Solís, 2006). Vélez García and Ostrosky-Solís (2006) describe the assimilation

of rules based on reward or punishment, and the attribution of intentions, beliefs, feelings, and desires to other people as some examples which are considered or interpreted as forerunners of human morality. A reward system is very important to the organization because of the powerful influence of rewards and punishments on individual behaviour generally and on ethical/unethical behaviour (Ashkanasy, Windsor and Treviño, 2006). Rewards and punishments come in many forms. Mathews (1988, p. 36) notes that, "Rewards and punishments can be (i) tangible such as raises, promotions, various perks versus demotions, or firing; (ii) social psychological such as invitations to participate in the work group's social activities, on the one hand, or ostracism from the group; or (iii) psychological such as verbal praise, 'a hard worker,' or verbal censure, 'not a team player'" (cited by Baucus and Beck-Dudley, 2005). Kaplow and Shavell (2007) explain that many natural and social scientists believe the moral capacities are not accidental but rather are the product of natural selection, serving the function of furnishing humans with incentives to cooperate, to punish transgressors, and to behave in additional ways that promote survival. A further discussion concerns the optimal choice between the use of guilt and virtue. Hence, guilt is best employed when most violations of moral rules can be successfully deterred, whereas virtue is best employed when few individuals can be induced to follow a moral rule. In other words, it is optimal for bad or even worse than normal moral behaviour to be punished and for unusually good moral behaviour to be rewarded (Kaplow and Shavell, 2007).

There are explanations as to why employees behave unethically. These include the corporation's culture or climate, organizational practices, reward systems, and the impact that organization has on employees' moral reasoning (Baucus and Beck-Dudley, 2005). Therefore, it is important to understand employees' behaviour in the organization because their behaviours are influenced by many factors. These include external factors such as organizational rewards and punishments, corporate culture, and other environmental conditions (Nill and Schibrowsky, 2005). Research evidence suggests that ethical conduct can be influenced by employees' awareness of organizational rewards and punishments for ethical and unethical conduct (Vélez García and Ostrosky-Solís, 2006; Nill and Schibrowsky,

2005). Even the Qu'ran makes it clear that it is the morality of the individual's actions which determines reward and punishment (Broom, 2006).

Undoubtedly, reward and punishment systems often help to establish and strengthen corporate culture, including reinforcing unethical conduct by employees. It is believed that an organization's culture, reward and punishment systems, and related aspects of the organization's design or structure profoundly impact an employee's moral reasoning and thus the employee's ethical or unethical behaviour. Furthermore, according to Baucus and Beck-Dudley (2005), performance appraisal and compensation systems are based on rewards and punishments in that they usually assess behaviours that contribute to profitability or achievement of the organization's strategy and goals as well as reward or punish the employee accordingly. In addition, reward systems such as cash incentives or guaranteed employment contracts have a significant influence on the likelihood of whistle-blowing behaviour (Xu and Ziegenfuss, 2008). As Nill and Schibrowsky (2005) discuss, the reward system is part of the formal organizational structure which is not necessarily independent of the corporate culture. The reward system might shape the corporate culture (the shared and espoused beliefs and values of organizational members, the traditions, myths, and stories of the organization) and at the same time mould the attitudes of managers who develop and enforce the reward system (Nill and Schibrowsky, 2005). Furthermore, individuals are more likely to act ethically in a corporate environment characterized as honest and accountable than in a culture focusing on winning and getting the job done (Nill and Schibrowsky, 2005).

However, Mulder (2008) argues that punishment fosters moral concerns to a greater extent than rewards, either because of increasing moral concerns or preventing a decrease in moral concerns to make people behave accordingly.

According to Halstead (2007), Islamic morality can be conveniently divided into three categories. First the obligations, duties and responsibilities are set out in the shari‘ah. Secondly, the values and manners associated with good upbringing; and thirdly is the personal qualities of character that a Muslim is expected to demonstrate in everyday life. Halstead (2007) explains, each category is broadly comprehensible to those brought up in a framework of western values, but some values are included which may not be considered moral values in the West. The values may be defined and classified differently and they may be prioritised in different ways. Adding to this, Baligh (1998) explains three fundamental Islamic beliefs are important to the analysis of the fit between organization structure and culture. The first one deals with the nature of causation and the place of humans in transforming the states of the world. The second deals with the sources of *earthly* and *heavenly rewards*. The third relates to personal responsibility before God as mentioned by Halstead (2007) in one of Islamic morality categories. All three beliefs cover some common ground, and all have profound effects on people’s behaviour in general in and out of organizations (Baligh, 1998). Through earthly rewards, the Muslim is urged to supply lots of inputs for material transformations which “*his rewards are in the hereafter and are clearly connected to his inputs, but his rewards in this world are just as poorly connected to his inputs as they are to his outputs*” (Baligh, 1998: p.46). Another major belief is that of the personal responsibility (Halstead, 2007, Baligh, 1998) that every Muslim has for his behaviour to his God. There are no interceders for him, and rewards from God are directly the result of individual behaviour, not its outcome nor the participation of others in achieving that outcome.

There is no separate discipline of ethics in Islam, and the comparative importance of reason and revelation in determining moral values is open to debate (Halstead, 2007). For Muslims, there are three main kinds of values: first *akhlaq*, which refers to the duties and responsibilities set out in the shari‘ah and in Islamic teaching generally; second *adab*, which refers to the manners associated with good breeding; and third the qualities of character possessed by a good Muslim, following the example of the Prophet Muhammad. Organization structures that fit well in Islamic culture are those have decision rules that are

pervasive, comprehensive, fine, unenfranchised, and non-contravening of rules of Islamic culture because they supply rules with the same properties that Muslims find in the religious rules that govern much of their way of living (Baligh, 1998). Baligh (1998) asserts that rules and regulations of the organization need to align with Islamic teachings as Muslims employees would comply with these rules. In addition, religion has a guide to behaviour and a system for discouraging cheats or those who harm others (Broom, 2006). Broom also acknowledges that the moral code in each religion is very similar and includes a variety of commandments used by those who adhere to religion.

Thus, in the Malaysian context as an Islamic dominated country, Islamic values have important implications in understanding Malaysian nationalisms towards development and modernity (Stivens, 2006). As a field study done by Stivens (2006) shows, one interviewee claims that there is high moralistic focus in Malaysia compared to the Western countries which are materialistic. It is also important that cultural and religious diversity need to be protected based on a value and moral system which is strong, lofty and honourable in order to enhance the development of Malaysia. The internalization of high moral values will ensure prosperity, harmony and peace in a multiracial society and it will also make the nation honourable and respected (Surah Al-Mu'minun 23: 1-2), (Department of Islamic Development Malaysia Putrajaya, 2005: p.39). With this, economic and technological development will progress in line with the cultural and moral integrity of the multiracial society. Nevertheless, moral decline and weaknesses in integrity and knowledge culture in the Malaysian society today is indeed a great challenge in implementing the Islam Hadhari's approach (Department of Islamic Development Malaysia Putrajaya, 2005: p.39).

Halstead (2007) also states that although in practice the development of moral values in any society may be a complex matter linked to custom, family tradition, community leadership, literature and individual judgment, many Muslims find it difficult to talk about morality outside the context of religion. In fact, morality in Islam is generally understood as a list of rules, duties and responsibilities whose authority derives directly from the Qur'an and the hadith (sayings and traditions of the Prophet Muhammad and his companions).

The artistic aspect of cultural empowerment need to also be consistent with noble values based on honour and creativity, which contribute towards high culture (Department of Islamic Development Malaysia Putrajaya, 2005: p.40). However, it is found that to the extent that socially responsible business behaviour is motivated by the belief that "what goes around

comes around”, such behaviour is economically responsive even though it is not morally responsible. This state of affairs is not troubling to certain economists and even those ethicists who regard human beings as fundamentally and unavoidably materially self-interested (Michealson, 2008).

Previous studies were conducted and discussed different moral principles in different cultures, gender and rights from various fields. However, this study is focusing on Islam Hadhari and the uniqueness of society in the Malaysian context as it is also found that the literature related to cultural and Islamic morality towards reward systems is very limited. Therefore, this paper will further examine Islam Hadhari’s principles existing in Malaysian cultural orientation in relation to rewards systems.

2.1.5 Summary

The most meaningful contribution of this study is to fill the gap in Islamic management literature as the representativeness and applicability of earlier research concerning non-monetary and monetary rewards is limited. Little recent research specifically examines Islamic principles towards the area of human resource management (Aycan, Al-Hamadi, Davis, and Budhwar, 2007; Hashim, 2007; Tayeb, 1995, 1997) specifically focused on reward systems. Therefore, given the above limitations, the present study of Islam Hadhari principles in relation to reward systems is potentially useful for both academicians and practitioners alike. From an academician perspective, this study is expected to enhance understanding of the role of the Islamic Hadhari’s principles towards the reward systems in the non-Western context of Malaysia, thus hopefully stimulating further research in this area. In addition, it is expected that the present study would also be of some benefit for those who teach Islamic Human Resource Management and related topics.

In the other hand, from a practical standpoint, as nowadays, Muslim employees represent a significant percentage of total workforces in Malaysia (Hashim, 2009), this study could provide practitioners, especially managers in Malaysian private organizations information on managing their employees in Islamic ways. Furthermore, this move would be also in line with the nation’s mission to implement an ‘Islamization’ process and promote Islam Hadhari in Malaysia.

2.2 Theoretical Background

2.2.1 Overview of Human Resource Management

In western management theory, the idea of human resource management as we know it today, was a result of several metamorphoses. From early days when 'welfare officers' administered attendance, sickness, accidents and so on, the concept developed into a managerial role, that of personnel management. Henstridge (1993) states, the emergence and growth of Personnel Management as a specialist function in work organizations can be attributed to a variety of factors including the growth in size and sophistication of work organizations; changing values in society and the related demands and pressures for change (such as from Trade Unions, interest groups, governments etc). The trend in the personnel function is a gradual increase in emphasis on manpower control as well as a high commitment to employee relations, but these two are not necessarily found in the same place at the same time (Torrington, MacKay and Hall, 1985). However, Hamilton (1993) and Legge (1988) claim that since the late 1970s, the personnel function has come under attack for failing to be professional enough, failing to have a sense of realism of business needs in a very difficult economic climate, and also failing to capitalise on technological developments. Furthermore, the requirement of personnel specialist to deal with routine "bread and butter" activities such as recruitment, training and pay administration is diminishing, suffering a cut-back in overhead due to stringent economic circumstances (Legge, 1988). The recession has also had an impact on functions of the personnel department like recruitment, training, and industrial relations (Guest, 1982).

There was evidence that personnel specialists were perceived as not making a visible impact on the everyday working lives of employees and many employees also criticised personnel for being too remote (Cunningham and Hyman, 1999). As highlighted before by Guest (1991), human resource policies were too important to be left to personnel specialists as they had consistently failed to achieve results in the past. Due to being fully awakened for the need of competitive advantage by rigours of recession, Legge (1988) says that many personnel managers are embracing the philosophy of human resource management (HRM). There are various definitions of human resource management (HRM). Guest (1987) and Armstrong (1987) explained that HRM is an integrating personnel management function with business decision making; as developing a 'strong' company culture; more technically as a set of policies. The function of unitarism and individualism in focus, are designed to

maximize organizational integration, employee commitment, flexibility and the quality of work (cited by Legge, 1988, p.66). Personnel management needed to decline for the HRM to increase as, in personnel management, few people had a clear view of what they were doing and of the way in which their situation was changing (Torrington,1993; Torrington, MacKay and Hall, 1993). According to Handy, Barham, Panter and Winhard (1993), a major reason for the shift to HRM has been a change in the image and also the role of the personnel function.

The essence of HRM is

“people are regarded as a competitive asset to be led, motivated, deployed and developed, together with the firm's other resources, in ways that contribute directly to the attainment of the firm's strategic objectives”.

(Handy, Barham, Panter and Winhard, 1993: p.13)

Human resource management (HRM) is facing numerous opportunities and challenges in the millennium years. Hence, human resource professionals need to deal with such diverse issues as building a talent pool, managing diversity programs, using technology as a human management tool, dealing with employment law issues and their impact on the environment, the ability to cope, flexibility and knowledge (Aghazadeh, 1999). Handy et al. (1993) describe that strategically, HRM means that human resource policies and activities are linked more closely to business strategy. Human resource policies and practices also help to shape the organizational culture and the people who operate within and influence the culture (Guest and Hoque, 1996). Basically, the aim of HRM is to help create and support an organization such that it would be able constantly to evolve and adapt to its changing environment in order to survive (Handy, et al., 1993). Besides, Handy et al. (1993) assert that HRM needs to be an integrative, not a specialised function. On the other hand, the organization needs to be able to match what the employee wants with what the employer is willing to give. Thus, the employees' needs are not static, indeed ever changing. Employee needs may be a reflection of socio-economic or cultural influences. According to Aghazadeh (1999), the organization is trying to provide rewards and benefits packages based upon what the best particular fit is for the employee. Guest, Conway and Dewe (2004) add that a high performance HR system should be designed to ensure the employees have high skills and competence, a high level of motivation and have the opportunity to contribute discretionary effort. This study proposes that these can be better realised by a reward system that takes into account culture (and in this study) Hadhari's principles and environmental influences.

According to Wei and Rowley (2009), the role of rewards and their management as a key element within the HRM have been recognized as a major motivator to employees as well as an important tool and expense for organizations. Bloom and Milkovich (1998) allege that compensation and reward systems are changing in response to global economic pressure, changing social contracts and also evolving cultures. As Wei and Rowley (2009) declare, HR practices in Asia are often different from the Western perspectives. There are considerations that need to be addressed carefully in reward systems. These areas include the cultural and historical path of the countries (differences between East and West), stages of social and economic development, the State's and foreign influences (such as Europe and United States) as well as the increasing globalization in business organizations (Wei and Rowley, 2009). Adding to this, as the study takes place in a predominant Islamic country such as Malaysia, Baligh (1998) elucidates, organizations that have effective rewards are consistent with those which Muslims believe to exist (Islam puts great emphasis on rules - righteous behaviour and guarantees its rewards in the hereafter) in Islamic cultures. Therefore, this study examines and provides some information on cultural orientation and Islam Hadhari's principles in relation to the reward systems.

2.2.2 Hawthorne studies

The research proposes that an important function of effective reward systems is to motivate employees at all levels, including the senior exempt employees in this study. The famous Hawthorne studies presaged a new approach to motivation (Wygant, 1987). The Hawthorne studies comprise a long series of investigations into the importance of work behaviour and attitudes of a variety of physical, economic, and social variables (Carey, 1967). Many experiments performed at the Hawthorne Plant of the Western Electric Company in Chicago from November 1924 onwards were conducted by Elton Mayo and Clair Turner (Gale, 2004) with the outcome of what has been popularly termed the 'Hawthorne effect'. Wygant (1987) asserts that the Hawthorne studies placed the major emphasis on "treating workers as human beings" rather than just tools or machines. The original aim of the Hawthorne effect was to test that there was an optimal brightness to increase productivity. However, the uncontrolled studies proved so many uninterpretable findings (Gale, 2004). The remarkable findings of these studies showed especially the unimportance of financial rewards alone, compared with those which included social rewards (Carey, 1967). From the Hawthorne data, it was

recognized that people needed to feel wanted and useful. For the first time, there was 'scientific' evidence that it took more than money to motivate people into higher productivity (Wygant, 1987). From such a discovery, the Human Relations school was founded with a focus on motivation and other human issues. Over time, as theories developed it was found that friendly supervision and resulting work-group social relations and satisfactions were overwhelmingly important for the employees work behaviour to improve productivity (Adair, 1984, Carey, 1967). The motivating forces that came from various components of the "human relations approach," are surprisingly consistent with a rather 'old-world' view about the value of monetary incentives, driving leadership, and discipline (Carey, 1967). However, Sonnenfeld (1983) says that the Hawthorne critics misunderstand the position on financial incentives taken by the researchers whereas financial rewards, physical factors and social factors need to all be considered as part of total mix of motivating forces for impacts on employees' behaviours to be understood. It is also important to understand that human interactions are often spontaneous, creative and unpredictable.

Money continued to be a prime motivator of people's work efforts till World War II and yet, the belief was seriously challenged after World War II (Kanungo and Mendoca, 1988). During the 1960's, behavioural scientists with humanistic orientations such as Herzberg and his colleagues (1959) developed a two factor need theory of motivation that divided rewards into two categories which are intrinsic and extrinsic. What has come to be known as 'Herzberg et al.'s theory of motivation' will be discussed and explained in the next section.

2.2.3 Herzberg's Two Factor Theory

Frederick Herzberg (1923-2000), a clinical psychologist and pioneer of 'job enrichment', is regarded as one of the great original thinkers in his theory of work motivation and management. Herzberg, Mausner and Snyderman published their famous book on job satisfaction and motivation, *The Motivation to Work* in 1959. Their methodology has attracted criticism and as recently as 2005, Bassett-Jones and Lloyd question whether Herzberg et al. (1959) study is still has validity. Herzberg et al. (1959) concluded that there are two sets of factors affecting job satisfaction (Utley et al., 1997). One set is called motivators, composed of recognition, achievement, the possibility of growth, increased responsibility and the job itself. The other set of factors is called hygiene factors which include working conditions, company policy and administration, relations with supervisors,

relations with peers and pay. These, however, are primarily associated with job satisfaction/dissatisfaction (Utley et al., 1997) and were not found to have a motivational force. The representation of Herzberg's Two Factor Theory is illustrated in Figure 2.1.

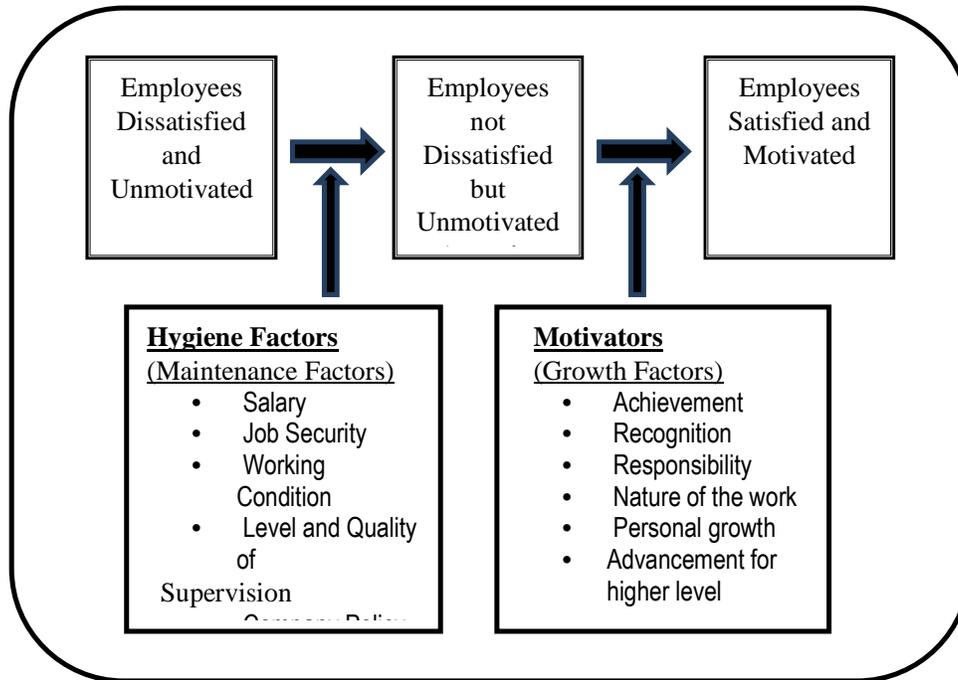


Figure 2.1: Representation of Herzberg et al.'s Two Factor Theory (1959)

According to Herzberg et al.'s (1959) work, it can be distinguished between what motivates employees and what keeps them satisfied in their job (Giancola, 2005) as distinguished from what keeps employees from being dissatisfied. According to Giancola (2005), this is an important distinction in the total rewards field as it would be necessary to constantly evaluate new productivity programs, prioritize employee needs and allocate resources in order to first keep employees from being dissatisfied and secondly to use different, personal and social methods to keep them motivated.

As discussed earlier, researchers define reward as the total amount of monetary and non-monetary rewards and benefits provided to an employee by an employer in return for work performed as required and as part of an employment relationship (Armstrong and Murlis, 2007; Henderson, 2005). However, Herzberg et al. (1959) believed that compensation (which is Americanized term for rewards) is what he described as a hygiene factor.. Dynamically, “*money isn't what you do; it's what you get for what you do, how you are treated for what you do*” (Herzberg, 1976, p.305). Nevertheless, some regard it (money) as a motivator because it accompanies so many other factors. According to Utley et al. (1997)

also, Herzberg (1976, p.305) admitted that money is a “good mover,” but should be cautious in using it for motivation.

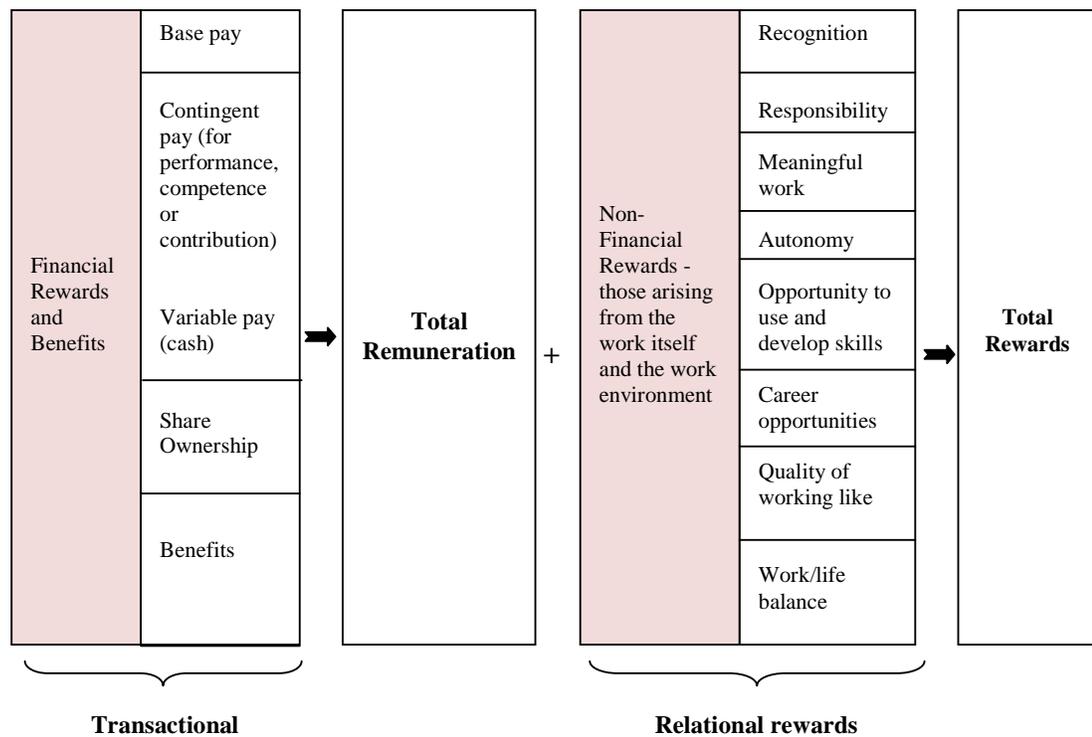


Figure 2.2: Components of Total Rewards

(Adapted from: Armstrong and Murlis, 2007, p. 13.)

A definition of total reward is offered by WorldatWork, who state that total rewards are “*all of the employer’s available tools that may be used to attract, retain, motivate and satisfy employees*” (Armstrong and Murlis, 2007, p.12). They explain that total rewards comprise financial (monetary) rewards and benefits and non-financial (non-monetary) rewards as illustrated in Figure 2.2. Adding to this, Milkovich, Newman and Gerhart (2010) also categorize the variety of returns people receive from work into two components; total compensation and relational returns. This is similar with the Total Reward Model by WorldatWork and includes compensation, benefits, work life, performance/recognition and development/career opportunities.

It is true that reward plays an important role in complex and global organizations. However, there is no such thing as a perfect reward system and practice. Even though some companies keep trying to attain it, there is no generalized system and the need for adjustment will be done according to the changes in the business environment (Partner's Report, 2002). In addition, local national cultures may have underlying basic assumptions about people and the

world which may differ from that of the national culture and corporate culture of the organizations (Schneider, 1988). It is believed these differences may hinder the acceptance and implementation of certain reward practices. Sometimes, the practices of reward programs will be differentiated amongst organizations to remain competitive in the market and even from country to country. Hence, the reward's role will continue to evolve and expand.

Organizations need to look at their demographics such as the workforce age profile for information on reward systems in the current environment and what the needs are there (Purdum, 2004). Employees also want a better balance in their lives. Also, says (Purdum, 2004), organizations need to rethink their work/life benefits packages to complement their employees' needs. The literature says that organizations need to provide a mix of various types of intrinsic as well as extrinsic incentives, utilizing both monetary and non-monetary (Armstrong and Murlis, 2007) rewards. As House (1991) suggests, organizations should build the reward system that is best suited to them in order to get optimum effectiveness in their functional employees' participation. As at the end of the day, organization might question.....*when the company pays its employees, does the company get a fair return for its investment* (Kanungo and Mendonca, 1988, p. 23)? Kanungo and Mendoca (1988) emphasize that an organization's investment in its employee reward program is always at a level which demands innovative approaches to ensure a reasonably fair return. The next section introduces the type of reward systems that lies at the core of this study – non monetary rewards.

Hirsh (2008) suggests that employers are able to motivate and engage employees with non-monetary rewards during difficult economic times. According to Armstrong and Murlis (2007), non-monetary rewards are rewards that do not involve any direct payments and often arise from the work itself. This might include, for instance achievement, autonomy, recognition, scope to use and develop skills, training, career development opportunities and high-quality leadership. Armstrong and Murlis (2007) also indicate that the framework for non-monetary motivators is provided by those concepts of motivation which are concerned with needs (Herzberg et al., 1959; Maslow, 1954, 1970), goals (House, 1971); reinforcement, expectation (Vroom, 1964), attribution and self efficacy (Bandura, 1986). Herzberg et al. (1959) argue robustly that motivation is based on growth needs and that because of this; individuals do not require incremental incentives to drive the 'internal productivity' engine. Motivation is founded on a sense of achievement, recognition for achievement; responsibility

and personal growth. These are intrinsic to the job to keep employees motivated and happy. However total rewards encompass all aspects of employee-value propositions to include the monetary return given to employees in exchange for their time, skills, efforts and results (Hirsh, 2008). She also indicates, it is challenging to predict the direction of total rewards, but it is clear that the current and future workforce is looking for more than just cash. Knowledge of the pay system also has been identified as one of the key elements affecting the success of the reward system (Sweins and Kalmi, 2008).

Recognition is one of the most powerful methods of rewarding people (Armstrong and Murlis, 2007). Recognition can be provided by positive and immediate feedback and praise where it is well deserved. Recognition can be a form of financial awards such as incentives and non-monetary awards such as representing the organization at prestigious conferences or international meeting, sales events in exotic resorts, “employee of the month/year” awards and long service awards which are as much appreciated as other rewards (Armstrong and Murlis, 2007). Formal awards programs can be very successful, especially if they’re based on employees’ opinions of one another’s work (Barrier, 1996). Jack Zigon, president of Zigon Performance Group (a consulting firm in media) states that when praise is given with specific information about what the employee has done to merit it, the performance can be repeated (Barrier, 1996). Zigon adds what is a reward to one person, may be a punishment to another, where one employee might like more responsibility and the other one might like less. Therefore the secret of making any rewards effective is tailoring it to the individual (Barrier, 1996).

The other motivating factor is achievement where people feel rewarded and motivated if they have the scope to achieve as well as being recognized for achievement (Armstrong and Murlis, 2007). They also indicate; those people who are proactive, seek opportunities and insist on recognition are driven by the need to achieve what they want in the organization. Self-confidence and self-esteem can be developed by an achievement motivation that is supported and developed by the organization (Armstrong and Murlis, 2007).

In addition, according to Armstrong and Murlis, (2007, p.19), ‘*satisfaction growth needs depends on a person finding the opportunities to be what he or she is most fully and become what he or she can.*’ Therefore employers can offer this opportunity by providing people with sequence of experience and training that helps equip them for whatever level of responsibility they would have the ability to reach (Armstrong and Murlis, 2007).

Meyer (1994, p. 84) posed the question that “*How can we give our people more and better rewards and even spend less money?*” “*What rewards do we give to get our employees to be productive*” (Kanungo and Mendoca, 1988, p. 24)? Intrinsic-Extrinsic approach plays an important role in influencing employee behaviour. This concept of getting more and paying for it is a specifically western concept such an idea permeated management as early as Taylor (1911) scientific management methods.

Employers who offer non-monetary rewards will see higher retention rates than those that do not (Hirsh, 2008). The most effective rewards tools for attracting and retaining top talent include training and development opportunities, flexible schedules and recognition vehicles that send a caring message to employees.

As this study is conducted in Malaysia, the implications seem to be that for Muslims, faith and moral behaviour are two sides of the same coin, that moral behaviour presupposes faith and that faith is genuine only if it results in moral behaviour (Khan, 1987). Many evidently moral pursuits, such as education, healthcare, and the arts, are frequently perceived to be of relatively modest economic value. It is believed that often compensating for the lack of economic rewards is gained by conferring prestige, subsidizing grant programs, and conferring non-monetary rewards and other forms of recognition upon those who pursue them.

With regards to the implementation of the Islam Hadhari’s approach in Malaysia motivation, activities are not easily divorced from life itself. The work/life ideal exists to make the Muslim community aware of the higher order goal of life and understand the direction of the country’s leadership who seeks to develop the *ummah* and country towards excellence, glory and honour while blessed by Allah, the Almighty (Surah Baqarah 2: 201) (Department of Islamic Development Malaysia Putrajaya, 2005).

Nevertheless in the Malaysian private organizations’ scenario an Islamic country still needs to look into the rewards package offered to employees working in their companies. Moral criticisms of employees’ rewards are typically two, interrelated kinds that tie back to the ways in which reward packages are structured. One concerns the problem of rewarding praise. How can organizations reward only performance which deserves praise and reward relatively less the employee who fails to achieve objectives? As Lublin (2006) says, paying

executives for either doing or not doing what they are contractually bound to do for shareholders is fraught with problems of measurement. However pay for performance claims are a typical reaction to criticisms of the fairness of executive compensation (cited by Michealson, 2008). Moreover, adding moral uncertainty to financial performance will affect the uncertainty to the executive reward calculation.

Although this study concentrates on variables connected to the motivational effects of non-monetary rewards, it is worth returning for contrast to monetary rewards, especially as conceptualized by Herzberg et al., (1959).

2.2.3.1 Monetary Rewards (Hygiene Factors)

Herzberg's research (Herzberg et al., 1959) proposed that people will strive to achieve 'hygiene' needs because they are unhappy without them, but once satisfied the effect soon wears off. This accounts for the cyclic nature of monetary rewards as satisfaction is temporary. Herzberg et al., (1959) borrowed the term *hygiene* from epidemiology. He noted that good medical hygiene does not make people healthy, but it can prevent illness (cited in Sachau, 2007). As similar to medical hygiene, Herzberg and his colleagues (1959) noted fair pay, good interpersonal relations, fair policies, and pleasant working conditions do not appear to provide much long-term satisfaction, but they do prevent dissatisfaction (Sachau, 2007). Thus, inadequate hygiene factors (monetary rewards) can demotivate when they are inappropriate and inadequate; and block motivators that would be able to sustain effort (Bassett-Jones and Llyod, 2005). Herzberg et al., (1959) indicate that hygiene factors or satisfiers, that prevent dissatisfaction are extrinsic to the job. They include company policy, supervision, relationship, working conditions, salary, and security. These hygiene factors relate to the first three levels of Maslow's Hierarchy of needs whereas motivators are related to levels four and five of Maslow's Hierarchy of Needs. Then as now, those organizations which are poorly managed fail to understand that people are not 'motivated' by simply addressing 'hygiene' needs, although the value of these can not be discounted. As said earlier, people are only truly motivated when enabled to reach for and satisfy the factors that Herzberg identified as real and true motivators. These are, notably, achievement, advancement, development, responsibility and recognition which represent a far deeper level of meaning and fulfilment.

The secondary value of money as a motivator does not go unchallenged. Many writers argue that money is a primary motivator. Money is important to people because it is instrumental in

satisfying a number of their most pressing needs (Armstrong and Murlis, 2007). The alternative view is that, for most people money is not a motivator, or at least not the prime one; despite what they might think and say as there are bigger more sustaining motivators than money. Baker (2007) states that throwing the money at a problem, whether real or perceived, is never the answer. Shillman, founder and CEO of Cognex Corporation says people don't really work for salary or stock options or bonuses (Barrier, 1996), although this is a controversial statement. People may exist for more than material needs although this is uncertain when in a materialistic setting (Deckup et al., 2010).

Surveys and research studies repeatedly show that other factors motivate more than money (Herzberg et al., 1959; Bassett-Jones and Lloyd, 2005; Utley et al., 1997). Herzberg et al. (1959) address money particularly (referring specifically to 'salary' in his study and analysis) and acknowledges the complexity of the salary issue such as money, earnings, others, and concluded that money is not a motivator in the way that the primary motivators are, such as achievement and recognition.

Even large salaries do not solely motivate employees and only would be able to motivate the employee behaviour in concert with challenging work and increased responsibility. Therefore according to Herzberg's theory, the concentration should be on enriching the work in order to increase motivation (Herzberg et al., 1959). Monetary incentives as discussed in the theory, are only effective if employees are motivated by money only, even lasting only as long as they have a need for it. Once satisfied, the driver will no longer exist as motivating force. Motivation need to take place on a different basis. People enjoy things that are meaningful to them and the key is trying to make people feel as if they are contributing to something valuable.

It is interesting also to say that Herzberg and Hamlin in their studies (Herzberg and Hamlin, 1961 and Herzberg, 1966), describe a person who tries to find long-term satisfaction with hygiene as "hygiene seeker". This group of employees who attempt to fulfill growth needs with money, status, nice homes, and expensive cars and so on will remain perpetually miserable. Their argument was based on the belief that people will never find enough hygiene to make them happy because hygiene needs escalate (Sachau, 2007). In addition, Sachau (2007) states, Herzberg suggested that people cannot find satisfaction by denying their hygiene needs. People cannot find growth in denying hygiene needs because hygiene needs are tangible needs.

Hall (2006) says hygiene factors keep people from becoming unhappy at work, but they do not motivate people to produce higher-level performance. They are necessary and essential to an employee's professional well-being but don't motivate them to go the extra mile. Instead, hygiene factors often turn out to be causes for dissatisfaction. However, there have been some dissenting voices: the basis of expectancy theory (Lawler, 1973; Porter and Lawler 1968; Vroom, 1964) suggests that money will motivate to the extent that it is seen as being able to satisfy an individual's personal goals and is perceived as being dependent on performance criteria. Locke, Feren, McCaleb, Shaw and Denny (1980) reviewed four methods of motivating employees towards improved performance - money, goal setting, participation in decision making and job redesign - and found that money was overwhelmingly the most important. On the other hand, Robbins (1996) suggests that money can be considered to act as both a "scorecard" which enables employees to assess the value the organization places on them in comparison to others, and as a medium of exchange in that individuals can purchase whatever "need satisfying" things they desire.

Sachau (2007) explains in his study that there are some misinterpretations of Herzberg (1982). He did not say that managers should never use hygiene factors (bonuses and strict reward contingencies) to motivate employees as on the other hand he would have said "move" the employees to perform the boring job. As explained also by Sachau (2007); Herzberg (1982) offered three caveats for using hygiene to motivate employees; first, managers who use hygiene to motivate employees should not expect employees to be excited about boring jobs as the normal, healthy, adult reaction to boring work is boredom. Secondly, managers who use hygiene to motivate employees had better be ready with deep pockets because hygiene needs escalate, employees will demand higher and higher amounts of money, perks, status, and so forth, to stay satisfied. Thirdly, managers who use hygiene to motivate employees may eventually find that employees only care about hygiene. Hence, employees may come to believe that they can find long-term happiness with bonuses, nice offices, company cars, and executive sounding titles (Herzberg & Hamlin, 1961). Dissatisfaction with hygiene factors can produce fear, frustration, jealousy, anger and even rage (Sachau, 2007).

According to Meudell and Rodham (1998), there is a case to be made for a contingency view, as individual motivation is dependent on a wide variety of variables which could include age,

gender, career stage, socio-economic circumstances and even national culture. Islam and Ismail (2008) clarify that high wages was placed in the fifth position among the ten motivating factors listed in all three surveys conducted in the US in 1946, 1980 and 1986, but it became number one in 1992. This shows money has been a strong motivating factor for US industrial workers. Meudell and Rodham (1998) review the Furnham, Kirkaldy and Lynn's study (1994) as reported that acquisitiveness for money was ranked higher by young people in the Far and Middle East while work ethic and mastery were ranked higher in North and South America. According to Schneider (1988) also, the relative importance of status, money, or vacation time varies across countries and affects the motivating potential of these systems. It was found that cash rewards were less motivating than providing the non-cash reward (comparison quality of life vs. task orientation) in Sweden. There were also different expectations regarding cash reward such as pensions; the pension expected was 40% of salary in South European countries whereas it was up to 85% in the Nordic countries. This may reflect different roles of government in society as embedded in the 'civic culture' (Almond & Verba, 1963).

Lluis (2009) also clarify that wage inequality across countries also can shed light on differences in individuals' economic opportunities and incentives. Furthermore, wage inequality between skill groups is likely to be greater among larger organizations because employees in larger organizations are on average more skilled than in smaller organizations (Lluis, 2009). The result is that large organizations often pay higher wage than small organizations (Gibson and Stillman, 2009; Lluis, 2009; Meng-Wen, Jin-Tan and Huang, 2006). Employees who work in large organizations are believed to be more productive than small organizations (Idson and Oi, 1999; Oi, 1983). Hence, organizational size can also have an impact on wage dispersion within skill groups as a result of the greater skill-biased technological changes in larger organizations making skilled employees more productive in larger organizations than equivalently skilled employees in smaller ones (Lluis, 2009). In addition, Lluis (2009) states that within-group wage inequality may differ between large and small organizations as a result of firm-size-specific wage policies rewarding measured skills and unobserved ability differently. Large organizations incur greater monitoring costs than small organizations and may use alternative strategies to ensure worker productivity (Lluis, 2009; Meng-Wen et al., 2006).

A study by Islam and Ismail (2008) discovered that money is perceived a good motivator in the US and Malaysia, but it is expected that promotion will receive higher priority. Indeed, promotion has been continuously pushed to higher priority over the years in US. The same case happened to Malaysia in 2004 where the job security has maintained stability in its ranking. Islam and Ismail (2008) enlighten that contrary to Malaysia, US is more concerned with job security over promotion matters. However, 'interesting work' has maintained middle ranking among factors in all surveys conducted in Malaysia and US. Malaysian employees are not much concerned about the appreciation of their work compared to the other factors. Conversely, the 'full appreciation of work done' has been favored by US employees (Islam and Ismail, 2008). It is observed that monetary reward plays a major role in motivating Malaysian employees compared to US employees who prefer appreciation and recognition. This concludes that money has been a predominantly preferred motivator amongst Malaysia employees (Islam and Ismail, 2008).

The monetary reward construct is adapted based on the forms of pay of Milkovich and Newman (2002). The non-monetary reward construct is developed in this context based on the work of Herzberg *et al.* (1959). Therefore, this study will further examine the reward systems and practices in relation to the culture orientation in the Islamic Malaysian context.

2.2.4 Cultural Orientation and Rewards

Reward systems are part of a broad context, first organizational and secondly societal. Underlying a reward system is always a value system. Values are the backbone of culture and they produce norms and standards within which societal members can comfortably operate. As such, culture and cultural orientation are central to discussions on reward systems.

There are numerous definitions of culture and a particular focus is reliant upon the researcher's interest and academic discipline (Dorfman & Howell, 1988; Mancheno-Smoak, Endres, Potak and Athanasaw, 2009; Hofstede, 2001; Trompenaars, 1993). Schein (1985) explains that culture is to be reflected in an individual's most basic, consciously and unconsciously held assumptions, beliefs, norms and values. According to Mancheno-Smoak *et al.*, (2009), culture is an important influence on the behaviours of individuals even though the definitions of culture itself are different. Furthermore culture determines the uniqueness of a human group and is expressed as cultural values at the individual level (Mancheno-Smoak *et al.*, 2009). Hofstede (1984, 2001) defines culture as the collective programming of

the mind which distinguishes the members of one category of people from those of another. The collective programming of the mind refers to shared patterns of beliefs, values and ideas that shape human attitudes and behaviours (Adler, 2002; Bochner, 1994; Earley and Gibson, 1998; Marsella, Devos and Hsu, 1985; Shweder and Bourne, 1982; Triandis, 1997). However, Adler (2002) explains, there are six dimensions that describe the cultural orientations of societies: people's qualities as individuals; their relationship to nature and the world; their relationship to other people; their primary type of activity; and their orientation in space and time. Chiang (2005) adds, culture fundamentally influences the behaviour of its members in a predictable and uniform way. Somehow, the effects of culture are witnessed or manifested in employee attitude and behaviour such as communication, leadership, performance, motivation as well as satisfaction (Chiang, 2005).

Studies on cultural differences became popular mainly through the work of Hofstede's (1980a) five values of national cultural dimensions in the 1970s and 1980s (Muller, Spang and Ozcan, 2009). In addition, numerous studies have been conducted on cultural differences and commonalities, showing the differences in values and behaviour of people from different national cultures (Hofstede, 1980a; Trompenaars, 1993).

However, Hofstede's (1980a) work has been criticized by scholars and researchers. Amongst the criticisms are: First the 'extensive globe sweep', for instance countries with high power distance score can be so different from countries with low power distance score that the managers from the high power distance countries may not be able to work in the low power distance countries and vice versa (Jacob, 2005). Secondly, the fifth national culture dimension study, i.e. *Confucian dynamism* (also refers to the 'long-term orientation') is a knowledge of a specific culture which is confined to the Chinese perspective because the concept itself is built on Chinese values. This may attract accusations of blending etics, that is universal accounts, with emics that is local accounts (Fang, 2003). Sivakumar and Nakata, (2001) note that it also may be argued that Hofstede's indices do not reflect current values since they are based on data collected thirty years ago, and the world has changed much since then. Thirdly, the futility of 'culture-blind' research in relation to the psychology of how a certain group of people (who may or may not represent the general population) scored on a measure of a vague concept that is associated with several other concepts and consequently the overall significance remains uncertain (Maxim and Jefferson, 2002).

Fourthly, the assumption of equating nation with culture refers more to cultural norms or societal norms, using the concepts of culture and society interchangeably (Baskerville, 2003). Fifthly, the difficulties of, and limitations on quantification using indices and matrices where the utilisation of matrices in some anthropological research showed that indices were not attributed with fixed numeric measures. Baskerville (2003) explains in this methodology; countries, societies or cultures were not to be ascribed numerate indices on these varieties of attributes, because of the dynamic and adaptive nature of the balance between such attributes (varieties of cultural prescriptions: hierarchy/collectivism; apathy/fatalism, competition/individualism and equity/egalitarianism). Analyses by anthropologists of the utility of matrices are also different from Hofstede, because such ethnography has an observer in a position within the culture under observation (Baskerville, 2003). According to Baskerville (2003), this leads to a further methodological issue, the status of an observer of cultural differences. Sixthly, reducing and simplifying four cultural dimensions of power distance, masculinity/femininity, individualism/collectivism and uncertainty avoidance (Sivakumar and Nakata, 2001) may not fully express the culture. Seventhly, is the problem of ignoring within-country cultural heterogeneity. Researchers adopting a more emic perspective (refers to local accounts) may argue that national culture, in all its complexity, cannot be captured quantitatively and reduced to four variables (power distance, masculinity/femininity, individualism/collectivism and uncertainty avoidance). Despite this heterogeneity, within any nation-state there is a modal set of values. Thus, it is heterogeneous within any given country (Sivakumar and Nakata, 2001).

Kirkman, Lowe and Gibson (2006) further explain that researchers have favored this five-dimension framework from Hofstede studies because of its clarity, parsimony, and resonance with managers in organizations. On the other hand, some researchers for instance, Child (1981) and Robinson (1983) argue that the ability of this dimension to measure culture is restricted. This is supported by Westwood and Everett (1987) who say power distance is considered a poor indicator of inequality. Even so, Triandis (1982) acknowledges that Hofstede's dimensions 'make sense' and claims that those dimensions highly influenced the conceptualization of his own twenty cultural dimensions. In addition, Hofstede (1980a, 1991) assumes that with regard to his studies, that cultural values are stable over time. Then again, researches were conducted to check whether Hofstede's model reflects the present day. Adler (1997) states, even though it was found that some useful additions do exist in the studies, that

the major benefit of these studies is that they help corroborate Hofstede's work by identifying several similar dimensions.

As this study refers to the Malaysian's context, it is very important to understand the culture of Malaysia and how it can affect the values and behaviour of its people. It is believed that a combination of both Islamic values and Malaysian work culture contribute in the formation of some unique management practices (Budhwar and Fadzil, 2000). It is also important to note that a reliable and valid measure of culture at an individual level is of particular importance to this study as cultural values are posited to influence the strategic use of reward systems. Mancheno-Smoak et al. (2009), believed that this cultural dimension - individual level. This would be in tune with Dorfman and Howel's (1988) notion of culture as psychological trait can provide insight to an individual's perception of culture as his or her personal values.

Several questions are posed in order to fully understand the relationship between rewards and culture. Are reward practices in non-monetary and monetary rewards necessarily culture-bound? Does competitive advantage derive from global reward practices? Should human resource professionals modify reward systems to reflect the diversity of employees' cultural back grounds (Adler and Jelinek, 1986)? According to Adler (1986), homogenization of human resource management may weaken competitive advantage by trying to ignore or minimize cultural differences instead of trying to utilize them (cited by Schneider, 1988). As Chiang (2005) mentions, Hofstede's typology has been applied to cross-cultural reward management (such as Gomez-Mejia and Welbourne, 1991; Hodgetts and Luthans, 1993; Schuler and Rogovsky, 1998) and motivation in the workplace (Hofstede, 1980b). In spite of this, most of these studies are not empirical (such as Gomez-Mejia and Welbourne, 1991; Hodgetts and Luthans, 1993). Prior research is also predominantly American in orientation (Balsam, Fernando, and Tripathy, 2010; Jansen, Merchant, and Van der Stede, 2009; Werner, and Ward, 2004; Gerhart and Milkovich, 1990) and not so much in other Asian countries especially Malaysia. There is less attention given to research specifically on reward systems and preferences in a cross-national setting (see Chiang and Birtch, 2006; Chiang and Birtch, 2005; Chiang 2005; Schuler and Rogovsky, 1998) who examined culture's influence on reward systems and preferences but not from Islamic perspectives.

Therefore, given the above limitations of earlier work, the present study aims to advance the researcher's understanding of how different cultures shape reward systems and preferences.

Adding to this, looking at an Islamic country such as Malaysia, Latifi (2006) mentions, examining some Islamic culture cannot be bias-free in terms of the country's traditions and social values. Instead, some fundamental Islamic concepts and their potential effects in a culture need to be considered from the present study's perspective. For that reason, this study specifically investigates the two cultural dimensions, high power distance and femininity orientation in relation to rewards practices in Malaysian private organizations.

2.2.4.1 Power Distance and Rewards

“Power distance is referred to the extent in which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally”

(Hofstede, 2001: p.98)

Malaysia is considered appropriate for this study because of the need to further discuss Islam Hadhari's principles with respect to the cultural environment and reward systems. Karande, Shankarmahesh, Rao, and Rashid (2000) acknowledge that out of seventy two countries, Malaysia is ranked as a high power distance country. Hofstede's cultural dimension shows Malaysia is at 104 (very high power distance – index:101-120) on the power distance (<http://www.geert-hofstede.com/>, accessed on December 7, 2010). It is believed that Malaysia is a high power distance country (Karande et al., 2002, Goodwin & Goodwin, 1999, and Hofstede & Bond, 1988; Hofstede, 1984).

Prior studies on power distance have defined power distance as “the extent to which an individual in the culture accepts the unequal distribution of power in institutions and organizations (Brockner et al., 2001; Farh, Leong, and Law, 1998; Maznevski, Distefano, Gomez, Nooderhaven, and Wu, 2002; Hofstede, 1980a, 2001; Kirkman and Shapiro, 2001; Kirkman, Lowe, and Gison, 2006; Farh, Hackett, and Liang, 2007). In high power distance (PDI) cultures, hierarchy and its pervasiveness inhibit individual decision-making (Hofstede, 1997; Dawar, Parker and Price 1996). More broadly, power distance (PDI) captures how sensitive people are to status. Nevertheless, individuals in high power distance cultures accept hierarchical order and their position in it and conversely in low power distance cultures, people strive for equalization and demand justification for power inequalities (Hofstede, 1984).

According to Hofstede (1984), subordinates have strong dependence needs in high power distance societies. They also expect superiors to behave autocratically and not to consult

them, as they may even be uncomfortable if the superiors consult them. In addition, they usually aspire to democracy as an impersonal ideal. This is referred to the ideal superiors as benevolent autocrats or paternalists – being “good fathers” on whom they like to depend. This is in contrast to low power distance roles (Hofstede, 1984). It was found also, that everybody expects superiors to enjoy privileges in high power distance cultures. Furthermore the laws and rules differ for superiors and subordinates (Hofstede, 1984). On the other hand, the subordinates in low power distance contexts would have more chance to negotiate with their superiors and develop better personal relationships. This would produce stronger social exchange reciprocity than others in high power distance. That is, the positive relationship between positive reward behaviour and task performance is stronger for subordinates in low power distance, since low power distance would nourish the relationship between supervisors and subordinates, finally accelerating social exchange reciprocity (Shih and Chen, nd). Undeniably, individuals in high power distance contexts would be influenced by their supervisor’s power figure which slows them down in producing a higher psychological expectation to rewards or more commitment to organization.

It is indicated also in several studies on power distance that the attitude and behaviour of high-power distance employees on the relationship between perceived positive reward support and task performance would be explained in term of an inherent obligation to dutifully fulfill the role expectation (Kirkman & Shapiro, 2001; Maznevski, et al., 2002).

As this study intends to examine the relationship between the Power Distance and Perception of Non-Monetary and Monetary Rewards, the definition of the reward itself needs to be understood clearly. Reward type refers to the nature of the total reward itself which comprises monetary and non-monetary; extrinsic and intrinsic (Armstrong and Murlis, 2007; Chiang and Birtch, 2006; Chiang, 2005; Henderson, 2005; Milkovich, Newman, & Gerhart, 2010) elements. Reward represents a central element in the employer–employee exchange relationship, making it vital that employee perceptions towards different rewards are understood (Chiang, 2005). As indicated by Hofstede (1980a) and Pennings (1993), cross-cultural studies have suggested that employee reward preferences are culturally bound (Chiang, 2005). Consequently, reward practices need to be tailored to these cultural differences (Adler, Doktor, and Redding, 1986). In other words, studies done by Ohmae (1990) and Hiltrop (1995) indicate internationalization becomes a driver of greater consistency in shaping reward practices. Hence, understanding reward systems and

preferences in the cross-cultural context enables organizations to increase the motivational potential of reward plans or systems and to optimize their use of limited resources. Indeed, changes in the system are brought about in various ways in different cultures. Hofstede (1984) found in his study that the higher a society's power distance, the more the system is identified with one or more powerful individuals. Hofstede (1980b) also provides useful insights into how employee needs and preferences are likely to vary across cultures. Maslow (1954) says rewards are instrumental to the satisfaction of needs. Thus, the perceived value of different rewards may vary across cultures (cited in Chiang, 2005).

Lincoln and Kalleberg (1990) explain that hierarchical structures in the workplace reflect high power distance in organizations. According to Bloom and Milkovich (1998), high power distance countries such as Malaysia and Mexico should exhibit more hierarchical pay structures compare to those manifesting low power distance such as Australia and Netherlands. This indicates that employees accept reward differentials/inequalities based on status, positions, age and seniority, and on performance criteria as well as looking at the individual effort and contribution. This respect for authority and loyalty in high power distance cultures (Child and Markoczy, 1993) translates into a willingness to accept non-performance-based reward systems in performing the job (cited in Chiang, 2005). It can be said that rewards are linked more to employee position and seniority rather than contribution and performance in high power distance countries such as Malaysia. Adding to this, the findings from Hofstede's research also can support and provide some useful guidelines for reward management at the local level specifically in Malaysia. For example, Hodgetts and Luthans, (1993) explain in high-power-distance cultures, Multinational Enterprises (MNEs) should pursue a hierarchical reward strategy for local managers where pay and benefits should be tied to the local manager's place in the structure As well, there should be a relatively large salary gap between the lowest and highest employees of the organization (Hodgetts and Luthans, 1993). A study conducted by Chiang (2005) also found that a strong preference for monetary rewards (extrinsic rewards) is displayed in high power distance countries. It is believed that almost all monetary reward items such as basic salary, incentives and benefits were considerably important to most people in high power distance countries such as Hong Kong (Chiang and Birtch, 2006; Chiang, 2005).

In Malaysia, Islam Hadhari's principles reflect the fundamental Islamic beliefs and culture in organizations. Therefore, Baligh (1998) reminds us not to overstate what the Muslim believes

about the effects of his actions on the world around him and on his own wellbeing. According to Baligh (1998), as a Muslim, he believes that he can change the world and produce output from his inputs. Furthermore, this connection is weak and subject to God's will at all times. It is also important to identify how rewards are determined and understood in matching the rewards to belief (Baligh, 1998). Baligh (1998) also explains that the bases on which rewards are given to a person are his inputs or content of his work, the outputs of his work, the inputs of a group to which he belongs, and the outputs of a group to which he belongs (each individual is rewarded on the basis of all, none, or any combination of these). In the context of monetary rewards, salary is given to a person as he/she 'belonging' to the organization. According to Baligh (1998), the monetary reward basis, the plain salary is much more consistent with Muslim beliefs and all earthly reward structures of organizations are not very highly consistent with Islamic culture. However, Islam is not against status, power or material wealth, which is clear from the statement '*...Spend of the bounties we have provided you*' (Surah Al-Baqarah 2: 254) and others about those put in authority over Muslims (Baligh, 1998). Earthly rewards such as pay (extrinsic) do have an effect on behaviour in organizations within Islamic cultures specifically Islam Hadhari's principles, especially when they are given on the basis of the person's own decisions and actions which are concerned with moral integrity.

Though Hofstede (1984) claimed culture is relatively stable, it may change over time so there is a possibility that the Malaysia society has evolved from high power distance to one of low power distance. It is this sort of problem that prompted the decision to conduct an embedded, qualitative study. The next section addresses the second cultural dimension chosen for this study, the femininity orientation.

2.2.4.2 Femininity Orientation and Rewards

"Femininity stands for society in which social gender roles overlap: Both men and women are supposed to be modest, tender, and concerned with quality of life".

(Hofstede, 2001: p.297)

From the above quotation, femininity represents a preference for relational over rational qualities. It includes modesty, caring for the weak, and quality-of-life (Hofstede, 1984, Hofstede, 2001, Muller et al., 2009). According to Hofstede (1984) also, on the other hand, feminine cultures are defined relatively as overlapping social roles for the sexes, which neither men nor women need to be ambitious or competitive. Both sexes may go for a

different quality of life than material success and may respect the small, weak and slow. Femininity orientation measures the feminine values of cooperation and aesthetics (Hofstede, 2010; Mancheno-Smoak et al., 2009). Hofstede states that these values are largely independent of each other (Hofstede, Deussen, Mueller & Charles, 2002).

According to Hofstede (1984), feminine cultures may have an advantage when it comes to providing services (such as consulting) and to growing things rather than mass producing them (such as high quality agriculture and biochemistry). Hofstede (1984) also believed that improving the quality of work life has often been interpreted as offering to people satisfactions of needs higher than basic security needs.

Feminine cultures place a greater value on human relationships, concern for others and the quality of life which value social needs and personal relationships (de Mooij and Hofstede, 2010, Hofstede, 1984). Consequently, non-monetary rewards such as relationships with colleagues and work–life balance reward schemes such as workplace child-care services and career-break schemes should be valued more (Schuler and Rogovsky, 1998). Besides that, Harrington and Ladge (2009) claim work–life initiatives also are viewed as a major non-monetary component of the total rewards package as its programs and policies contribute to the intrinsic rewards of the work experience and help attract and retain employees in the organization. Thus, the findings in Chiang and Birtch (2005, 2006), show that Finland placed more importance on intrinsic rewards reflecting achievement motivation in feminine cultures. Therefore, the reward strategy should focus on the social benefits, quality of work life, and equity in feminine cultures (Hodgetts and Luthans, 1993).

On the other hand, masculine societies emphasize assertiveness, competitiveness, achievement, money, acquisition of physical assets and material success. This focus is on financial arrangements. Acquiring money and material gain should be favoured in masculine cultures (Jansen et al., 2009; Hodgetts and Luthans, 1993; Gomez-Mejia and Welbourne, 1991; Hofstede, 1980a; 1980b). As financial gain is a means to wealth and admiration (Hofstede, 1980a), a system that links monetary reward to results and personal achievement should be preferred (Beer and Katz, 2003). Thus, Pennings (1993) states employees specifically executives “should get what they deserve’ as success is a basis of pay.

The result in Hofstede’s study (1980b) contends that countries scoring high on masculinity such as United Kingdom, Hong Kong, Canada, Austria, Venezuela, and Mexico tend to place

a greater value on material rewards (Hodgetts and Luthans, 1993) such as basic salary and individual performance incentives. This is in contrast to feminine countries such as Finland, Norway, Sweden, Denmark, and the Netherlands (Hodgetts and Luthans, 1993). The findings in Chiang and Birtch (2005, 2006) studies are consistent with Hofstede's (1980b) contention that cultural divergence gives rise to differences in needs and preferences, including those for rewards. Chiang and Birtch (2006) and Chiang (2005) indicate that individuals from relationship cultures do share some similar reward preferences.

Competing with 'rational' elements of organizational life in Malaysia are Hadhari's relational principles. In a sense this allows Malaysia to operate as a multi-cultural system as Malaysia is a multiracial country. Islam Hadhari's principles permeate life as well as work life in organizations. Therefore, this study will specifically examine the two cultural dimensions, high power distance and femininity orientation among the employees, specifically exempt employees in Malaysian private organizations.

2.2.5 Environmental factors (Internal and External) and Rewards

The environmental determinants (external and internal factors/variables) such as legal environment, industry factors as well as technological environment, socio-cultural environment, competitive environment, economic environment, political environment, labor market, and product market have a very significant impact in determining the reward package in organizations (Werner and Ward, 2004; Henderson, 2005). Thus, Pophal (2004) claims that among the most emotionally weighted issues for employees are rewards. Therefore, many companies are becoming increasingly innovative with their reward packages. Basically, organizations will do comparison on their rewards package with other companies in developing a reward program to remain competitive in the market (Armstrong and Murlis, 2007; Romanoff et al., 1986). However, it has become more complex in this study if the strong Islamic values permeate the organizational values in the Malaysia context. Although, it should be carefully considered when a company sets reward objectives, employee perceptions of equity and inequity are equally important (Milkovich et al., 2010; Henderson 2005; Romanoff et al., 1986). Determinants of the reward package are also very important and crucial, and need much attention in structuring reward systems (Henderson 2005; Werner and Ward, 2004). Furthermore, various demographic factors such as industry, company size and geography influenced the monetary package especially the pay levels (Vocino, 2004; Schaeffer, 2001). As Langer (1987) claims, there is high possibility that incomes are usually

much higher in the major metropolitan area compared to remote areas, which shows a company's geographical location does influence the reward package (Henderson 2005).

Likewise, companies doing business in certain geographic locations frequently compensate their employees on the basis of the area's prevailing economic conditions such as local cost of living (Henderson, 2005; Romanoff et al., 1986). It is interesting to learn that most compensation professionals believe it is better to adjust pay for cost of labor or alternatively for some reasonable blend of cost of labor and cost of living (Reilly and Audi, 2006).

A company's ability and affordability to pay is pertinent in order to sustain its existence (Henderson, 2005; Levine, 1993). Reconciliation of company's ability to pay (i.e. financial resources), desire to pay (image of company), and also need to pay (labor market) is crucial (Romanoff et al., 1986) at the highest stake to fulfill employees job satisfaction. This regards to the current competitive edge whereby organizations need to attract, motivate and retain highly capable skillful workforces. Pophal (2004) suggests the organization's philosophy should be aligned with organization's goals and objectives toward the reward program. Joyce and Cook (2006) claim it would be wise for companies to revisit their compensation philosophies with an aim at understanding, clarifying, and promulgating the company's position on executive pay. Furthermore, an effective development of reward and rewards philosophy reflects the importance of change and remaining flexible in adapting to the demands and constraints of a dynamic, ever-shifting business environment (Gilley and Maycunich, 2000). Even the reward package offered to the employees can be influenced by business nature or type of industry of the companies (Henderson, 2005; Groshen, 1990; Romanoff et al., 1986). It is also found that manufacturing-extractive organizations tend to pay better than non-manufacturing organizations (Langer, 1987).

Ang et al., (2002) highlight that a key labor market segmentation is profit orientation. Prior empirical research on reward in non-for-profit organizations revealed that workers in non-for-profits received lower average earnings than observably similar individuals working in profit seeking organizations (Ang et al., 2002). Besides that, large organizations tend to pay more to their employees and significantly more than small organizations (Ang et al., 2002; Schaeffer, 2001; Kalleberg and Van Buren, 1996; Brown and Medoff, 1989; Langer, 1987; Romanoff et al., 1986).

Additionally, organizations doing business in highly competitive industries are often forced to balance the need to control costs with the need to pay higher wages or salaries to attract a talented and skillful workforce (Henderson, 2005; Romanoff et al., 1986). Likewise, there are some variables affecting benefit costs. These are identified as direct economic elements such as taxes, inflation, unemployment insurance, economic wage pressure, worker mobility (Werner and Ward, 2004); and indirect elements such as legislation and judicial decisions (Kaighan, 1988).

2.2.6 Reward Program Influences

2.2.6.1 Employee Contribution and Rewards

Contribution can be based on education, job responsibility, seniority, or job performance, and different organizations may put different weights on these criteria (He, Chen and Zhang, 2004). According to Mowday (1987: p.101), "performance is the most important contribution in the work setting" (cited by He, Chen and Zhang, 2004). Therefore, organizations should invest in employees and recognize employees' contributions such as participation in decision making, fairness of rewards, and growth opportunities (Allen, Shore and Griffeth, 2003).

According to Williamson (2008), employee decision making provides the opportunity for employees to use their tacit knowledge, which can encourage performance evaluation and reward systems that lead to better decisions for the firm. As to the fairness of the firm's decision-making, employees' beliefs affect the enjoyment they may derive from their work environment. This ultimately affects their contributions to the firm's value or best interest (Williamson, 2008). A study conducted by De Grip and Sieben (2005) showed that salaries/wages paid to employees were mainly based on company's salary structure and individual bargaining in their annual performance evaluation thus not rewarding employees for their productivity. This shows that organizations could gain from aligning their wage policies with employees' contribution to firm performance. Primio (1993) suggests that organizations adopt reward systems that encourage employees to give their best by rewarding their competency, self-development, and supportive team effort, for example, developing, implementing, and encouraging employee contribution and participation in profit sharing and cost-saving plans.

In a study by Tsui and colleagues (1995) on an employee-organization relationship, they attempted to understand the employer's expectations about specific contributions desired

from employees and the inducements that it used to effect the desired contributions (Tsui, Pearce Porter, and Tripoli, 1997). According to Tsui et al., (1997), the inducements an employer offers go beyond short-term monetary rewards in a social exchange relationship. These include an extended consideration of an employee's well-being as well as an investment in the employee's career within the firm. In exchange, the employee's obligations and contributions in general include being willing to consider the unit's or the organization's interests as important core job duties, for example, employees working on job assignments that fall outside of prior agreements or expertise, and accepting job transfers when requested by the employer and others. However, this approach needs to be chosen and implemented carefully as it needs to suit the needs of both the job and the employees being managed (Tsui et al., 1997).

2.2.6.2 Employee Productivity and Rewards

Undoubtedly pay is an employee relations issue where employees have the right to determine which values, culture and reward systems of the organizations match their own (Armstrong and Murlis, 2007). Longnecker and Shanklin (2004) declare that most organizations provide monetary reward to encourage employees to perform to their best abilities. This is probably the best known and longest enduring concept in the workforce. Monetary rewards can include, but are not limited to salary, bonuses, stock options and health and life insurance. Armstrong and Murlis (2007) believe, pay also can motivate and deliver messages on what the organization believes to be important. Pay can reinforce desirable behaviour. In spite of that Burchett and Willoughby (2004) claim that it has always been difficult to develop a wage payment system that is tailored to each individual employee's productivity. Millea and Fues (2005) conclude that pay growth/increase can either be a reward for productivity gains or an incentive to improve labour efficiency.

It is found that most of the increases in productivity occur immediately following a wage increase and the effect may diminish rather quickly (Yang and DeBeaumont, 2010). Yang and DeBeaumont (2010) adds that it seems likely that the interaction between pay and productivity will differ as well as wage setting behaviour differs across countries. Besides, many empirical studies show that employees' experience contributes to their productivity in the organization, which indicated by the wages they earn (De Grip and Sieben, 2005). Wygant (1987) finds that the greatest obstacle to improving productivity with monetary incentives is the employee's concern for job security Also, non-monetary motivators need to

be paid attention to in order to achieve lasting motivation (Armstrong and Murlis, 2007; Longnecker and Shanklin, 2004). Sachau (2007) indicates with reference to Herzberg et al.'s (1959) study, that managers should not use money to motivate employees when managers want employees to be interested in their jobs. In this case, managers will increase employee intrinsic motivation and long-term job satisfaction by providing psychological growth opportunities. The most important thing is the manager understands of how pay and benefits affect work motivation (Kanungo and Mendonca, 1988).

The main purpose of a total reward approach is to increase productivity, boost morale and minimize frustrations (Longnecker and Shanklin, 2004). House (1991) suggests building an effective reward system that is best suited to the organization. Galpin (1994) says people work for rewards. Therefore, if the plan does not consider this, it will be ineffective because it is imprudent to pay employees more money for performing at the same level (Seay, 2008). The organization need to consider recognition programs, profit sharing and well-managed suggestions system (House, 1991) in order to improve employee performance and boost productivity. Managers are struggling day after day, week after week and year after year, hoping that things they are doing will produce the result they need (Galpin, 1994). It is simple; if the employee performs, if the team performs, the manager performs and if it goes the other way around, it is a failure (Galpin, 1994). Knowledge of the contribution of employees is valued and needs to be recognized. Providing rewards and recognition helps to motivate people to perform better (Galpin, 1994) and increase the productivity in their work. In addition, the organization will notice a significant improvement in the spirit of the work force where the most productive employees have the highest levels of job satisfaction and morale (House, 1991).

According to Gensing's study (1996), job enrichment (non-monetary rewards) is the best way to increase employee motivation and productivity. However, Comeau-Kirchner (1999) found that when monetary rewards were used in conjunction with non-monetary rewards, there was a 30 percent performance improvement in and this was almost twice the effect that the individual reinforcers had. Adding to this, the attention (recognition) raised productivity in service firms by 15 percent. The companies were also encouraged to use monetary rewards, whilst underestimating the power of non-monetary rewards in improving employees' productivity (Osborne, 2001).

2.2.6.3 Employee Loyalty and Rewards

The meaning of loyalty from a psychological perspective is referred to as a combination of commitment to the relationship and overt loyalty behaviours (Keh and Lee, 2006). Behaviour defines loyalty and loyal employees are those whose commitment is evidenced by their actions (Voyles, 1999). Schrag (2001) states that the philosopher John Ladd argues that loyalty, in its broadest sense, can be understood as "wholehearted devotion to an object" which can be either a person or a group of persons or even an organization. There can be multiple objects of loyalty within an organization and an employee might be simultaneously involved in a complex web of loyalties within an organization (Schrag, 2001).

Roehling, Roehling and Moen (2001) affirm that there is a need to understand the impact of work/life policies on employee loyalty because non-work and work contexts influence employee attitudes and behaviour. Employee loyalty has long been a big concern of employers because of its link to behaviours such as attendance, turnover and organizational citizenship (Schalk and Freese, 1997). Moreover, loyalty develops over time because of a continuity of overlapping, shared experiences of the same place or persons or events (Schrag, 2001). According to Roehling et al., (2001), there are two recent developments that increase the value of loyal employee. First, competition for employee talent and greater investment in employee development which made turnover more costly (Cliffe, 1998 cited by Roehling et al., 2001: p 142). Secondly, loss of employers' formal control structures over their employees due to the growing transition of the hierarchical organization to employee empowerment enhancement - allowed employees to exercise their discretion in the organization's interest (Pfeffer, 1994 cited by Roehling et al., (2001: p.142). Consequently, employers are trying their best to search for different approaches to promote loyalty in their organizations (Hiltrop, 1995).

Human resource experts (Finney, 1996; Lawlor, 1996) argue that the adoption of work/life policies (such as flexible work scheduling, family leave policies, child care assistance and others) will result in a more loyal and committed employees (Roehling et al., 2001). It was found that the flexible-time benefits have positive benefits and increased loyalty. Besides, Roehling et al., (2001) explain that child care benefits transmute into higher loyalty when the female married employees are in a position to invest more of their psychological resources into their careers. In addition supervisor support (hygiene factor) (Herzberg et al., 1959) was positively related to employee loyalty whereas an atmosphere of intolerance of family-to-

work interference was negatively related to loyalty (Roehling et al., 2001). A study by Roehling et al., (2001) also discovered that employee loyalty was more strongly associated with the perceived flexibility and tolerance of the work environment than to workplace policies. Schrag (2001) argues that one cannot buy employee loyalty and employees will go with a better offer if only the salary holds employees.

Sometimes what employers mean by "employee loyalty" is referred to as a moral duty of employees to fulfill the terms of their contracts, the responsibilities agreed to at the point of employment, or specified in the job contract, and also an employee's obligation not to betray the trust of the organization (Schrag, 2001). Work rewards are significant in relation to loyalty and employee intent to leave within five years (Oliver, 1990). Sujansky (2007) says, many organizations use to think that loyalty was one-way street as they believed that the only reason employees remained loyal was for money and benefits. Some organizations know that monetary incentives alone aren't enough to ensure loyalty. However, Volyes (1999) argues that organizations can 'buy' or earn loyalty from their employees and the 'wise company' does both, using competitive compensation and benefits in order to 'buy' loyalty and help the company to retain employees.

Schrag (2001) also explicates that the organization need to ensure that employees understand how their work fits in and how it contributes to the mission of the organization in order to enable employees to invest in the organization. Furthermore, this recognition allows all employees to view themselves as part of the organization and not merely as instruments of the corporation. Articulation and adherence should be cleared to amplify devotion and augment excellence in the organization so that employees can take pride in the organization and attach their loyalty to the company's excellence (Schrag, 2001). Thus, leaders need to create employee loyalty by communicating in a forthright manner, by making sure employees are well-trained as well as by listening attentively to employee input (Sujansky, 2007).

2.2.6.4 Employee Turnover and Rewards

No doubt turnover is a costly problem for employers (Saul, 2007). It is important to note that the cost of staff turnover can be significant both financially (recruitment costs) and also in terms of the impact on an organization's reputation and internal morale (Lanigan, 2008). Luna-Arocas and Camps (2008), report that staff retention has become the leading challenge facing many human resource departments. It is found that many extensive empirical researches have been carried out on the rewards practices and employee turnover (Boyens,

2008; Appelbaum and Kamal, 2000; Dutton, 1998). Many organizations are adopting alternative monetary and non-monetary rewards and implementing rewards systems which link to new ways of doing business. Appelbaum and Kamal (2000) explained that employee motivation through non-monetary rewards may be accomplished by decision makers paying closer attention to the needs of their employees and this reflects the greater in employee productivity and satisfaction and even lower employee turnover.

2.3 Conceptual Framework

Building on Herzberg et al.'s (1959) Two Factor Motivation Theory and Hofstede's (1980a, 1980b, 1988, 2001) two cultural dimensions of power distance and femininity, and also Malaysian Islam Hadhari's Principles as well as the above review on the applications of those theories in the rewards management field, this study suggests a primary research model by combining the cultural orientation, Islam Hadhari's principles, and also environmental factors (internal and external factors) including Herzberg et al.'s (1959) Two Factor Motivation Theory to examine the relationship between the variables of non-monetary and monetary rewards and rewards program influences. It is noted that the combination of these variables and Herzberg's Theory of Motivation was primarily to identify the antecedents of the rewards program influences, and was adopted in this study by following a specific research process (see Chapter 3) in order to develop a specific research model for Reward Program Influences (see Chapter 3).

Essentially this research suggests that some cultural orientation, Islam Hadhari's principles and environmental factors influence the perceptions of non-monetary and monetary rewards, which in turn affect the rewards program influences and lead to produce a good reward package for the employees in organizations, that is *Cultural Orientation, Islam Hadhari's principles and Environmental factors* → *Perceptions of Non-monetary and Monetary rewards* → *Reward Program Influences*. This simple model is generic in nature and likely to be applicable with some adjustment, in relation with reward programs influences. This simple research model serves as the conceptual framework for the development of the proposed research model, which is discussed in the next chapter.

2.3.1 Moderating Variables

2.3.1.1 Organizational Size

As in this study, the relationship between cultural orientation, Islam Hadhari's principles and environmental factors towards non-monetary rewards and monetary rewards; and also reward program influences is moderated by the organizational characteristics variables, i.e. Organizational Size and Organizational Status of Ownership. A study by Zilahy (2004) indicates that organizational factors included the size; human behavioural patterns like motivation and awareness of employees and organizational culture.

Organizations contribute to economic activity by utilizing their human resources in the best way feasible and providing rewards accordingly (Majumdar, 2010). Thus, organizational size has a consistent positive relationship with employees' rewards (compensation) (Gray and Benson, 2003; Stanwick and Stanwick, 2001; Tosi, Werner, Katz, and Gomez-Mejia, 2000; Watson, Storey, Wynarczyk, Keasey, and Short, 1994; Lambert, Larcker, and Weigelt, 1991), and it was among the most important influences on the top management reward (compensation) (Veliyath, Ferris, and Ramaswamy, 1994). According to Lluís (2009) also, many studies have analysed the effect of organizational size on rewards, specifically wages for different countries (African countries, Britain, France, Germany, Italy, Russia, and Switzerland) separately. Previous empirical studies conducted on various aspects of large firm such as employment alternatives, ability to pay, and relative workloads suggested that organizational size and average profits will be positively related to managerial salaries (Watson, et al., 1994) and reward packages.

Laforet (2008) expresses that companies worldwide of different sizes and sectors are operating in an increasingly dynamic, complex and unpredictable environment. Many studies examine the affect of organizational size in various fields such issue of innovation (Laforet, 2008), employee volunteerism (Basil, Runte, Basil and Usher, 2009) and employee satisfaction (Veliyath et al., 1994). Despite this, less attention is given to the area of reward systems in relation to organizational size. Hence, Henderson (2005) indicates that the size of one organization (either it is small, medium or large) affects the reward package given to the employees. A conventional "small is beautiful" argument in 1990s (Goldschmidt and Chung, 2001; (Lawler (1997), indeed, Lawler (1997) argues that the increasing evidence shows sheer size simply does not produce the advantages it once did before in the competitive market.

Grand, Szulkin and Tahlin (1994) explicate that the work of employees in small organizations is usually evaluated based on output rather than behaviour.

Veliyath et al., (1994) suggest it is company size which creates economies of scale and scope, and was a very critical competitive requirement within the industry. Thus, Veliyath et al., (1994) claim, company size was among the most important influences on top management reward package (non-monetary and monetary rewards). Even the influence of other critical variables such as the organization's strategic type, organization's performance, and managers' employment risks were overshadowed by the effects of organizational size. It is believed that large organizations have the ability to exert great influence toward reward systems and practices compared to small organizations (Henderson, 2005)

However, it is also believed that there is still limited literature on the association between organizational size and employees' rewards, though previous empirical research provided a number of useful insights (Lambert et al., 1991). There are only three important areas being covered from previous studies. The first examines the sensitivity of 'reward systems' to organizational size and the ability of organizational size to explain the variance in rewards. Secondly is the association of between the level of rewards and the level of size across organization which does not imply that an executive can increase his own reward (compensation) by increasing the size of his firm. Thirdly a previous study showed that the positive association between corporate CEO rewards (compensation) and organizational size does not imply that a similar relation exists for other executive levels (Lambert et al., 1991). Moreover, according to Lluís (2009), large and small organizations may be differently affected by institutional policies that are country-specific. This difference may lead to differences in organizations' decisions about total reward packages (or the proportion of cash wages over other forms of compensation). Greenhaus, Sugalski and Crispin (1978) asserts that organizational size is perceived to influence the opportunity to receive rewards and a given-sized organization either big or small with the overall attractiveness will be a function of the extent to which that organizational size is seen as capable of providing desired rewards.

It was also discovered that cross-country comparisons and a robust empirical generalization of the level of wage inequality between the USA and the industrialize countries (Lluís, 2009; Grand et al., 1994) shows that employees worked in large organizations received higher pay than those in small organizations (Lluís, 2009; Gibson and Stillman, 2009; Meng-Wen et al., 2006; Grand et al., 1994). The smallest organizations have the benefit of individualism while

the larger organizations have the benefit of more resources and systems (Laforet, 2008). Generally small organizations cannot offer the high wages, benefits and other 'extrinsic' rewards (Lang and Johnson, 1994; Brown and Medoff, 1989; Greenhaus, et al., 1978) such as pay, working environment or conditions, status, and security. Conversely, small organizations offer more intrinsic rewards such as personal growth and autonomy. Employees in large organization placed social needs (love, sense of belonging) as more important than employees in small organizations (Porter, 1963). Porter (1963) also reported that there is no difference either in small or large organizations concerning tangible needs such as food, housing, clothing etc which are commonly measurable with money. Besides, large organizations offer higher starting salaries than small organizations, and generally large organizations offer excellent and more specialized training in a career (Majumdar, 2010; Wheeler, Felsing and Reilly, 1987).

In addition, large organizations tend to have more structure, more bureaucracy (Pratt and Beaulieu, 1992; Goetz, Morrow and McElroy, 1991) and structured management control systems (Pratt and Beaulieu, 1992). Consequently, these structured organizations have formalized decision processes, formal authority, structured and highly structured channels of communication. This should encourage more autocratic leadership and less expression of disagreement with supervision in high power distance situations (Pratt and Beaulieu, 1992; Grand et al., 1994). It is also postulated that power distance in a femininity environment will be higher as femininity cultures may be much more structured and have higher amount of hierarchy authority (Pratt and Beaulieu, 1992).

Basically, large organizations hire employees of higher quality for several reasons (Majumdar, 2010) such as for the human capital (more educated and skilled) (Mitra, 2003), capital intensity, and innovation (Majumdar, 2010) as these employers will seek a low rate of employee turnover expect relatively higher wages as reward and retention devices (Oi, 1983). According to Majumdar (2010), large organizations will offer contracts in order to keep turnover low and increase employee efforts because they can provide several choices for further career advancement to the employees. Conversely for employees in small organization who have lower earnings, fewer benefits and less education were reported as experiencing less discrimination, better fit between their actual and desired work hours, more supportive work environments and on top of that, loyalty to their employers and less burnout (MacDermid, Hertzog, Kensinger and Zipp, 2001). Additionally, large organizations also can

lead to enhanced employees' productivity as they are believed to be more productive than small organization (Idson and Oi, 1999; Oi, 1983). However, Dhawan (2001) argues that small organizations are more productive and riskier than large organizations; in which large size is not a necessary condition for efficient production (Nguyen and Lee, 2002; Nguyen and Reznick, 1993). Small organizations also exhibit a higher profit rate and have lower survival probability (Dhawan, 2001). Though, it is believed that typically small organizations have lack of market power and they will survive in market uncertainties and capital constraints if they are technologically efficient (Dhawan, 2001). On the other hand, large organizations have resources and knowledge inbuilt to remain profitable (Eapen and Krishnan, 2009).

Lluis (2009) also clarifies that wage inequality across countries also can shed light on differences in individuals' economic opportunities and incentives. Furthermore, wage inequality between skill groups is likely to be greater among larger organizations because employees in larger organizations are on average more skilled than in smaller organizations (Lluis, 2009) resulting in large organizations paying higher wages than small organizations (Gibson and Stillman, 2009; Lluis, 2009; Meng-Wen et al., 2006). Hence, organizational size can also have an impact on wage dispersion within skill groups as a result of the greater skill-biased technological changes in larger organizations making skilled employees more productive in larger organizations than equivalently skilled employees in smaller ones (Lluis, 2009). In addition, Lluis (2009) states that within-group wage inequality may differ between large and small organizations as a result of firm-size-specific wage policies rewarding measured skills and unobserved ability differently. Large organizations incur greater monitoring costs than small organizations and may use alternative strategies to ensure worker productivity (Lluis, 2009; Meng-Wen et al., 2006).

The other aspect of organizational size to be considered is how the variable should be measured. Goldschmidt and Chung (2001) claim that organizational size has been measured in different ways such as number of employees, physical capacity measures, assets value and magnitude of output transactions (Kimberly, 1976). Most articles look at organizational size as the number of employees in the organization (Laforet, 2008; Goldschmidt and Chung, 2001; Lang, and Johnson, 1994). Goldschmidt and Chung (2001) believe that organizational size affects employees' satisfaction toward services and rewards. Thus, the researcher decided to use this measure to compare past researches and future findings in this study.

2.3.1.2 Organizational Ownership Status

The other variable that will be examined in this study is organizational ownership status. It is believed that the status of the organization either local or foreign affects the rewards system in the organization. The growth of foreign direct investment (FDI) in Malaysia over the past decade has been dramatic. Government has begun to realise the positive aspects of FDI. The impact of FDI on economic growth can be positive or negative. The effects depend on the type of FDI, organizations characteristics, economic conditions and policies (Velde, 2006). In addition, trans-national corporations (TNCs) need to have some firm-specific asset that differentiates them from domestic organizations to compensate for the extra costs in terms of local knowledge that foreign organizations need to incur to operate in foreign markets (Caves, 1974; Dunning, 1993 cited by Velde, 2006, pg 11). Indeed, foreign owned companies play an important role in Malaysia's total industrial growth. On the other hand, it has been also observed that the human resource management (HRM) practices of foreign-invested companies increasingly resemble those of the MNC parent country rather than those of local Malaysian companies. Many foreign owned companies especially multinational companies from the US, Europe and Japan have sought to enter the Malaysian market through the establishment of equity joint ventures with local companies.

Typically, foreign-owned companies tend to be larger, pay higher wages, are more capital and skill intensive and introduce more up-to-date technology and more training (Velde and Morrissey, 2001). It is believed that there will be a different enjoying of the reward package between local and foreign organizations. Conversely, domestic organizations are simply not able to compete with foreign organizations in terms of their advertising power, ability to dominate the market and to engage in predatory pricing to prevent entry (Cotton and Ramachandran, 2001). Foreign organizations such as multinational companies (MNCs) may lead to full ownership if research and development intensity as well as resource intensity depending on expected 'local' behaviour and the subsequent monitoring costs (Louri, Loufir and Papanastassiou, 2002) are successful. *Resources* include issues and causes as well as money, time, effort, and names (Clark and Wilson, 1961). According to Louri et al. (2002), assumptions made on the return expected by the parent company from operating abroad are dependant on the profitability of the affiliate combined with its future prospects as well as on the assets transferred to the affiliate such as technology, brand name and marketing capabilities for which price is agreed upon. It is postulated that the more profitable the affiliate is expected to be, the higher the probability of observing full or majority ownership.

Velde (2006) enlightens that the productivity level of foreign organizations is higher than in domestic organizations, but also that productivity growth in domestic organizations is lower than it would have been in the absence of foreign firms.

It is found that very little research has been done on the organizational size and organizational ownership status as moderating variables despite the attention that each of these subjects has received in their respective fields. Therefore, organizational size and organizational ownership status were examined in this study. Consistent with the studies done relates to the organizational size (Zilahy, 2004; Henderson, 2005; Veliyath et al., 1994; Goldschmidt and Chung, 2001), and organizational ownership status (Lei et al., 1990; Leung, Zhu, and Ge, 2009) the tentative model argues that the organizational size and organizational ownership status moderate the impact of Perceptions of Non-Monetary Rewards and Monetary Rewards.

2.4 Summary

This chapter has provided a discussion on the existing literature on the Hofstede's (2001) cultural orientation and Islam Hadhari's Principles (Badawi, 2005) and also Herzberg et al.'s (1959) Two Factors Theory of Motivation. This chapter provided the background and the theoretical underpinning of the study. Before proceeding to discuss cultural orientation, an overview of the literature on Islam Hadhari's Principles, non-monetary and monetary rewards, was presented. Extensive information on Islam Hadhari's Principles was presented and discussed with a focus on the four principles; Mastery of Knowledge, A Balanced and Comprehensive Economic Development, Good Quality of Life and Cultural and Moral Integrity which touched the definition and concept of those principles. Thus one of Islam Hadhari's principles (Good Quality of Life) resonates with Herzberg et al., (1959) motivation theory. The cultural orientation on High Power Distance and Femininity Orientation were also discussed in relation to the monetary and non-monetary rewards.

The review of Herzberg et al.'s Two-Factors Theory of Motivation in relation to the employee contribution, productivity, loyalty and desirable turnover were also done in this study. The results of the review indicated that there was a gap in the literature on the area of such application in monetary and non-monetary rewards from an Islamic perspective as Malaysia is an Islam-dominated country. Even though there is some alignment, the researcher recognized that Herzberg et al.'s (1959) theory was laid on a secular business foundation.

Islam Hadhari's principles in contrast, integrate concepts such as motivation into the moral sphere of life. The review of literature on monetary and non-monetary rewards touched on the three underlying theoretical foundations, expressed Hofstede's studies (1980a, 1980b and 1984) on cultural dimensions, and Herzberg et al.'s Two-Factors Theory of Motivation (1959). At the same time, some past studies and applications such as Maslow's Hierarchy of Needs and Components of Reward Model by Armstrong and Murlis (2007) were also reviewed and discussed. These provided a representative (western) picture of the literature on the monetary and non-monetary rewards. Finally, the conceptual research framework of Reward Program Influences Model was developed based on the underlying theories. The research questions, objectives and the preliminary research model were presented.

CHAPTER 3

Research Questions, Methods and Design

3. Introduction

This chapter is divided into six parts. The first part of this chapter proposes the study's research questions and corresponding research objectives. Then the specification of the preliminary research model is presented. Finally the detailed theoretical rationale behind the proposed research model is provided. An extensive literature review allowed the researcher to develop an initial research model with independent variables of culture, Islam Hadhari's principles, internal and external environment factors. This led to the choice of non-monetary and monetary rewards as intervening variables. The model, when confirmed would comment on employee contribution, employee productivity, employee loyalty and employee turnover. In addition, various variables and sub-factors under each generic factor were also studied in detail in order to develop a tentative model of non-monetary and monetary rewards. Essentially, the second part discusses the research paradigms, research methodology and design underpinning this study. This is followed by an explanation of a detailed description of the research process undertaken by the study. The third part discusses in detail the conduct including the analysis and findings of the qualitative phase of this study. The formation of the hypotheses also is discussed in the fourth part. The following part discusses the survey instrument that was developed and presented in a table of the measurement items used, with their respective references sources. The sixth part describes the operation of the empirical pilot test. Following that, the results of the data analysis are presented by applying simple frequency analysis of SPSS.

PART 1: Research Questions and Research Model

3.1 Research Questions

The decision in setting and designing non-monetary and monetary rewards to raise productivity through human effort has always been controversial. Studies that were

undertaken in numerous countries have shown varying degrees of success of such practices (Armstrong and Murlis, 2007; Giles, 2004; Appelbaum & Kamal, 2000; Shaw & Schneier, 1995; Johnson, 1992). Even though there is a substantial amount of non- Malaysian literature on this subject, there is a paucity of information concerning the extent of such application in Malaysia. This research is an attempt to provide further insights into the theory and practice of using non-monetary and monetary rewards in the local context as Malaysia is implementing Islam Hadhari's principles in the country. An inherent problem with non-monetary rewards may be the selection of rewards that are meaningful and motivational across a range of people. In this study, the range is limited to exempt (exempt from the minimum wage and overtime under FLSA) senior managers in Malaysia. Possibly this may make non-monetary rewards less motivating to an employee population as a whole (Jeffrey, 2003). However, there may well be types of non-monetary and monetary rewards that will increase employees' productivity, contribution, loyalty and reduce employee turnover concerning reward program influences.

The tentative model introduced organizational size and ownership status. Numerous studies have analysed the effect of organizational size on rewards specifically wages for different stage of development countries such as African countries and Britain. It was also discovered that cross-country comparisons of the level of wage inequality between the United States and the industrialized countries (Lluis, 2009; Grand et al., 1994) showed that employees who worked in large organizations receive higher pay than those in small organizations (Lluis, 2009; Gibson and Stillman, 2009; Meng-Wen et al., 2006). It is also believed that foreign-owned organizations tend to be larger, pay higher wages, are more capital, skill intensive, introduce more up-to-date technology and more training (Velde and Morrissey, 2001) than local organizations. Thus, it is predicted in this study that the reward program influences will be significantly moderated by organizational characteristics, i.e. organizational size and ownership status.

As a result, the following research questions are posed.

- Q.1: How do cultural orientation, Islam Hadhari's principles and environmental factors (i.e. internal and external factors) affect exempt employees' perceptions of non-monetary and monetary rewards in 'selected' Malaysian private organizations?
- Q.2: How do perceptions of non-monetary and monetary rewards affect the reward program influences (i.e. employee contribution, employee productivity, employee loyalty and

employee turnover) among the exempt employees in the 'selected' Malaysian private organizations?

Q.3: How do moderating roles of organizational characteristics (size and ownership status) moderate the relationship between cultural orientation, Islam Hadhari's principles, environmental factors and perceptions of non-monetary and monetary rewards among the exempt employees in Malaysian private organizations?

3.2 Research Objectives

Based on the research questions above, the following key research objectives have been developed:

1. To investigate the effect of cultural orientation, Islam Hadhari's principles and environmental factors on perceptions of non-monetary and monetary rewards among exempt employees in Malaysian private organizations.
2. To examine the role of perceptions of non-monetary and monetary rewards on reward programs influences (i.e. employee contribution, employee productivity, employee loyalty and employee turnover) among the exempt employees in Malaysian private organizations.
3. To examine the moderating role of organizational characteristics (size and ownership status) between the relationship cultural orientation, Islam Hadhari's principles, environmental factors and perceptions of non-monetary rewards among the exempt employees in Malaysian private organizations.

3.3 The Research Model and variables

A tentative research model, which was developed based on extensive literature review (see Chapter 2), is illustrated in Figure 3.1. It shows that two variables "Cultural Orientation"(CO), "Islam Hadhari's Principles" (IHP) and Environmental Factors (EF) impact on the intervening variables "Perception of Non-Monetary Rewards"(PNMR) and "Perception of Monetary Rewards" (PMR).

The model going into the study showed that Cultural Orientation had two items of High power distance (HPD) and Feminine Orientation (FO). Nevertheless, the model also illustrated that Islam Hadhari's principles had four items consist of Mastery of Knowledge (MK), Balanced and Comprehensive Economic Development (BCED), a Good Quality of Life (GQL), and Cultural and Moral Integrity (CMI). These six independent variables would

be the factors impacting the Perceptions of Non-Monetary Rewards (PNMR) and Perceptions of Monetary Rewards (PMR) in private organizations in Malaysia.

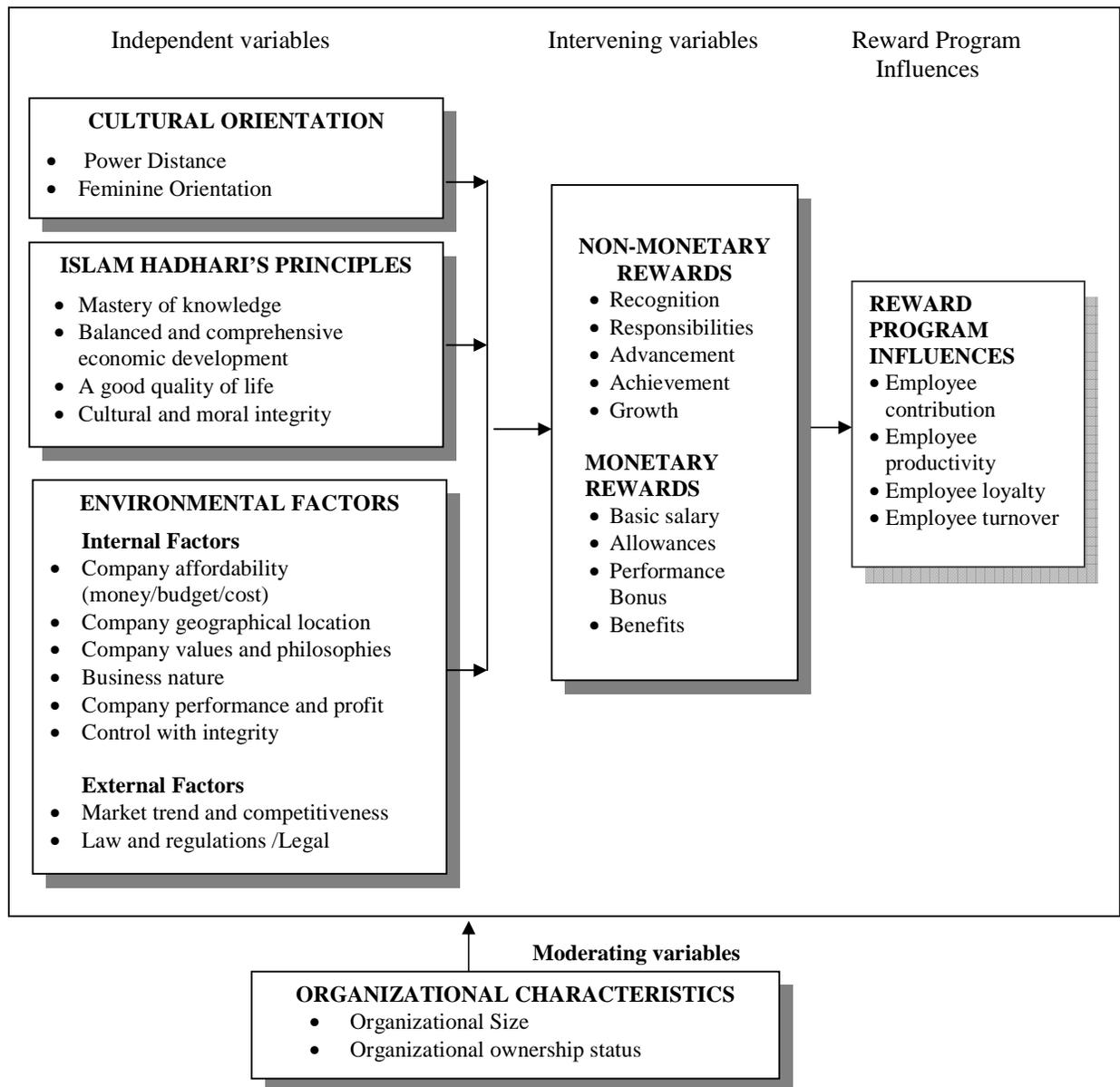


Figure 3.1: An Initial Research Model

Environmental Factors (EXF) were also independent variables developed by using internal and external factors. This study examined six (6) items of Internal Factors (ITF), i.e. company affordability, company geographical location, company value and philosophies, business nature, organizational performance/profit and control and integrity. The External Factors (EXF) focused two (2) items, i.e. market trend and competitiveness, and law and

regulations. Thus, internal and external factors would also be the factors impacting the Perceptions of Non-Monetary Rewards (PNMR) and Perceptions of Monetary Rewards (PMR). The Perceptions of Non-Monetary Rewards had five items of Recognition (R1), Responsibility (R2), Advancement (A1), Achievement (A2) and Growth (G). The Perceptions of Monetary Rewards (PMR) had four items of Basic Salary (BS), Allowances (AW), Performance Bonus (PB) and Benefits (BF). The model also showed that the intervening variable of Perceptions of Non-Monetary Rewards (PNMR) and Perceptions of Monetary Rewards (PMR) impact the Reward Program Influences (RPI), i.e. Employee Contribution (EmpyCON), Employee Productivity (EmpyPRD), Employee Loyalty (EmpyLOY) and Employee Turnover (EmpyDET) in Malaysian private organizations. This relationship was moderated by the Organizational Characteristics (OC) variables, i.e. Organizational Size and Organizational Status of Ownership

All constructs in the model; cultural orientation, Islam Hadhari's principles, environmental factors, non-monetary and monetary rewards, organizational size and status of ownership were discussed in detail in Chapter 2. Based on this view, the research model is further refined by a field study which involved a small sample of private organizations in Malaysia, before the hypotheses were developed.

PART 2: Research Methodology and Design

3.4 Research Paradigm and Methodology

3.4.1 Research Paradigm

The research paradigm of this study is based on the positivist paradigm which uses precise language and studies phenomena objectively that can be measured, by gathering quantitative data. The reason for adopting a positivist paradigm is that the constructs identified in the proposed research model could objectively be measured and observed for further rigour and validation of variables. A constructivist study was embedded within the positivist study. It served to strengthen the validity of the first tentative model and allowed modification to represent employees' 'theories'. Relying on the positivist approach also, the researcher developed hypotheses based on theories and findings identified in previous researches. According to Cavana, Delahaye and Sekaran (2001), hypotheses must be tested to understand the related phenomena. Then, with regard to this approach, the researcher had identified a number of theories in the related literature either from the past or current issues from a range of different types of sources including academic and professional journals, articles, books,

conferences proceedings, working papers, web-based resources (Rowley and Slack, 2004) and other resources to be referred to in this study.

3.4.2 Research Methodology

3.4.2.1 Methodological Approach

The variables each provide an element of the research methodology. There are (a) cultural orientation issues, (b) Islamic principles, and (c) environmental factors (internal and external) in relation to reward program influences with non-monetary and monetary variables intervening between them. The quantitative approach has dominated research into the association between cross cultural studies, Islamic principles and environmental factors in relation to reward systems. As mentioned earlier, in this chapter, the quantitative researcher develops a research question based on a theoretical background and previous studies. The field study was preferred for the qualitative phase of the research (Zikmund, 2003, Creswell, 2003) that endeavoured to explore the influences of non-monetary and monetary rewards phenomena in Malaysian private organizations. The qualitative method was considered as the most appropriate method as this phase of the study was concerned with understanding the respondents' 'theories' of the influences of non-monetary and monetary rewards in a private organizational context. It was also typically used to explore attitudes, opinions, beliefs, perceptions, interactions and behaviours in various settings (Brantlinger, Jimenez, Klingner, Pugach and Richardson, 2005; Scruggs, Mastropieri and McDuffie, 2007). Hohental (2006) claims, the combination of both approaches provide cohesive and coherent outcomes in providing relevant data.

3.4.2.2 Mixed Methodology Research Approach

The need for mixed method in this study is based on a number of factors. This study is based on the Malaysian cultural orientation. Islam Hadhari's principles, environmental factors and perceptions of non-monetary and monetary rewards toward the reward program influences have received little attention. Even though there have been some studies on cultural orientation, and Islamic Hadhari's principles done in Malaysia, there is still less research on the contribution of reward systems in the Malaysian context. Additionally, almost all theories of cultural orientation and reward systems are developed based on a western perspective (Chang and Noorbakhsh, 2009; Adler, 2002; Awasthi, et al., 2001; Hofstede, 2001; Herzberg et al., 1959) and some theories from previous studies on Islamic principles which are developed from Middle East (Khan et al., 2010; Al-Hamadi, Budhwar, and Shipton, 2007; Aycan, et al., 2007; Tayeb, 1997). Hence, some of the theories might not be applicable to the

Malaysian context without allowing for modification. Furthermore limited knowledge about the constructs and dimensions of cultural orientation, Islamic Hadhari's principles and reward systems could be overcome by conducting a qualitative research at the earlier stage of the study. This study adopted a positivist paradigm and a two-phased concurrent mixed method that consists of qualitative and quantitative approaches.

3.5 The Research Process

The following explanation describes in detail of the steps in Figure 3.2 which illustrates the mixed method research process adopted in this study.

3.5.1 Literature Review

The related literature either from the past or current issues from a range of different types of sources including academic and professional journals, articles, books, conferences proceedings, working papers, web-based resources (Rowley and Slack, 2004) were referred to in this study. Literature was searched for the purpose of identifying the general antecedents of cultural orientation, Islam Hadhari's principles, environmental factors and reward systems, possible relationships among the constructs to be examined and also relevant content categories. Following the literature review, the research question and research objectives were developed.

3.5.2 Preliminary Research Model Construction

A preliminary research model on reward systems influences was constructed based on extensive literature. Next, the research model was refined with the support of more literature review and a qualitative field study. The purpose of doing the field study was to confirm that respondents supported the status of independent variables.

3.5.3 Qualitative Field Study

3.5.3.1 Sample Selection (Qualitative)

Convenience sampling was used in the initial qualitative field study. This approach has the ability to obtain extensive information quickly and effectively (Zikmund, 2003). Researchers could use informants or social networks in case to locate or hard to reach individuals or groups for the study (Pope et al., 2002). Twelve selected private organizations were chosen from the convenience sample of Malaysian private organizations registered on The Federation of Malaysian Manufacturers (FMM) (FMM, 2003). As this study would also be supported by quantitative method, the sample sizes for interview studies which tend to be much smaller than those used in survey or more quantitative research (Davidson, Ridgway,

Kidd, Topor and Borg 2008; Pope et al., 2002, Wallace, 1984) so this one was acceptable. Polkinghorne, (2005) further supports that qualitative researchers most often use a small number of participants in their studies. The respondents involved in these interviews ranged from officer levels up to higher levels of management as required for exempt status participation.

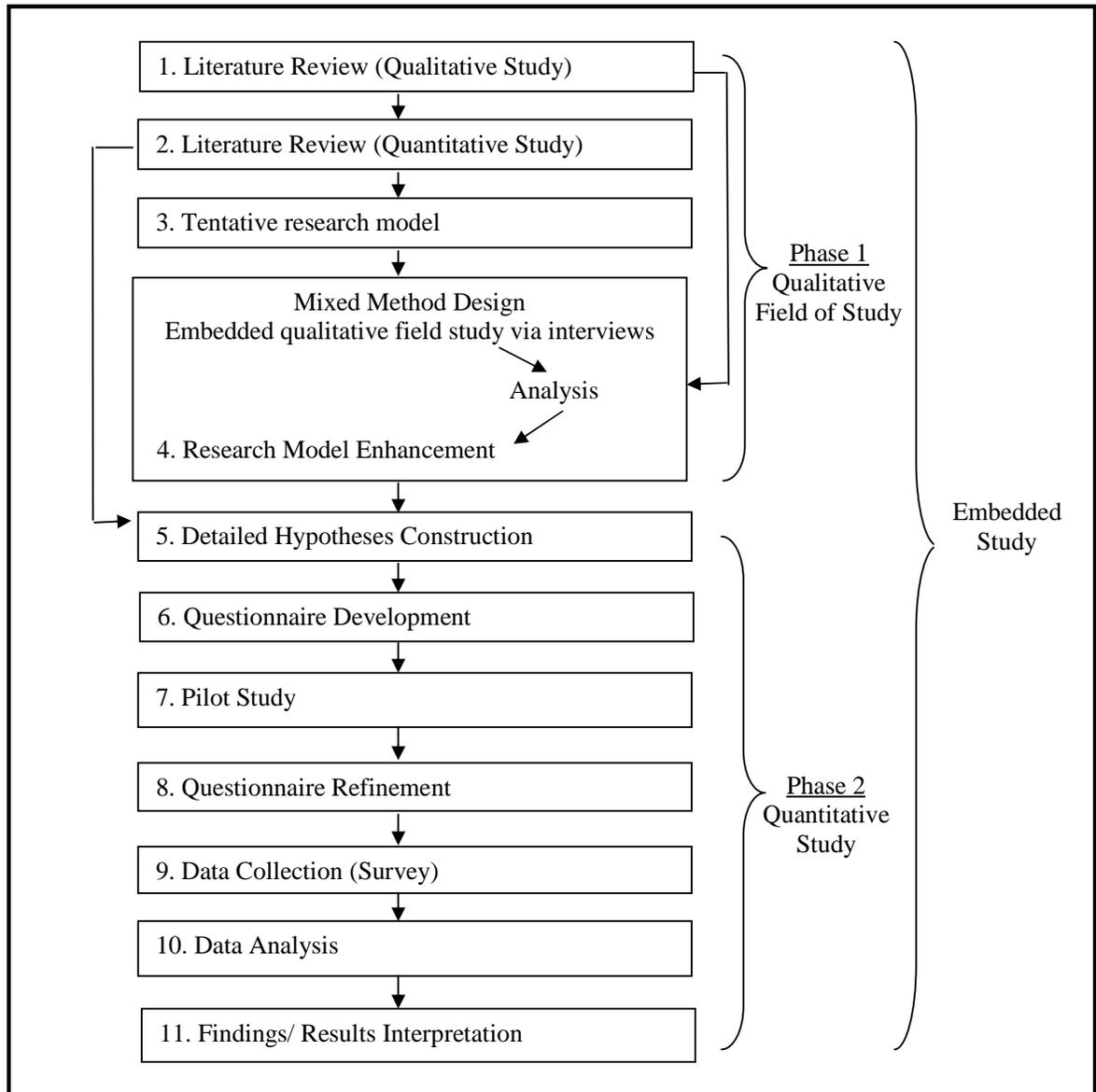


Figure 3.2: Mixed Methods Research Process

3.5.3.2 Data Collection

As in this study, the method of qualitative research for the data collection was semi-structured interviews using open-ended questions. Semi-structured interviews are typically based on a flexible topic guide that provides a loose structure of open-ended questions to explore experiences and attitudes (Pope et al, 2002). The interview questions were developed and tested by a small group of executives from a ‘selected’ private organization in Malaysia. The interview plan followed the guidelines of Whiteley, McCabe, Buoy, Howie, Klass, Latham, Bickley and Luckheenariam (1998). Minor changes were done on interview questions based on the feedback from the pre-test. The participants were given the interviews questions (see Appendix 2). All participants were asked the same interview questions, relating to the variables to be validated (Morse, 2005) which were cultural orientation, Islam Hadhari’s principles, environmental factors (internal and external), non-monetary and monetary rewards and also reward program influences (employee contribution, productivity, loyalty and employee turnover. Each interview lasted for about one hour and each interview was recorded by a Micro-audio recorder (MP3) with the permission of the respondents themselves.

3.5.3.3 Qualitative Data Analysis

Data analysis was one of the challenges in qualitative research. The data were captured by translating the interview tapes (MP3) into the interview transcripts, as a means of capturing and getting the words and concepts of each category (research variables); cultural orientation, Islam Hadhari’s principles and environmental factors from each of the respective respondents in this study. Each interview was transcribed on the following day in order to reflect on the body language and other cues fresh from the memory of the researcher. A number of tools and techniques were available in the literature; whereby this tool(s) must be selected based on the objectives of the research. As this study in this phase was more exploratory than confirmatory in nature, “content analysis” was chosen in analyzing the interview transcripts.

Content analyses were carried out in two stages. First stage dealt with single interview transcripts, while second stage dealt with cross interview transcripts. It was noted that all content analyses were done manually and a combination of inductive and deductive approaches was used to categorize the factors and variables. Therefore, two sequential stages were undertaken in analyzing the qualitative data. The second stage of the content analyses primarily aimed at integrating all individual factors, variables and their relationships to come up with the final list of factors and variables and also their links. The second stage was to

arrange and take note of any similarities and differences between the matrix for all participants. This was established by reviewing and revising the transcript several times. Results of the study were then presented and interpreted in detail in the form of factors and variables. This step was then repeated for all participants. Individual models for twelve respondents were developed (see next section in this chapter and Appendices 4/1-12) based on the variables, factors and links between each factor. It was completed when all individual models for twelve respondents were developed. As results, the final research model was developed by comparing and combining the variables and factors of the initial research model and those identified as part of the analysis of the interviews. All theories and concepts came from the respondents.

3.5.4 Research Model Enhancement and Refinement

The qualitative data were collected to confirm that, qualitatively, the variables in the tentative model were robust. The data did not produce any dissenting voices on power distance, femininity orientation, Islam Hadhari's principles, environmental factors (internal and external). However, the tenor of responses on high power distance indicated a more egalitarian impression that the strict hierarchical, unequal power proposed in Hofstede's work. It was decided to further test this by allowing high power distance hypotheses H1a and H1b which were positively linked to non-monetary rewards and negatively linked to monetary rewards respectively. The other variables, femininity orientation, Islam Hadhari's principles, environmental factors (internal and external) were supported and no other variables appeared in the qualitative data to be appropriate for inclusion as independent variables. Thus 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 field study phase.

3.5.5 Hypotheses Construction

The next phase in the research process (see Figure 3.2) was the quantitative study. This needs to be conducted in order to confirm the generalization of the final combined research model. 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 were then derived.

3.5.6 Questionnaire Development

A tentative questionnaire was designed based on the research hypotheses. 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 discussion on questionnaire development is provided in part 5 of this chapter.

3.5.7 Pilot Study

After the questionnaire construction was completed, consent from the University Ethics Committee was obtained before the questionnaires were distributed to the respondents. Prior to administering the survey, a convenience sample of 26 executives from one Malaysian private organization was selected in which to conduct a pre-test (pilot test) of the survey instrument (i.e., questionnaire) for content validity as well as to identify any problems with the questionnaire before distributing it to a wider sample. The rationale behind this stage is to ensure the questionnaire items are measuring the constructs as intended for this study and scrutinize face validity (Cavana et al., 2001). The term “validity” refers to the degree to which the conclusions (interpretations) derived from the results of any assessment are “well-grounded or justifiable; being at once relevant and meaningful” (Cook and Beckman, 2006). On the other hand, face validity indicates that items being presented on the questionnaire are clear and understandable to the subjects (Cavana et al., 2001). It usually tested by giving the questionnaire to a sample of respondents to gauge their reaction to the items. Hence, the pilot test of the survey process allowed time (10-15 minutes) for each of the respondents to complete the questionnaire.

3.5.8 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 (see section 3.11: Improvement on the instrument).

3.5.9 Conducting the survey

3.5.9.1 Sample Selection (Quantitative)

The context of this research was ‘exempt’ employees (exempt from the minimum wage and overtime under FLSA) in private organizations in Malaysia. Thus, the requirement was to survey ‘exempt’ employees in Malaysian private organizations. The detailed definition of the exempt term is provided in Operational Definitions (p. xiii). To generate the sample frame, a detailed listing

of private organizations in Malaysia was obtained from The Federation of Malaysian Manufacturers (FMM) 2003. The category of size either small, medium or large was done according to size of the organizations. The organizational size has been measured in different ways such as number of employees, physical capacity measures, assets value, magnitude of output transactions (Goldschmidt and Chung, 2001; Kukalis,1991) sales turnover and market value (Smith, Jamil, Johari and Ahmad, 2006). Hence, most articles and journals look at organizational size as the number of employees in the organization (Laforet, 2008; Peurseem and Jiang, 2008), Mitra, 2003; Goldschmidt and Chung, 2001; MacDermid et al., 2001; Lang, and Johnson, 1994; Grand et al., 1994). The researcher decided using this measure to compare past researches and future findings in this study.

“Size” is particularly of interest to this study because the companies from which the study is drawn are distinctly are in three “size” categories, small, medium and large. Employee number (in three categories) is one indicator used to approximate size (Peurseem and Jiang, 2008). Therefore, for the purpose of sampling in this study, the category of size was based as follows: a category size of less than 500 employees refers to small and medium organizations (Nafukho, Graham and Muyia, 2009; Barber, Wesson, Roberson and Taylor, 1999) and greater than 500 employees refers to large organizations (Ford, 2009; Lluís, 2009).

Despite that, considering the time and cost constraints, a sample size of between 200 and 1,000 respondents is to be acceptable in this study and this is also in line with a suggestion made by Alreck and Settle (1995). Therefore, 1000 employees had been chosen as the sample size if the population was greater than or equal to 10,000. It was expected that 20% of the respondents would respond to the survey.

3.5.9.2 Data Collection

The surveys were administered with the support of the key staff in the organizations. Figure 3.3 illustrates the important features of quantitative data collection process. Fifteen private organizations from the northern part of Malaysia were selected randomly. The covering letter also assured the respondents of the confidentiality of their responses. Subsequently, the respective contact person distributed the questionnaires to the employees of the companies. The respondents were given two weeks to return the completed questionnaires to the contact person. Besides, the contact persons were contacted via phone two weeks after the questionnaires had been distributed to the respondents. Telephone follow-up employed was used in order to improve the low response rate in this study (Paxson, 1995).

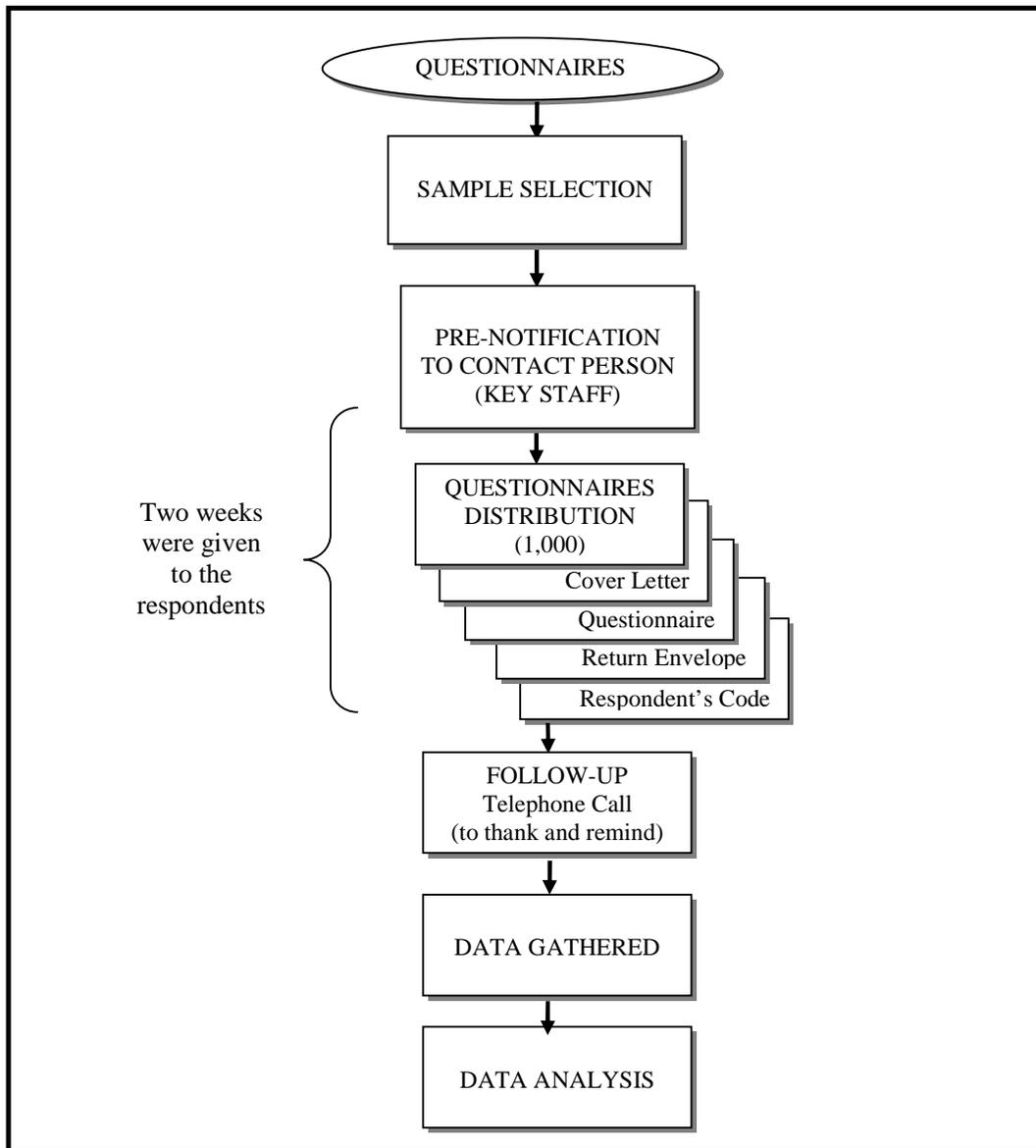


Figure 3.3: Important Features of the Quantitative Data Collection Process

3.5.10 Quantitative Data Analysis using Structural Equation Modeling (SEM)

Basically, three elements must be considered when analyzing data, (1) the type of study, (2) the level of data collected and (3) the statistics to use (Hart, 2007). Structural Equation Modeling (SEM) was used for the quantitative field study data analysis in this study. Thus, this technique has gained much attention among researchers in various areas such as social science, marketing education, strategy and management information systems (Campbell and Ntobedzi, 2007; Hulland, 1999; Fornell and Cha, 1994; Chin, 1998; Johansson and Yip, 1994). The nature of the PLS technique allows path-hypothesis of the research model to be analyzed (Gefen et al., 2000; Chin, 1998). Barclay et al. (1995) claim, PLS is also applicable

when a new measurement is investigated. The other advantages of PLS technique include its applicability to small sample size (Chin, 1998; Compeau and Higgin, 1995; Thong, Yap and Raman, 1996). Therefore, the PLS technique is considered suitable and applicable for analyzing data for the current research based on the low response rate from the previous studies. Figure 3.4 illustrates specific steps undertaken in the present research in conducting PLS data analysis.

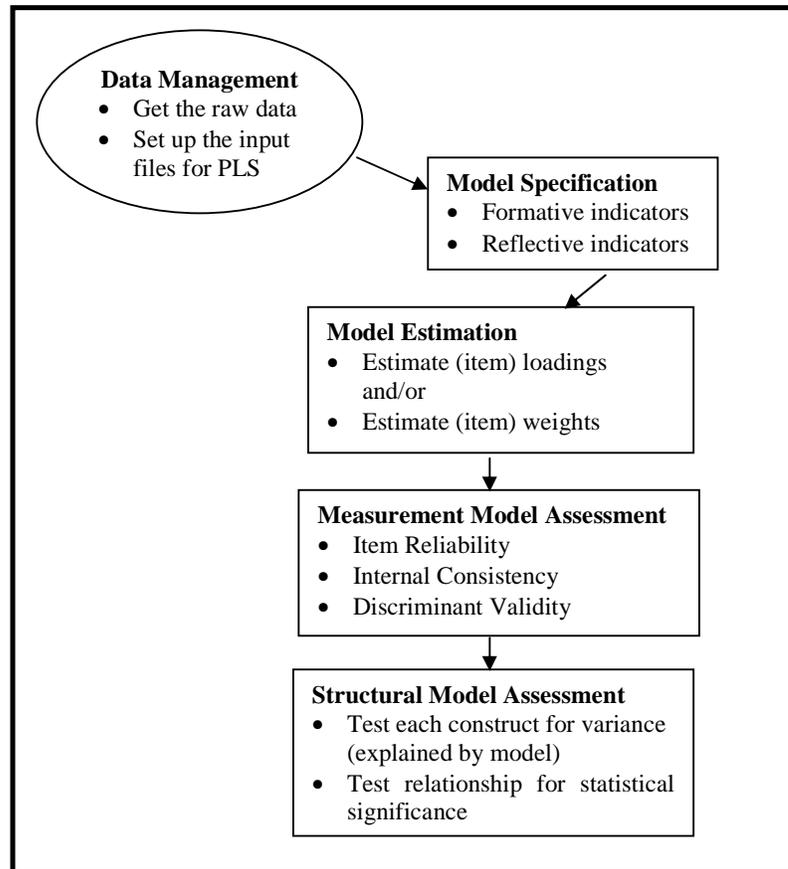


Figure 3.4: Flowchart for the steps in Partial Least Square (PLS) data analysis (Adapted from Barclay, Higgins and Thompson, 1995)

The two stages in PLS are assessment of the measurement model and assessment of the structural model. The individual item reliability, internal consistency and discriminant validity is examined in assessing the measurement model. On the other hand, the significance of the path loading is tested and the variance for each dependent construct is explained in assessing the structural model.

3.5.10.1 Measurement Model Assessment

The measurement model assessment focused on the relationship between indicators and corresponding constructs. Assessment which is also referred to as construct validity; consists of convergent validity and discriminant validity. Thus, convergent validity evaluates how closely the items in a single construct correlate with each other. Besides, assessment of such validity includes individual item reliability and internal consistency (Barclay et al., 1995; Santosa et al., 2005). Conversely, discriminant validity measures the degree to which constructs in the study differ from each other (Barclay et al., 1995). Hence, the measurement model can be assessed by examining the item reliability, internal consistency and the discriminant validity (Barclay et al., 1995; Hulland, 1999; Santosa et al., 2005).

3.5.10.1.1 Item reliability

Item reliability is also known as item loading in PLS method. Item reliability is concerned with the level of random error in a particular construct. Barclay et al., (1995) indicated that the item reliability analysis is used to estimate the amount of variance in the item's measure that is due to the construct. As in this study adopted 0.65 item reliability rule as proposed by Hair et al., (1998) that loadings excess of 0.5 are considered very significant. The reason is that items with lower loadings have a random error component that exceeds the explanatory component and should be discarded from further analysis. Therefore, the true estimation of the relationship between the constructs be lessened if low item loading is retained in the model (Nunnally, 1978).

3.5.10.1.2 Internal consistency

Internal Consistency is a measure of reliability of a construct in PLS (Barclay *et al.*, 1995; Fornell and Larcker, 1981). There are two approaches; composite reliability and reliability coefficient in measuring the internal consistency (Fornell and Larcker, 1981). The first approach to measure internal consistency is by using the composite reliability developed by Fornell and Larcker (1981). They claimed that their measure is considered to be superior to the traditional measure of consistency (i.e. Cronbach Alpha). Thus, Nunnally and Bernstein (1994) further explained that an alpha of 0.7 indicates acceptable internal consistency and can be set as a benchmark to assess internal consistency. (See Appendix 3 for the formula).

The second approach to measure internal consistency is by examining the reliability coefficients which involved calculation of Average Variance Extracted (AVE) for each of the constructs and a measure that indicated the amount of variance in the item is explained by the

construct (Fornell and Larcker, 1981). (See Appendix 3 for the formula). Fornell and Larcker (1981) and Nunnally (1978) suggested that the construct should achieve a value greater than or equal to 0.5 in order to achieve adequate reliability (to satisfy the convergent validity).

3.5.10.1.3 Discriminant validity

Discriminant validity assesses the degree to which constructs in the model differ from each other (Barclay et al., 1995). The assessment of discriminant validity is essential to ensure that an item does not share more variance with other constructs than with the construct it intends to measure (Chin, 1998; Barclay et al., 1995). Therefore, the variance shared between measures of two different constructs should be lower than the AVE for the items measuring each construct in order to establish the discriminant validity (Fornell and Larcker, 1981). As this can be determined using the cross loading analysis. The second approach to assess discriminant validity is by using the square root of the AVE. According to Barclay et al., (1995), discriminant validity can be fulfilled if the square roots of the AVE are larger than correlation of the related constructs. In the other words, the diagonal value (the square root of AVE) should be larger than off-diagonal values (the correlation between constructs in the corresponding columns and rows) in the correlation matrix (Hulland, 1999).

3.5.10.2 Structural Model Assessment

The structural model consists of latent variable construct relationships as hypothesized in final research model. As mentioned in previous discussion, PLS can be used to analyze both reflective and formative constructs. Thus, both explanatory power of the independent variables and the significance of the path coefficient should be determined in order to assess the structural model. According to Chin and Newsted (1999), the significance test (t-statistic) of all paths was performed by using bootstrapping resampling method. Hence, R^2 values of the endogenous variables (produced by the bootstrap method) assess the model's explanatory power. The R^2 of the structural model is similar to the R^2 values in regression analysis which give some information about the goodness of fit (how well it fits) of a model (Fornell and Larcker, 1981).

3.5.11 Findings/ Results Interpretation

At this stage, upon completing the data analysis for both the qualitative and quantitative field study, the findings of the study will be interpreted and analyzed in the light of a further literature review.

3.6 Response Rate

Overall, 329 returned surveys were returned that translated to an effective response rate of approximately 32.9 percent. The overall response rate was low but not unusual, given that Malaysian managers and executives were typically reluctant to participate in surveys. Also, the sensitive and confidential nature of the information requested may have contributed to the overall low response rate (Jusoh and Pernell, 2008; Jusoh, Ibrahim and Zainuddin, 2008; Jusoh, Ibrahim and Zainuddin, 2006). This compares favourably with response rates in other recent studies in the region (i.e. Malaysia), and adequate, given the low rate of responses (Sohail and Hoong, 2003). Furthermore, the response rate of 32.9 percent was higher than the standard ~20 per cent acceptable survey response rates (Samat, Ramayah and Saad, 2006). As the some of the respondents for this study are key persons in the organization, they were known to be less likely to respond to questionnaires than people in the general population (Hunt and Chonko, 1987). Therefore, the response rate was exceptionally good and representative of companies in that region of Malaysia (Samat, Ramayah and Saad 2006).

PART 3: Qualitative Field Study

3.7 Field Study and Modified Research Model

The objectives of this field study are as follows:

1. To assess the findings confirmed from the literature review and potential key variables will be identified at this stage.
2. To find out and obtain accurate information on the concepts and practices from the organizations themselves which might not be reported and stated in the literature review.

The field study will follow the mixed method approach adopted in this study as illustrated in Figure 3.2 in this chapter. The focus of the field study was on corroborating and enhancing the factors and variables in the initial research model. The data analysis of the field study is then presented in the following section. A final research model is developed by comparing and combining the knowledge gained from the literature review and interview data. Finally a detailed discussion of the combined research model is presented.

3.7.1 Findings and Results

3.7.1.1 Interview Demographic Information

Table 3.1 presents a brief overview of the companies who participated in the field study. It should be noted that all the companies interviewed had some level of exposure in the area of reward systems. All companies that were involved in this field study are private companies in Malaysia. Size of the companies varied from 300 employees to 7,000 employees. As it can be seen from Table 3.1, some of the companies had some part of knowledge of cultural dimension and Islam Hadhari's principles, a few of them knew and the others did not know about it. The reason that four (4) respondents had some part of knowledge and one did not aware and concerned about Islam Hadhari's principles was due to the fact that the respondents were from foreign private organizations who emphasize their own national and corporate cultures and values more. Even one respondent had only some part of knowledge of Islam Hadhari's principles from local; and this is probably due to the fact that the organization was more on corporate values. Most of the respondents indicated that the organizations did not allow any employee and any form of activities to touch on religion. However, they still participated and gave much information regarding this research.

Thus, it can be said that eleven (11) respondents out of twelve (12) had some knowledge of Islam Hadhari's principles. Based on Table 3.1 also, it was illustrated that all of the key personnel interviewed were involved in the area of compensation and benefits in developing and implementing the reward programs. The respondents' positions varied from senior Human Resource Executive to Vice President of human resource management. This was to ensure the different viewpoints that were derived could represent all levels of the exempt employees in the organizations. Thus, the respondents could give some information on how they perceived the reward systems in relation to the culture, Islami Hadhari's principles and environmental factors (internal and external) in their organizations.

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- Part of this chapter has been presented at the following conferences:

1. Noor, W. S. W. M., Quaddus, M., Whiteley, A., & Sharif, M. Y. (2009). *Influences of Non-Monetary Rewards: Perceptions of Employees in Malaysian Private Organizations (Theme: Quality in Qualitative Research: Standards and Best Practices)*. Paper presented at the The 5th Qualitative Research Convention 2009, Marriot Putrajaya, Putrajaya, Malaysia, 7-9 December.
2. Noor, W. S. W. M., Aziz, F. A., & Daud, Z. (2010). *Does cultural affects compensation practices in Malaysian private organizations?* Paper presented at the International Conference on Business and Economic Research (ICBER) 2010, Hilton Hotel, Kuching, Sarawak, Malaysia, 15-16 March.

Table 3.1: Respondents' Demographic Information

Organizations	Size (headcount)	Ownership Status	Knowledge of National Cultural Dimension	Knowledge of Islam Hadhari's Principles *	Environmental Factors (Internal/External) Influences	Compensation & Benefits Executive or Manager or Director?
C1	3,000+ employees	Foreign	No	Has some part of knowledge of Islam Hadhari's Principles	Yes	Yes
C2	840 employees	Local	Yes	Yes	Yes	Yes
C3	330 employees	Local	No	Has some part of knowledge of Islam Hadhari's Principles	Yes	Yes
C4	582 Employees	Local	No	Yes	Yes	Yes
C5	1,200 employees	Foreign	Yes	Yes	Yes	Yes
C6	7,000 employees	Foreign	No	Yes	Yes	Yes
C7	641 employees	Foreign	No	Has some part of knowledge of Islam Hadhari's Principles	Yes	Yes
C8	378 employees	Foreign	No	Has some part of knowledge of Islam Hadhari's Principles	Yes	Yes
C9	3,500 employees	Foreign	Yes	Yes	Yes	Yes
C10	500 employees	Foreign	No	No	Yes	Yes
C11	2,300 employees	Foreign	Yes	Yes	Yes	Yes
C12	5,000 employees	Foreign	No	Yes	Yes	Yes

*_The question was asked purely on knowledge and awareness of Islam Hadhari's principles

3.7.1.2 Insights into Factors and Variables in the quantitative model

Using a content analysis framework suggested by Holsti (1969) and Berg (2001), a total of seven (7) categories and sixteen (16) sub-categories were produced, and these were detailed in Table 3.2 below. The intention of this analysis process of field study attempted is to retain the consistency between the data collected during the interviews.

However, it should be noted that some of the variables identified in the analysis differed in their meaning from those found in earlier studies in the literature. This is because they represent the participants' response in the Malaysian context. Most of the factors and variables have been labeled in line with the literature (Hofstede, 2001, 1991, 1984, 1980a, 1980b; Adler, 2002, 1986, 1983; Herzberg et al.; 1959, Armstrong and Murlis, 2007; Chiang and Birtch, 2006, 2005; Schuller and Rogovsky, 1998) Therefore in the initial research model (see Figure 1.3), there were three (3) independent variables; Cultural Orientation, Islam Hadhari's Principles, and there was additional independent variable that was verified and confirmed from the field study; i.e. Environmental Factors consisted two (2) items of *Internal and External Factors*. There were two (2) intervening variables; Perception of Non-Monetary and there was also an additional intervening variable verified and confirmed from field study; i.e. Perception of Monetary Rewards. The model also includes a dependent variable; Reward Program Influences which comprises 4 items of *Employee Contribution, Employee Productivity, Employee Loyalty* and *Employee Turnover*. The moderating variables in this model, Organizational Characteristics are *Organizational Size* and *Organizational Ownership Status*.

After carefully revised using content analysis framework (Holsti, 1969), the study identified and summarized seven (7) main variables (categories) include the moderating variables (Cultural Orientation, Islam Hadhari's Principles, Environmental Factors, Perception of Non-Monetary, Perception of Monetary Rewards, Reward Program Influences and Organizational Characteristics) and sixteen (16) sub-variables (sub-categories). There were twenty nine (29) key factors to be in the model. The list of factors from the field study is detailed in Table 3.2.

The responses from the interview participants confirmed the influences of the non-monetary and monetary rewards toward employees' productivity, contribution, loyalty and turnover. It was also found that most of the companies were applying low power distance instead of high power distance, even though numerous studies indicated that there was a high power distance

in the Malaysian context (Karande et al., 2002, Goodwin & Goodwin, 1999, and Hofstede & Bond, 1988). In Table 3.2 organizations are named C1, C2...C12.

Table 3.2: Factors and Variables in Reward Program Influences

COMPANY	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12
CULTURAL ORIENTATION												
Power Distance												
• High Power Distance											√	
• Low Power Distance	√	√		√	√	√	√		√	√		√
• Moderate Power Distance			√					√				
• Open communication	√	√	√	√	√	√	√	√	√	√		√
• Open door policy (with control)		√					√		√			
• Informal communication		√										
• Non-hierarchy organization						√						
• Constructive confrontation						√						
• Work closely					√							
• Participative style - decision making / giving ideas and suggestions	√				√				√			
• Gap in term of respect		√									√	
• Work wise – strict / uncompromising	√							√				
• Organizational cultures – caste									√			
• Egalitarian						√						
Femininity Orientation												
• Femininity Orientation		√		√	√	√	√		√		√	√
• Masculinity Orientation			√									
• Moderate	√							√		√		
• Work wise –firm								√		√		
• Organizational ‘chemistry’		√										
• Quality of employees’ life	√											
• Dictatorship			√									
• Discretionary / More on discussion				√						√	√	√
• Equal opportunity						√						
• People conscious / People oriented						√				√		
• ‘Human touch’							√					
• Courteous								√				
• Respect each other										√		
• Helpful								√				
Company/Corporate values												
• Corporate value	√				√		√		√			
• Healthy health style	√											
• The best people, the best suppliers, the best processes					√							
• ‘Caring principles’ and Code of Business conduct						√						
• Delight the customer / Fulfill customers’ need							√		√			
• Work with integrity							√					
• Respect and develop human capital							√					
• Direct and open communication									√			
• Ownership and delegation									√			
• Continuous Improvement									√			
• Teamwork									√			

COMPANY	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12
• Policies concentration									√			
Company philosophy												
• Company philosophy								√				
• Keeping the faith and moral								√				
• Spirit of independence								√				
• Ever-onward challenge								√				
Mix culture (Malaysian culture)		√	√	√								
ISLAM HADHARI'S PRINCIPLES												
Mastery of Knowledge												
• Master the knowledge	√	√	√	√	√	√	√	√	√	√	√	√
• Training	√	√						√		√	√	√
• Multi-skilled									√	√		
• Emphasize knowledge										√		
Balanced and comprehensive economic development												
• Balance and comprehensive economic condition	√	√	√	√	√	√	√	√	√	√	√	√
A good quality of life												
• Work-life balance	√	√	√	√	√	√	√	√	√	√	√	√
Cultural and moral integrity												
• Good moral values	√	√	√	√	√	√	√	√	√	√	√	√
• Sincerity	√	√										
• Good values	√	√										
• Integrity		√										
• Honesty		√										
• Training for 'behaviour improvement' ('to be what they suppose to be')						√						
• Quran and Sunnah		√		√								
• 'Halal' Living		√										
• Concept of 'Baraqaah'							√					
ENVIRONMENTAL FACTORS												
Internal Factors												
• Company affordability – money/ budget / cost	√	√	√	√	√	√	√	√		√	√	√
• Company location	√	√			√	√			√	√		√
• Business nature	√				√	√	√		√	√		√
• Tie back to Com.& Ben. Philosophies	√				√	√	√		√			√
• Control and integrity		√				√		√			√	√
• Organizational performance	√	√	√	√	√	√	√	√	√	√	√	√
• Organizational profit	√	√	√	√	√	√	√	√	√	√	√	√
• Feasibility of the programs								√				
• Cost sensitivity / Company forecasting						√				√		
• Union – Collective Agreement			√	√						√		
• Synergy of globalization and regional / Implication to regional and global						√						
• Consolidation into one best ideas							√					
External Factors												
• Market trend / competitiveness / practice	√	√	√		√	√	√		√	√	√	√

COMPANY	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12
• Law and regulations / Legal compliance	√	√	√	√	√	√	√	√	√	√	√	√
NON-MONETARY REWARDS												
Concept of 'Jihad'		√										
Concept of 'Sedekah'		√										
Concept of 'Amal Jariah'		√										
Counseling		√										
Recognition												
• Individual/Group recognition	√	√	√	√	√	√	√	√	√	√	√	√
• Suggestion scheme- Group/Individual						√	√	√		√	√	√
• Individual Performance Bonus	√											
• Employee of the year										√		
• Birthday wish							√					
• Promotion letter to the family members							√					
• Congratulation letter							√					
• Letter for become committee of any projects in the company							√					
• Putting employee's photo on bulletin board as he/she involve with any company's projects							√					
• Appreciation Certificate / Letter								√		√	√	√
• Recognition Awards									√			
• Long service awards								√				
• Birthday Gift			√		√			√				
• Marriage gift								√				
• Birth gift – newborn			√					√				
• Festival gifts									√			
• Labour Day gift									√			
Responsibilities												
• Individual/Group responsibilities	√	√	√	√	√	√	√	√	√	√	√	√
• Multi-tasking		√					√					
• Value added job		√										
• More exposure		√										
• Continuous improvement									√			
Advancement												
• Opportunity to self-development	√	√	√	√	√	√	√	√	√	√	√	√
• Training Opportunities		√	√	√		√		√	√	√	√	√
• Further Studies										√		
Achievement												
• Work achievement	√	√	√	√	√	√	√	√	√	√	√	√
Growth												
• Opportunity for promotion	√	√	√	√	√	√	√	√	√	√	√	√
Sport Activities			√	√					√	√		
Recreational Activities				√						√		
Annual dinner					√				√	√	√	√
Get-together activities with family members / Family Day							√				√	√
Small parties/celebrations											√	√
Welfare Club								√			√	√
MONETARY REWARDS												
Basic salary	√	√	√	√	√	√	√	√	√	√	√	√

COMPANY	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12
Annual bonus												
• Contractual Annual bonus	√	√	√	√	√	√	√		√	√	√	
• Non-Contractual Annual bonus								√				
Allowances	√	√	√	√	√	√	√	√	√	√	√	√
Performance Allowance					√						√	√
Responsibility Allowance								√				
Profit sharing	√						√					
Production /Performance Bonus										√		
Benefits	√	√	√	√	√	√	√	√	√	√	√	√
• Bridge toll tickets	√					√	√		√			
• E-Café					√							
• Medical Benefits	√	√	√	√	√	√	√	√	√	√	√	√
• Retirement scheme	√					√		√				
• Insurance	√					√		√				
• In-house clinic	√					√	√					
• Housing loan scheme								√				
• Shares						√				√		
REWARD PROGRAM INFLUENCES												
Employee Contribution	√	√	√	√	√	√	√	√	√	√	√	√
Employee Productivity	√	√	√	√	√	√	√	√	√	√	√	√
Employee Loyalty			√	√				√		√	√	√
Employee turnover	√	√	√	√	√	√	√	√	√	√	√	√
Organizational revenue		√										
Organizational profit		√	√				√		√			
ORGANIZATIONAL CHARACTERISTICS												
Organizational Size	√	√	√	√	√	√	√	√	√		√	√
Organizational Ownership status	√	√				√					√	

The √ represents support for the category in column 1. It was interesting to note that only sixteen (16) codes (factors) were mentioned by all twelve (12) companies and six (6) codes (factors) were noted by eleven (11) companies. Table 3.2 demonstrated the codes that applied to the two independent variables in the tentative model. These were power distance and femininity.

Table 3.3 shows the confirmed elements of the three independent variables that were originally compiled from the literature.

Table 3.3: Elements of three independent variables

Independent variables	Intervening variables	Reward program Influences
CULTURAL ORIENTATION <ul style="list-style-type: none"> • High Power Distance • Feminine Orientation 	NON-MONETARY REWARDS <ul style="list-style-type: none"> • Recognition • Responsibilities • Advancement • Achievement • Growth MONETARY REWARDS <ul style="list-style-type: none"> • Basic salary • Allowances • Performance Allowance • Benefits 	REWARD PROGRAM INFLUENCES <ul style="list-style-type: none"> • Employee contribution • Employee productivity • Employee loyalty • Employee turnover
ISLAM HADHARI'S PRINCIPLES <ul style="list-style-type: none"> • Mastery of knowledge • Balanced and comprehensive economic development • A good quality of life • Cultural and moral integrity 		
ENVIRONMENTAL FACTORS Internal Factors <ul style="list-style-type: none"> • Company affordability – money/ budget / cost • Company geographical location • Company values and philosophies • Business nature / needs / driver • Organizational performance / profit • Control and integrity External Factors <ul style="list-style-type: none"> • Market trend and competitiveness • Law and regulations / Legal 		

3.7.2 Reflection of the relationship between the Factors

Table 3.4 presented the reflection of the relationship between the factors of Reward Program Influences. It could be seen, during the interview process. The reflections of the relationship between the factors was derived from the field interview process. This information was extracted from the interview transcripts using content analysis. Each row of the table presents the pair of factors and corresponding direction of the reflection of the relationship for both factors, while column of the table identifies the related respondents. The √ represents the reflection of the relationship between the categories in column.

As indicated in Table 3.4, how this reflection of the relationship is derived can be explained as follows. For example, “FO & PNMR” in row 2 of Table 3.14 represented that “Femininity Orientation” (FO) was in relationship with “Perception of Non-Monetary Rewards” (PNMR), and this reflection of the relationship has been identified in all companies. This shows that all respondents (C1 to C12) supported the notion that femininity orientation could influence the

perception of non-monetary reward among exempt employees in the private organizations. Most of the femininity qualities such as care for weakness and quality of life contribute to the non-monetary rewards. Thus, refer to another example for the reflection of the relationship between the factors is “PMR & EC”. Colum “PMR & EC” shows that Perception of Monetary Reward (PMR) impacts on Employee Contribution (EC). Specifically, column PMR & EP for respondent from organization C9 indicated that monetary rewards play an important role in motivating employees to be outstanding in their job.

Table 3.4: Reflection of the Relationship between the Factors

Link Between Factors	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12
HPD & PNMR												
FO & PNMR	√	√		√	√	√	√		√	√	√	√
MKW & PNMR	√	√	√	√	√	√	√	√	√	√	√	√
BCED & PNMR	√	√	√	√	√	√	√	√	√	√	√	√
GQL & PNMR	√	√	√	√	√	√	√	√	√	√	√	√
CMI & PNMR	√	√	√	√	√	√	√	√	√	√	√	√
EXF & PNMR	√	√	√	√	√	√	√	√	√	√	√	√
ITF & PNMR	√	√	√	√	√	√	√	√	√	√	√	√
HPD & PMR	√	√	√	√	√	√	√	√	√	√	√	√
FO & PMR												
MKW & PMR	√	√	√	√	√	√	√	√	√	√	√	√
BCED & PMR	√	√	√	√	√	√	√	√	√	√	√	√
GQL & PMR	√	√	√	√	√	√	√	√	√	√	√	√
CMI & PMR	√	√	√	√	√	√	√	√	√	√	√	√
EXF & PMR	√	√	√	√	√	√	√	√	√	√	√	√
ITF & PMR	√	√	√	√	√	√	√	√	√	√	√	√
PNMR & EP	√	√	√	√	√	√	√	√	√	√	√	√
PNMR & EC	√	√	√	√	√	√	√	√	√	√	√	√
PNMR & EL			√	√				√		√	√	√
PNMR & ET	√	√	√	√	√	√	√	√	√	√	√	√
PMR & EP	√	√	√	√	√	√	√	√	√	√	√	√
PMR & EC	√	√	√	√	√	√	√	√	√	√	√	√
PMR & EL			√	√				√		√	√	√
PMR & ET	√	√	√	√	√	√	√	√	√	√	√	√
OGS & EPR	√	√	√	√	√	√	√	√	√		√	√
OGOS & EPR	√	√				√					√	

Note:

CULTURAL ORIENTATION

- HPD – High Power Distance
- FO – Femininity Orientation

ISLAM HADHARI'S PRINCIPLES

- MKW – Mastery of Knowledge
- BCED – Balanced and Comprehensive Economic Development
- GQL – Good Quality of Life
- CMI – Cultural and Moral Integrity

ENVIRONMENTAL FACTORS

- EXF – External Factors
- ITF – Internal Factors

PERCEPTION OF NON-MONETARY AND MONETARY REWARDS

- PNMR – Perception of Non-Monetary Rewards
- PMR – Perception of Monetary Rewards

REWARD PROGRAMS INFLUENCES

- EP – Employee Productivity
- EC – Employee Contribution
- EL – Employee Loyalty
- ET – Employee turnover

ORGANIZATIONAL CHARACTERISTICS

- OGS – Organizational Size
- OGOS – Organizational Ownership Status
- EPR – Entire Process of Influences of Non-Monetary and Monetary Rewards

Respondent from organization C9 stated:

“Contribution of employees is very subjective, ok. In term of contribution, it depends on group, if it is a lower group, what I mean lower group here is direct labor, what they want is...what they want is they want to have a good environment,...including their salary, if their salary is high, but they work very hard, so... it depends on individual actually, for the higher level, the exempt or even the managerial level, it depends on how the company recognizes them, appreciates them and their own personal needs, meaning...when they do something, they feel that it is equivalent to the pay, or even some goes to satisfaction, some goes to the extent of project basis that they feel that if I do well, the company will compensate me, so they work very hard....”

This shows there is strong relationship between monetary rewards and employees' contribution as it was observed that monetary reward plays a major role in motivating Malaysian employees. This concludes that money has been predominantly preferred motivator amongst Malaysia employees (Islam and Ismail, 2008). However, there was much evidence in the data that non-monetary rewards played an important role.

The model of influences of non-monetary rewards and monetary rewards for each of the interviews was developed via carefully looking at every single interview transcript. This is to identify the consensus among respondents in terms of new variables or the interaction of the initial variables in the cultural orientation, Islam Hadhari's principles, environmental factors

(Internal and External), non-monetary and monetary rewards, and also reward program influences of the research model. The detail of the model for Reward Program Influences for every interview is shown in Appendix 4(1-12).

It is found that the sub-factors of the 'Reward Program Influences' differ significantly between organization C2, C7 and C4. Organization C7, being a foreign company and has been operated years in the market, which also has a more established reward program than organization C4, which is local even though has been years in industries. Organization C7 emphasized more on environmental factors in developing the non-monetary and monetary reward programs while organization C4 is tied up in a collective agreement. On the other hand, organization C2 also mentioned the maximum variables as same as organization C7. Even though organization C2 is locally-owned company, it is well established in the market and the reward package specifically the monetary rewards are very competitive and attractive among organizations which are operating the same nature of business. As respondent from organization C2 said:

“salary wise we are competitive, yes...salary wise we are competitive..... we do factor in those items (other benefits) into our basic salary, when we check through... I think, we are not so far of from multinational.....that's how we work, as far as reward programs...how do we reward our people...based on KPI...”

The focus of this study was to explore the categories and sub-categories that could influence the non-monetary rewards contributing towards reward program influences in the context of Malaysia private organizations. Based on the analysis of field study, a model that combined the answers from all respondents was developed (see Figure 3.5). This figure is also a schematic representation of the combination or joining together the categories and sub-categories which have the same elements, or have the same meaning. Simultaneously, the categories and sub-categories that are unique and cannot be combined with other sub-categories must be maintained. In addition, categories and sub-categories based on literature review were also being considered in developing the model.

Generally the field study validated the framework of the tentative research model. The respondents provided practical support to fine-tune the categories and sub categories. In addition, linkages between categories (factors) which were found from the field study make the research model appropriate to explain the impact of cultural orientation, Islam Hadhari's principles and environmental factors (internal and external factors) towards non-monetary and monetary rewards in the context of Malaysia private organizations.

3.7.3 Final Combined Model

The final combined model was developed by comparing the similarities and differences between factors and variables obtained from the initial research model, the field study and literature review. Three stages were undertaken to develop this final combined research model. Firstly, a comparison between the initial model and the field study was done. A review of literature on cultural orientation, Islam Hadhari's principles, environmental factors (Internal and External), non-monetary and monetary rewards was also carried out at this stage. Then, findings from the field study were revisited in order to select the most significant constructs that represent the factors and links among the constructs. The constructs and established links were evaluated in terms of generality and commonality in the field study and literature review. Next, the integrated constructs, based on the justification from the literature review and field study was developed at the final stage. The comprehensive final combined model, which represents factors that could influence how employees perceived non-monetary and monetary rewards due to cultural orientation, Islam Hadhari's principles and environmental factors, and also how the employees' perceptions of non-monetary and monetary rewards affect the reward program influences, was then proposed in Figure 3.5.

As mentioned earlier, this model is unique in the sense that it has been developed based on the data obtained from the twelve interviews in twelve different companies. Thus, the final model in Figure 3.5 is similar to the initial research model except that there are additional factors included on the model, namely environmental factors. Environmental factors refer to those internal and external factors from organizations that could influence employees towards perception of non-monetary and monetary rewards. It should be noted that there are consensus among respondents in terms of the effect of internal and external factors towards perception of non-monetary and monetary rewards. Elements of this factor are assumed to positively influence the perception of non-monetary and monetary rewards. Eleven out of twelve respondents in the field study pointed out those elements of environmental factors such as 'company affordability' and 'legal compliance' that could affect non-monetary and monetary rewards.

Ten respondents supported that 'market trend/practices and competitiveness' also influence the non-monetary and monetary rewards. The other factors that were mentioned by the respondents are 'organization's geographical location', 'business nature', 'organization's values and philosophies' 'organization's performance and profit', and also 'control and

integrity'. A review of the literature on environmental factors also supported the influence of these environmental factors towards non-monetary and monetary rewards.

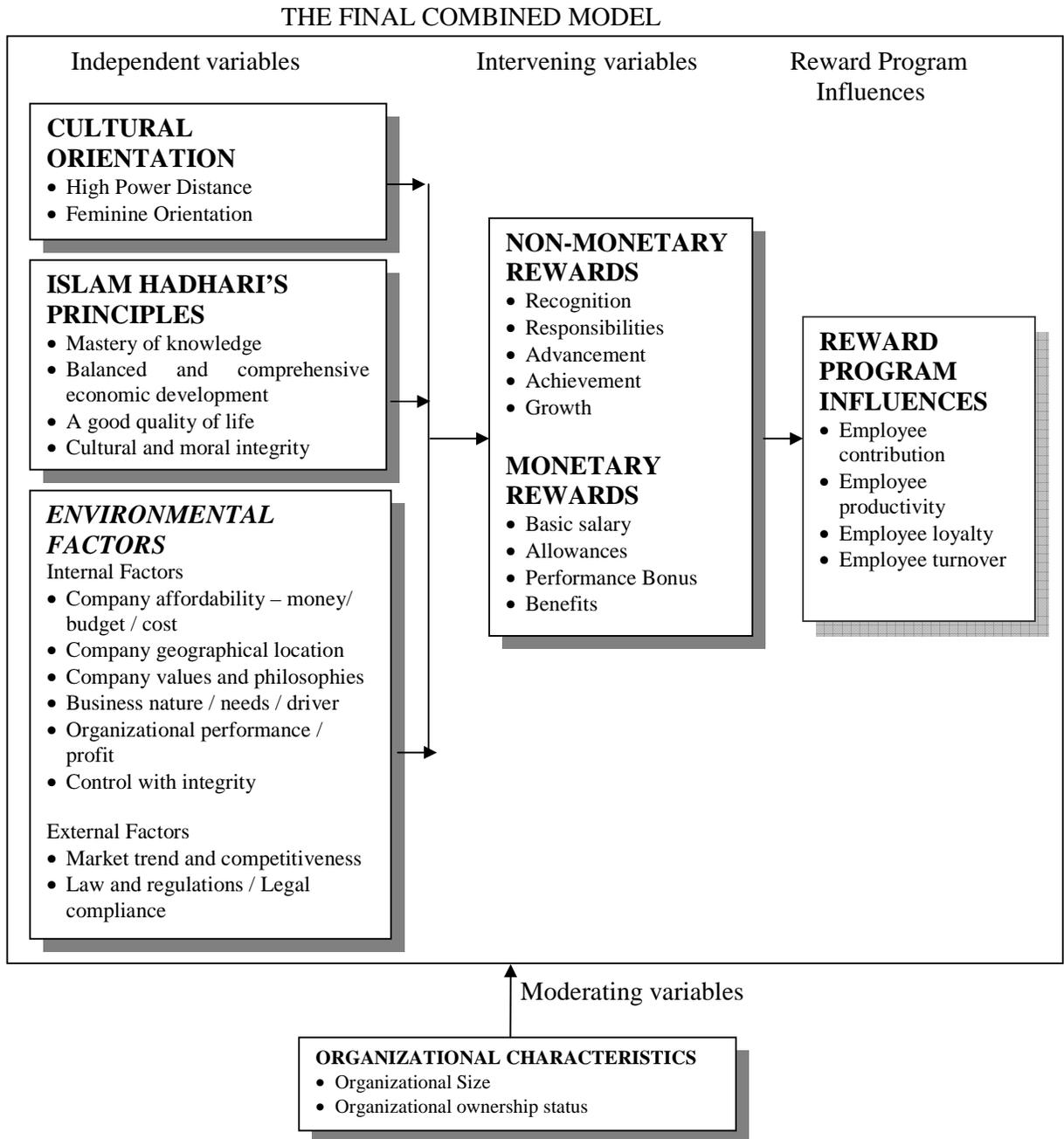


Figure 3.5: Reward Program Influences (Combined Model) based on field study

In addition, some new items in new constructs (the monetary rewards' variables themselves: basic salary, allowances, performance bonus and benefits) derived from the qualitative study were also included for the instrument development of the final research model. Organizations who have intention to develop, revise and execute non-monetary and monetary reward programs can consider the variables of Figure 3.5 as “criteria” or “guidelines” of successful non-monetary and monetary reward practices. It is important to note that not all factors and variables of Figure 3.5 will be applicable for all companies. Hence, analysis was needed to select the appropriate criteria/variables for the company.

The model is taken as a research model for further investigation in the subsequent pilot study and national survey. The formal propositions will be developed in the following chapter. Thus, a causal modeling approach (structural equation modeling) is undertaken to test the model in further studies (Barclay et al., 1995). The final research model shown in Figure 3.6 represents the hypotheses that will be discussed in the next chapter.

The following section will discuss the development of the hypotheses which reflect the final theoretical research model. The final research model was based on an initial tentative research model that was developed from literature review and further enriched through a qualitative field study. The study detailed the hypotheses derived from the final research model presented in the previous section.

PART 4: Hypotheses Development

3.8 Research Hypotheses

This section presented the final research model as a basis to propose the research hypotheses for this study. Figure 3.5 represents the final research model which was refined and reproduced to improve the readability for the readers. Figure 3.5 also was developed based on the literature review and field study.

The following hypotheses were proposed:-

3.8.1 Hypotheses related to Cultural Orientation (Cultural Dimension)

Previous researches and studies had examined the effect of different cultural dimensions either on the perception of ethical problems or ethical judgments (Armstrong, 1996, Goodwin and Goodwin, 1999). A framework to identify dimensions based on differences in national culture was developed and provided by Hofstede and Bond (1988). A research also was

conducted on different work organizations or work groups in different countries in order to compare and feel the culture differences (Hofstede, Neuijen, Ohayv and Sanders, 1990).

A study using Hofstede's four dimensions of culture for national compensation practice by Schuler and Rogovsky (1998) only examined status (seniority), individual performance, social benefits and programs and employee ownership plans. Studies by Chiu, Luk and Tang (2001) and Redding and Wong 1986 have shown that in high power distance cultures, such as Hong Kong, individuals are characterized as having a high cash mentality. Thus, financial rewards represent a means to greater wealth and admiration more than non-financial rewards (Hofstede, 2001). However, a recent study by Chiang and Birtch (2006) showed the understanding of employee preferences in the cross-cultural context for broader and more representative set of rewards than that previously offered. Their research showed that in high power distance cultures, managers and subordinates accept their respective positions within the organizational hierarchy and rewards associated with position, such as promotion, status, job title and authority. In comparison, in low power distance cultures, the Finnish considered and preferred non-financial rewards, for example intrinsic and support as being relatively more important than financial rewards (Chiang and Birtch, 2006). Past studies, i.e., Dooley, 2003, Karande et al., 2002, Goodwin and Goodwin, 1999, Hofstede and Bond, 1988, have indicated that individuals from cultures with high power distance such as Malaysia usually are reluctant to challenge superiors and believe that superiors are entitled to privileges.

During the field study, the participants (in selected private organizations), indirectly implied that the cultural orientation such as high or low power distance and masculinity or femininity play an important role in developing non-monetary or monetary reward programs.

Therefore, based on the work of those cited above and on Hofstede's dimensions of culture, the model proposes that high power distance factors will not influence the perception of non-monetary rewards and at the same time the high power distance will influence the perception of monetary rewards.

Thus, the preceding discussion leads to the following hypotheses:

Hypothesis 1a: "High Power Distance" negatively influences the "Perception of Non-Monetary Rewards".

Hypothesis 1b: "High Power Distance" positively influences the "Perception of Monetary Rewards".

Previous researches, Hofstede (1980a, 1983, 1984) demonstrated that culturally-influenced attributes of nation do exist. Masculine cultures emphasize assertiveness, achievement, and material success. Therefore, interest in financial arrangement, acquiring money, and material gain are favored (Hofstede, 1980b, Gomez-Meija and Welbourne 1991). Chiang and Birtch (2006) conducted a study and found that feminine cultures, such as Finland, by contrast, are found to place considerable value on human relationships, concern for others, support, and the quality of life. Hence, non-financial rewards, such as relationships (e.g., colleague relationships) and work-life balance (e.g., workplace child-care services and career-break schemes), should be value more (Shuler and Rogovsky, 1998). Hong Kong which scored high on masculinity indicated Hong Kong employees attached considerable weight to almost all financial rewards items. The findings are consistent with Hofstede's (1980b) contention that cultural divergence gives rise to differences in needs and preferences that including those for rewards. Chiang and Birtch (2006) also found that a feminine country like Finland, a strong need for achievement-oriented intrinsic rewards (for e.g., challenge, variety and responsibility) was apparent.

Past studies, i.e., Dooley, 2003, Karande et al., 2002, Goodwin and Goodwin, 1999, Hofstede and Bond, 1988, have indicated that femininity orientation is compatible with the Malaysian environment. The findings of the field studies are in line with the literature. Thus, the participants indirectly acknowledged that masculinity and femininity orientation more or less affect the development of compensation and benefits package or reward package.

Hence, it is hypothesized that:

Hypothesis 2a: "Femininity Orientation" factor positively influences the "Perception of Non-Monetary Rewards".

Hypothesis 2b: "Femininity Orientation" factor negatively influences the "Perception of Monetary Rewards".

3.8.2 Hypotheses related to Islam Hadhari's Principles

Badawi (2004) indicates that the global economic lexicon only acknowledges terms such as competition, competitiveness, productivity, innovation, creativity, originality, excellence and efficiency; in other words a level playing field on which potential opportunity for advancement and development is dependent upon merit. In addition, globalization and liberalization have created challenges for the nation; furthermore the global economy has shifted from a production-based economy into a productivity-driven knowledge-intensive economy. Badawi (2005) believes that the most important task and function of the Malaysian government today and in the decades to come, is to develop and secure the human resources

of outstanding knowledge, skills, creativity, innovation, energy and discipline. This is consistent with Mohamad (2006) who indicates that knowledge means power, and power is one form of success. Therefore knowledge means success in any field of human endeavour. He added those who achieve wealth are considered successful and those who wield power in one form or another, at one level or another are considered as unsuccessful. It is clear that Islam Hadhari concept contributes towards overall human progress that is balanced between spiritual and material - non-monetary and monetary (Bashir, 2005). In the new world, the Muslims with his faith and his well-rounded knowledge must show the way, the way to religious and morally upright, materially wealthy and deeply knowledgeable world (Mohamad, 2006)

The findings of the field studies are in line with the literature. Thus, during the interview session, the participants noted that mastery of knowledge will affect non-monetary and monetary rewards program.

Therefore, the following hypotheses are proposed:

Hypothesis 3a: “Mastery of knowledge” factor positively influences the “Perception of Non-Monetary Rewards”.

Hypothesis 3b: “Mastery of knowledge” factor positively influences the “Perception of Monetary Rewards”.

Past studies, Sauer (2002) says, according to Aristotle, the objective of economic activity was to secure for the participants a desirable standard of living. Material goods and market activities were only instrumental values. Sauer (2002) also adds that individuals who lost sight of this, and so converted extrinsic to intrinsic goods, lived unnatural lives. Therefore, money is simply a conventional medium for measuring demand used in simplifies equality of exchange. Shariff (2003) mentions that in essence, development includes growth and adds human contents to it, that is growth measures economics progress in terms of increasing societal income (wealth) without any consideration for who is enjoying the wealth, while development take into account the implication of growing wealth on the general populations in terms of food security, nutritional standards, healthcare, longevity, education etc. Shariff (2003) adds the most important thrust of the Islamic system is the development of human personality. Once the well-balanced human personality is developed and put in place, the rest becomes easy, and injunctions of permissible and forbidden are adhered to. Islam Hadhari emphasizes development, consistent with tenets of Islam which focuses the development of the individual and the nation, the implementation of dynamic economic, comprehensiveness, trading and financial systems and the pursuit of an integrated and balanced development to

develop pious and capable people. The world would be a more peaceful and prosperous place if wealth was distributed equitably, and wealth must be used to develop education, healthcare and welfare for the world community (Khan, 1991; Badawi, 2005; Bashir, 2005)

The findings of the field studies are in line with the literature. Thus, the participants agreed that a balanced and comprehensive economic development somehow affecting non-monetary rewards.

As the result, the following hypotheses are suggested:

Hypothesis 4a: “A Balanced and comprehensive economic development” factor positively influences the “Perception of Non-Monetary Rewards”.

Hypothesis 4b: “A Balanced and comprehensive economic development” factor positively influences the “Perception of Monetary Rewards”.

According to the writing of the Malaysian scholars such as Zin, 2005; Hassan, 2004 and Bashir, 2005, Islam Hadhari will focus on improving and enhancing the quality of life for every citizen, regardless of his or her religion. This approach is also inspired by the Malaysian Muslims' firm belief that the tide of radicalism and extremism can be checked and reversed with good governance, healthy democratic practices and employment of the citizenry through education, as well as equitable sharing of the benefits of economic growth. Living in poverty is not quality living. Islam actually makes it a social responsibility for the community to eradicate poverty and the existence of poverty in the society is considered to be an abominable sin for the community as a whole (Alhabshi, 2004; Shariff, 2003). A quality of life focuses on four main areas such as knowledge, balanced development, wealth-encouraging earning and honest living to accumulate wealth and healthcare (Badawi, 2005, Zin, 2005, and Bashir, 2005). However, Islam requires its followers to believe that the life on this earth is temporary, the real life that is infinite starts after death, the individual's deeds in this life will determine the quality of his or her life in the hereafter, and there is a day of judgment after death when the rewards for good deeds and punishment for evil deeds will be handed out by God (Shariff, 2003; Baligh 1998).

The findings of the field studies are in the line with the literature. Even though, the participants noted that they have not implemented the Islam Hadhari as per *se*, part of its principles such as a good quality of life has been there and been practiced for years in the company and it does affect non-monetary and monetary rewards.

Therefore, based on the above discussion, it is hypothesized that:

Hypothesis 5a: “A good quality of life” factor positively influences the “Perception of Non-Monetary Rewards”.

Hypothesis 5b: “A good quality of life” factor positively influences the “Perception of Monetary Rewards”.

Building a society of individuals that have a high degree of character and moral fortitude is no easy task. Ethics and integrity are the basic values. In addition, ethics and integrity cannot be taught as per se, but instead must be evolve in Malaysian cultural setting, Malaysian value system, and in the way it relates to other members of society (Badawi, 2006). Furthermore, good governance and anti corruption based on a deeply ingrained belief in values such as justice, integrity, equity, *amanah* (carrying out trust reposed), and accountability need to be pursued (Badawi, 2004). However, work ethic is another element that affects performance and rewards. In some countries, individuals will not compromise their personal lives in pursuit of organization goals even if they offered financial incentives to do so (Levine, 1998).

The findings of the field studies are in line with the literature. During the interview session, the participants indirectly acknowledged that cultural and moral integrity does affect non-monetary and monetary rewards in their companies.

The above discussion leads to the following hypotheses:

Hypothesis 6a: “Cultural and moral integrity” factor positively influences the “Perception of Non-Monetary Rewards”.

Hypothesis 6b: “Cultural and moral integrity” factor positively influences the “Perception of Monetary Rewards”.

3.8.3 Hypotheses related to Environmental Factors (Internal and External Factors)

As numerous studies have demonstrated that environmental factors specifically internal factors such as company affordability – money/ budget/cost, company geographical location (Schaeffer, 2001, Henderson, 2005, Kantor and Kao, 2004) business natural/needs/driver (Kantor and Kao, 2004), organizational performance/profit, control and integrity (Henderson, 2005), company values and philosophies (Milkovich and Bloom, 1998, Milkovich and Newman, 2002) would affect the total cash and non-cash compensation -non-monetary and monetary rewards.

The findings of the field studies are in line with the literature. The participants mentioned that the internal factors play an important role in setting and determining non-monetary and monetary rewards package in their companies.

The preceding discussions results in the following hypotheses:

Hypothesis 7a: “Internal Factors” positively influences the “Perception of Non-Monetary Rewards”.

Hypothesis 7b: “Internal Factors” positively influences the “Perception of Monetary Rewards”.

External factors such as market trend and competitiveness (Milkovich and Newman, 2002, Shen, 2004, Kantor and Kao, 2004, Zingheim and Schuster, 2003, Hansen, 2008, and Smith et al., 2007) provide and determine the total cash and non-cash compensation. Previous studies also indicated that total cash and non-cash compensation are subject to the host of laws and regulations / legal compliance systems.

The findings of the field studies are in line with the literature. The participants noted that the external factors also do contribute in setting and determining non-monetary and monetary rewards package in their companies.

Therefore as per the above discussion, it is hypothesized that:

Hypothesis 8a: “External Factors” positively influences the “Perception of Non-Monetary Rewards”.

Hypothesis 8b: “External Factors” positively influences the “Perception of Monetary Rewards”.

3.8.4 Hypotheses related to Perceptions of Non-Monetary and Monetary Rewards

Reward Program Influences has four items of employee contribution, employee productivity, employee loyalty and employee turnover. Previous investigations showed that in order for employees to be truly satisfied and motivated in their jobs, they must feel that they are contributing, learning and enjoying themselves at work (Markovich, 1997 cited by Appelbaum and Kamal, 2000). Key motivators for senior executives are compensation and promotion. However, additional motivators include recognizing people publicly for what they have contributed and giving them highly visible projects and that gives them visibility and allows them to take credit for their work (Bolster, 2007). In addition, companies are offering both individual and group-based pay (monetary rewards) for performance. Individuals who go above and beyond are recognized for their contributions, but the entire group is also rewarded when it meets certain targets (Zenger and Marshall, 2000). Moreover, rewards are just one element of a good retention strategy and acknowledgement of an employee’s contribution, career opportunity, the provision of new challenges, the opportunity for training and development, salary reviews and the influences of strong management are all equally important elements (Chiboiwa, Samuel and Chipunza, C 2010).

From the discussion presented above, the following hypotheses are proposed:

Hypothesis 9: “Perception of Non-Monetary Rewards” positively influences the “Employee Contribution”

Hypothesis 10: “Perception of Monetary Rewards” positively influences the “Employee Contribution”

Past studies indicated that the reward that seems to work best within the Japanese productivity system is the “pat on the back”. The success of many Japanese companies in applying positive reinforcement, such as praise, and recognition suggests that rewards do not necessarily have to take the form of a fat check (Takeuchi, 1981). As seen earlier, theorists such as Maslow, Herzberg and McGregor postulated that though people work for the money, the role of the money as a motivator to improved work performance is minimal, thus the major motivation to work is provided by the work itself and other non-financial factors (Fein, 1983). However, Fein said that when workers pay is linked to their performance, the motivation to work is raised, productivity is higher, and the workers are more likely to be satisfied with their work. In many instances, organizations are understandably reluctant to continue increasing fixed compensation in this new business environment. Therefore, as an alternative, companies turn to variable pay programs, which provide employees with financial growth opportunities without adding to fixed labor costs and this increased productivity and higher quality (Toren, 2010). With respect to Gensing’s study (1996), he believes that job enrichment (non-monetary rewards) is the best way to increase employee motivation and productivity.

However, Comeau-Kirchner (1999) found that when financial rewards were used in conjunction with non-financial rewards, there was a 30 percent performance improvement in service firm and this was almost twice the effect that the individual reinforcers had. Furthermore, the attention, recognition raised productivity in service firms by 15 percent. With regard to this, companies were encouraged to use financial rewards, but did not underestimate the power of non-financial rewards in improving employees’ productivity (Osborne, 2001). Employers must invest a lot of money in their people to ensure they are productive (Garman, 1999). In addition, employees need to understand the connection between the corporate culture and their total rewards offering, therefore, the program will be that much more effective in driving employee engagement and the resulting productivity (Woolf, 2007).

The preceding discussions results in the following hypotheses:

Hypothesis 11: “Perception of Non-Monetary Rewards” positively influences the “Employee Productivity”

Hypothesis 12: “Perception of Monetary Rewards” positively influences the “Employee Productivity”

Previous researches also that showed based on a survey of over 2000 employees in United States; job recognition was cited as a more important factor in maintaining employee loyalty than increased pay, promotions, or challenging work (Moskal, 1993 cited by Shaw and Schneier, 1995). It is important to recognize that by designing an effective reward plan that achieves these goals, employers can better position themselves to build and strengthen employee loyalty (Hale and Bailey, 1998). However, according to new research, loyalty is being threatened by employees’ dissatisfaction with their pay and the method used to determine pay (LeBlanc and Mulvey, 1998).

Thus the following hypotheses are formulated based on the above discussion:

Hypothesis 13: “Perception of Non-Monetary Rewards” positively influences the “Employee Loyalty”

Hypothesis 14: “Perception of Monetary Rewards” positively influences the “Employee Loyalty”

In addition, past studies also indicated that to retain employees, many organizations are adopting alternative financial and non-financial rewards and implementing rewards systems which link to new ways of doing business (Chiboiwa et al., 2010). It is clear that employee turnover could be reduced substantially through much less costly initiatives including the availability of career opportunities (Gross and Nalbantian, 2002). Essentially, monetary and non-monetary reward programs play a critical role in attracting and retaining top-performing employees and aligning employee behaviour with business goals and desired culture (Trahant and Yearout, 2005). Thus, compensation and benefits (monetary and non-monetary rewards) are a given, but other things that keep employees happy include work-life balance, recognition programs and career development opportunities and these traditions at total rewards are an excellent way to retain workers (Chiboiwa, Samuel and Chipunza, 2010). A recent study by Bolster (2007) showed that continuing to recognize people for achievements or for nice things that the employees have done, either through an e-mail, a handwritten note, or a pat on the back lowered the employee turnover and improved employee morale in Baptist Health Care since 1997.

The findings of the field studies are in line with the literature. The participants acknowledged that the non-monetary and monetary rewards affect the employee contribution in their companies. The participants also strongly agreed that the non-monetary and monetary rewards affect the employee productivity. However, some participants disagreed that the non-monetary and monetary rewards affect employee loyalty. The participants also noted that non-monetary and monetary rewards affect the employee turnover in their companies.

As per the above discussion, it is hypothesized that:

Hypothesis 15: “Perception of Non-Monetary Rewards” positively influences the “Employee Turnover”

Hypothesis 16: “Perception of Monetary Rewards” positively influences the “Employee Turnover”

3.8.5 Hypotheses related to Organizational Size and Status of Ownership

This study also investigates the roles of size and ownership status in reward program influences. Previous studies indicated such as Tosi et al., (2000) also noted one variable that has been found to have a consistent positive relationship with CEO compensation is firm size. Organizational size has a consistent positive relationship with employees rewards (compensation) (Gray and Benson, 2003; Stanwick and Stanwick, 2001; Tosi et al., 2000; Watson et al., 1994; Lambert et al., 1991), and it was among the most important influences on top management reward (compensation) (Veliyath et al., 1994). Previous empirical studies on large firm employment alternatives, ability to pay, and relative workloads suggested that organizational size and average profits will be positively related to managerial salaries (Watson et al., 1994). This is supported by past research that empirical evidence generally supports a strong relationship between firm size and executive pay (Schmidt and Fowler, 1990). However, a finding that ‘large’ increases in organizational size produce ‘small’ increases in compensation would raise doubts about the conjectured incentive problem of managers being simply motivated in accordance with organizational size (Lambert et al., 1991). Gomez-Meija and Wiseman (1997) argued that larger firm size due to mergers and acquisitions may reduce the tightly linked relationship between size and compensation. They also suggested that reductions in size for positive reasons such as refocusing may result in a stronger relationship between size and compensation. Furthermore, a survey reported that company size plays a significant role in determining compensation levels (Schaeffer, 2001); and size is an important theoretical variable in examining the determinants of nonprofit executive compensation (Gray and Benson, 2003).

A recent study by Chiang and Birtch (2006) acknowledged that rewards preferences appear to be influenced by range of variables in addition to culture, and future work should incorporate other factors i.e. organizational features such as ownership, size, type, industry and employee characteristics such as education and age. Geiger and Cashen (2007) mentioned that the theoretical development and empirical findings of the relationship between size and CEO compensation have typically involved firms increasing in size. Accordingly, this study expect that non-monetary and monetary programs are much better as the organizations grow bigger because large and complex organizations make more profits and have ability to pay and may require executives endowed with greater human capital.

The findings of the field studies are in line with the literature. During the interview session, the participants admitted that somehow or rather organizational size moderately affect the non-monetary and monetary rewards package/ programs in their companies.

As referred to the discussion presented above leads to the following hypothesis:

Hypothesis 17: “Organizational Size” has significant moderating effect on Non-Monetary and Monetary Reward Programs influences.

Previous studies also showed that by understanding how governance and ownership, culture and management systems influence compensation, compensation professional can design a reward program that fits into his or her private company’s distinct environment (Gilles, 1999). It is possible that ownership, either local-owned or foreign-owned might have some effect upon pay practices as well and it was belief that while this may affect the sensitivity with which the ability to assess the influence of cultural affiliation on pay (Townsend, Scott and Markham, 1990). Foreign-owned organizations tend to be larger, pay higher wages, are more capital and skill intensive and introduce more up-to-date technology and more training. It is believed that there will be a different enjoying the reward package between local and foreign organizations. Therefore, this study suggests that foreign-owned organizations have better non-monetary and monetary rewards programs than local-owned organizations.

During the interview sessions, the participants noted that somehow or rather the organizational ownership status moderately affects the non-monetary and monetary rewards package/ programs in their organizations. The findings of the field studies are in the line with the literature. Consistent with the studies done relating to the organizational size (Zilahy, 2004; Henderson, 2005; Veliyath et al., 1994; Goldschmidt and Chung, 2001), they moderate the impact of Perceptions of Non-Monetary Rewards and Monetary Rewards.

Thus the following hypothesis is proposed based on the above discussion:

Hypothesis 18: “Organizational Ownership Status” has significant moderating effect on Non-Monetary and Monetary Reward Programs influences.

The full set of the hypotheses were detailed in Figure 3.6.

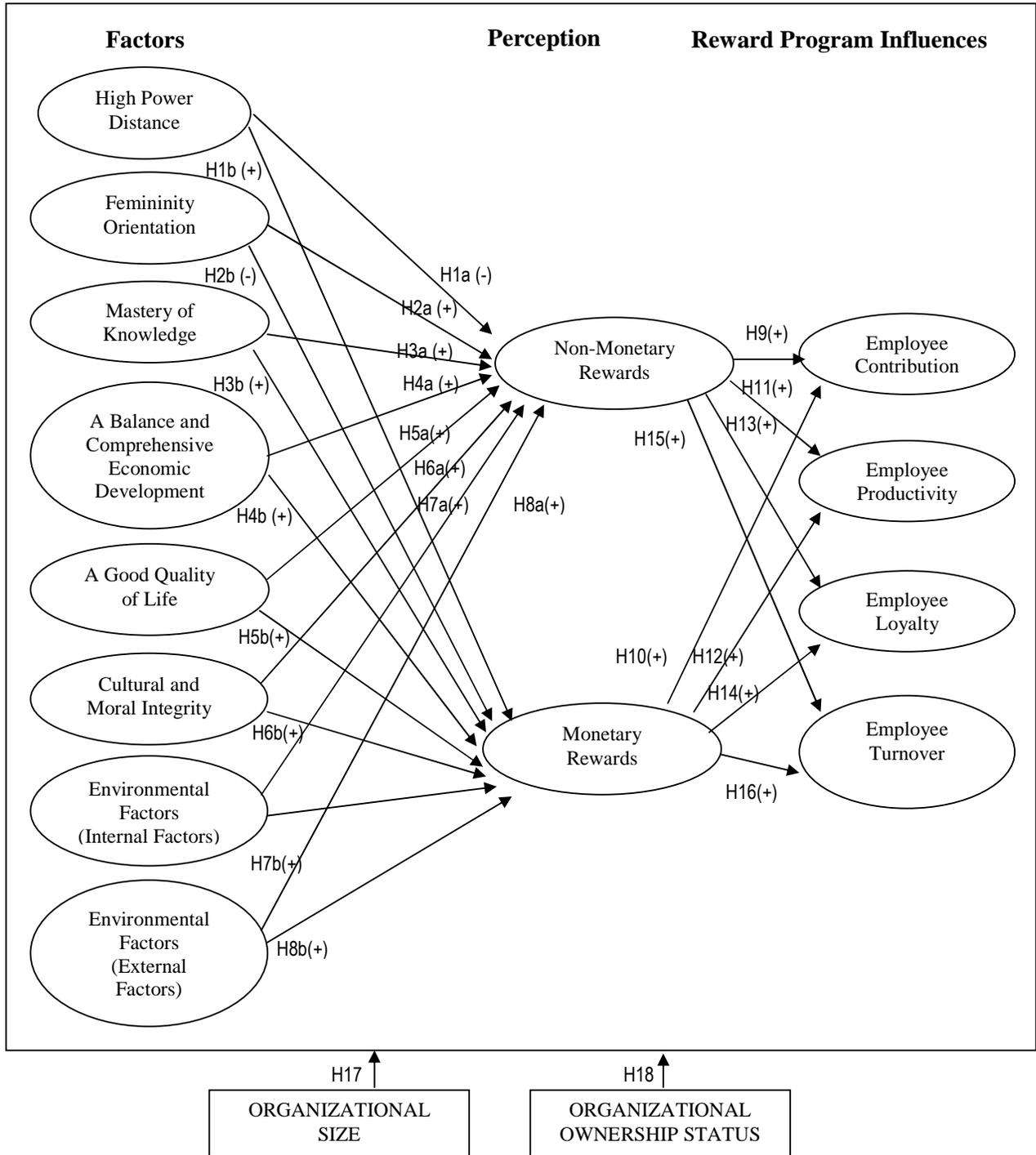


Figure 3.6: Research Model for Hypothesis Testing

PART 5: Survey Instrument

3.9 Questionnaire Development

This section discussed and detailed the survey instrument that was developed based on the final research model. The measurement items were based on previous work /study from various cultural dimension, Islam Hadhari's Principles, environmental factors, non-monetary and monetary rewards, and organizational characteristics. These constructs measurement items and references were detailed in Table 3.5 (see Appendix 5).

This survey instrument (i.e. questionnaire) contained demographic information, as well as eighty-four instrument items that were measured on a five point Likert-type scale, ranging from 'Strongly Disagree' to Strongly Agree'. The five point Likert scale had been used in a number of cultural orientation, environmental factors and non-monetary and monetary rewards studies (Dooley, 2003, Karande et al., 2002, Hofstede, 1980a, 1980b, 1984, 2001; Goodwin and Goodwin, 1999, Hofstede and Bond, 1988).

There are six sections in the questionnaire (a copy of the survey instrument can be found in Appendix 10). In section A, respondents were asked to provide information on themselves and their organization. There are 10 questions in this section. Nine of them were categorical questions, which request data in the following area such as gender, race, organizational size, organizational revenue in financial year 2007, number of employees, organizational ownership, nature of business, department of functional, and level of position. There was only one open-ended question, which requested the participants/respondents to state their length of employment in their current organization.

In section B, respondents were instructed to provide their opinions or views on the statement regarding cultural orientation which is measured in five-point Likert Scale where 1 indicates strongly disagree and 5 indicates strongly agree. In this section, there are two main factors in cultural orientation which consist of high power distance and femininity orientation. There are fourteen categorical questions in this section which covered the area of high power distance and femininity orientation in relation to non-monetary and monetary rewards.

In section C, respondents also were requested to provide their opinion or views on the statement regarding environmental factors which is measured by five-point Likert Scale where 1 indicates strongly disagree and 5 indicates strongly agree.. There were twelve categorical questions in this section, which covered the areas of internal and external factors.

In section D, respondents were also requested to provide their opinion or views on the statement regarding Islam Hadhari's principles which is also measured in five-point Likert Scale where 1 indicates strongly disagree and 5 indicates strongly agree. There were twenty nine categorical questions in this section, which covered the areas of mastery of knowledge, a balanced and comprehensive economic development, a good quality of life and cultural and moral integrity in relation with non-monetary and monetary rewards.

In section E, respondents were also instructed to provide their opinions or views on the statement regarding perception of non-monetary and monetary rewards which is measured by five-point Likert Scale where 1 indicates strongly disagree and 5 indicates strongly agree. There were fifteen categorical questions in this section, which covered the areas of non-monetary and monetary rewards.

In section F, respondents were requested to provide their opinions or views on the statement regarding reward program influences which is measured by five-point Likert Scale where 1 indicates strongly disagree and 5 indicates strongly agree. Those statements encompass the variables and factors in the comprehensive reward program influences model developed in chapter 5. There were fourteen categorical questions in this section, which covered the areas of employee contribution, productivity, loyalty and employee turnover.

3.9.1 Measurement Instrument Development

The section describes the development of measurement instruments based on the comprehensive Reward Program Influences model. The model (Figure 3.5) contains 14 first-order factors, namely High Power Distance, Femininity Orientation, Mastery of Knowledge, A Balanced and Comprehensive Economic Development, A Good Quality of Life, Cultural and Moral Integrity, Internal Factors, External Factors, Perception of Non-Monetary Rewards, Perception of Monetary Rewards, Employee Contribution, Employee Productivity, Employee Loyalty and Employee Turnover. Thus, for each of the 14 factors, multiple item measures were applied to provide comprehensive evaluation. Factor measures were based on the combined model evolving from the field study and past literature.

Table 3.5 (see Appendix 5) shows the survey instrument items in detailed for the purpose of examining the hypotheses respectively among exempt employees in Malaysian private organizations. The measurements were devised to measure the constructs in the questionnaire. The details of item measures for each factor are presented in Appendix 5.

3.9.2 Instrument Translation

As discussed earlier in this chapter, since the original instrument is written in English, the questionnaire needed to be translated to Bahasa Malaysia before it could be distributed and used in Malaysia (as it will be depend on the requirement of the respondents in the Malaysian environment). Therefore, in this study, Brislin's (1976) decentering procedure by using back translation was utilized. Brislin's back translation process involved taking the English version of the questionnaire and having it translated into Bahasa Malaysia (Appendix 6) by a recognized bilingual who was a native English speaker and familiar with Bahasa Malaysia. This is followed by the second step in which a second recognized bilingual having translated the Bahasa Malaysia version questionnaire back to English. The original instruments were compared with the back translation version in order to find out if there were any discrepancies and in this manner, those discrepancies were corrected. In this study also, Brislin's (1976) decentering procedure was crucial because it allowed for modification of both source language and target language, and according to Erkut, Alarcón, Coll, Tropp and Garcí'a, (1999), this process increased the opportunities to detect and correct non-equivalence.

PART 6: Pilot Study

3.10 Empirical Pilot Study

As mentioned earlier, this study uses a mixed methodology approach to study variables affecting the perception of non-monetary and monetary rewards, reward program influences which consists of employee contribution, productivity, loyalty and employee turnover. It was carried out in three phases. The first phase, produced a comprehensive model of Reward Program Influences in organizations. Twelve companies participated in this phase, which resulted in twelve interviews with key personnel in the respective companies. The twelve interview scripts were transcribed by the researcher and the contents were analyzed thoroughly using a structured process. The content analysis resulted in 7 main variables and 31 factors in final research model. Company specific individual Reward Program Influences were first developed which were then combined to develop a comprehensive Reward Program Influences model (see Figure 3.5).

In the second phase, which is the focus of this chapter, a questionnaire was developed based on the combined model and pilot tested in Malaysian private organizations via survey. The primary purpose of the pilot study, according to de Vaus (1995) was to evaluate things such

as question meaning, question flow, question skips, timing and respondent interest and attention, among many others.

3.10.1 Results of Empirical Pilot Study

3.10.1.1 Demographic Information

As noted earlier, 26 random responses were received comprising 53.8 percent male and 46.2 percent female (see Table 3.6). 50 percent of the respondents were Malays, 46.2 percent were Chinese, 3.8 percent were Indian (see Table 3.7).

Table 3.6: Gender (Pilot study)

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	14	53.8	53.8	53.8
Female	12	46.2	46.2	100.0
Total	26	100.0	100.0	

Table 3.7: Race (Pilot study)

Race	Frequency	Percent	Valid Percent	Cumulative Percent
Malay	13	50.0	50.0	50.0
Chinese	12	46.2	46.2	96.2
Indian	1	3.8	3.8	100.0
Total	26	100.0	100.0	

Table 3.8 shows that majority of respondents were from group length of employment 1-5 year which is 42.3 percent, 34.6 percent from group length of employment 5.1 to 10 years. 19.2 percent from group length of employment 10.1 to 15 years and 3.8 percent from less than 1 year.

,Table 3.8: Length Of Employment (Pilot study)

Years of service	Frequency	Percent	Valid Percent	Cumulative Percent
less than 1 year	1	3.8	3.8	3.8
1 to 5 years	11	42.3	42.3	46.2
5.1 to 10 years	9	34.6	34.6	80.8
10.1 to 15years	5	19.2	19.2	100.0
Total	26	100.0	100.0	

As Table 3.9 illustrates that majority of respondents were from large organizations which is 84.6 percent. 11.5 percent from medium size of organizations and 3.8 percent from small organization.

Table 3.9: Size of Organization (Pilot study)

Size	Frequency	Percent	Valid Percent	Cumulative Percent
small	1	3.8	3.8	3.8
medium	3	11.5	11.5	15.4
large	22	84.6	84.6	100.0
Total	26	100.0	100.0	

Table 3.10: Organizational Revenue (Pilot study)

Organizational revenue	Frequency	Percent	Valid Percent	Cumulative Percent
Less than RM1 million	1	3.8	3.8	3.8
RM1.1million - RM3 millions	2	7.7	7.7	11.5
RM5.1 millions - RM7 millions	1	3.8	3.8	15.4
RM7.1 millions - RM9 millions	6	23.1	23.1	38.5
Greater than RM9.1 millions	16	61.5	61.5	100.0
Total	26	100.0	100.0	

The respondents' organizational revenue is detailed in Table 3.10 above. It illustrates that the biggest proportion is the organizational revenue greater than RM 9.1 millions which is 61.5

percent. The second biggest proportion comes from the respondents who are working in the organizations with the revenue of RM 7.1 millions to RM 9 millions which is 23.1 percent. The respondents in organizations with the revenue of RM1.1 millions to RM3 millions which is 7.7 percent. The least proportion of the respondents comes from the organizational revenue of RM5.1million – RM7 millions and less than RM1 million which is 3.8 percent respectively.

Table 3.11: Number of Employees (Pilot study)

Number of Employee	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 100 employees	1	3.8	3.8	3.8
101 - 500 employees	2	7.7	7.7	11.5
501 - 1000 employees	1	3.8	3.8	15.4
2501 - 5000 employees	5	19.2	19.2	34.6
Greater than 5000 employees	17	65.4	65.4	100.0
Total	26	100.0	100.0	

Table 3.11 shows sizes of respondents who indicated they were working at the organizations. The largest proportion is the respondents who work in the organizations that have employees greater than 5000 which are 65.4 percent. 19.2 percent which refer to the group of respondents come from organizations that have 2501 to 5000 employees. 7.7 percent from the respondents who worked at the organizations with 101 to 500 employees. The smallest proportion comes from respondents who worked with organizations that have 501 to 1000 and less than 100 employees which show 3.8 percent respectively.

Table 3.12: Organizational Ownership Status (Pilot study)

Organizational Ownership	Frequency	Percent	Valid Percent	Cumulative Percent
Local	7	26.9	26.9	26.9
Foreign	19	73.1	73.1	100.0
Total	26	100.0	100.0	

As shown in Table 3.12, majority of respondents are from foreign organizations which is 73.1 percent where as 26.9 percent respondents from local organizations.

Table 3.13 : Nature of Business (Pilot study)

Nature of Business	Frequency	Percent	Valid Percent	Cumulative Percent
Building Materials	1	3.8	3.8	3.8
Automobiles	6	23.1	23.1	26.9
IT & Computing	2	7.7	7.7	34.6
Electronics product	17	65.4	65.4	100.0
Total	26	100.0	100.0	

Table 3.13 illustrates the nature of business which shows the biggest proportion of the respondents were from electronics product which is 65.4 percent, followed by automobiles which is 23.1 percent. The third biggest proportions of respondents were from information technology and computing which shows 7.7 percent and least proportion is 3.8 percent from building materials.

Thus, the respondent's position is detailed in Table 3.14. 84.6 percent from executive or officer level. 11.5 percent from the level of section head which is 9.4 percent and 3.8 percent from section managers.

Table 3.14: Level of Position (Pilot study)

Position	Frequency	Percent	Valid Percent	Cumulative Percent
Section Manager	1	3.8	3.8	3.8
Section Head	3	11.5	11.5	15.4
Executive	22	84.6	84.6	100.0
Total	26	100.0	100.0	

Table 3.15 illustrates the department by function which shows the biggest proportion of the respondents were from production and customer service department which is 19.2 percent respectively, followed by engineering which is 15.4 percent. The third biggest proportions of respondents were from sales which is 11.5 percent. The others detailed in Table 3.15.

Table 3.15: Department by Function (Pilot study)

Functional	Frequency	Percent	Valid Percent	Cumulative Percent
Finance	1	3.8	3.8	3.8
Purchasing	1	3.8	3.8	7.7
Legal	1	3.8	3.8	11.5
Sales	3	11.5	11.5	23.1
Quality Control	2	7.7	7.7	30.8
Customer Services	5	19.2	19.2	50.0
Engineering	4	15.4	15.4	65.4
Marketing	1	3.8	3.8	69.2
Production	5	19.2	19.2	88.5
Information Technology	2	7.7	7.7	96.2
Planning	1	3.8	3.8	100.0
Total	26	100.0	100.0	

3.10.1.2 Questionnaire (Pilot Study)

The questionnaire developed in part five of this chapter, based on the final comprehensive Reward Program Influences model, was used in the pilot test. The questionnaire was designed to test the validity of the factors and variables in the final comprehensive model. Those factors and variables are believed to have influence on non-monetary and monetary rewards, and were derived from both field study and literature. It is important to note that through the pilot test, it can be decided whether the questionnaire is valid for the subsequent national survey. The following analysis asserts that the variables and factors were worth including in the subsequent national survey.

3.10.1.3 Variables Affecting the Perception of Non-Monetary and Monetary Rewards

The combined model (Figure 3.5) shows that a number of cultural orientation, Islam Hadhari's principles and environmental factors and variables affect the perception of non-monetary and monetary rewards. The empirical pilot study has identified the importance of these variables as percent of respondents agreeing with the respective variables being important, which is presented in Table 3.16.

Table 3.16: Factors and Variables Affecting the Perception of Non-Monetary and Monetary Rewards

Variables	Measure	% of Respondents
CULTURAL ORIENTATION		
Power Distance		
HPD 1	Employee Freedom of Agreement	53.8
HPD2	Gap of employees	46.1
HPD3	Employee Freedom of Job Approaches	69.2
HPD4	Employee Freedom of Feeling Expression	73.1
HPD5	Employee Freedom of Discussion	42.3
Femininity Orientation		
FO1	Participation in Decision Making	96.2
FO2	Personal Accomplishment	88.5
FO3	Desirable living area	96.1
FO4	Good Cooperation Among Employees	61.5
FO5	Helping Each Other	84.6
FO6	Good Working Relationship	92.3
FO7	Clear of Employer Expectation	100.0
FO8	Well-updated	84.6
FO9	Sufficient Feedback on Performance	73.1
ISLAM HADHARI'S PRINCIPLES		
Mastery of knowledge		
MKW1	Best Ability Utilization	84.6
MKW2	Possibility of Growth	76.9
MKW3	Grow through Learning New Things	88.4
MKW4	Training Opportunities	92.3
MKW5	Learning Process	73.1
MKW6	Technical Development Updated	84.6
A Balanced and comprehensive economic development		
BCED1	Social Responsibility for Health/Welfare	100.0
BCED2	Social Obligation in Helping Society	92.3
BCED3	Moral Obligation	92.3
BCED4	Wealth Utilization	96.2
BCED5	Earning for Living	100.0
BCED6	Equally Free to earn Wealth	96.2
BCED7	Equal Opportunities of Struggling	80.8
BCED8	Discrimination	57.7
Good quality of Life		
GQL1	Working Environment	80.7
GQL2	Freedom at Work	61.5
GQL3	Congenial and Friendly Atmosphere	92.3

GQL4	Quality Time with Family	50.0
GQL5	Genuine Interest of Employee Welfare	38.5
GQL6	Employee Contribution	76.9
GQL7	Private Life- Company Concern	69.2
GQL8	Work-Life Balance	42.3
Cultural and Moral Integrity		
CMI1	Adhere to Company Rules	92.3
CMI2	Personal and Moral Beliefs	26.9
CMI3	Sensible Rules and Regulation	84.6
CMI4	Company Rules and Procedures	92.3
CMI5	Law or Ethical Code of Profession	100.0
CMI6	Employees' Morale	46.1
CMI7	Honest Livelihood	100.0
ENVIRONMENTAL FACTORS		
Internal Factors		
ITF1	Company Affordability to Pay	88.5
ITF2	Nature of Business	88.5
ITF3	Geographical Area	96.2
ITF4	Company Profitability	100.0
ITF5	Company Philosophies	92.3
ITF6	Control System	92.3
ITF7	Company Size	73.1
ITF8	Company Status of Ownership	57.7
ITF9	Company Image	69.2
External Factors		
EXF1	Market Competitiveness	61.5
EXF2	Competitive Advantage	65.4
EXF3	Legal Compliance	84.6

Table 3.16 is interpreted as follows. Take “Femininity Orientation“ factor; under this factor 100% of the respondents agreed that the variable “Clear of Employer Expectation” is an important variable affecting the usefulness of Reward Program Influences. Therefore it explained that the higher the percentage of respondent, the more important is the variables. This notion is use to interpret the findings in Table 3.16.

Thus it is interesting to note that most variables of Femininity Orientation Variables (FO1-FO9) are perceived to be important by the respondents. It is also observed that under Islam Hadhari’s Principles” that is Mastery of Knowledge (MKW1-MKW6) are perceived to be important. However, it is also found that “Power Distance” factor (HPD2 and HPD5) is the

least important factors. It implies that there is low power distance in the companies which explain that the respondents did not feel the gap either between the superior or peer groups. Power distance in relation to the non-monetary and monetary rewards would be perceived to be important in the organization. Other variables in Table 3.16 can be interpreted similarly. Hence, the results of “Good Quality of Life” factors are also interesting. It is observed that only “work-life balance” is not important. This implies that the companies did not emphasize the management support on balance between work and personal life. However, most of the variables found to be perceived important by the respondents (see Table 3.16) in influencing the perception of non-monetary and monetary rewards.

In summary, the pilot study of the impact of power distance in relation to non-monetary and monetary rewards conveys the inconsistent results as obtained in the literature. However, the variables (HPD2 and HPD5) still remain under power distance as these variables were from Hofstede’s studies. It is important to indicate that six variables, out of total 55 variables, were not perceived to be important in forming the influences of non-monetary and monetary rewards. Nevertheless, the variables, Genuine Interest of Employee Welfare (GQL5); Work-Life Balance (GQL8); Personal and Moral Beliefs (CMI2); Employees’ Morale (CMI6) emerged from the both the literature and case studies. As the results, these variables are kept in the questionnaire for the subsequent national survey.

3.10.1.4 Variables Affecting Rewards Program Influences

As defined in the first part of this chapter, the construct of perception of non-monetary and monetary rewards measures the rewards program influences in organizations. Table 3.17 presents the perceptions of non-monetary and monetary rewards, which (see Figure 3.5) were obtained from the pilot study. As mentioned before, the importance of these variables has been identified as percent of respondents agreeing with the respective variables being important.

Table 3.17: Factors and Variables Affecting Rewards Program Influences

Variables	Measure	% of Respondents
PERCEPTION OF NON-MONETARY REWARDS		
PNMR1	Recognition	80.8
PNMR2	Opportunity of Advancement	65.3
PNMR3	Responsibility	100.0
PNMR4	Career progression	65.4
PNMR5	Chances for Advancement	69.2

PNMR6	Job Satisfaction	80.8
PNMR7	Recognition for Achievement	76.9
PNMR8	Career Development (Promotion)	38.5
PNMR9	Potential Career	76.9
PERCEPTION OF MONETARY REWARDS		
PMR1	Fringe Benefits	69.2
PMR2	High Earning	61.6
PMR3	Fair payment	57.6
PMR4	Pay Motivation	65.4
PMR5	Incentives Motivation	80.8
PMR6	Pay Policy Motivation	42.3

It should be noted that the case studies as well as the literature consists of a large list of non-monetary and monetary rewards. In this survey variables were based on Figure 3.5. Table 3.17 shows that most of the non-monetary and monetary rewards are perceived to be important by the respondents, except Career Development – Promotion (PNMR8) and Pay Policy Motivation (PMR6). Most of the variables include career development and pay policy motivation found in Table 3.17 were mentioned by twelve companies in case studies (see Figure 3.5) and were viewed as important though the variables showed 38.5 (PNMR8) and 42.3% (PMR6) of the respondents agree its importance. However, according to Herzberg et. al (1959) studies, those two variables (promotion-motivators and pay policy motivation-hygiene factor) can influence the reward program influences such as employee contribution and productivity.

In summary, with few exceptions, the pilot study of Influences of Non-Monetary Rewards conveys similar results as obtained in the literature. Even though there were two variables not considered to be important in pilot study, these variables has been supported in the literature such as Herzberg, et al., 1959; Ondrack, 1974; Bassett-Jones and Lloyd, 2005; Giancola, 2005, among many others. As a result, these variables are kept in the questionnaire for the national survey despite their low score in the pilot study.

3.10.1.5 Variables in Reward Program Influences

As defined in the first part of this chapter also, the construct of Reward Program Influences reflects employee contribution, productivity, loyalty and employee turnover. Table 3.18 presents the importance of the variables of reward program influences, which is specified to have influence from the perception of non-monetary and monetary rewards in the model (see

Figure 3.5) as obtained from the field study and pilot study. As mentioned before, the importance of these variables has been identified as percent of respondents agreeing with the respective variables being important.

Table 3.18: Factors and Variables of Rewards Program Influences

Variables	Measure	% of Respondents
REWARD PROGRAM INFLUENCES		
Employee Contribution		
EC1	Employee Contribution	88.5
EC2	Employee Role	96.1
EC3	Contribution Recognition	84.6
Employee Productivity		
EP1	Greater Accomplishment	80.7
EP2	Employee Accountability	100.0
EP3	Performance Measurement	100.0
EP4	Motivation	88.4
Employee Loyalty		
EL1	Employee Tenure of Service	26.9
EL2	Feeling Proud	76.9
EL3	Workplace Preferences	50.0
EL4	Company Image	92.3
Employee Turnover		
DET1	Pay Factor	76.9
DET2	Promotion	73.1
DET3	Career Advancement	73.0

Table 3.18 shows that all three variables of Employee Contribution (EC1-EC3) were perceived to be important by the respondents. It is also observed that all four variables of Employee Productivity (EP1-EP4) were perceived to be important by the respondents in the pilot study. It is found that all three variables of Employee Turnover (DET1-DET3) were also perceived to be important by respondents. However, it is interesting to indicate that one of Employee Loyalty's variables, Employee Tenure of Service (EL1) was not perceived important by the respondent. The results imply that employee won't stay in one company for long time as it was not the best way to get a promotion. Nonetheless, this variable is kept in the questionnaire as it was mentioned in the case studies

Thus, the results of the survey unearthed some important findings. Many of the variables of the combined model were scored very highly by the respondents. However, there were also a few surprises. It is important to note that pilot test worked smoothly from

administration of the questionnaire to data entry and data analyses. This provided confidence level to do the national survey. In addition, minor adjustments to the questionnaire were done based on some feedback from the respondents.

3.11 Improvement on the instrument

The results of the pilot study found that a number of the respondents tended to take quite some time to complete the questionnaires. Some of them asked for clarification and further explanation on certain questions. The researcher did some necessary changes on the questionnaire due to the feedback from the pilot study. As mentioned before in this chapter (section 3.5.8), first, the researcher made some changes on the structure of three sentences in the questionnaire. The improvement was to make participants think about the meaning of questions to help them give accurate information. Also, it was proposed, the risk of emotional impact was lessened. It should be kept in mind that good practice in terms of these issues is of particular importance in the research as it assists in reducing the impact of difference in culture and language on survey results (Brislin 1986; Smith 2003) as Malaysia is a multiracial and multi-cultural society with multi-languages. Secondly was the length of question. Considering the time spent by respondents on the questionnaire for the pilot study, some improvements and refinement were done. A few sentences was restructured to make it much shorter and less wording in order to avoid negative impact on sample quality due to non response (Lietz, 2010), which has been shown to increase over time (deLeeuw and deHeer 2002 cited by Lietz, 2010: p.250).

Thirdly, corrections were done on the grammar used in the questionnaire. It is suggested to keep the grammatical complexities to a minimum (Brislin 1986; Dillman 2000 cited by Lietz, 2010: p.251). Fourthly, the questionnaire was too lengthy and affected the response time. Even the respondents who were motivated enough to start the longer questionnaire eventually “lost their breath” as the survey progressed (Galesic, and Bosnjak, 2009). Twenty five (25) questions were taken out from various sections as it considered repeated questions as well as to improve the response time and rate.

In addition, the questions should employ the active voice, repeat nouns and avoid possessive forms. In this manner, cognitive demands on respondents are minimised and mental capacity is freed up in order to think about a response (Lietz, 2010). Necessary changes were accordingly made to refine the tentative questionnaire based on feedback and pilot test results before distributing it to the wider survey sample. A final questionnaire was then firmed up.

3.12 Summary

This chapter explained the research questions and modified research model. There were also theories available to discuss and explain each variable in the initial research model. This chapter also discussed the research paradigm and methodology applied in this study. The current study used a mixed-method approach in which a qualitative method applied at the first phase was followed by a second phase of quantitative field study. In the qualitative phase, the constructs and variables of the initial research model were validated and enhanced in a field of study interviewing twelve employees from different positions (officers/managers/directors) involving twelve private organizations in Malaysia. The qualitative field study was conducted to form a more comprehensive research model. The operation and findings of the qualitative field study, followed by the development of the final research model was discussed in detail in this chapter. Hence, in the quantitative phase, the hypotheses and questionnaire were developed based on the comprehensive research model derived from both qualitative study and literature review. Eighteen hypotheses that were derived from the final research model developed were presented and discussed in this chapter. This chapter also detailed the development of the survey instrument and pilot study. The questionnaire with 14 factors and 84 variables was developed. The questionnaire was pilot tested in one private organization in Malaysia via survey. The results of the pilot study proved the effectiveness of the questionnaire and give the confidence level to proceed with the national survey without major adjustment in the questionnaire. The results of preliminary analysis of national survey data will also be presented in next chapter.

CHAPTER 4

Presentation of Results

4. Introduction

This chapter touches and explains on the administration of the national survey of Reward Program Influences questionnaire among the 1,000 employees in private organizations in Malaysia. It then presents the preliminary results of the survey. This chapter also presents the questionnaire survey results and analyses the information using Structural Equation Modeling (SEM). This is followed by the results of the hypotheses testing.

4.1 The Administration of National Survey

The national survey was conducted among executive level employees in Malaysian private organizations. The questionnaires were distributed to 1000 employees (officer/executives/managers/directors) in those companies, who appeared to be most relevant in this study. The criteria for selecting the sample is to look for the research subjects who are working at executive level involved in reward programs practices in private organizations and thus, can provide the objective “opinion/view” on non-monetary and monetary rewards in helping identifying the factors influencing non-monetary and monetary reward programs. Such research subjects should include the employees either involved or not in developing and executing the reward programs since the focus and purpose are to look for the “objective” response and not the “correct” answers.

A questionnaire was sent out and distributed to 1000 employees working in private organizations. These private organizations were from the directory of Federation of Malaysian Manufacturer (FMM, 2003). In the first round of questionnaire distribution, each package included cover letter, copy of questionnaire, (pre-paid return envelope-if needed), and gift. Next, follow-up calls were made to key personnel who were in charge in collecting the completed questionnaires.

At the end, 342 questionnaires were returned and 13 of them were found to be incomplete. Therefore this resulted in 329 valid responses. There were also employees from private organizations declined to participate in the study. Thus, the final effective response rate was 32.9 percent.

4.2 Preliminary Data Analysis of National Survey

4.2.1 Demographic Information

As previously discussed, it was envisaged that in the first phase of collecting the data, the number of responses from the participants was extremely low. The low numbers of completed questionnaires returned meant that it was not possible to conduct any meaningful statistical analysis on this sample. Therefore, a second phase of distributing and collecting the data was conducted in order to increase the response rate for the survey. The findings are detailed in the following section.

Respondent's Profile (Exempt employees)

The total returned samples for the national survey is 329 respondents. The respondents were from the category of exempt employees (exempt from the minimum wage and overtime under FLSA) in the Malaysian private organizations. As in this study, it is an intention to provide a fair, objective, consistent, market-based framework for exempt employees reward package that will support successful recruitment, motivation and retention.

The returned sample shows 51.1 percent is male respondents and 48.9 percent is female respondents from the private organizations in Table 4.1. There is no clear pattern and explanation that emerged in gender category.

Table 4.1: Respondent Gender (GEN)

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	168	51.1	51.1	51.1
Female	161	48.9	48.9	100.0
Total	329	100.0	100.0	

Similarly, Table 4.2 illustrates the races of the employees who are working in the Malaysian private organizations. It shows that the majority of participation is from the Malay respondents, 64.1 percent and follows by Chinese respondents, 26.7 percent. The Indian respondents shows 8.5 percent where as others shows 6 percent.

Table 4.2: Respondent Race (RAC)

Race	Frequency	Percent	Valid Percent	Cumulative Percent
Malay	211	64.1	64.1	64.1
Chinese	88	26.7	26.7	90.9
India	28	8.5	8.5	99.4
Others	2	0.6	0.6	100.0
Total	329	100.0	100.0	

The exempt employees' profiles showed that the respondents were working in various sectors as regard to the nature of business in the private organizations.

Table 4.3: Nature of Business

Nature of Business	Frequency	Percent	Valid Percent	Cumulative Percent
Nutrition products	2	0.6	0.6	0.6
Test and measurement	2	0.6	0.6	1.2
Building Materials	10	3.0	3.0	4.3
Consumer goods	4	1.2	1.2	5.5
Communication Services	8	2.4	2.4	7.9
Concrete and cement	11	3.3	3.3	11.2
Household goods	3	0.9	0.9	12.1
Medical Equipment	53	16.1	16.1	28.2
Semiconductor	62	18.9	18.9	47.1
Health Services	2	0.6	0.6	47.7
Food and Beverage	7	2.1	2.1	49.8
IT & Computing	21	6.4	6.4	56.2
Electronic products	72	21.9	21.9	78.1
Cosmetic and personal care	59	18.0	18.0	96.1
Chemicals	3	0.9	0.9	97.0
Transport & Storage	8	2.4	2.4	99.4
Others	2	0.6	0.6	100.0
Total	329	100.0	100.0	

Illustration from Table 4.3 shows the majority of the organizations were from electronic products which was 21.9% of total respondents. The second large group of organizations was

from the semiconductor industry which contributed 18.9% of the total respondents. The third large group of respondents was from cosmetic and personal care which showed 18% followed by respondents from medical equipment which showed 16.1%. Despite getting a high response rate from electronic products, semiconductor, cosmetic and personal care, and also medical equipment; the table showed that there is no specific pattern to the industry that is represented, with the respondents spread across the private organizations in Malaysia. However, it can be said that the respondents from electronic products and semiconductor cosmetic and personal care, and also medical equipment were more participative because of the researcher's previous experience and networking in that particular industry; and more were accessed through *snowballing sampling* in order to have more respondents in similar category of employees until obtaining the sufficient number of subjects which was attributed due to high response rate. As others, the response rate was quite low ranging from 0.6% to 3.3%. This limits any generalizations or conclusions that could be drawn

Table 4.4: Respondent Length Of Service (LOE)

Length of service	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 1	25	7.6	7.6	7.6
1.1 - 5 years	111	33.7	33.7	41.3
5.1 - 10 years	80	24.3	24.3	65.7
10.1 - 15 years	56	17.0	17.0	82.7
15.1 - 20 years	38	11.6	11.6	94.2
20.1 - 25 years	15	4.6	4.6	98.8
25.1 - 30 years	4	1.2	1.2	100.0
Total	329	100.0	100.0	

Table 4.4 gives some indication of how long respondents stay in a job or the respondents have belonged to an organization. The largest portion of the respondents had been in their current job are those in 1.1 to 5 years, that is 33.7 percent. The second large portion is the respondents who give service from 5.1 to 10 years, which indicates 24.3 percent. Those respondents in 10.1 to 15 years of service are 17 percent and 11.6 percent for those in 15.1 to 20 years. However, the others contributes small proportion, less than 1 year is 7.6 percent and 20.1 to 25 years of service is 4.6 percent, and the least proportion of the respondents is 1.2 percent in 25.1 to 30 years of service.

Table 4.5: Size of Organization (SZO) – (see Table 4.7)

Size	Frequency	Percent	Valid Percent	Cumulative Percent
small	23	7.0	7.0	7.0
medium	83	25.2	25.2	32.2
large	223	67.8	67.8	100.0
Total	329	100.0	100.0	

As part of the survey response, respondents were asked to state the total of headcount in their organizations. The organizational size is illustrated in Table 4.5. Most of the respondents who participated in the survey are come from large private organizations is 67.8 percent. The large organization refers to people work in the organizations. Those respondents working in medium size of organizations were 25.2 per cent and the smallest proportion, 7 percent, were respondents from small organizations. As in this study the small and medium size organization refers to less than 500 employees and large organization refers to more than 500 employees in the organizations (refer to Chapter 3 for definition of organizational size) It shows here that the majority of respondents who participated in this survey are from large organizations because these organizations have more headcounts than small and medium organizations.

Table 4.6: Organizational Revenue (OREV)

Organizational Revenue			Valid Percent	Cumulative Percent
	Frequency	Percent		
Less than RM1 million	6	1.8	1.8	1.8
RM1million - RM3 millions	17	5.2	5.2	7.0
RM3 millions - RM5 millions	30	9.1	9.1	16.1
RM5 millions - RM7 millions	24	7.3	7.3	23.4
RM7 millions - RM9 millions	7	2.1	2.1	25.5
Greater than RM9 millions	245	74.5	74.5	100.0
Total	329	100.0	100.0	

The respondents' organizational revenue is detailed in Table 4.6. It illustrates that the biggest proportion is the organizational revenue greater than RM 9 millions which is 74.5 percent. The second biggest proportion comes from the respondents who are working in the organizations with the revenue of RM 3 millions to RM 5 millions which indicates 9.1

percent. The respondents in organizations with the revenue of RM5 millions to RM7 millions indicates 7.3 percent. The others show 5.2 percent for RM1million - RM3 millions, 2.1 percent for RM7 millions - RM9 millions and the least proportion of the respondents comes from the organizational revenue with less than RM1 million. This indicates that majority of the respondents were from the organizations that have revenue greater than RM9 millions because the biggest support comes from the large organizations. However, it is important to note that in the modern business; organizational revenue is not a sound basis to determine the size of the private organizations in Malaysia. The reason is that some small businesses with few employees could have a revenue in excess of RM5 millions. This is because some of the ‘new economy’ firms have few employees, but often utilize technology to deliver high value services.

Table 4.7: Number Of Employees (NOEMP) – (see Table 4.5)
(Size of organizations)

Number of Respondents	Frequency		Valid Percent	Cumulative Percent
	Frequency	Percent		
Less than 100 employees	23	7.0	7.0	7.0
101 - 500 employees	83	25.2	25.2	32.2
501 - 1000 employees	2	0.6	0.6	32.8
1001 - 2500 employees	35	10.7	10.7	43.5
2501 - 5000 employees	51	15.5	15.5	59.0
Greater than 5000 employees	135	41.0	41.0	100.0
Total	329	100.0	100.0	

Table 4.7 shows number of employees (respondents) who indicated they were working at the organizations. The largest proportion is the respondents who work in the organizations that have employees greater than 5000 which are 41.0 percent. The second large proportion is 25.2 percent which refers to the group of respondents come from organizations that have 101 to 500 employees. The respondents who worked at the organizations with 2501 to 5000 employees indicates 15.5 percent and the other proportion comes from the respondents with organizations that have 1001 to 2500 employees which indicates 10.7 percent. The smallest proportion comes from respondents who worked with organizations that have 501 to 1000 employees which shows 0.6 percent and 7.0 percent refers to the group of respondents with organizations which have less than 100 employees. The finding shows that it is aligned with

Table 4.5 and Table 4.7; the majority of the respondents who participated in this survey worked with the large organizations.

Table 4.8: Status Of Ownership (OWN)

Status Of Ownership	Frequency	Percent	Valid Percent	Cumulative Percent
Local	202	61.4	61.4	61.4
Foreign	127	38.6	38.6	100.0
Total	329	100.0	100.0	

Majority of respondents are from local organizations which is 61.4 percent where as respondents from foreign organizations shows 38.6 percent in Table 4.8 above. This indicates most of the respondents who participated in this study come from private organizations which are local companies.

Table 4.9: Level of Position (POST)

Position	Frequency	Percent	Valid Percent	Cumulative Percent
Senior Director	1	0.3	0.3	0.3
Director	1	0.3	0.3	0.6
Department Manager	21	6.4	6.4	7.0
Section Manager	17	5.2	5.2	12.2
Section Head	31	9.4	9.4	21.6
Executive/Officer	258	78.4	78.4	100.0
Total	329	100.0	100.0	

The respondent's position is detailed in Table 4.9. It can be seen that the largest proportion is the group of respondents from executive or officer level which shows 78.4 percent. The second large proportion is the group of respondents from the level of section head which is 9.4 percent. The group of respondents from the position of department manager and section manager shows 6.4 percent and 5.2 percent respectively. The smallest proportion comes from the group of respondents in the level of senior director and director which indicate the same proportion that is 0.3 percent. This indicates that majority of the respondents comes from the executive and officer level.

Table 4.10: Department by Function (FUNC)

Department by Functional	Frequency	Percent	Valid Percent	Cumulative Percent
Finance	61	18.5	18.5	18.5
Human Resource	27	8.2	8.2	26.7
Purchasing	15	4.6	4.6	31.3
Legal	1	0.3	0.3	31.6
Sales	27	8.2	8.2	39.8
Quality Control	13	4.0	4.0	43.8
Customer Services	65	19.8	19.8	63.5
Engineering	49	14.9	14.9	78.4
Marketing	17	5.2	5.2	83.6
Production	32	9.7	9.7	93.3
Information Technology	8	2.4	2.4	95.7
Commercial	2	0.6	0.6	96.4
Planning	8	2.4	2.4	98.8
Accounting	3	0.9	0.9	99.7
Facilities / Maintenance	1	0.3	0.3	100.0
Total	329	100.0	100.0	

Table 4.10 illustrates the department by function which shows the biggest proportion of the respondents were from customer service department which is 19.8 percent, followed by finance which is 18.5 percent. The third biggest proportions of respondents were from engineering which shows 14.9 percent. This shows that the nature of work in customer service itself encouraged respondents in the department to participate in the survey. They were likely to meet, communicate and facing new people in new environments. Hence, groups of respondents from production and marketing shows 9.7 percent and 5.2 percent respectively. However, the others such as human resource and sales indicate the same proportion, which is 8.2 percent.

In the following section, the analysis of the data of the national survey through Structural Equation Modeling approach using Partial Least Square (PLS) is described.

4.3 Structural Equation Modelling (SEM)

The main survey data were analysed through Structural Equation Modeling (SEM) techniques using Partial Least Squares- PLS-Graph 3.0. The main survey data, with 329 cases, met the sample size requirement and thus analysis using PLS was considered to be appropriate. In this study, data analysis in the Partial Least Squares (PLS) model is conducted in two stages. The first stage in PLS assesses the reliability and validity of the measurement model, whilst the later stage involves assessing the structural model (Barclay et al., 1995). Hence a sequence is necessary to assure that reliability and validity measures of the constructs can be acquired first and conclusions about the relationships among the constructs can then be done.

Thus, the environmental factors (internal and external factors) and a balanced and comprehensive economic development construct which were derived from different dimensions are considered as formative indicators in this study. The remaining constructs are therefore considered to be reflective indicators that measure the identical dimensions to reflect their corresponding latent construct.

Therefore, any researcher who uses formative indicators should take into consideration several characteristics when using formative indicators. Among the characteristics, correlations among formative indicators are not explained by the measurement model; there is no specific expectation about patterns or magnitude of correlation between formative indicators, and formative indicators do not have error terms (Santosa et al., 2005; Diamantopoulos and Winklhofer, 2001; Chin, Marcolin and Newsted, 1996; Bollen and Lennox, 1991). The data analysis presented in the measurement model will only focus on reflective indicators in the following section. Table 4.11 presents formative indicators (represented as “Balance and Comprehensive Economic Development”, “External factors” and “Internal factors” in this study), for which the indicators’ weights are estimated. The reason for using the indicator’s weight is the fact that the item weights of the formative construct display the importance of their impact on their construct. According to Chin (1998), the formative indicators are evaluated on the basis of their substantive content, by examining their weight and by examining the statistical significance of the measured weight. All formative indicators in Table 4.11 are retained for estimating the PLS model.

Table 4.11: Weight of Formative Indicators in Latent Construct

Construct	Items (Observed Variables)		Weight	t-Statistics*
Balance and Comprehensive Economic Development	BCED1	Responsibility for employee health and welfare	0.446	2.7679
	BCED2	Help solve society's problems	-0.293	1.9224
	BCED3	Moral obligation	-0.093	0.7065
	BCED4	Utilize wealth for multiplying it further	0.413	2.5697
	BCED5	Work to earn the living	0.273	1.6877
	BCED6	Equally free to earn and amass wealth	-0.042	0.2637
	BCED7	Equal opportunities to struggle	-0.217	1.3042
	BCED8	Free earning livelihood without discrimination	0.754	5.6638
External Factors	EXF1	Salary competitiveness	0.172	1.8691
	EXF2	Pay and benefits competitiveness	0.840	10.0823
	EXF3	Legislative and administrative legal compliance	0.102	1.0935
Internal Factors	ITF1	Ability to pay	0.373	3.5323
	ITF2	Nature of business	0.063	0.4263
	ITF3	Different geographical area	-0.079	0.5501
	ITF4	Company profitability	0.196	1.4377
	ITF5	Philosophy of paying employees	0.250	1.5876
	ITF6	Control systems	0.222	1.3177
	ITF7	Size of company	0.126	0.8487
	ITF8	Company status of ownership - foreign	0.043	0.3119
	ITF9	Company status of ownership - local	0.415	2.8632

Note:

* Indicates t-value of the every item in latent construct

4.3.1 Assessment of measurement model

The measurement model describes how the latent constructs are measured in terms of the observed variables and their measurement properties. It is suggested that before proceeding to the structural model, measurement model properties need to be satisfied first (Barclay et al., 1995; Fornell and Larcker, 1981). Therefore, the following section discusses the measurement model assessment by measuring the individual item reliability, internal consistency and discriminant validity (Barclay et.al., 1995; Hulland, 1995).

4.3.1.1 Item reliability and internal consistency

Measurement of Construct Reliability

The construct reliability measures the reliability of the latent construct. The construct reliability examines the internal consistency of a set of measures rather than a single variable. It provides the information on how well a set of observed variables reflects the common latent construct (Holmes-Smith 2001). Fornell and Larcker (1981) recommend a minimum composite reliability of 0.60. An examination of the composite reliabilities revealed that all meet that minimum acceptable level. Thus, the higher the construct reliability the better it is.

Measurement of Reliability of Observed Variables

The individual item reliability was assessed by examining the loadings of the items. Therefore, the indicator/item reliability assesses the degree to which items in the final model load on their respective constructs. The final research model consisted of 84 observed variables for this sample.

On the other hand, internal consistency is concerned with the measure of a construct (Fornell and Larcker, 1981). As Fornell and Larcker (1981) indicate it is computed as the sum of the loadings, all squared, divided by the sum of the loadings, all squared, plus the sum of the errors terms. Thus, this measure is similar to Cronbach's alpha as a measure of internal consistency except the latter presumes, a priori that each indicator of a construct contributes equally (Barclay et al., 1995). This formula was explained earlier in Chapter 3 (see section 3.2.10.1.2 and Appendix 3 for the formula). A minimum value of 0.6 was used as criterion to accept the reliability of individual items. Therefore, The reliability guideline of at least 0.7 as proposed by Nunnally (1978) measure of internal consistency was adopted in this study. Table 4.12 presents standardized loading items (see Appendix 7). For all other items with low loadings no persuasive arguments were found in the literature to support the use of the other items in measuring their respective constructs. Overall, the decision for discarding these low-loading items was conservative. Nunnally (1978) point out that removing these items would not change or weaken the underlying construct. Therefore, based on that fact, the researcher considered and decided to remove these low-loading items.

Consequently, removing these items was deemed to prevent the lessening of the estimates of the true relationship between the constructs. The researcher also considered this approach to be practical, as there was limited information found in the literature that explained the influences of cultural dimensions, Islam Hadhari's Principles and environmental factors of Malaysian private organizations in relation to the non-monetary and monetary rewards. For that reason, it was decided to remove these items (High power distance: HPD1, HPD2; Femininity orientation: FO1, FO2, FO3, FO4, FO5, FO6; Good quality of life: GQL6, GQL7; Cultural and moral integrity: CMI1, CMI2 CMI7; Perception of non-monetary rewards: PNMR3; Employee productivity: EP4; Employee loyalty: EL1 and Employee Turnover: DET2) and not to include these items as part of subsequent analysis.

The results of item reliability analysis are detailed in Table 4.12 (see Appendix 7). There were 84 observed variables in the questionnaires. The results show that 6 items had loading

less than the recommendation of Hair et al., (1998) which states that items loading below 0.5 are deemed to be unreliable and suggested to be discarded. The results in Table 4.11 also revealed that composite reliability of 10 constructs (except EmpTOV) obtained a high value greater than the rule of thumb of 0.7 (Nunnally, 1978). However, the AVE for six (6) constructs (HPD, FO, GQL, CMI, EmpyPRD, EmpyTOV) out of eleven (11) constructs were found to have value lower than 0.5 to satisfy convergent validity. The average variance extracted (AVE) was used to measure convergent validity. Fornell and Larcker (1981), suggest that the AVE should be equal to or excess of 0.5 to satisfy convergent validity. The model can be problematic with such a low AVE. The researcher thus took the step of dropping out the items with a loading lower than 0.5 (Igarria, Zinatelli, Cragg and Cavage 1997) to see if there was any improvement on the convergent validity.

Therefore, 6 items suggested to be discarded at first stage. The measurement model was run again to assess their convergent reliability and this resulted in an increment to AVE for two (GQL & EmpyTOV) constructs. However, four (4) constructs (HPD, FO, CMI, EmpyPRD) were still found to have a value of AVE lower than 0.5. Then, the researcher took the step of discarding the items with a loading lower than 0.65 in order to improve convergent validity. Another 11 items with less than 0.65 loadings were dropped at second stage. The measurement model was then run again to test the convergent reliability. All AVEs for the constructs including HPD, FO, GQL, CMI, EmpyPRD and EmpyTOV met the requirement of 0.5. For an item to be reliable, a minimum loading of 0.7 is required indicating that more than 50% of the variance of the measure is accounted for by the respective construct (i.e. there exists more shared variance of the measure than error variance) (Hulland, 1999; Carmines and Zeller, 1979). Hulland (1999) and Carmines and Zeller (1979) also suggest 0.7. However, the researcher kept six items (HPD3, HPD5, MKW3, GQL8, EP1 & EL4) with loading above 0.65 (but less than 0.7) due to the importance of the dimension to be measured. The revised final model with 67 observed variables (included 47 reflective indicators and 20 formative indicators) was run again by discarding 17 items with loading below 0.65. Discarding these items was believed to prevent the lessening of the estimates of the relationship among the constructs. The loadings of these items, composite reliability and their respective AVEs are listed in Table 4.13 (see Appendix 8). The model passed the item reliability tests with the item loading in Table 4.13 (see Appendix 8) ranging in value from the lowest 0.656 for Mastery of Knowledge under Islam Hadhari's Principles to the highest of 0.930 for Perception of Non-Monetary Rewards.. As overall, the item reliability

assessment concluded that the remaining items all loaded highly on their respective construct. The items in High Power Distance, Femininity Orientation, Master of Knowledge, Good Quality of Life, Cultural and Moral Integrity, Perception of Non-Monetary Rewards and Perception Monetary Rewards, Employee Contribution, Employee Productivity, Employee Loyalty and Employee Turnover, which were adapted from previous studies, it shows adequate item reliability.

Thus, using guidelines proposed by Hulland (1999) and Carmines and Zeller (1979), the model displayed acceptable reliability values. It should be noted that one construct, Employee Turnover has two items (DET1 & DET3). However, this meets the minimum criterion for item loadings of having two items per construct (Rahim and Psenicka, 1996; Kline 1998; Rahim, Antonioni and Psenicka, 2001).

Table 4.14: Convergent validity

Construct	Composite Reliability (Fornell and Larcker Value)	AVE
High Power Distance	0.787	0.555
Femininity Orientation	0.873	0.697
Master of Knowledge	0.863	0.513
Good Quality Life	0.876	0.541
Cultural and Moral Integrity	0.874	0.635
Perception of Non-Monetary Rewards	0.930	0.626
Perception Monetary Rewards	0.913	0.637
Employee Contribution	0.840	0.637
Employee Productivity	0.797	0.569
Employee Loyalty	0.845	0.647
Employee Turnover	0.866	0.763

The result of convergent validity is detailed in Table 4.14. The study used Fornell and Larcker (1981) method to evaluate for internal consistency and adopted the reliability guideline of at least 0.70 as recommended by Nunnally (1978). The results showed that all constructs met the minimum value 0.7, with distributive construct exhibiting the highest reliability scores. Thus, the results also revealed that AVE values are greater than the benchmark value of 0.5 (Fornell & Larcker, 1981).

4.3.1.2 Discriminant validity

The test of discriminant validity measures the extent to which construct differs from the other constructs (Barclay et al., 1995). The first test of discriminant validity is that a construct

should not share more variance with its measurable items than other constructs in the model (Barclay et al., 1995). As per Fornel and Larcker (1981), this study used the square root of the AVE to assess the discriminant validity, as also suggested by Igbaria, Guimaraes and Davis (1995). However, Chin (1998) notes that if AVE is larger than the variance shared with other constructs then there is no need to calculate the square root as the results will automatically be larger than the AVE. According to Barclay et al., (1995), the model in this study is assessed to have acceptable discriminant validity if the square-root of the AVE of a construct is larger than its correlation with other constructs. In Table 4.15, the square-root of the AVE is represented by the diagonal values and the off-diagonal values indicate the correlation with the other constructs.

Therefore, for the model to demonstrate discriminant validity, the square roots of AVE should be greater than the correlation measurements in the corresponding rows and columns (Barclay et al., 1995). The results in Table 4.15 show that all items on the square roots of AVE are greater than the items in corresponding rows and columns. Consequently, the results show that all constructs in the model meet the first discriminant validity criterion. As per Barclay et al., (1995), the second discriminant validity criterion states that no item should load higher on another construct than the construct is supposed to measure. As illustrated in Table 4.16, details of the results of the cross loadings analysis were performed using the model output from PLS. The results show that all items loaded higher on the construct that they were measuring than they did on the other constructs in the model. For example, all three items (HPD3, HPD4, HPD5) for High Power Distance (HPD) construct, loaded higher on High Power Distance (HPD) construct, compared on the other constructs (FO, MKW, GQL, CMI, PNMR, PMR, EmPyCON, EmPyPRD, EmPyLOY & EmPyTOV). Therefore all constructs in the model meet the second discriminant validity criterion/norm.

Table 4.15: Correlations among constructs

	HPD	FO	MKW	GQL	CMI	PNMR	PMR	EmpyCON	EmpyPRD	EmpyLOY	EmpyTOV
HPD	0.745										
FO	-0.421	0.835									
MKW	-0.370	0.449	0.716								
GQL	-0.518	0.465	0.570	0.736							
CMI	-0.470	0.496	0.596	0.604	0.797						
PNMR	-0.370	0.631	0.591	0.593	0.556	0.791					
PMR	-0.347	0.540	0.558	0.615	0.584	0.712	0.798				
EmpyCON	-0.423	0.532	0.520	0.575	0.536	0.679	0.698	0.798			
EmpyPRD	-0.423	0.541	0.531	0.561	0.568	0.632	0.722	0.707	0.754		
EmpyLOY	-0.402	0.411	0.463	0.558	0.541	0.539	0.571	0.494	0.465	0.804	
EmpyTOV	-0.232	0.383	0.482	0.470	0.438	0.436	0.530	0.433	0.438	0.517	0.873

HPD - High Power Distance
FO - Femininity Orientation
MKW - Mastery of Knowledge
GQL - Good Quality of Life
CMI - Cultural and Moral Integrity
PNMR - Perception of Non-Monetary Rewards

PMR - Perception of Monetary Rewards
EmpyCON - Employee Contribution
EmpyPRD - Employee Production
EmpyLOY - Employee Loyalty
EmpyTOV - Employee Turnover

Note: The bold elements in the main diagonal are the square roots of AVE

Table 4.16: Table of Cross Loadings (329 Respondents)

	HPD	FO	MKW	GQL	CMI	PNMR	PMR	EmpyCON	EmpyPRD	EmpyLOY	EmpyTOV
HPD3	.678	-.298	-.166	-.388	-.288	-.209	-.259	-.246	-.278	-.247	-.144
HPD4	.847	-.347	-.351	-.438	-.427	-.338	-.296	-.404	-.349	-.382	-.247
HPD5	.697	-.295	-.290	-.326	-.319	-.266	-.217	-.275	-.316	-.251	-.109
FO7	-.256	.797	.390	.393	.370	.524	.403	.458	.417	.321	.294
FO8	-.424	.842	.349	.392	.414	.501	.462	.471	.469	.295	.266
FO9	-.371	.864	.385	.381	.454	.555	.484	.409	.467	.409	.393
MKW1	-.300	.295	.721	.373	.413	.347	.398	.321	.372	.206	.339
MKW2	-.253	.279	.702	.434	.473	.483	.413	.385	.381	.427	.418
MKW3	-.195	.309	.656	.314	.325	.385	.299	.380	.283	.206	.293
MKW4	-.300	.266	.715	.463	.440	.409	.433	.323	.394	.422	.423
MKW5	-.347	.364	.744	.426	.492	.392	.400	.377	.408	.369	.337
MKW6	-.203	.409	.739	.422	.405	.500	.436	.440	.427	.322	.259
GQL1	-.388	.351	.476	.786	.518	.492	.485	.421	.467	.503	.357
GQL2	-.434	.448	.493	.776	.458	.535	.554	.533	.463	.448	.394
GQL3	-.445	.417	.502	.735	.543	.406	.400	.430	.474	.430	.322
GQL4	-.343	.268	.314	.747	.378	.354	.394	.363	.329	.370	.339
GQL5	-.353	.301	.327	.704	.360	.346	.387	.422	.367	.310	.241
GQL8	-.309	.234	.364	.659	.387	.430	.452	.339	.350	.368	.393
CMI3	-.431	.441	.447	.514	.832	.458	.482	.401	.461	.450	.323
CMI4	-.312	.307	.476	.426	.812	.352	.421	.428	.428	.335	.337
CMI5	-.325	.403	.518	.454	.809	.504	.449	.397	.469	.407	.420
CMI6	-.416	.411	.454	.518	.730	.438	.499	.482	.443	.514	.311
PNMR1	-.281	.488	.488	.491	.455	.806	.593	.619	.555	.393	.419
PNMR2	-.237	.523	.550	.474	.465	.836	.550	.563	.457	.494	.348
PNMR4	-.382	.440	.513	.516	.475	.806	.548	.569	.485	.440	.325
PNMR5	-.268	.438	.497	.485	.409	.803	.488	.480	.424	.455	.300
PNMR6	-.293	.474	.401	.431	.408	.733	.477	.531	.460	.332	.271
PNMR7	-.250	.545	.385	.481	.378	.804	.606	.558	.528	.415	.353
PNMR8	-.350	.584	.413	.438	.437	.757	.615	.518	.567	.449	.389
PNMR9	-.281	.495	.492	.433	.489	.782	.615	.447	.510	.427	.335
PMR1	-.300	.407	.435	.521	.505	.602	.766	.480	.580	.442	.378
PMR2	-.223	.426	.561	.527	.445	.620	.853	.527	.620	.519	.505
PMR3	-.284	.483	.477	.572	.469	.569	.848	.601	.577	.466	.468
PMR4	-.275	.432	.368	.465	.482	.561	.817	.627	.602	.497	.398
PMR5	-.285	.374	.369	.362	.473	.503	.702	.557	.502	.356	.300
PMR6	-.306	.458	.452	.484	.431	.551	.792	.555	.573	.440	.471
EC1	-.359	.377	.423	.511	.484	.508	.583	.824	.583	.395	.353
EC2	-.311	.348	.424	.345	.413	.463	.383	.755	.447	.264	.253
EC3	-.341	.520	.407	.493	.395	.629	.655	.813	.631	.483	.405
EP1	-.366	.191	.379	.484	.446	.350	.481	.571	.668	.409	.269
EP2	-.229	.411	.421	.228	.304	.411	.461	.493	.730	.207	.248
EP3	-.359	.566	.413	.529	.514	.622	.662	.551	.853	.420	.439
EL2	-.379	.345	.437	.566	.530	.483	.532	.526	.452	.879	.446
EL3	-.314	.333	.324	.482	.351	.457	.457	.372	.333	.827	.456
EL4	-.267	.317	.354	.256	.421	.347	.374	.261	.327	.697	.334
DET1	-.129	.284	.397	.410	.405	.326	.510	.340	.376	.423	.890
DET3	-.287	.393	.450	.412	.359	.443	.411	.423	.390	.485	.857

4.3.2 Assessment of structural model

The structural model was assessed using the PLS bootstrapping method in this study. This method was used to calculate the statistical significance of the loadings and path coefficients (Chin and Newsted, 1999). The bootstrapping technique employs a test which finds the t-values and the results are used to interpret the significance of the paths between the constructs (Barclay et al., 1995). R^2 values are also produced which measure the predictive power of the model for the endogenous constructs (Barclay et al., 1995; Hulland, 1999). The R^2 values are interpreted in a similar manner to results of the multiple regression analysis (Barclay et al., 1995). The R^2 values for the main model are detailed in Table 4.17 below. Table 4.17 shows the R^2 values according to the category of size and status of ownership of the private organizations in Malaysia. The values of R^2 of observed constructs in the survey are acceptable with values greater than 0.5 (Holmes-Smith, 2001)

The values of R^2 of observed constructs in the national survey (329 respondents) are acceptable with values greater than 0.5, ranging from 0.582 (Perception Monetary Rewards) to 0.550 (Employee Productivity). Overall, the model explains 56% of the variance in Employee Contribution, 55% of the variance in Employee Productivity, which is reasonable good for the construct of Reward Programs Influences.

However, the model explains 36% of the variance in Employee Loyalty, 29% of the variance in Employee Turnover which reflects a weak relationship and reveals the weak measurement within the structural part of model. However, it is still better than the minimum acceptable value of R^2 of 10% (Santosa et al., 2005).

The values of R^2 of observed constructs in the group of large private organizations (223 respondents) are acceptable with values greater than 0.5, ranging from 0.647 (Employee Contribution) to 0.558 (Employee Productivity). The R^2 values for the category of sizes and status of ownership of the organizations. Therefore, the model explains 60% of the variance in Perception of Non-Monetary Rewards, and 62% of the variance in Perception of Monetary Rewards. The model also explains 64% of the variance in Employee Contribution, 56% of the variance in Employee Productivity, which is reasonable good for the construct of Reward Programs Influences.

Table 4.17: R² values for main model
(Organizational size and ownership status)

CONSTRUCT	Overall (R ²)	Organizational Size (R ²)		Organizational Status of Ownership (R ²)	
		Large	Small & medium	Local	Foreign
Perception of Non-Monetary Rewards	0.578	0.601	0.608	0.700	0.719
Perception Monetary Rewards	0.582	0.624	0.712	0.660	0.587
Employee Contribution	0.555	0.647	0.444	0.666	0.425
Employee Productivity	0.550	0.558	0.597	0.495	0.539
Employee Loyalty	0.362	0.404	0.462	0.411	0.445
Employee Turnover	0.288	0.295	0.345	0.352	0.213

Thus, the model continues to explain the percentage of the variance in variables for the group of small and medium private organizations in Malaysia. The model explains 60% of the variance in Perception of Non-Monetary Rewards, and 71% of the variance in Perception of Monetary Rewards. The model also explains 59% of the variance in Employee Productivity, which is reasonable good for the construct of Reward Programs Influences. In spite of this, 44% of the variance in Employee Contribution, 46% of the variance in Employee Loyalty and 34% of the variance in Employee Turnover which show a weak relationship in the path model.

With reference to Table 4.17 also, the model explains the variance of the variables for the group of local private organizations in Malaysia. The model shows that 70% of the variance in Perception of Non-Monetary Rewards, and 66% of the variance in Perception of Monetary Rewards. Thus, the model also explains 66% of the variance in Employee Contribution, which is reasonable good for the construct of Reward Programs Influences. Nonetheless, 49% of the variance in Employee Productivity, 41% of the variance in Employee Loyalty and 35% of the variance in Employee Turnover which show a weak relationship in the path model.

Then again, the model explains 71% of the variance in Perception of Non-Monetary for the group of foreign private organizations In Malaysia. The model also explains 58% of the variance in Perception of Monetary Rewards, and 59% of the variance in Employee Productivity which is reasonable good for the construct of Reward Programs Influences.

Conversely, the model explains 42% of the variance in Employee Contribution, 44% of the variance in Employee Loyalty and 21% of the variance in Employee Turnover which show a weak relationship in the path model.

In the structural model, there are 8 independent latent variables (exogenous variables) and 6 dependent variables (endogenous variables) (see Figure 4.1). The 8 independent latent variables factors are: High Power Distance, Femininity Orientation, Mastery of Knowledge, Balance and Comprehensive Economic Development, Good Quality of Life, Cultural and Moral Integrity, Environmental Factors (Internal) and Environmental Factors (External). The 6 dependent latent variables are: Perception of Non-Monetary Rewards, Perception of Monetary Rewards, Employee Contribution, Employee Productivity, Employee Loyalty and Employee Turnover.

Twenty-Four hypotheses developed in Chapter 3 were tested in structural model. The relationship amongst dependent and independent variables are shown in PLS path diagram (Figure 4.1). Table 4.18 presents the tests of hypotheses which will be discussed later in this chapter.

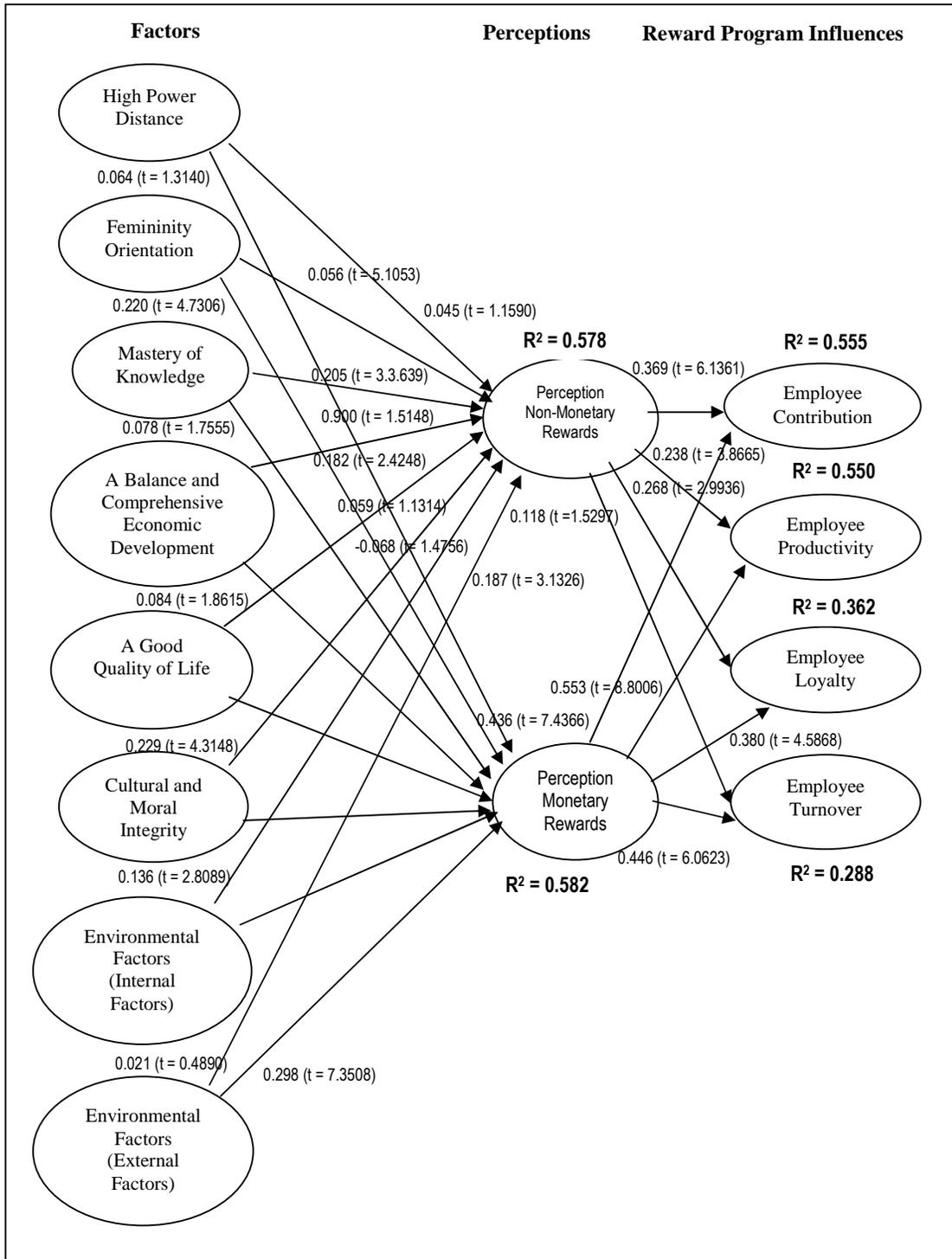


Figure 4.1: Structural Model for main model (n=329)

Table 4.18: Test of hypothesis for main model

Hypothesis		Standardized Path Coefficient	t-value	
H1a (-)	HPD → PNMR	0.0460	1.1590	Not supported
H2a (+)	FO → PNMR	0.3750	5.1053***	Supported
H3a (+)	MKW → PNMR	0.2050	3.3639***	Supported
H4a (+)	BCED → PNMR	0.0900	1.5148	Not supported
H5a (+)	GQL → PNMR	0.1820	2.4248**	Supported
H6a (+)	CMI → PNMR	0.0590	1.1314	Not supported
H7a (+)	ITF → PNMR	-0.0680	1.4756	Not supported
H8a (+)	EXF → PNMR	0.1870	3.1326**	Supported
H1b (+)	HPD → PMR	0.0640	1.3140	Not supported
H2b (-)	FO → PMR	0.2200	4.7306***	Not supported
H3b (+)	MKW → PMR	0.0780	1.7555*	Supported
H4b (+)	BCED → PMR	0.0840	1.8615*	Supported
H5b (+)	GQL → PMR	0.2290	4.3148***	Supported
H6b (+)	CMI → PMR	0.1360	2.8089**	Supported
H7b (+)	ITF → PMR	0.0210	0.4890	Not supported
H8b (+)	EXF → PMR	0.2980	7.3508***	Supported
H9 (+)	PNMR → EmPyCON	0.3690	6.1361***	Supported
H10 (+)	PMR → EmPyCON	0.4360	7.4366***	Supported
H11(+)	PNMR → EmPyPRD	0.2380	3.8665***	Supported
H12 (+)	PMR → EmPyPRD	0.5530	8.8006***	Supported
H13 (+)	PNMR → EmPyLOY	0.2680	2.9936**	Supported
H14 (+)	PMR → EmPyLOY	0.3800	4.5868***	Supported
H15 (+)	PNMR → EmPyTOV	0.1180	1.5297	Not supported
H16 (+)	PMR → EmPyTOV	0.4460	6.0623***	Supported

Note:

* Indicates significance at $t_{0.05} > 1.645$

** Indicates significance at $t_{0.01} > 2.326$

*** Indicates significance at $t_{0.001} > 3.090$

4.4 Moderation effect

PLS was used to test the moderating effects of organizational size and organizational status of ownership within the model as per hypotheses 17 and 18.

4.4.1 Organizational Size:

4.4.1.1 Discriminant validity and Cross loadings matrix for moderation effect

The organizational size was divided and categorized into small, medium and large. The small and medium organization referred to less than 500 employees (Nafukho, Graham and Muyia, 2009; Barber, Wesson, Roberson and Taylor, 1999) and large organization referred to greater than 501 employees (Ford, 2009; Lluís, 2009).

The model is inferred to have acceptable discriminant validity if the square root of AVE of a construct is larger than its correlation with other constructs (Barclay et al., 1995). Table 4.19 presents evidence relevant to the discriminant validity of the construct for small and medium private organizations. The square root of AVE is represented by the diagonal values while off-diagonal values reflect the correlation with the other constructs. Table 4.19 reveals that all constructs for small and medium private organizations on the square roots of AVE are greater than the constructs in corresponding rows and columns. This reflects the first discriminant validity norms were met for all constructs in the model. For example, the correlation between PMNR and GQL (0.626), and PMNR and CMI (0.564) are high in this study. Consequently, the results show that all constructs in the model meet the first discriminant validity criterion.

The results of the cross loadings analysis according to the organizational sizes were performed using the model output from PLS is detailed in Table 4.20 for the small and medium size private organizations and Table 4.22 for the large private organizations. The discriminant validity is further assessed by using the cross loading analysis. As refer to Barclay et al., (1995) also, this second discriminant validity criterion states that no item should load higher on another item than the item is supposed to measure. Table 4.20 shows that 106 respondents were from small and medium private organizations. There were 40 items loaded after the elimination exercise was done to get an acceptable item loading (highlighted in bold) and passed the item reliability tests; thus all items loadings are greater than the items in corresponding rows and columns.

Table 4.19: Correlations among constructs for small and medium private organizations

	HPD	FO	MKW	GQL	CMI	PNMR	PMR	EmpyCON	EmpyPRD	EmpyLOY	EmpyTOV
HPD	0.789										
FO	-0.268	0.817									
MKW	-0.322	0.310	0.816								
GQL	-0.468	0.603	0.543	0.735							
CMI	-0.370	0.542	0.457	0.521	0.735						
PNMR	-0.478	0.635	0.489	0.626	0.564	0.767					
PMR	-0.310	0.640	0.387	0.606	0.604	0.754	0.819				
EmpyCON	-0.388	0.630	0.318	0.593	0.460	0.591	0.648	0.902			
EmpyPRD	-0.221	0.645	0.393	0.610	0.531	0.646	0.766	0.537	0.840		
EmpyLOY	-0.545	0.541	0.453	0.624	0.501	0.645	0.627	0.653	0.430	0.832	
EmpyTOV	-0.360	0.476	0.548	0.501	0.511	0.544	0.556	0.398	0.500	0.517	0.857

HPD - High Power Distance
FO - Femininity Orientation
MKW - Mastery of Knowledge
GQL - Good Quality of Life
CMI - Cultural and Moral Integrity
PNMR - Perception of Non-Monetary Rewards

PMR - Perception of Monetary Rewards
EmpyCON - Employee Contribution
EmpyPRD - Employee Production
EmpyLOY - Employee Loyalty
EmpyTOV - Employee Turnover

Note: The bold elements in the main diagonal are the square roots of AVE

Table 4.20: Cross Loadings Matrix for small and medium private organizations (106)

	HPD	FO	MKW	GQL	CMI	PNMR	PMR	EmpyCON	EmpyPRD	EmpyLOY	EmpyTOV
HPD2	0.669	-.019	-.045	-.264	-.037	-.325	-.103	-.103	-.092	-.243	-.201
HPD4	0.892	-.337	-.391	-.448	-.459	-.424	-.341	-.441	-.232	-.560	-.345
FO7	-.125	.695	.164	.546	.308	.421	.416	.552	.400	.394	.275
FO8	-.262	.885	.252	.503	.498	.513	.550	.594	.541	.481	.356
FO9	-.252	.859	.322	.454	.497	.605	.586	.429	.616	.450	.507
MKW1	-.267	.245	.761	.481	.451	.401	.337	.206	.363	.254	.496
MKW4	-.301	.223	.849	.415	.270	.426	.260	.234	.311	.343	.397
MKW5	-.220	.289	.836	.427	.389	.367	.346	.339	.284	.515	.444
GQL1	-.497	.486	.565	.802	.445	.516	.462	.399	.550	.423	.344
GQL2	-.321	.434	.474	.807	.388	.482	.523	.530	.507	.494	.364
GQL3	-.339	.502	.290	.687	.453	.490	.454	.447	.388	.487	.431
GQL4	-.137	.358	.327	.654	.368	.392	.349	.249	.334	.462	.413
GQL5	-.391	.423	.307	.714	.245	.402	.420	.532	.439	.431	.299
CMI3	-.422	.399	.467	.477	.762	.486	.524	.412	.449	.482	.358
CMI4	-.210	.289	.182	.228	.700	.272	.295	.329	.240	.117	.359
CMI5	-.160	.357	.389	.434	.784	.422	.414	.264	.434	.298	.390
CMI6	-.251	.509	.240	.333	.690	.423	.480	.335	.384	.468	.396
PNMR1	-.347	.445	.467	.405	.416	.683	.464	.461	.437	.483	.376
PNMR2	-.379	.554	.513	.584	.532	.777	.565	.511	.396	.540	.497
PNMR4	-.318	.525	.420	.432	.457	.835	.591	.394	.496	.446	.520
PNMR5	-.281	.273	.442	.427	.304	.793	.601	.352	.443	.460	.445
PNMR6	-.226	.418	.144	.379	.295	.721	.479	.338	.437	.315	.366
PNMR7	-.542	.584	.329	.574	.391	.746	.619	.564	.496	.691	.340
PNMR8	-.460	.568	.324	.498	.612	.769	.669	.548	.630	.516	.395
PNMR9	-.294	.452	.314	.479	.374	.801	.599	.380	.597	.421	.391
PMR1	-.314	.525	.206	.473	.384	.626	.721	.355	.690	.395	.359
PMR2	-.245	.560	.435	.586	.550	.702	.924	.559	.724	.553	.624
PMR3	-.257	.605	.382	.655	.497	.647	.881	.638	.718	.614	.621
PMR4	-.229	.529	.179	.413	.516	.531	.833	.588	.509	.577	.421
PMR5	-.101	.409	.375	.355	.559	.504	.712	.403	.562	.427	.284
PMR6	-.377	.501	.305	.447	.471	.692	.821	.596	.554	.483	.342
EC1	-.271	.577	.369	.533	.406	.558	.550	.897	.478	.492	.322
EC3	-.424	.560	.208	.537	.423	.508	.616	.906	.491	.681	.394
EP2	-.165	.333	.243	.451	.376	.474	.525	.403	.783	.310	.332
EP3	-.204	.701	.398	.564	.503	.599	.738	.492	.893	.404	.490
EL2	-.506	.466	.292	.495	.438	.505	.513	.668	.333	.857	.366
EL3	-.377	.356	.248	.517	.283	.462	.429	.402	.272	.788	.333
EL4	-.469	.508	.545	.543	.500	.622	.601	.547	.444	.849	.558
DET1	-.294	.480	.494	.493	.539	.537	.607	.358	.538	.462	.937
DET3	-.357	.305	.458	.343	.282	.367	.271	.333	.258	.438	.769

The results of cross loadings analysis in Table 4.20, for example, all three items (MKW1: 0.761, MKW4: 0.849, MKW5: 0.836) for Mastery of Knowledge (MKW) construct, loaded higher on the Mastery of Knowledge (MKW) construct, compared on the other constructs (HPD, FO, GQL, CMI, PNMR, PMR, EmphyCON, EmphyPRD, EmphyLOY and EmphyTOV);

except the items in the corresponding row of EP3 (Employee Productivity – the measures used to monitor my performance are the most appropriate for my job) and column FO (Femininity Orientation) and column PMR (Perception of Monetary Reward) were 0.701 and 0.738 respectively (in the circle). The items in the corresponding row of PMR2 (Perceptions Monetary Rewards - opportunity for higher earnings in the company) and PMR6 (Perceptions Monetary Rewards – the current pay policy is flexible enough to allow my manager to use pay to motivate) and column PNMR (Perceptions of Non-Monetary Rewards) were 0.702 and 0.692 respectively. The above mentioned items showed higher loaded on another item than on the item is supposed to measure. However, the items were still remained in the loading because the items were important to the construct in this study to measure the individual perception towards the non-monetary and monetary rewards. In addition, their exclusion does not affect the results. The results also show that all items loadings for the small and medium private organizations that they measured in the model. Thus, all constructs in the model meet the second discriminant validity criterion.

As indicated before in section 4.3.1.2, the square root of AVE values should be greater than the correlation measurements in the corresponding rows and columns (Barclay *et al.*, 1995). Therefore, the results in Table 4.21 show that all constructs for large private organizations on the square roots of AVE are greater (for example: HPD: 0.796) than the constructs in corresponding rows and columns. Consequently, the results show that all constructs in the model meet the first discriminant validity criterion.

Thus, Table 4.22 shows that 106 respondents were from large private organizations. There were 50 items loaded after the removal low-loading items were done to get an acceptable item loading and passed the item reliability tests. According to Barclay *et al.*, (1995) also, the second discriminant validity criterion states that no item should load higher on another item than the item is supposed to measure. As illustrated in Table 4.22, details of the results of the cross loadings analysis were performed using the model output from PLS. The results showed all items loading highlighted in bold in the cross loadings matrix were loaded higher on the construct to be measured for the large private organizations. All three items (HPD3: 0.709, HPD4: 0.861 and HPD5: 0.812) for High power distance (HPD) construct, loaded higher on the High power distance (HPD) construct, compared on the other constructs (FO, MKW, GQL, CMI, PNMR, PMR, EmPyCON, EmPyPRD, EmPyLOY and EmPyTOV). Therefore, all constructs in the model meet the second discriminant validity criterion.

Table 4.21: Correlations among constructs for large private organizations

	HPD	FO	MKW	GQL	CMI	PNMR	PMR	EmpyCON	EmpyPRD	EmpyLOY	EmpyTOV
HPD	0.796										
FO	-0.481	0.752									
MKW	-0.351	0.574	0.739								
GQL	-0.519	0.467	0.577	0.742							
CMI	-0.478	0.593	0.631	0.666	0.816						
PNMR	-0.355	0.642	0.607	0.560	0.568	0.804					
PMR	-0.335	0.557	0.606	0.611	0.596	0.700	0.790				
EmpyCON	-0.453	0.547	0.582	0.555	0.592	0.727	0.755	0.794			
EmpyPRD	-0.448	0.569	0.561	0.526	0.618	0.640	0.723	0.752	0.766		
EmpyLOY	-0.431	0.470	0.478	0.656	0.577	0.588	0.585	0.533	0.500	0.796	
EmpyTOV	-0.207	0.424	0.434	0.461	0.430	0.415	0.541	0.449	0.443	0.535	0.877

HPD - High Power Distance
FO - Femininity Orientation
MKW - Mastery of Knowledge
GQL - Good Quality of Life
CMI - Cultural and Moral Integrity
PNMR - Perception of Non-Monetary Rewards

PMR - Perception of Monetary Rewards
EmpyCON - Employee Contribution
EmpyPRD - Employee Production
EmpyLOY - Employee Loyalty
EmpyTOV - Employee Turnover

Note: The bold elements in the main diagonal are the square roots of AVE

Table 4.22: Cross Loadings Matrix for large private organizations (223)

	HPD	FO	MKW	GQL	CMI	PNMR	PMR	EmpyCON	EmpyPRD	EmpyLOY	EmpyTOV
HPD3	.709	-.383	-.128	-.385	-.330	-.204	-.279	-.271	-.332	-.289	-.153
HPD4	.861	-.390	-.344	-.449	-.426	-.314	-.278	-.420	-.388	-.356	-.210
HPD5	.812	-.380	-.343	-.405	-.382	-.319	-.248	-.379	-.350	-.378	-.129
FO5	-.367	.679	.444	.344	.547	.428	.423	.438	.411	.376	.302
FO6	-.353	.696	.485	.417	.458	.347	.407	.342	.418	.376	.369
FO7	-.277	.800	.475	.320	.418	.568	.398	.395	.424	.327	.319
FO8	-.441	.753	.372	.341	.387	.500	.422	.452	.450	.285	.238
FO9	-.379	.821	.400	.354	.441	.542	.447	.425	.441	.413	.377
MKW1	-.261	.399	.717	.353	.412	.330	.433	.387	.415	.201	.274
MKW2	-.260	.394	.748	.475	.534	.482	.448	.485	.433	.479	.412
MKW3	-.219	.432	.713	.336	.357	.464	.324	.430	.294	.332	.266
MKW4	-.267	.388	.733	.532	.502	.423	.528	.412	.448	.440	.445
MKW5	-.351	.451	.750	.450	.534	.408	.427	.411	.433	.299	.289
MKW6	-.213	.480	.773	.397	.449	.554	.500	.451	.447	.339	.234
GQL1	-.346	.359	.488	.801	.567	.491	.495	.445	.446	.614	.381
GQL2	-.415	.485	.523	.759	.506	.557	.572	.534	.448	.514	.420
GQL3	-.490	.523	.534	.739	.591	.388	.396	.390	.481	.517	.313
GQL4	-.417	.251	.299	.765	.416	.355	.433	.352	.297	.475	.333
GQL5	-.351	.249	.332	.724	.423	.329	.371	.395	.328	.417	.211
GQL6	-.343	.238	.347	.697	.468	.238	.309	.336	.264	.312	.246
GQL8	-.339	.246	.406	.708	.471	.425	.496	.368	.401	.476	.405
CMI3	-.406	.521	.463	.534	.859	.455	.477	.418	.497	.470	.315
CMI4	-.328	.435	.530	.500	.839	.382	.478	.462	.515	.411	.335
CMI5	-.345	.519	.556	.490	.816	.544	.470	.465	.517	.439	.446
CMI6	-.474	.449	.503	.640	.745	.455	.514	.576	.483	.553	.295
PNMR1	-.255	.519	.519	.471	.498	.859	.661	.657	.590	.468	.457
PNMR2	-.216	.512	.544	.421	.455	.855	.550	.581	.480	.529	.315
PNMR4	-.404	.469	.504	.521	.499	.795	.533	.633	.505	.490	.261
PNMR5	-.251	.538	.500	.484	.448	.808	.442	.559	.432	.460	.262
PNMR6	-.326	.513	.446	.447	.450	.735	.479	.600	.501	.432	.248
PNMR7	-.188	.472	.411	.428	.391	.829	.599	.576	.516	.423	.370
PNMR8	-.331	.558	.434	.403	.377	.754	.590	.540	.555	.477	.405
PNMR9	-.309	.553	.538	.427	.529	.787	.631	.523	.521	.496	.329
PMR1	-.291	.437	.524	.521	.564	.598	.790	.581	.574	.535	.392
PMR2	-.174	.418	.595	.503	.418	.590	.817	.535	.604	.546	.472
PMR3	-.260	.472	.482	.530	.475	.539	.831	.599	.532	.445	.411
PMR4	-.285	.435	.372	.484	.480	.578	.816	.651	.615	.467	.413
PMR5	-.286	.416	.393	.374	.455	.509	.703	.656	.518	.356	.329
PMR6	-.298	.459	.495	.475	.432	.498	.774	.561	.577	.406	.536
EC1	-.373	.346	.430	.508	.533	.497	.611	.791	.608	.399	.370
EC2	-.380	.460	.461	.352	.481	.526	.471	.797	.502	.306	.248
EC3	-.333	.487	.490	.450	.409	.681	.682	.794	.658	.527	.424
EP1	-.421	.327	.404	.499	.568	.417	.566	.631	.736	.447	.316
EP2	-.234	.417	.464	.159	.301	.387	.436	.503	.684	.175	.225
EP3	-.363	.550	.439	.499	.524	.631	.638	.597	.867	.479	.444
EL1	-.392	.366	.345	.484	.436	.466	.364	.375	.371	.696	.280
EL2	-.361	.399	.459	.611	.562	.484	.548	.513	.477	.866	.474
EL3	-.282	.359	.330	.463	.372	.457	.469	.374	.340	.818	.508
DET1	-.078	.268	.332	.395	.361	.248	.470	.323	.337	.393	.867
DET3	-.277	.469	.427	.413	.392	.471	.479	.460	.437	.540	.888

4.4.1.2 Assessment of structural model for moderation effect

The path coefficients and t-statistic results of the bootstrapping technique are summarized according to the moderating variable which is the organizational size in Table 4.23 for the large and small and medium private organizations. The researcher calculated a pooled error term t-test to determine statistical significance of the different path coefficients by size of the private organizations in Malaysia. Most loadings, composite reliabilities, and average variances extracted for each sub-sample pass the required thresholds described earlier (Table 4.23).

Table 4.23: Results of Pooled Error Term t-Tests by Subgroup
(large and small & medium private organizations)

Path	329 Respondents		Organizational Size					
	Path Coeff.	t-value	Large (223)			Small & Medium (106)		
			Path Coeff.	SE from bootstrap	t-value	Path Coeff.	SE from bootstrap	t-value
H1a (-) : (HPD → PNMR)	0.0460	1.1590	0.0100	0.0520	0.1923	-0.2850	0.0812	3.5114***
H2a (+) : (FO → PNMR)	0.3750	5.1053***	0.3350	0.0833	4.0221***	0.4120	0.0782	5.2656***
H3a (+) : (MKW → PNMR)	0.2050	3.3639***	0.1490	0.0622	2.3970**	0.2610	0.1081	2.4140**
H4a (+) : (BCED → PNMR)	0.0900	1.5148	0.1250	0.0592	2.1115*	-0.1850	0.1098	1.6853*
H5a (+) : (GQL → PNMR)	0.1820	2.4248**	0.1410	0.0793	1.7781*	0.1760	0.0892	1.9736*
H6a (+) : (CMI → PNMR)	0.0590	1.1314	-0.0350	0.0824	0.4246	0.0760	0.0876	0.8677
H7a(+) : (ITF → PNMR)	-0.0680	1.4756	0.0170	0.0628	0.2707	0.0950	0.1740	0.5461
H8a(+) : (EXF → PNMR)	0.1870	3.1326***	0.2900	0.0677	4.2823***	-0.0430	0.0856	0.5023
H1b (+) : (HPD → PMR)	0.0640	1.3140	0.0170	0.0545	0.3120	-0.1520	0.0714	2.1286*
H2b (-) : (FO → PMR)	0.2200	4.7306***	0.1310	0.0503	2.6028**	0.4170	0.1007	4.1418***
H3b (+) : (MKW → PMR)	0.0780	1.7555*	0.1160	0.0516	2.2466*	0.0750	0.0806	0.9301
H4b (+) : (BCED → PMR)	0.0840	1.8615*	0.1690	0.0548	3.0814***	-0.1400	0.0949	1.4745
H5b (+) : (GQL → PMR)	0.2290	4.3148***	0.2110	0.0624	3.3829***	0.0980	0.0996	0.9838
H6b (+) : (CMI → PMR)	0.1360	2.8089**	0.0130	0.0580	0.2241	0.1300	0.0788	1.6500*
H7b(+) : (ITF → PMR)	0.0210	0.4890	0.1100	0.0620	1.7730*	0.3360	0.1707	1.9680*
H8b(+) : (EXF → PMR)	0.2980	7.3508***	0.3230	0.0609	5.3056***	0.2730	0.0648	4.2138***
H9(+) : (PNMR → EmPyCON)	0.3690	6.1361***	0.3900	0.0561	6.9487***	0.2370	0.1175	2.0177*
H10(+) : (PMR → EmPyCON)	0.4360	7.4366***	0.4810	0.0604	7.9653***	0.4690	0.0929	5.0474***
H11(+) : (PNMR → EmPyPRD)	0.2380	3.8665***	0.2610	0.0733	3.5598***	0.1570	0.1164	1.3489
H12(+) : (PMR → EmPyPRD)	0.5530	8.8006***	0.5400	0.0725	7.4527***	0.6470	0.1041	6.2159***
H13(+) : (PNMR → EmPyLOY)	0.2680	2.9936**	0.3500	0.1072	3.2659**	0.3990	0.1380	2.8912**
H14 (+) : (PMR → EmPyLOY)	0.3800	4.5868***	0.3400	0.1034	3.2881**	0.3260	0.1381	2.3606**
H15(+) : (PNMR → EmPyTOV)	0.1180	1.5297	0.0710	0.0892	0.7963	0.2880	0.1768	1.6290
H16(+) : (PMR → EmPyTOV)	0.4460	6.0623***	0.4910	0.0868	5.6563***	0.3390	0.1736	1.9524*

Note:

* Indicates significance at $t_{0.05} > 1.645$

** Indicates significance at $t_{0.01} > 2.326$

*** Indicates significance at $t_{0.001} > 3.090$

4.4.1.3 Testing of Moderation by Multi-Group analysis with PLS

The researcher applied the approach recommended by Chin (2004), which is the most expedient, and to treat the estimates of the re-sampling in a parametric sense via t-tests. Chin (2004) indicates that a parametric assumption can be made and take the standard errors for the structural paths provided by PLS-Graph in the re-sampling output and need to do hand calculate the t-test for the difference in paths between groups. Thus, the researcher did the hand calculate the t-test for the between small and medium, and also large organizations in Malaysia. According to Chin (2004) also basically, to run bootstrap re-samplings for the various groups and treat the standard error estimates from each re-sampling in a parametric sense via t-tests. The calculation of the pooled estimator for the variance, which the complete formula is as follows:

(i)

$$t = \frac{Path_{sample_1} - Path_{sample_2}}{\sqrt{\left[\frac{(m-1)^2}{(m+n-2)} * S.E.^2_{sample1} + \frac{(n-1)^2}{(m+n-2)} * S.E.^2_{sample2} \right]} * \left[\sqrt{\frac{1}{m} + \frac{1}{n}} \right]}$$

As per above formula, it would follow a t-distribution with m+n-2 degrees of freedom. However, there is an assumption that the underlying weights in the formation of constructs for each grouping are approximately equivalent in this approach. Overall, this approach works reasonably well if the two samples are not too non normal and/or the two variances are not too different from one another. A Smith-Satterthwait test can be applied if the variances for the two samples are assumed different (Chin, 2004).

The formula is as follows:

(ii)

$$t = \frac{Path_{sample_1} - Path_{sample_2}}{\sqrt{S.E.^2_{sample1} + S.E.^2_{sample2}}}$$

The researcher did a calculation the t-test for the difference in paths between groups, between small and medium companies and large companies in Malaysia. The above formula was applied to get the value of t. Hence, the t values are detailed in Table 4.29. Chin (2004) also states that unless the N's are large, the degrees of freedom need to be calculated as follows:

(iii)

$$df = \text{round to nearest integer} \left[\frac{(S.E.^2_{sample1} + S.E.^2_{sample2})^2}{\left(\frac{S.E.^2_{sample1}}{m+1} + \frac{S.E.^2_{sample2}}{n+1} \right)} - 2 \right]$$

The only difference between the first and second procedure is the assumption of equal variances for the two populations. If the variances are equal, the second procedure would be less efficient. But for large samples, both procedures should yield similar results when the variances are equal (Chin, 2004).

Using the two formula above (ii and iii), which shows the details of the results in Table 4.24. The details of t values and the degrees of freedom for small and medium and large private organizations according to the paths respectively are shown in Table 4.24.

Table 4.24: t values and degrees of freedom for the small and medium and large private organizations

Path	t	df
H2a (+) : (FO → PNMR)	-0.6739	-0.0664
H3a (+) : (MKW → PNMR)	-0.8980	1.9128
H4a (+) : (BCED → PNMR)	2.4851	1.8870
H5a (+) : (GQL → PNMR)	-0.2932	1.9810
H2b (-) : (FO → PMR)	-2.5408	1.5136
H7b(+) : (ITF → PMR)	-1.2444	3.7579
H8b(+) : (EXF → PMR)	0.5623	1.1207
H9(+) : (PNMR → EmPyCON)	1.1751	2.0088
H10(+) : (PMR → EmPyCON)	0.1083	1.5552
H12(+) : (PMR → EmPyPRD)	-0.8435	2.0761
H13(+) : (PNMR → EmPyLOY)	-0.2804	4.0667
H14(+) : (PMR → EmPyLOY)	0.0811	3.9202
H16(+) : (PMR → EmPyTOV)	0.7831	4.5010

4.4.2 Organizational Status of Ownership:

4.4.2.1 Discriminant validity and Cross loadings matrix for moderation effect

The results in Table 4.25 show that all items for local private organizations on the square roots of AVE are greater than the constructs (for example: FO: 0.838) in corresponding rows and columns. Consequently, the results show that all constructs in the model meet the first discriminant validity criterion.

Table 4.26 shows the cross loadings matrix for the local private organizations. It should be noted that Table 4.26 illustrated details of the results of the cross loadings analysis were performed using the model output from PLS. There were 202 respondents from private organizations who participated in this study. There were 42 items loaded after the removal low-loading items were done to get an acceptable item loading and passed the item reliability tests. The results showed all items loading highlighted in bold in the cross loadings matrix were loaded higher on the construct to be measured for the large private organizations. For example, all three items (FO7: 0.819, FO8: 0.842 and FO9: 0.854) for Femininity orientation (FO) construct, loaded higher on the Femininity orientation (FO) construct, compared on the other constructs (HPD, MKW, GQL, CMI, PNMR, PMR, EmphyCON, EmphyPRD, EmphyLOY and EmphyTOV). Therefore all constructs in the model meet the second discriminant validity criterion

The results in Table 4.27 show that all items for foreign private organizations on the square roots of AVE are greater than the items in corresponding rows and columns. For example; GQL (0.784) construct values is higher than the constructs HPD, FO, MKW, CMI, PMNR, PMR, EmphyCON, EmphyPRD, EmphyLOY and EmphyTOV in the corresponding rows and columns. Consequently, the results show that all constructs in the model meet the first discriminant validity criterion. Meanwhile, Table 4.28 shows the cross loading matrix for foreign private organizations. There were 127 respondents from private organizations who participated in this study. There were 37 items loaded after the removal low-loading items were done to get an acceptable item loading and passed the item reliability tests. Table 4.28 illustrates details of the results of the cross loadings analysis were performed using the model output from PLS. The results showed all items loading highlighted in bold in the cross loadings matrix were loaded higher on the construct to be measured for the large private organizations.

Table 4.25: Correlations among constructs for local private organizations

	HPD	FO	MKW	GQL	CMI	PNMR	PMR	EmpyCON	EmpyPRD	EmpyLOY	EmpyTOV
HPD	0.853										
FO	-0.346	0.838									
MKW	-0.353	0.401	0.777								
GQL	-0.480	0.537	0.501	0.784							
CMI	-0.444	0.520	0.530	0.662	0.803						
PNMR	-0.397	0.594	0.628	0.723	0.642	0.795					
PMR	-0.350	0.549	0.525	0.704	0.648	0.791	0.799				
EmpyCON	-0.420	0.520	0.507	0.716	0.616	0.778	0.766	0.811			
EmpyPRD	-0.326	0.586	0.480	0.540	0.533	0.648	0.680	0.647	0.872		
EmpyLOY	-0.470	0.435	0.444	0.626	0.579	0.632	0.564	0.528	0.390	0.828	
EmpyTOV	-0.203	0.388	0.464	0.454	0.458	0.485	0.593	0.489	0.444	0.482	0.893

HPD - High Power Distance
FO - Femininity Orientation
MKW - Mastery of Knowledge
GQL - Good Quality of Life
CMI - Cultural and Moral Integrity
PNMR - Perception of Non-Monetary Rewards

PMR - Perception of Monetary Rewards
EmpyCON - Employee Contribution
EmpyPRD - Employee Production
EmpyLOY - Employee Loyalty
EmpyTOV - Employee Turnover

Note: The bold elements in the main diagonal are the square roots of AVE

Table 4.26: Cross Loadings Matrix for local private organizations (202)

	HPD	FO	MKW	GQL	CMI	PNMR	PMR	EmpyCON	EmpyPRD	EmpyLOY	EmpyTOV
HPD4	.906	-.307	-.286	-.431	-.420	-.377	-.358	-.432	-.293	-.388	-.192
HPD5	.798	-.284	-.329	-.388	-.328	-.292	-.221	-.262	-.263	-.429	-.150
FO7	-.153	.819	.334	.432	.379	.506	.432	.477	.520	.313	.308
FO8	-.343	.842	.331	.464	.461	.501	.492	.432	.499	.326	.295
FO9	-.371	.854	.344	.454	.467	.487	.454	.398	.454	.456	.376
MKW1	-.267	.301	.743	.273	.373	.428	.406	.329	.399	.181	.364
MKW2	-.318	.293	.811	.410	.462	.544	.416	.407	.318	.424	.414
MKW3	-.274	.265	.809	.424	.377	.448	.377	.362	.301	.375	.360
MKW6	-.235	.379	.741	.437	.423	.515	.427	.464	.467	.383	.301
GQL1	-.343	.401	.406	.828	.585	.649	.591	.566	.494	.615	.404
GQL2	-.421	.421	.422	.856	.508	.566	.597	.564	.427	.495	.361
GQL3	-.454	.524	.505	.747	.627	.602	.526	.592	.499	.509	.349
GQL4	-.328	.357	.289	.730	.442	.497	.516	.534	.330	.415	.333
GQL5	-.329	.397	.324	.748	.412	.502	.521	.548	.344	.391	.324
CMI3	-.334	.486	.392	.543	.841	.497	.550	.470	.450	.469	.298
CMI4	-.281	.370	.398	.473	.813	.452	.452	.514	.412	.362	.356
CMI5	-.328	.407	.519	.550	.815	.583	.511	.486	.462	.454	.465
CMI6	-.469	.400	.383	.547	.740	.514	.555	.510	.382	.557	.345
PNMR1	-.239	.490	.481	.584	.523	.818	.683	.700	.570	.476	.476
PNMR2	-.240	.510	.579	.578	.513	.838	.603	.617	.457	.547	.388
PNMR4	-.459	.350	.497	.624	.548	.797	.624	.678	.474	.517	.328
PNMR5	-.293	.435	.526	.629	.502	.805	.584	.608	.472	.540	.330
PNMR6	-.317	.501	.553	.587	.554	.773	.581	.606	.518	.493	.406
PNMR7	-.224	.482	.395	.534	.409	.797	.657	.598	.522	.437	.372
PNMR8	-.356	.562	.422	.504	.433	.737	.633	.562	.604	.481	.420
PNMR9	-.401	.445	.534	.551	.594	.791	.666	.569	.501	.528	.355
PMR1	-.350	.407	.434	.575	.574	.646	.765	.543	.508	.485	.433
PMR2	-.188	.460	.535	.562	.448	.698	.820	.543	.619	.502	.533
PMR3	-.247	.498	.461	.623	.514	.658	.858	.620	.547	.428	.526
PMR4	-.378	.349	.361	.579	.582	.587	.811	.691	.520	.479	.453
PMR5	-.317	.369	.354	.497	.577	.565	.721	.647	.457	.405	.390
PMR6	-.208	.543	.366	.536	.423	.638	.816	.633	.605	.407	.500
EC1	-.356	.404	.364	.607	.552	.660	.666	.864	.522	.399	.366
EC2	-.349	.314	.436	.492	.524	.531	.467	.779	.402	.339	.307
EC3	-.320	.518	.440	.621	.434	.679	.693	.786	.619	.523	.494
EP2	-.192	.427	.411	.264	.321	.456	.446	.445	.817	.181	.253
EP3	-.350	.576	.432	.616	.568	.648	.702	.653	.924	.452	.483
EL1	-.441	.365	.457	.502	.472	.494	.434	.401	.322	.799	.387
EL2	-.374	.346	.340	.563	.559	.560	.516	.530	.364	.871	.407
EL3	-.358	.372	.313	.484	.401	.513	.446	.369	.280	.811	.403
DET1	-.106	.302	.393	.383	.403	.377	.571	.399	.355	.373	.909
DET3	-.268	.400	.439	.431	.417	.499	.484	.482	.446	.498	.878

Table 4.27: Correlation among constructs for foreign private organizations

	HPD	FO	MKW	GQL	CMI	PNMR	PMR	EmpyCON	EmpyPRD	EmpyLOY	EmpyTOV
HPD	0.854										
FO	-0.368	0.819									
MKW	-0.441	0.363	0.801								
GQL	-0.534	0.400	0.668	0.773							
CMI	-0.473	0.484	0.652	0.506	0.789						
PNMR	-0.263	0.707	0.446	0.497	0.432	0.802					
PMR	-0.216	0.519	0.526	0.556	0.481	0.592	0.831				
EmpyCON	-0.265	0.468	0.407	0.334	0.419	0.427	0.650	0.812			
EmpyPRD	-0.120	0.576	0.407	0.374	0.450	0.586	0.704	0.549	0.777		
EmpyLOY	-0.335	0.429	0.490	0.565	0.479	0.503	0.651	0.579	0.379	0.831	
EmpyTOV	-0.269	0.343	0.517	0.485	0.412	0.351	0.449	0.285	0.359	0.617	0.838

HPD - High Power Distance
FO - Femininity Orientation
MKW - Mastery of Knowledge
GQL - Good Quality of Life
CMI - Cultural and Moral Integrity
PNMR - Perception of Non-Monetary Rewards

PMR - Perception of Monetary Rewards
EmpyCON - Employee Contribution
EmpyPRD - Employee Production
EmpyLOY - Employee Loyalty
EmpyTOV - Employee Turnover

Note: The bold elements in the main diagonal are the square roots of AVE

Table 4.28: Cross Loadings Matrix for foreign private organizations (127)

	HPD	FO	MKW	GQL	CMI	PNMR	PMR	EmpyCON	EmpyPRD	EmpyLOY	EmpyTOV
HPD3	.803	-.258	-.273	-.468	-.318	-.200	-.133	-.084	-.064	-.243	-.137
HPD4	.903	-.359	-.456	-.454	-.471	-.245	-.224	-.332	-.132	-.321	-.299
FO7	-.286	.741	.321	.391	.366	.548	.349	.272	.306	.327	.232
FO8	-.437	.826	.198	.276	.355	.456	.399	.493	.437	.297	.169
FO9	-.221	.883	.353	.319	.452	.695	.506	.395	.627	.411	.400
MKW1	-.407	.320	.752	.496	.485	.236	.397	.308	.348	.243	.313
MKW2	-.327	.275	.781	.450	.492	.391	.444	.341	.213	.513	.430
MKW3	-.275	.217	.781	.587	.458	.401	.426	.271	.401	.359	.443
MKW6	-.420	.363	.885	.603	.652	.375	.414	.382	.350	.423	.452
GQL1	-.452	.285	.603	.760	.384	.247	.326	.140	.256	.356	.281
GQL2	-.377	.461	.551	.824	.386	.451	.469	.383	.319	.488	.431
GQL8	-.427	.165	.424	.731	.403	.406	.459	.206	.280	.438	.380
CMI3	-.446	.349	.482	.510	.819	.397	.364	.277	.389	.365	.366
CMI4	-.346	.242	.579	.355	.822	.233	.387	.339	.293	.341	.327
CMI5	-.323	.469	.480	.388	.798	.387	.319	.179	.383	.276	.357
CMI6	-.363	.443	.516	.330	.713	.325	.438	.510	.341	.510	.248
PNMR1	-.255	.447	.363	.452	.340	.757	.410	.354	.457	.297	.279
PNMR2	-.247	.519	.429	.364	.384	.817	.452	.404	.386	.361	.245
PNMR4	-.239	.592	.394	.419	.352	.804	.411	.284	.342	.347	.289
PNMR5	-.153	.416	.404	.364	.244	.764	.333	.116	.266	.287	.215
PNMR7	-.246	.653	.287	.440	.327	.816	.525	.448	.511	.525	.290
PNMR8	-.248	.620	.352	.397	.455	.817	.585	.454	.608	.521	.314
PNMR9	-.087	.648	.319	.359	.290	.838	.534	.255	.609	.405	.313
PMR1	-.188	.454	.389	.501	.392	.573	.809	.455	.711	.467	.304
PMR2	-.146	.372	.571	.527	.441	.501	.925	.579	.650	.617	.457
PMR3	-.174	.419	.457	.515	.405	.399	.867	.570	.541	.566	.356
PMR4	-.066	.591	.189	.314	.319	.556	.798	.601	.559	.533	.315
PMR6	-.343	.328	.576	.447	.444	.437	.746	.493	.456	.514	.432
EC1	-.239	.260	.494	.297	.356	.157	.446	.741	.365	.435	.294
EC3	-.202	.472	.218	.258	.334	.488	.595	.877	.511	.504	.190
EP2	-.090	.327	.349	.152	.284	.261	.508	.535	.693	.206	.208
EP3	-.097	.543	.298	.397	.403	.605	.585	.356	.852	.363	.336
EL2	-.382	.367	.502	.526	.472	.389	.599	.660	.399	.852	.523
EL3	-.268	.223	.382	.468	.261	.354	.494	.392	.206	.863	.533
EL4	-.174	.461	.326	.407	.440	.503	.516	.367	.319	.773	.480
DET1	-.134	.236	.439	.419	.423	.260	.439	.251	.390	.513	.878
DET3	-.343	.356	.431	.395	.250	.340	.302	.226	.192	.528	.798

For example, all five items (GQL1: 0.828, GQL2: 0.856 and GQL3: 0.747, GQL4: 730, GQL5:748) for Good quality of life (GQL) construct, loaded higher on the Good quality of life (GQL) construct, compared on the other constructs (HPD, FO, MKW, CMI, PNMR, PMR, EmpyCON, EmpyPRD, EmpyLOY and EmpyTOV). Thus, all constructs in the model meet the second discriminant validity criterion.

4.4.2.2 Assessment of structural model for moderation effect

The path coefficients and t-statistic results of the bootstrapping technique are summarized according to the moderating variable which is the organizational status of ownership in Table 4.29 for the local and foreign private organizations. The researcher calculated a pooled error term t-test to determine statistical significance of the different path coefficients by ownership status of the private organizations in Malaysia. Most loadings, composite reliabilities, and average variances extracted for each sub-sample pass the required thresholds described earlier (Table 4.29).

Table 4.29: Results of Pooled Error Term t-Tests by Subgroup
(local and foreign private organizations)

Path	Organizational Status of Ownership							
	329 Respondents		Local (202)			Foreign (127)		
	Path Coeff.	t-value	Path Coeff.	SE from bootstrap	t-value	Path Coeff.	SE from bootstrap	t-value
H1a (-) : (HPD → PNMR)	0.0460	1.1590	-0.0010	0.0494	0.0203	0.0920	0.0593	1.5512
H2a (+) : (FO → PNMR)	0.3750	5.1053***	0.2230	0.0515	4.3300***	0.4770	0.0789	6.0490***
H3a (+) : (MKW → PNMR)	0.2050	3.3639***	0.2070	0.0474	4.3685***	0.1590	0.1007	1.5782
H4a (+) : (BCED → PNMR)	0.0900	1.5148	-0.0200	0.0496	0.4034	-0.4000	0.0595	6.7238***
H5a (+) : (GQL → PNMR)	0.1820	2.4248**	0.3220	0.0651	4.9468***	0.2370	0.0822	2.8841**
H6a (+) : (CMI → PNMR)	0.0590	1.1314	0.0870	0.0616	1.4117	0.1060	0.0993	1.0675
H7a(+) : (ITF → PNMR)	-0.0680	1.4756	-0.0120	0.0565	0.2123	0.0060	0.0698	0.0860
H8a(+) : (EXF → PNMR)	0.1870	3.1326***	0.2550	0.0721	3.5375***	-0.1950	0.0834	2.3386**
H1b (+) : (HPD → PMR)	0.0640	1.3140	0.0260	0.0462	0.5627	0.1690	0.0877	1.9274*
H2b (-) : (FO → PMR)	0.2200	4.7306***	0.1680	0.0486	3.4594***	0.2160	0.1087	1.9864*
H3b (+) : (MKW → PMR)	0.0780	1.7555*	0.0100	0.0527	0.1898	0.1530	0.0834	1.8348*
H4b (+) : (BCED → PMR)	0.0840	1.8615*	0.0760	0.0439	1.7331*	-0.0730	0.0795	0.9180
H5b (+) : (GQL → PMR)	0.2290	4.3148***	0.3010	0.0740	4.0700***	0.2090	0.0993	2.1057*
H6b (+) : (CMI → PMR)	0.1360	2.8089**	0.1630	0.0677	2.4093**	-0.0040	0.0943	0.0424
H7b(+) : (ITF → PMR)	0.0210	0.4890	0.0460	0.0511	0.9009	0.2290	0.0976	2.3462**
H8b(+) : (EXF → PMR)	0.2980	7.3508***	0.3080	0.0543	5.6717***	0.2770	0.0758	3.6523***
H9(+) : (PNMR → EmptyCON)	0.3690	6.1361***	0.4620	0.0742	6.2262***	0.0650	0.1036	0.6274
H10(+) : (PMR → EmptyCON)	0.4360	7.4366***	0.4000	0.0755	5.2990***	0.6110	0.0751	8.1372***
H11(+) : (PNMR → EmptyPRD)	0.2380	3.8665***	0.2930	0.0909	3.2224***	0.2600	0.0797	3.2633***
H12(+) : (PMR → EmptyPRD)	0.5530	8.8006***	0.4480	0.0848	5.2827***	0.5500	0.0721	7.6318***
H13(+) : (PNMR → EmptyLOY)	0.2680	2.9936**	0.4960	0.0970	5.1148***	0.1810	0.1251	1.4473
H14(+) : (PMR → EmptyLOY)	0.3800	4.5868***	0.1720	0.1025	1.6780*	0.5440	0.1117	4.8691***
H15(+) : (PNMR → EmptyTOV)	0.1180	1.5297	0.0420	0.0979	0.4291	0.1300	0.1452	0.8954
H16(+) : (PMR → EmptyTOV)	0.4460	6.0623***	0.5600	0.1018	5.5035***	0.3720	0.1369	2.7169**

Note:

- * Indicates significance at $t_{0.05} > 1.645$
- ** Indicates significance at $t_{0.01} > 2.326$
- *** Indicates significance at $t_{0.001} > 3.090$

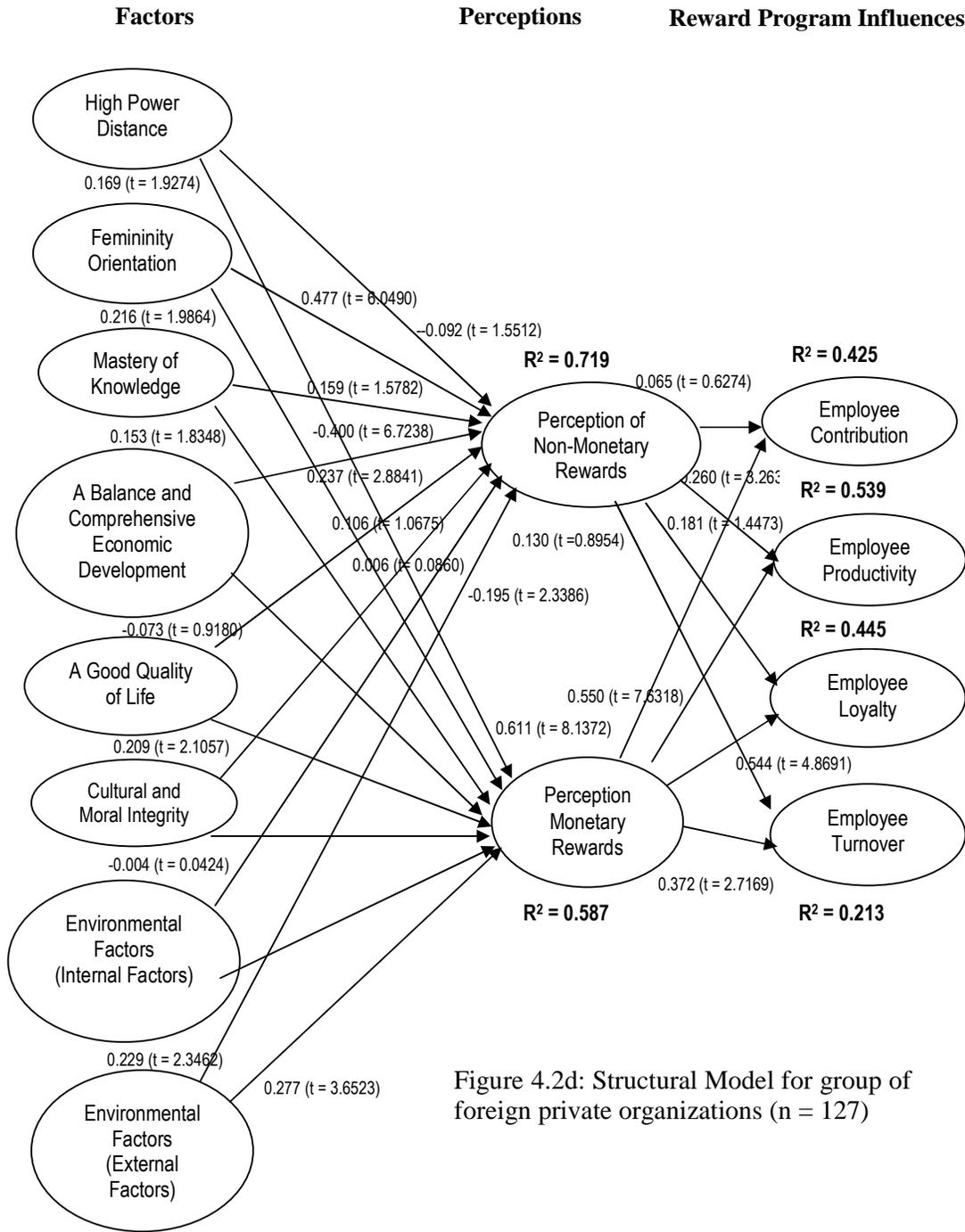


Figure 4.2d: Structural Model for group of foreign private organizations (n = 127)

4.4.2.3 Testing of Moderation by Multi-Group analysis with PLS

The researcher also used the two formula ii and iii (see formula in section 4.5.1.3), the results of which are showed in Table 4.30. It is noted that the details of t values and the degrees of freedom for local and foreign private organizations according to the paths respectively was shown in Table 4.30.

Table 4.30: t values and degrees of freedom for the local and foreign private organizations

Path	t	df
H2a (+) : (FO → PNMR)	-0.0379	-0.7227
H5a (+) : (GQL → PNMR)	-0.0240	-0.3590
H8a (+) : (EXF → PNMR)	-0.0159	-0.1523
H2b (-) : (FO → PMR)	-0.0794	-0.0662
H5b (+) : (GQL → PMR)	-0.0354	0.2614
H8b (+) : (EXF → PMR)	-0.0300	-0.7277
H10 (+) : (PMR → EmPyCON)	0.0006	-0.2174
H11 (+) : (PNMR → EmPyPRD)	0.0158	0.3646
H12 (+) : (PMR → EmPyPRD)	0.0179	0.0187
H14 (+) : (PMR → EmPyLOY)	-0.0130	1.5397
H16 (+) : (PMR → EmPyTOY)	-0.0491	2.2897

4.5 Hypothesis Testing

This section discusses the hypotheses of research model which represent the main effects and moderating effect of organizational size and organizational status of ownership. Table 4.31 shows the summary of the hypothesis testing for the group of large and small and medium private organizations in Malaysia.

The hypotheses testing were conducted through examining the estimate of t-statistic. The results of hypothesis testing (large and small and medium) private organizations in Malaysia are presented in Table 4.23 and also Figure 4.2a and 4.2b; the results of hypothesis testing (local and foreign) private organizations in Malaysia are presented in Table 4.29 and also Figure 4.2c and 4.2d.

The results of hypothesis testing with moderation effect of organizational size based on hypothesized model were shown in Table 4.31.

Table 4.31: Results of Hypothesis Testing based on the Hypothesized Model (Organizational Size)

	Hypotheses	Organizational Size	
		Large	Small & Medium
H1a (-)	HPD → PNMR	Not supported	Supported
H2a (+)	FO → PNMR	Supported	Supported
H3a (+)	MKW → PNMR	Supported	Supported
H4a (+)	BCED → PNMR	Supported	Not supported
H5a (+)	GQL → PNMR	Supported	Supported
H6a (+)	CMI → PNMR	Not supported	Not supported
H7a (+)	ITF → PNMR	Not supported	Not supported
H8a (+)	EXF → PNMR	Supported	Not supported
H1b (+)	HPD → PMR	Not supported	Not supported
H2b (-)	FO → PMR	Not supported	Not supported
H3b (+)	MKW → PMR	Supported	Not supported
H4b (+)	BCED → PMR	Supported	Not supported
H5b (+)	GQL → PMR	Supported	Not supported
H6b (+)	CMI → PMR	Not supported	Supported
H7b (+)	ITF → PMR	Supported	Supported
H8b (+)	EXF → PMR	Supported	Supported
H9 (+)	PNMR → EmPyCON	Supported	Supported
H10 (+)	PMR → EmPyCON	Supported	Supported
H11(+)	PNMR → EmPyPRD	Supported	Not supported
H12 (+)	PMR → EmPyPRD	Supported	Supported
H13 (+)	PNMR → EmPyLOY	Supported	Supported
H14 (+)	PMR → EmPyLOY	Supported	Supported
H15 (+)	PNMR → EmPyTOV	Not supported	Not supported
H16 (+)	PMR → EmPyTOV	Supported	Supported

The results of hypothesis testing with moderation effect of organizational status of ownership based on hypothesized model were shown in Table 4.32 on the next page

Table 4.32: Results of Hypothesis Testing based on the Hypothesized Model (Organizational Ownership Status)

Hypotheses		Organizational Ownership Status	
		Local	Foreign
H1a (-)	HPD → PNMR	Not supported	Not supported
H2a (+)	FO → PNMR	Supported	Supported
H3a (+)	MKW → PNMR	Supported	Not supported
H4a (+)	BCED → PNMR	Not supported	Not Supported
H5a (+)	GQL → PNMR	Supported	Supported
H6a (+)	CMI → PNMR	Not supported	Not supported
H7a (+)	ITF → PNMR	Not supported	Not supported
H8a (+)	EXF → PNMR	Supported	Not Supported
H1b (+)	HPD → PMR	Not supported	Supported
H2b (-)	FO → PMR	Not supported	Not supported
H3b (+)	MKW → PMR	Not supported	Supported
H4b (+)	BCED → PMR	Supported	Not supported
H5b (+)	GQL → PMR	Supported	Supported
H6b (+)	CMI → PMR	Supported	Not supported
H7b (+)	ITF → PMR	Not supported	Supported
H8b (+)	EXF → PMR	Supported	Supported
H9 (+)	PNMR → EmPyCON	Supported	Not supported
H10 (+)	PMR → EmPyCON	Supported	Supported
H11(+)	PNMR → EmPyPRD	Supported	Supported
H12 (+)	PMR → EmPyPRD	Supported	Supported
H13 (+)	PNMR → EmPyLOY	Supported	Not supported
H14 (+)	PMR → EmPyLOY	Supported	Supported
H15 (+)	PNMR → EmPyTOV	Not supported	Not supported
H16 (+)	PMR → EmPyTOV	Supported	Supported

Hypothesis 1a

full model

The result did not support this proposition. The standardized structural coefficient for the path (β) from High Power Distance to Perception of Non-Monetary Rewards was 0.046 with the t-

value of 1.159 (see Table 4.18), which indicates that High Power Distance has little positive impact on the Perception of Non-Monetary Rewards. This hypothesis was not statistically significant in this study.

With moderating effect of Organizational Size

However, the result also did not support this proposition for the group of large private organizations. The result shows that path from High Power Distance to Perception of Non-Monetary Rewards has little positive impact on the Perception of Non-Monetary Rewards, $\beta = 0.017$, $t = 0.1923$ ($p < 0.05$) (see Table 4.23 & 4.31), for the group of large private organizations. This hypothesis was not statistically significant in this study. On the other hand, the result supported this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for measuring the path from High Power Distance to Perception of Non-Monetary Rewards was -0.285 with t-value of 3.5114 ($p < 0.001$) (see Table 4.23 & 4.31), which indicates that High Power Distance has negative impact (opposite to the direction hypothesized) on the Perception of Non-Monetary Rewards. This hypothesis was statistically significant in this study.

With moderating effect of Organizational Ownership Status

It was found that the result also did not support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from High Power Distance to Perception of Non-Monetary Rewards was -0.001 with t-value of 0.0203 (see Table 4.29 & 4.32), which indicates that High Power Distance has little negative impact (opposite to the direction hypothesized) on the Perception of Non-Monetary Rewards. At the same time, the result also did not support this proposition for the group of foreign private organizations. The standardized structural coefficient (β) for the path from High Power Distance to Perception of Non-Monetary Rewards was 0.092 with the t-value of 1.5512 (see Table 4.29 & 4.32), which indicates that High Power Distance has a little positive impact on the Perception of Non-Monetary Rewards.

Hypothesis 1b

full model

The present research did not support this proposition. The standardized structural coefficient (β) for the path from High Power Distance to Perception Monetary Rewards was 0.064 with

the t-value of 1.1340 (see Table 4.18), which indicates that High Power Distance has little positive impact on the Perception of Non-Monetary Rewards.

With moderating effect of Organizational Size

The result also did not support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from High Power Distance to Perception Monetary Rewards was 0.010 with the t-value of 0.3120 (see Table 4.23 & 4.31), which indicates that High Power Distance has little positive impact on the Perception Monetary Rewards. This hypothesis was not statistically significant in this study. Nevertheless, the result supported this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from High Power Distance to Perception Monetary Rewards was -0.152 with the t-value of 2.1286 ($p < 0.01$) (see Table 4.23 & 4.31), which indicates that High Power Distance negative impact (opposite to the direction hypothesized) on the Perception Monetary Rewards.

With moderating effect of Organizational Ownership Status

The result also did not support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from High Power Distance to Perception Monetary Rewards was 0.026 with the t-value of 0.462 (see Table 4.29 & 4.32), which indicates that High Power Distance has little positive impact on the Perception Monetary Rewards. This hypothesis was not statistically significant in this study. On the other hand, the result supported this proposition for the group of foreign private organizations. The standardized structural coefficient (β) for the path from High Power Distance to Perception Monetary Rewards was 0.169 with the t-value of 1.9274 ($p < 0.05$) (see Table 4.29 & 4.32), which indicates that High Power Distance positive impact on the Perception Monetary Rewards.

Hypothesis 2a

full model

The present research provided enough statistical support to this proposition. The standardized structural coefficient (β) for the path from Femininity Orientation to Perception of Non-Monetary Rewards was 0.375 with the t-value of 5.1053 ($p < 0.001$) (see Table 4.18), which indicates that Femininity Orientation has positive impact on the Perception of Non-Monetary Rewards.

With moderating effect of Organizational Size

Hence, the result also supported this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from Femininity Orientation to Perception of Non-Monetary Rewards was 0.335 with the t-value of 4.0221 ($p < 0.001$) (see Table 4.23 & 4.31) which indicates that Femininity Orientation has positive impact on the Perception of Non-Monetary Rewards. Nevertheless, the result also supported this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from Femininity Orientation to Perception of Non-Monetary Rewards was 0.412 with the t-value of 5.2656 ($p < 0.001$) (see Table 4.23 & 4.31), which indicates that Femininity Orientation positive impact on the Perception of Non-Monetary Rewards.

With moderating effect of Organizational Ownership Status

Hence, it was shown that the result was supported this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from Femininity Orientation to Perception of Non-Monetary Rewards was 0.223 with the t-value of 4.3300 ($p < 0.001$) (see Table 4.29 & 4.32) which indicates that Femininity Orientation has positive impact on the Perception of Non-Monetary Rewards. Nonetheless, the result also supported this proposition for the group of foreign private organizations. The standardized structural coefficient (β) for the path from Femininity Orientation to Perception of Non-Monetary Rewards was 0.477 with the t-value of 6.0490 ($p < 0.001$) (see Table 4.29 & 4.32), which indicates that Femininity Orientation positive impact on the Perception of Non-Monetary Rewards.

Hypothesis 2b

full model

The present research did not support this proposition. The standardized structural coefficient (β) for the path from Femininity Orientation to Perception Monetary Rewards was 0.220 with the t-value of 4.7306 ($p < 0.001$) (see Table 4.18), which indicates that Femininity Orientation has positive impact (opposite to the direction hypothesized) on the Perception of Non-Monetary Rewards.

With moderating effect of Organizational Size

Furthermore, the result did support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from Femininity

Orientation to Perception Monetary Rewards was 0.131 with the t-value of 2.6028 ($p < 0.01$) (see Table 4.23 & 4.31), which indicates that Femininity Orientation has positive impact (opposite to the direction hypothesized) on the Perception Monetary Rewards. At the same time, the result also did support this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from Femininity Orientation to Perception Monetary Rewards was 0.417 with the t-value of 4.1418 ($p < 0.001$) (see Table 4.23 & 4.31), which indicates that Femininity Orientation positive impact (opposite to the direction hypothesized) on the Perception Monetary Rewards.

With moderating effect of Organizational Ownership Status

In this study, the result also did support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from Femininity Orientation to Perception Monetary Rewards was 0.168 with the t-value of 3.4594 ($p < 0.001$) (see Table 4.29 & 4.32), which indicates that Femininity Orientation has positive impact (opposite to the direction hypothesized) on the Perception Monetary Rewards. The result also did support this proposition for the group of foreign private organizations. The standardized structural coefficient (β) for the path from Femininity Orientation to Perception Monetary Rewards was 0.216 with the t-value of 1.9864 ($p < 0.05$) (see Table 4.29 & 4.32), which indicates that Femininity Orientation positive impact (opposite to the direction hypothesized) on the Perception Monetary Rewards.

Hypothesis 3a

full model

The present research provided enough statistical support to this proposition. The standardized structural coefficient (β) for the path from Mastery of Knowledge to Perception of Non-Monetary Rewards was 0.205 with the t-value of 3.3639 ($p < 0.001$) (see Table 4.18), which indicates that Mastery of Knowledge has positive impact on the Perception of Non-Monetary Rewards.

With moderating effect of Organizational Size

Thus, the result also supported this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from Mastery of Knowledge to Perception of Non-Monetary Rewards was 0.149 with the t-value of 2.3970 ($p < 0.01$) (see Table 4.23 & 4.31) which indicates that Mastery of Knowledge has positive impact on the Perception of Non-Monetary Rewards. Nonetheless, the result also supported this proposition

for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from Mastery of Knowledge to Perception of Non-Monetary Rewards was 0.261 with the t-value of 2.4140 ($p < 0.01$) (see Table 8.22), which indicates that Mastery of Knowledge positive impact on the Perception of Non-Monetary Rewards.

With moderating effect of Organizational Ownership Status

The result also supported this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from Mastery of Knowledge to Perception of Non-Monetary Rewards was 0.207 with the t-value of 4.3685 ($p < 0.001$) (see Table 4.29 & 4.32) which indicates that Mastery of Knowledge has positive impact on the Perception of Non-Monetary Rewards. However, the result did not support this proposition for the group of foreign private organizations. The standardized structural coefficient (β) for the path from Mastery of Knowledge to Perception of Non-Monetary Rewards was 0.159 with the t-value of 1.5782 (see Table 4.29 & 4.32), which indicates that Mastery of Knowledge a little positive impact on the Perception of Non-Monetary Rewards.

Hypothesis 3b

full model

The present research provided enough statistical support to this proposition. The standardized structural coefficient (β) for the path from Mastery of Knowledge to Perception of Non-Monetary Rewards was 0.078 with the t-value of 1.7555 ($p < 0.05$) (see Table 4.18), which indicates that Mastery of Knowledge has positive impact on the Perception Monetary Rewards.

With moderating effect of Organizational Size

The result also supported this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from Mastery of Knowledge to Perception Monetary Rewards was 0.116 with the t-value of 2.2466 ($p < 0.01$) (see Table 4.23 & 4.31) which indicates that Mastery of Knowledge has positive impact on the Perception Monetary Rewards. However, the result did not support this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from Mastery of Knowledge to Perception Monetary Rewards was 0.075 with the t-value of 0.9301 (see Table 4.23 & 4.31), which indicates that Mastery of Knowledge has little positive impact on the Perception Monetary Rewards.

With moderating effect of Organizational Ownership Status

Hence, the result did not support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from Mastery of Knowledge to Perception Monetary Rewards was 0.010 with the t-value of 0.1898 ($p < 0.05$) (see Table 4.29 & 4.32) which indicates that Mastery of Knowledge has a little positive impact on the Perception Monetary Rewards. However, the result supported this proposition for the group of foreign private organizations. The standardized structural coefficient (β) for the path from Mastery of Knowledge to Perception Monetary Rewards was 0.153 with the t-value of 1.8348 (see Table 4.29 & 4.32), which indicates that Mastery of Knowledge has positive impact on the Perception Monetary Rewards.

Hypothesis 4a

full model

There was no statistical evidence to this proposition. The standardized structural coefficient (β) for the path from A Balanced and Comprehensive Economic Development to Perception of Non-Monetary Rewards was 0.090 with the t-value of 1.5148 (see Table 4.18), which indicates that A Balanced and Comprehensive Economic Development has little positive impact on the Perception of Non-Monetary Rewards.

With moderating effect of Organizational Size

Meanwhile, the result shows there was a statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from A Balanced and Comprehensive Economic Development to Perception of Non-Monetary Rewards was 0.125 with the t-value of 2.1115 ($p < 0.05$) (see Table 4.23 & 4.31) which indicates that A Balanced and Comprehensive Economic Development has positive impact on the Perception of Non-Monetary Rewards. Even so, the result did not support this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from A Balanced and Comprehensive Economic Development to Perception of Non-Monetary Rewards was -0.261 with the t-value of 1.6853 ($p < 0.05$) (see Table 4.23 & 4.31), which indicates that A Balanced and Comprehensive Economic Development has negative impact (opposite to the direction hypothesized) on the Perception of Non-Monetary Rewards.

With moderating effect of Organizational Ownership Status

It was shown in results that there was no statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from A Balanced and Comprehensive Economic Development e to Perception of Non-Monetary Rewards was -0.020 with the t-value of 0.4034, (see Table 4.29 & 4.32) which indicates that A Balanced and Comprehensive Economic Development has a little negative impact on the Perception of Non-Monetary Rewards. Thus, the result also did not support this proposition for the group of foreign private organizations. The standardized structural coefficient (β) for the path from A Balanced and Comprehensive Economic Development to Perception of Non-Monetary Rewards was -0.400 with the t-value of 6.7238 ($p < 0.001$) (see Table 4.29 & 4.32), which indicates that A Balanced and Comprehensive Economic Development has negative impact (opposite to the direction hypothesized) on the Perception of Non-Monetary Rewards.

Hypothesis 4b

full model

The present research provided enough statistical support to this proposition. The standardized structural coefficient (β) for the path from A Balanced and Comprehensive Economic Development to Perception Monetary Rewards was 0.084 with the t-value of 1.8615 ($p < 0.05$) (see Table 4.18), which indicates that A Balanced and Comprehensive Economic Development has positive impact on the Perception Monetary Rewards.

With moderating effect of Organizational Size

Hence, the result shows there was a statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from A Balanced and Comprehensive Economic Development e to Perception Monetary Rewards was 0.169 with the t-value of 3.0814 ($p < 0.01$) (see Table 4.23 & 4.31) which indicates that A Balanced and Comprehensive Economic Development has positive impact on the Perception Monetary Rewards. However, the result was not supported this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from A Balanced and Comprehensive Economic Development to Perception Monetary Rewards was -0.140 with the t-value of 1.4745 (see Table 4.23 & 4.31), which indicates that A Balanced and Comprehensive Economic Development has negative impact (opposite to the direction hypothesized) on the Perception Monetary Rewards.

With moderating effect of Organizational Ownership Status

Thus, the result shows there was a statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from A Balanced and Comprehensive Economic Development e to Perception Monetary Rewards was 0.076 with the t-value of 1.7331 ($p < 0.05$) (see Table 4.29 & 4.32) which indicates that A Balanced and Comprehensive Economic Development has positive impact on the Perception Monetary Rewards. Though, the result was not supported this proposition for the group of foreign private organizations. The standardized structural coefficient (β) for the path from A Balanced and Comprehensive Economic Development to Perception Monetary Rewards was -0.073 with the t-value of 0.9180 (see Table 4.29 & 4.32), which indicates that A Balanced and Comprehensive Economic Development has a little negative impact (opposite to the direction hypothesized) on the Perception Monetary Rewards..

Hypothesis 5a

full model

This claim was proved to be true in this study. The standardized structural coefficient (β) for the path from A Good Quality of Life to Perception of Non-Monetary Rewards was 0.182 with the t-value of 2.4248 ($p < 0.01$) (see Table 4.18), which indicates that A Good Quality of Life has positive impact on the Perception of Non-Monetary Rewards..

With moderating effect of Organizational Size

The result shows there was a statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from A Good Quality of Life to Perception of Non-Monetary Rewards was 0.141 with the t-value of 1.7781 ($p < 0.05$) (see Table 4.23 & 4.31) which indicates that A Good Quality of Life has positive impact on the Perception of Non-Monetary Rewards. Even so, the result also was supported this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from A Good Quality of Life to Perception of Non-Monetary Rewards was 0.176 with the t-value of 1.9736 ($p < 0.05$) (see Table 4.23 & 4.31), which indicates that A Good Quality of Life has positive impact on the Perception of Non-Monetary Rewards.

With moderating effect of Organizational Ownership Status

The result shows there was a statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from A

Good Quality of Life to Perception of Non-Monetary Rewards was 0.322 with the t-value of 4.9468 ($p < 0.001$) (see Table 4.29 & 4.32) which indicates that A Good Quality of Life has positive impact on the Perception of Non-Monetary Rewards. Thus, the result also was supported this proposition for the group of foreign private organizations. The standardized structural coefficient (β) for the path from A Good Quality of Life to Perception of Non-Monetary Rewards was 0.237 with the t-value of 2.8841 ($p < 0.01$) (see Table 4.29 & 4.32), which indicates that A Good Quality of Life has positive impact on the Perception of Non-Monetary Rewards.

Hypothesis 5b

full model

The present research provided enough statistical support to this proposition in this study. The standardized structural coefficient (β) for the path from A Good Quality of Life to Perception Monetary Rewards was 0.229 with the t-value of 4.3148 ($p < 0.001$) (see Table 4.18), which indicates that A Good Quality of Life has positive impact on the Perception Monetary Rewards.

With moderating effect of Organizational Size

Thus, the result shows there was a statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from A Good Quality of Life to Perception Monetary Rewards was 0.211 with the t-value of 3.3829 ($p < 0.001$) (see Table 4.23 & 4.31) which indicates that A Good Quality of Life has positive impact on the Perception Monetary Rewards. Despite that, the result did not support this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from A Good Quality of Life to Perception Monetary Rewards was 0.098 with the t-value of 0.9838 (see Table 4.23 & 4.31), which indicates that A Good Quality of Life has little positive impact on the Perception Monetary Rewards.

With moderating effect of Organizational Ownership Status

The result also shows there was a statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from A Good Quality of Life to Perception Monetary Rewards was 0.301 with the t-value of 4.0700 ($p < 0.001$) (see Table 4.29 & 4.32) which indicates that A Good Quality of Life has positive impact on the Perception Monetary Rewards. Hence, the result also supported this proposition for the group of foreign private organizations. The standardized structural coefficient (β) for

the path from A Good Quality of Life to Perception Monetary Rewards was 0.209 with the t-value of 2.1057 ($p < 0.05$) (see Table 4.29 & 4.32), which indicates that A Good Quality of Life has positive impact on the Perception Monetary Rewards.

Hypothesis 6a

full model

There was no statistical evidence to support this proposition in this study. The standardized structural coefficient (β) for the path from Cultural and Moral Integrity to Perception of Non-Monetary Rewards was 0.059 with the t-value of 1.1314 (see Table 4.18), which indicates that Cultural and Moral Integrity has a little positive and statistical impact on the Perception of Non-Monetary Rewards.

With moderating effect of Organizational Size

The result shows there was no statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from Cultural and Moral Integrity to Perception of Non-Monetary Rewards was -0.035 with the t-value of 0.4246, (see Table 4.23 & 4.31) which indicates that Cultural and Moral Integrity has a little negative impact (opposite to the direction hypothesized) on the Perception of Non-Monetary Rewards. Moreover, the result also did not support this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from Cultural and Moral Integrity to Perception of Non-Monetary Rewards was 0.076 with the t-value of 0.8677 (see Table 4.23 & 4.31), which indicates that Cultural and Moral Integrity has a little positive impact on the Perception of Non-Monetary Rewards.

With moderating effect of Organizational Ownership Status

The result shows there was no statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from Cultural and Moral Integrity to Perception of Non-Monetary Rewards was 0.087 with the t-value of 1.4117, (see Table 4.29 & 4.32) which indicates that Cultural and Moral Integrity has a little positive impact on the Perception of Non-Monetary Rewards. Furthermore, the result also did not support this proposition for the group of foreign private organizations. The standardized structural coefficient (β) for the path from Cultural and Moral Integrity to Perception of Non-Monetary Rewards was 0.106 with the t-value of 1.0675 (see Table 4.29 & 4.32), which indicates that Cultural and Moral Integrity has a little positive impact on the Perception of Non-Monetary Rewards.

Hypothesis 6b

full model

The present research provided enough statistical support to this proposition in this study. The standardized structural coefficient (β) for the path from Cultural and Moral Integrity to Perception Monetary Rewards was 0.136 with the t-value of 2.8089 ($p < 0.01$) (see Table 4.18), which indicates that Cultural and Moral Integrity has positive and statistical impact on the Perception Monetary Rewards.

With moderating effect of Organizational Size

The result shows there was no statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from Cultural and Moral Integrity to Perception Monetary Rewards was 0.013 with the t-value of 0.2241, (see Table 4.23 & 4.31) which indicates that Cultural and Moral Integrity has a little positive impact on the Perception Monetary Rewards. However, the result supported this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from Cultural and Moral Integrity to Perception Monetary Rewards was 0.130 with the t-value of 1.6500 ($p < 0.05$) (see Table 4.23 & 4.31), which indicates that Cultural and Moral Integrity has positive impact on the Perception Monetary Rewards.

With moderating effect of Organizational Ownership Status

The result shows there was a statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from Cultural and Moral Integrity to Perception Monetary Rewards was 0.163 with the t-value of 2.4093 ($p < 0.01$) (see Table 4.29 & 4.32) which indicates that Cultural and Moral Integrity has positive impact on the Perception Monetary Rewards. However, the result did not support this proposition for the group of foreign private organizations. The standardized structural coefficient (β) for the path from Cultural and Moral Integrity to Perception Monetary Rewards was -0.004 with the t-statistic of 0.0424 (see Table 4.29 & 4.32), which indicates that Cultural and Moral Integrity has negative impact (opposite to the direction hypothesized) on the Perception Monetary Rewards.

Hypothesis 7a*full model*

There was no statistical evidence to this proposition in this study. The standardized structural coefficient (β) for the path from Internal Factors to Perception of Non-Monetary Rewards was -0.068 with the t-value of 1.4756 (see Table 4.18), which indicates that Internal Factors has a little negative (opposite to the direction hypothesized) and statistical impact on the Perception of Non-Monetary Rewards.

With moderating effect of Organizational Size

The result shows there was no statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from Internal Factors to Perception of Non-Monetary Rewards was 0.017 with the t-value of 0.2707 (see Table 4.23 & 4.31) which indicates that Internal Factors has a little positive impact on the Perception of Non-Monetary Rewards. Furthermore, the result also did not support this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from Internal Factors to Perception of Non-Monetary Rewards was 0.095 with the t-value of 0.5461 (see Table 4.23 & 4.31), which indicates that Internal Factors has a little positive impact on the Perception of Non-Monetary Rewards.

With moderating effect of Organizational Ownership Status

The result also shows there was no statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from Internal Factors to Perception of Non-Monetary Rewards was -0.012 with the t-value of 0.2123 (see Table 4.29 & 4.32) which indicates that Internal Factors has negative impact on the Perception of Non-Monetary Rewards. Moreover, the result also did not support this proposition for the group of foreign private organizations. The standardized structural coefficient (β) for the path from Internal Factors to Perception of Non-Monetary Rewards was 0.006 with the t-value of 0.0860 (see Table 4.29 & 4.32), which indicates that Internal Factors has a little positive impact on the Perception of Non-Monetary Rewards.

Hypothesis 7b*full model*

There was no statistical evidence to support this proposition in this study. The standardized structural coefficient (β) for the path from Internal Factors to Perception Monetary Rewards

was 0.021 with the t-value of 0.4890 (see Table 4.18), which indicates that Internal Factors has a little positive impact on the Perception Monetary Rewards.

With moderating effect of Organizational Size

The result shows there was a statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from Internal Factors to Perception Monetary Rewards was 0.110 with the t-value of 1.7730 ($p < 0.05$) (see Table 4.23 & 4.31) which indicates that Internal Factors has positive impact on the Perception Monetary Rewards. Even so, the result also supported this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from Internal Factors to Perception Monetary Rewards was 0.336 with the t-value of 1.9680 (see Table 4.23 & 4.31), which indicates that Internal Factors has positive impact on the Perception Monetary Rewards.

With moderating effect of Organizational Ownership Status

The result shows there was also no statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from Internal Factors to Perception Monetary Rewards was 0.046 with the t-value of 0.9009, (see Table 4.29 & 4.32) which indicates that Internal Factors has a little positive impact on the Perception Monetary Rewards. The predefined positive and significant relationship between the Internal Factors and Perception of Monetary Rewards was not supported in local organizations. Despite that, the result supported this proposition for the group of foreign private organizations. The standardized structural coefficient (β) for the path from Internal Factors to Perception Monetary Rewards was 0.229 with the t-value of 2.3462 ($p < 0.01$) (see Table 4.29 & 4.32), which indicates that Internal Factors has positive impact on the Perception Monetary Rewards.

Hypothesis 8a

full model

The present research provided enough statistical evidence to support this proposition in this study. The standardized structural coefficient (β) for the path from External Factors to Perception of Non-Monetary Rewards was 0.187 with the t-value of 3.1326 ($p < 0.001$) (see

Table 4.18), which indicates that External Factors has positive impact on the Perception of Non-Monetary Rewards.

With moderating effect of Organizational Size

Furthermore, the result shows there was statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from External Factors to Perception of Non-Monetary Rewards was 0.290 with the t-value of 4.2823 ($p < 0.001$) (see Table 4.23 & 4.31) which indicates that External Factors has positive impact on the Perception of Non-Monetary Rewards. On the other hand, the result did not support this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from External Factors to Perception of Non-Monetary Rewards was -0.043 with the t-value of 0.5023 (see Table 4.23 & 4.31), which indicates that External Factors has a little negative impact (opposite to the direction hypothesized) on the Perception of Non-Monetary Rewards.

With moderating effect of Organizational Ownership Status

Besides, the result also shows there was statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from External Factors to Perception of Non-Monetary Rewards was 0.255 with the t-value of 3.5375 ($p < 0.001$) (see Table 4.29 & 4.32) which indicates that External Factors has positive impact on the Perception of Non-Monetary Rewards. On the other hand, the result did not support this proposition for the group of foreign organizations. The standardized structural coefficient (β) for the path from External Factors to Perception of Non-Monetary Rewards was -0.195 with the t-value of 2.3386 ($p < 0.01$) (see Table 4.29 & 4.32), which indicates that External Factors has a little negative impact (opposite to the direction hypothesized) on the Perception of Non-Monetary Rewards.

Hypothesis 8b

full model

The present research provided enough statistical evidence to this proposition in this study. The standardized structural coefficient (β) for the path from External Factors to Perception Monetary Rewards was 0.298 with the t-value of 7.3508 ($p < 0.001$) (see Table 4.18), which indicates that External Factors has positive impact on the Perception Monetary Rewards.

With moderating effect of Organizational Size

The result shows there was statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from External Factors to Perception Monetary Rewards was 0.323 with the t-value of 5.3056 ($p < 0.001$) (see Table 4.23 & 4.31) which indicates that External Factors has positive impact on the Perception Monetary Rewards. Moreover, the result also supported this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from External Factors to Perception Monetary Rewards was 0.273 with the t-value of 4.2138 ($p < 0.001$) (see Table 4.23 & 4.31), which indicates that External Factors has positive impact on the Perception Monetary Rewards.

With moderating effect of Organizational Ownership Status

Moreover, the result shows there was statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from External Factors to Perception Monetary Rewards was 0.308 with the t-statistic of 5.6717 ($p < 0.001$) (see Table 4.29 & 4.32) which indicates that External Factors has positive impact on the Perception Monetary Rewards. Thus, the result also supported this proposition for the group of foreign companies. The standardized structural coefficient (β) for the path from External Factors to Perception Monetary Rewards was 0.277 with the t-value of 3.6523 ($p < 0.001$) (see Table 4.29 & 4.32), which indicates that External Factors has positive impact on the Perception Monetary Rewards.

Hypothesis 9

full model

The present research provided enough statistical evidence to this proposition in this study. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Contribution was 0.369 with the t-value of 6.1361 ($p < 0.001$) (see Table 4.18), which indicates that Perception of Non-Monetary Rewards has positive impact on the Employee Contribution.

With moderating effect of Organizational Size

Thus, the result also shows there was statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Contribution was 0.390 with the t-value of 6.9487 ($p < 0.001$) (see Table 4.23 & 4.31) which indicates that Perception of Non-

Monetary Rewards has positive impact on the Employee Contribution. Despite that, the result also supported this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Contribution was 0.237 with the t-value of 2.0177 ($p < 0.05$) (see Table 4.23 & 4.31), which indicates that Perception of Non-Monetary Rewards has positive impact on the Employee Contribution.

With moderating effect of Organizational Ownership Status

As refer to the result, it also shows there was statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Contribution was 0.462 with the t-value of 6.2262 ($p < 0.001$) (see Table 4.29 & 4.32) which indicates that Perception of Non-Monetary Rewards has positive impact on the Employee Contribution. On the other hand, the result did not support this proposition for the group of foreign private organizations. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Contribution was 0.065 with the t-value of 0.6274 (see Table 4.29 & 4.32), which indicates that Perception of Non-Monetary Rewards has a little positive impact on the Employee Contribution.

Hypothesis 10

full model

The present research provided enough statistical evidence to this proposition in this study. The standardized structural coefficient (β) for the path from Perception of Monetary Rewards to Employee Contribution was 0.436 with the t-value of 7.4366 ($p < 0.001$) (see Table 4.18), which indicates that Perception of Monetary Rewards has positive impact on the Employee Contribution.

With moderating effect of Organizational Size

Thus, the result also shows there was statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from Perception Monetary Rewards to Employee Contribution was 0.481 with the t-value of 7.9653 ($p < 0.001$) (see Table 4.23 & 4.31) which indicates that Perception Monetary Rewards has positive impact on the Employee Contribution. Nevertheless, the result also supported this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from Perception Monetary Rewards to Employee

Contribution was 0.469 with the t-value of 5.0474 ($p < 0.001$) (see Table 4.23 & 4.31), which indicates that Perception Monetary Rewards has positive impact on the Employee Contribution.

With moderating effect of Organizational Ownership Status

The result also shows there was statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from Perception Monetary Rewards to Employee Contribution was 0.400 with the t-statistic of 5.2990, (see Table 4.29 & 4.32) which indicates that Perception Monetary Rewards has positive impact on the Employee Contribution. At the same time, the result also supported this proposition for the group of foreign private organizations. The standardized structural coefficient (β) for the path from Perception Monetary Rewards to Employee Contribution was 0.611 with the t-value of 8.1372 ($p < 0.001$) (see Table 4.29 & 4.32), which indicates that Perception Monetary Rewards has positive impact on the Employee Contribution.

Hypothesis 11

full model

The present research provided enough statistical evidence to support this proposition in this study. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Productivity was 0.238 with the t-value of 3.8665 ($p < 0.001$) (see Table 4.18), which indicates that Perception of Non-Monetary Rewards has positive impact on the Employee Productivity.

With moderating effect of Organizational Size

Hence, the result also shows there was statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Productivity was 0.261 with the t-value of 3.5598 ($p < 0.001$) (see Table 4.23 & 4.31) which indicates that Perception of Non-Monetary Rewards has positive impact on the Employee Productivity. However, the result did not support this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Productivity was 0.157 with the t-value of 1.3489 (see Table 4.23 & 4.31), which indicates that Perception of Non-Monetary Rewards has a little positive and statistical impact on the Employee Productivity.

With moderating effect of Organizational Ownership Status

The result also shows there was statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Productivity was 0.293 with the t-value of 3.2224 ($p < 0.001$) (see Table 4.29 & 4.32) which indicates that Perception of Non-Monetary Rewards has positive impact on the Employee Productivity. Besides, the result also supported this proposition for the group of foreign companies. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Productivity was 0.260 with the t-value of 3.2633 ($p < 0.001$) (see Table 4.29 & 4.32), which indicates that Perception of Non-Monetary Rewards has positive impact on the Employee Productivity.

Hypothesis 12

full model

The present research provided enough statistical evidence to support this proposition in this study. The standardized structural coefficient (β) for the path from Perception of Monetary Rewards to Employee Productivity was 0.553 with the t-value of 8.8006 ($p < 0.001$) (see Table 4.18), which indicates that Perception of Monetary Rewards has positive impact on the Employee Productivity.

With moderating effect of Organizational Size

As the result also shows there was statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from Perception Monetary Rewards to Employee Productivity was 0.540 with the t-value of 7.4527 ($p < 0.001$) (see Table 4.23 & 4.31) which indicates that Perception Monetary Rewards has positive impact on the Employee Productivity. At the same time, the result also supported this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from Perception Monetary Rewards to Employee Productivity was 0.647 with the t-value of 6.2159 ($p < 0.001$) (see Table 4.23 & 4.31), which indicates that Perception Monetary Rewards has positive impact on the Employee Productivity.

With moderating effect of Organizational Ownership Status

According to the result, it also shows there was statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the

path from Perception Monetary Rewards to Employee Productivity was 0.448 with the t-value of 5.2827 ($p < 0.001$) (see Table 4.29 & 4.32) which indicates that Perception Monetary Rewards has positive impact on the Employee Productivity. At the same time, the result also supported this proposition for the group of foreign companies. The standardized structural coefficient (β) for the path from Perception Monetary Rewards to Employee Productivity was 0.550 with the t-value of 7.6318 ($p < 0.001$) (see Table 4.29 & 4.32), which indicates that Perception Monetary Rewards has positive impact on the Employee Productivity.

Hypothesis 13

full model

The present research provided enough statistical evidence to support this proposition in this study. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Loyalty was 0.268 with the t-value of 2.9936 ($p < 0.01$) (see Table 4.18), which indicates that Perception of Non-Monetary Rewards has positive impact on the Employee Loyalty.

With moderating effect of Organizational Size

The result also shows there was statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Loyalty was 0.350 with the t-value of 3.2659 ($p < 0.001$) (see Table 4.23 & 4.31) which indicates that Perception of Non-Monetary Rewards has positive impact on the Employee Loyalty. Thus, the result also supported this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Loyalty was 0.399 with the t-value of 2.8912 ($p < 0.01$) (see Table 4.23 & 4.31), which indicates that Perception of Non-Monetary Rewards has positive impact on the Employee Loyalty.

With moderating effect of Organizational Ownership Status

The result also shows there was statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Loyalty was 0.496 with the t-value of 5.1148 ($p < 0.001$) (see Table 4.29 & 4.32) which indicates that Perception of Non-Monetary Rewards has positive impact on the Employee Loyalty. However, the result did not support this proposition for the group of foreign companies. The standardized structural coefficient

(β) for the path from Perception of Non-Monetary Rewards to Employee Loyalty was 0.181 with the t-value of 1.4473 (see Table 4.29 & 4.32), which indicates that Perception of Non-Monetary Rewards has a little positive impact on the Employee Loyalty.

Hypothesis 14

full model

The present research provided enough statistical evidence to support this proposition in this study. The standardized structural coefficient (β) for the path from Perception of Monetary Rewards to Employee Loyalty was 0.380 with the t-value of 4.5868 ($p < 0.001$) (see Table 4.18), which indicates that Perception of Monetary Rewards has positive impact on the Employee Loyalty.

With moderating effect of Organizational Size

Besides that, the result also shows there was statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from Perception Monetary Rewards to Employee Loyalty was 0.340 with the t-value of 3.2881 ($p < 0.001$) (see Table 4.23 & 4.31) which indicates that Perception Monetary Rewards has positive impact on the Employee Loyalty. Consequently, the result also supported this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from Perception Monetary Rewards to Employee Loyalty was 0.326 with the t-value of 2.3606 ($p < 0.01$) (see Table 4.23 & 4.31), which indicates that Perception Monetary Rewards has positive impact on the Employee Loyalty.

With moderating effect of Organizational Ownership Status

Thus, the result also shows there was statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from Perception Monetary Rewards to Employee Loyalty was 0.172 with the t-value of 1.6780 ($p < 0.05$) (see Table 4.29 & 4.32) which indicates that Perception Monetary Rewards has positive impact on the Employee Loyalty. In addition, the result also supported this proposition for the group of foreign companies. The standardized structural coefficient (β) for the path from Perception Monetary Rewards to Employee Loyalty was 0.544 with the t-value of 4.8691 ($p < 0.001$) (see Table 4.29 & 4.32), which indicates that Perception Monetary Rewards has positive impact on the Employee Loyalty.

Hypothesis 15

full model

There was no statistical evidence to support this proposition in this study. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Turnover was 0.118 with the t-value of 1.5297 (see Table 4.18), which indicates that Perception of Non-Monetary Rewards has a little positive and statistical impact on the Employee Turnover.

With moderating effect of Organizational Size

Hence, the result also shows there was no statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Turnover was 0.071 with the t-value of 0.7963 (see Table 8.22) which indicates that Perception of Non-Monetary Rewards has a little positive impact on the Employee Turnover. Besides, the result also did not support this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Turnover was 0.288 with the t-value of 1.6290 (see Table 4.23 & 4.31), which indicates that Perception of Non-Monetary Rewards has a little positive impact and statistical evidence on the Employee Turnover.

With moderating effect of Organizational Ownership Status

The result shows that there was no statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Turnover was 0.042 with the t-value of 0.4291, (see Table 4.29 & 4.32) which indicates that Perception of Non-Monetary Rewards has a little positive impact on the Employee Turnover. Despite that, the result also did not support this proposition for the group of foreign companies. The standardized structural coefficient (β) for the path from Perception of Non-Monetary Rewards to Employee Turnover was 0.130 with the t-value of 0.8954 (see Table 4.29 & 4.32), which indicates that Perception of Non-Monetary Rewards has a little positive impact on the Employee Turnover.

Hypothesis 16

full model

The present research provided enough statistical evidence to support this proposition in this study. The standardized structural coefficient (β) for the path from Perception of Monetary Rewards to Employee Turnover was 0.448 with the t-value of 6.0623 ($p < 0.001$) (see Table 4.18), which indicates that Perception of Monetary Rewards has positive impact on the Employee Turnover.

With moderating effect of Organizational Size

Hence, the result also shows there was a statistical evidence to support this proposition for the group of large private organizations. The standardized structural coefficient (β) for the path from Perception Monetary Rewards to Employee Turnover was 0.491 with the t-value of 5.6563 ($p < 0.001$) (see Table 4.23 & 4.31) which indicates that Perception Monetary Rewards has positive impact on the Employee Turnover. In spite of this, the result also supported this proposition for the group of small and medium private organizations. The standardized structural coefficient (β) for the path from Perception Monetary Rewards to Employee Turnover was 0.339 with the t-value of 1.9524 ($p < 0.05$) (see Table 4.23 & 4.31), which indicates that Perception Monetary Rewards has positive impact on the Employee Turnover.

With moderating effect of Organizational Ownership Status

The result also shows there was a statistical evidence to support this proposition for the group of local private organizations. The standardized structural coefficient (β) for the path from Perception Monetary Rewards to Employee Turnover was 0.560 with the t-value of 5.5035 ($p < 0.001$) (see Table 4.29 & 4.32) which indicates that Perception Monetary Rewards has positive impact on the Employee Turnover. Nevertheless, the result also supported this proposition for the group of foreign companies. The standardized structural coefficient (β) for the path from Perception Monetary Rewards to Employee Turnover was 0.372 with the t-value of 2.7169 ($p < 0.01$) (see Table 4.29 & 4.32), which indicates that Perception Monetary Rewards has positive impact on the Employee Turnover.

Hypothesis 17

The result supported this proposition based on the significant difference exists in the path coefficients between certain variables. The researcher calculated a pooled error term t-statistic to determine statistical significance of the difference path coefficients by the sizes of the organizations based on multi-group analysis with PLS. Thus, the samples are not distributed

normally and the variances of the groups are not equal, therefore the Smith-Satterthwait test is applied in this study. The results also suggest that there is no significant difference between High Power Distance neither with Perception of Non-Monetary Rewards nor Perception Monetary Rewards based on organizational size.

The results also suggest that there is a negative (t -value= -2.5408, df = 1.5136) (see Table: 4.24) and significant difference between Femininity Orientation and Perception Monetary Rewards based on organizational size. However, there is no significant difference between Femininity Orientation and Perception Monetary Rewards based on organizational size. It was found also that the results suggest that there is a positive (t -value= 2.4851, df = 1.8870) (see Table 4.24) and significant difference between A Balanced and Comprehensive Economic Development and Perception of Non-Monetary Rewards based on organizational size but there is no significant difference between A Balanced and Comprehensive Economic Development and Perception Monetary Rewards based on organizational size.

The results show there is a little positive impact (t -value= 0.5623, df = 1.1207) (see Table 4.24) and significant difference between External Factors and Perception Monetary Rewards but there is no significant difference with Perception of Non-Monetary Rewards based on organizational size. Even so, the results also suggest that there is a little positive impact (t -value= 1.1751, df = 2.0088) (see Table 4.24) and significant difference between Perception of Non-Monetary Rewards and Employee Contribution based on organizational size. The results also suggest that there is a little positive impact (t -value= 0.1083, df = 1.5552) (see Table 4.24) and significant difference between Perception of Non-Monetary Rewards and Employee Contribution, also a little positive impact (t -value= 0.0811, df = 3.9202) (see Table 4.24) and significant difference between Perception Monetary Rewards and Employee Loyalty on organizational size. Besides, the results also indicate that there is a positive (t -value= 0.7831, df = 4.5010) (see Table 4.24) and significant difference between Perception Monetary Rewards and Employee Turnover based on organizational size.

Therefore, based on the organizational size, the results suggest a significant difference exists in the path coefficients which have discussed above such as between (1) Femininity Orientation and Perception Monetary Rewards and (2), A Balanced and Comprehensive Economic Development and Perception of Non-Monetary Rewards (see Table 4.24). The results above provide additional support for Hypothesis 17.

Hypothesis 18

The results did not support this proposition based on the significant difference exists in the path coefficients between certain variables. The researcher did the same procedure by calculating a pooled error term t-statistic to determine statistical significance of the difference path coefficients by organizations ownership status using the Smith-Satterthwait test.

The results also suggest that there is no significant difference between High Power Distance neither with Perception of Non-Monetary Rewards nor Perception Monetary Rewards based on organizational size. The results also suggest that there is a little negative impact (t-value= -0.0379, df= -0.7227) (see Table: 4.30) and it shows no significant difference between Femininity Orientation and Perception of Non-Monetary Rewards based on organizational ownership status. Even so, the results also suggests there is also no significant difference between Femininity Orientation and Perception Monetary Rewards (t-value= -0.0794, df= -0.0662) (see Table 4.30) based on organizational ownership status. The others detailed in Table 4.30.

Overall, it can be stated that based on the organizational ownership status, all results suggest that there is no significant difference exists in all the path coefficients which have been discussed above.

4.6 Summary

This chapter provided the results of the preliminary analysis of national survey, which collected data from the employees working in the private organizations. This chapter also presented the analysis of the data survey results using Structural Equation Modeling (SEM-PLS) approach. The analysis in PLS is conducted in two separated stages, first is the measurement model and second is the structural model. Analysis for the structural model using the PLS Bootstrap method showed that the model explained the values of R^2 of observed constructs in the national survey (329 respondents), Besides, the results of hypothesis testing based on the final model were also found that 17 out of 24 hypotheses (national survey -329 respondents) in the model were supported. The study also tested the moderation effect of organizational size and organizational status of ownership. The hypotheses testing results showed that 17 out of 24 were supported for the large private organizations and 13 out of 24 for the small and medium private organizations. The hypotheses testing results also discovered that 15 out of 24 were supported for the local private organizations and 12 out of 24 were supported for the foreign private organizations. Therefore in the next chapter, the results interpretation and discussion area presented.

CHAPTER 5

Interpretation and Discussion

5. Overview

This chapter presents the interpretation and discussion of the data analysis results (Structural Equation Modeling – Partial Least Square) from chapter 4. The first section interprets the results of the data analysis by discussing twenty four hypotheses proposed in chapter 3. The second section further discusses the moderating effect of organizational size and ownership status in the relationship between Cultural Orientation, Islam Hadhari's Principles, Environmental Factors and Non-Monetary and Monetary Rewards, and also between Non-Monetary and Monetary Rewards and Reward Program Influences (see Figure 4.1). This chapter will conclude by presenting a summary of the results.

5.1 Interpretation of the Results of Data Analysis

Even though it can be stated that the overall model fit satisfactorily, not all the hypotheses were supported by the results. The hypothesis testing was done through examining the estimates of t-value and standardized structural coefficients. The hypotheses and the descriptor can be seen in Table 5.1 for the national survey.

Table 5.1: Test of hypothesis and descriptor

Hypotheses	Descriptor
H1a (-)	A negative relationship between high power distance and perception of non-monetary rewards.
H2a (+)	A positive relationship between femininity orientation and perception of non-monetary rewards.
H3a (+)	A positive relationship between mastery of knowledge and perception of non-monetary rewards.
H4a (+)	A positive relationship between a balanced and comprehensive economic development and perception of non-monetary rewards.
H5a (+)	A positive relationship between a good quality of life and perception of non-monetary rewards.
H6a (+)	A positive relationship between cultural and moral integrity and perception of non-monetary rewards.
H7a (+)	A positive relationship between internal factors and perception of non-monetary rewards.
H8a (+)	A positive relationship between external factors and perception of non-monetary rewards.
H1b (+)	A positive relationship between high power distance and perception of monetary rewards.
H2b (-)	A negative relationship between femininity orientation and perception of monetary rewards.
H3b (+)	A positive relationship between mastery of knowledge and perception of monetary rewards.
H4b (+)	A positive relationship between a balanced and comprehensive economic development and perception of monetary rewards.
H5b (+)	A positive relationship between a good quality of life and perception of monetary rewards.
H6b (+)	A positive relationship between cultural and moral integrity and perception of monetary rewards.
H7b (+)	A positive relationship between internal factors and perception of monetary rewards.
H8b (+)	A positive relationship between external factors and perception of monetary rewards.
H9 (+)	A positive relationship between perception of non-monetary rewards and employee contribution
H10 (+)	A positive relationship between perception of monetary rewards and employee contribution
H11(+)	A positive relationship between perception of non-monetary rewards and employee productivity
H12 (+)	A positive relationship between perception of monetary rewards and employee productivity
H13 (+)	A positive relationship between perception of non-monetary rewards and employee loyalty
H14 (+)	A positive relationship between perception of monetary rewards and employee loyalty
H15 (+)	A positive relationship between perception of non-monetary rewards and employee turnover
H16 (+)	A positive relationship between perception of monetary rewards and employee turnover

Among the 24 hypotheses proposed in this study, 16 were supported, while there were no statistical evidence to infer the significance of the remaining eight hypotheses, namely, H1a, H4a, H6a, H7a, H1b, H2b, H7b and (H15 which will be discussed later in this chapter). However, the research model was still considered valid. However, it is not possible to make develop conclusions on the validity of any research model based on only one empirical study. Nevertheless, it is believed that the Reward Program Influences model developed in this study needs to be further tested in different contexts across various circumstances.

Table 5.2: Hypotheses and the interpretation (without moderation: full model)

Hypotheses	Table	Results	Interpretation
H1a (-)	Table 4.23 and 4.29	No negative with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees characterized themselves as low power distance which would have a relationship with non-monetary rewards according to the theory.
H4a (+)	Table 4.23 and 4.29	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated balanced and comprehensive economic development would not have a relationship with non-monetary rewards which is inconsistent with the theory.
H6a (+)	Table 4.23 and 4.29	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated cultural and moral integrity would not have a relationship with non-monetary rewards which is inconsistent with the theory.
H7a (+)	Table 4.23 and 4.29	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated internal factors would not have a relationship with non-monetary rewards which is inconsistent with the theory.
H1b (+)	Table 4.23 and 4.29	No positive with monetary rewards (insignificant)	It suggests negative relationship with monetary rewards. Exempt employees indicated themselves as low power distance which would have a relationship with non-monetary rewards according to the theory.
H2b (-)	Table 4.23 and 4.29	No negative with monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated femininity orientation would have a relationship with monetary rewards which is inconsistent with the theory.
H7b (+)	Table 4.23 and 4.29	No positive with monetary rewards (insignificant)	It suggests negative relationship with monetary rewards. Exempt employees indicated external factors would not have a relationship with monetary rewards which is inconsistent with the theory.

It is interesting to observe in this study that four hypotheses related to High Power Distance (H1a and H1b) and Environmental Internal Factors (H7a and H7b) were not significant with no moderating effect of organizational size and organizational ownership status (see Table 5.2). The analysis also showed that the other four hypotheses related to Femininity Orientation (H2b), Balanced and Comprehensive Economic Development (H4a), Cultural with Moral Integrity (H6a) did not influence Non-Monetary Rewards, and (Non-Monetary Rewards (H15) did not affect Employee Turnover – will be discussed later in this chapter).

The results also revealed the moderating effects of organizational size and ownership status within the model as per Hypotheses 17 and 18 which proposed that organizational size and ownership status would have a significant effect on both non-monetary and monetary rewards. The resulting hypotheses and the implications with the moderating effect of organizational size can be seen in Table 5.3 and Table 5.4. Among 24 hypotheses proposed in this study, 17 were supported with the moderating effect of organizational size, while there was no statistical evidence to infer the significance of the remaining seven hypotheses, namely H1a, H6a, H7a, H1b, H2b, H7b and (H15 will be discussed later in this chapter) for the large private organizations (see Table 5.3).

Table 5.3: Hypotheses and the interpretation
(with the moderating effect of organizational size: large private organizations)

Hypotheses	Table	Results	Interpretation
H1a (-)	Table 4.23 and 4.31	No negative with non-monetary rewards	It suggests positive relationship with monetary rewards. Exempt employees characterized themselves as low power distance which would have a relationship with non-monetary rewards according to the theory, as indicated in large private organizations.
H6a (+)	Table 4.23 and 4.31	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated cultural and moral integrity would not have a relationship with non-monetary rewards which is inconsistent with the theory in large private organizations.
H7a (+)	Table 4.23 and 4.31	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated internal factors would not have a relationship with non-monetary rewards which is inconsistent with the theory in large private organizations.
H1b (+)	Table 4.23 and 4.31	No positive with monetary rewards (insignificant)	It suggests negative relationship with monetary rewards. Exempt employees characterized themselves as low power distance which would not have a relationship with monetary rewards according to the theory, as indicated in large private organizations.

Hypotheses	Table	Results	Interpretation
H2b (-)	Table 4.23 and 4.31	No negative with monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated femininity orientation would have a relationship with monetary rewards inconsistent with the theory as found in large private organizations.
H6b (+)	Table 4.23 and 4.31	No positive with monetary rewards (insignificant)	It suggests negative relationship with monetary rewards. Exempt employees indicated cultural and moral integrity would not have a relationship with monetary rewards according to the theory as found in large private organizations.

The results also showed that 13 hypotheses were supported for the small and medium private organization while there was also no statistical evidence to infer the significance of the remaining eleven hypotheses, namely H4a, H6a, H7a, H8a, H1b, H2b, H3b, H4b, H5b (see Table 5.4) and (H11 and H15 will be discussed later in this chapter).

Table 5.4: Hypotheses and the interpretation
(with the moderating effect of organizational size: small and medium private organizations)

Hypotheses	Table	Results	Interpretation
H4a (+)	Table 4.23 and 4.31	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated a balanced and comprehensive economic development would not have a relationship with non-monetary rewards according to the theory, as found in small and medium private organizations.
H6a (+)	Table 4.23 and 4.31	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated cultural and moral integrity would not have a relationship with non-monetary rewards according to the theory in small and medium private organizations.
H7a (+)	Table 4.23 and 4.31	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated internal factors would not have a relationship with non-monetary rewards which is inconsistent with the theory in small and medium private organizations.
H8a (+)	Table 4.23 and 4.31	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated external factors would not have a relationship with non-monetary rewards which is inconsistent with the theory as found in small and medium private organizations.
H1b (+)	Table 4.23 and 4.31	No positive with monetary rewards (insignificant)	It suggests negative relationship with monetary rewards. Exempt employees characterized themselves as low power distance which would not have a relationship with monetary rewards according to the theory, as indicated in small and medium private organizations.

Hypotheses	Table	Results	Interpretation
H2b (-)	Table 4.23 and 4.31	No negative with monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated femininity orientation would have a relationship with monetary rewards which is inconsistent with the theory as found in small and medium private organizations.
H3b(+)	Table 4.23 and 4.31	No positive with monetary rewards (insignificant)	It suggests negative relationship with monetary rewards. Exempt employees indicated mastery of knowledge would not have a relationship with monetary rewards which is inconsistent with the theory as found in small and medium private organizations.
H4b (+)	Table 4.23 and 4.31	No positive with monetary rewards (insignificant)	It suggests negative relationship with monetary rewards. Exempt employees indicated balanced and comprehensive economic development would not have a relationship with monetary rewards which is inconsistent with the theory as found in small and medium private organizations.
H5b (+)	Table 4.23 and 4.31	No positive with monetary rewards (insignificant)	It suggests negative relationship with monetary rewards. Exempt employees indicated a good quality of life would not have a relationship with monetary rewards according to the theory as found in small and medium private organizations.

Thus, the results also discovered that among 24 hypotheses proposed in this study, 15 were supported with the moderating effect of organizational ownership status, whilst the remaining nine hypotheses, namely H1a, H4a, H6a, H7a, H1b, H2b, H3b, H7b and (H15 will be explained later in this chapter) were not significant for the local private organizations (see Table 5.5).

Table 5.5: Hypotheses and the interpretation
(with the moderating effect of organizational ownership status: local private organizations)

Hypotheses	Table	Results	Interpretation
H1a (-)	Table 4.29 and 4.32	No negative with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees characterized themselves as low power distance which would have a relationship with non-monetary rewards according to the theory, as indicated in local private organizations.
H4a (+)	Table 4.29 and 4.32	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated a balanced and comprehensive economic development would not have a relationship with non-monetary rewards which is inconsistent with the theory, as found in local private organizations.
H6a (+)	Table 4.29 and 4.32	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated cultural and moral integrity would not have a relationship with non-monetary rewards according to the theory in local private organizations.

Hypotheses	Table	Results	Interpretation
H7a (+)	Table 4.29 and 4.32	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated internal factors would not have a relationship with non-monetary rewards which is inconsistent with the theory in local private organizations.
H1b (+)	Table 4.29 and 4.32	No positive with monetary rewards (insignificant)	It suggests negative relationship with monetary rewards. Exempt employees characterized themselves as low power distance which would not have a relationship with monetary rewards according to the theory, as indicated in local private organizations.
H2b (-)	Table 4.29 and 4.32	No negative with monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated femininity orientation would have a relationship with monetary rewards which is inconsistent with the theory as found in local private organizations.
H3b(+)	Table 4.29 and 4.32	No positive with monetary rewards (insignificant)	It suggests negative relationship with monetary rewards. Exempt employees indicated mastery of knowledge would not have a relationship with monetary rewards inconsistent with the theory as found in local private organizations.
H7b (+)	Table 4.29 and 4.32	No positive with monetary rewards (insignificant)	It suggests negative relationship with monetary rewards. Exempt employees indicated external factors would not have a relationship with monetary rewards which is inconsistent with the theory.

Besides, 12 out of 24 hypotheses were supported with the moderating effect of organizational ownership status, while there were no statistical evidence to support the remaining eight hypotheses, namely H1a, H3a, H4a, H6a, H7a, H8a, H2b, H4b, H6b and (H9, H13 and H15 will be explained later in this chapter) for the foreign private organizations (see Table 5.6).

Table 5.6: Hypotheses and the interpretation
(with the moderating effect of organizational ownership status: foreign private organizations)

Hypotheses	Table	Results	Interpretation
H1a (-)	Table 4.29 and 4.32	No negative with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees characterized themselves as low power distance which would have a relationship with non-monetary rewards according to the theory, as indicated in foreign private organizations.
H3a (+)	Table 4.29 and 4.32	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated mastery of knowledge would not have a relationship with non-monetary rewards which is inconsistent with the theory, as found in foreign private organizations.

Hypotheses		Results	Interpretation
H4a (+)	Table 4.29 and 4.32	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated a balanced and comprehensive economic development would not have a relationship with non-monetary rewards which is inconsistent with the theory, as found in foreign private organizations.
H6a (+)	Table 4.29 and 4.32	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated cultural and moral integrity would not have a relationship with non-monetary rewards which is inconsistent with the theory in foreign private organizations.
H7a (+)	Table 4.29 and 4.32	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated internal factors would not have a relationship with non-monetary rewards which is inconsistent with the theory in local private organizations.
H8a (+)	Table 4.29 and 4.32	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated external factors would not have a relationship with non-monetary rewards which is inconsistent with the theory in foreign private organizations
H2b (-)	Table 4.29 and 4.32	No negative with monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated femininity orientation would have a relationship with monetary rewards inconsistent with the theory as found in foreign private organizations.
H3b(+)	Table 4.29 and 4.32	No positive with monetary rewards (insignificant)	It suggests negative relationship with monetary rewards. Exempt employees indicated mastery of knowledge would not have a relationship with monetary rewards inconsistent with the theory as found in foreign private organizations.
H4b (+)	Table 4.29 and 4.32	No positive with monetary rewards (insignificant)	It suggests negative relationship with monetary rewards. Exempt employees indicated balanced and comprehensive economic development would not have a relationship with monetary rewards which is inconsistent with the theory as found in foreign private organizations.
H6b (+)	Table 4.29 and 4.32	No positive with monetary rewards (insignificant)	It suggests negative relationship with monetary rewards. Exempt employees indicated cultural and moral integrity would not have a relationship with monetary rewards according to the theory as found in foreign private organizations.
H7b (+)	Table 4.29 and 4.32	No positive with monetary rewards (insignificant)	It suggests negative relationship with monetary rewards. Exempt employees indicated internal factors would not have a relationship with monetary rewards which is inconsistent with the theory in foreign private organizations.

As mentioned before, among the 24 hypotheses proposed in this study, there was no statistical evidence to infer the significance of H15 which perception of non-monetary rewards is not positively and significantly related to employee turnover (see Table 5.7). The result also revealed that there was no statistical evidence to infer the significance of H15 with the moderating effect of organizational size in large private organizations. It was also found that there was no statistical evidence to infer the significance of H11 and H15 with the moderating effect of organizational size in small and medium private organizations. The results also discovered that among 24 hypotheses proposed in this study, the proposition of H15 was not supported with the moderating effect of organizational ownership status in local private organizations. Thus, it was also indicated that three hypotheses, namely H9, H13 and H15 were not supported with the moderating effect of organizational ownership status in foreign private organizations.

Table 5.7: Hypotheses and the interpretation
(Relationship between Perception of Non-Monetary and Monetary Rewards and Reward Program Influences)

Hypotheses	Table	Results	Interpretation
Without moderation			
H15 (+)	Table 4.23 and 4.29	No positive with employee turnover (insignificant)	It suggests negative relationship with monetary rewards. Exempt employees indicated non-monetary rewards would not have a relationship with employee turnover which is inconsistent with the theory, as found in private organizations.
With moderating effect of organizational size			
H15 (+)	Table 4.23 and 4.31	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated non-monetary rewards would not have a relationship with employee turnover which is inconsistent with the theory, as found in large private organizations.
H11 (+)	Table 4.23 and 4.31	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated non-monetary rewards productivity which is inconsistent with the theory, as found in small and medium private organizations.
H15 (+)	Table 4.23 and 4.31	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated non-monetary rewards would not have a relationship with employee turnover which is inconsistent with the theory, as found in small and medium private organizations.
With moderating effect of organizational ownership status			

Hypotheses	Table	Results	Interpretation
Without moderation			
H15 (+)	Table 4.29 and 4.32	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated non-monetary rewards would not have a relationship with employee turnover which is inconsistent with the theory, as found in local private organizations.
H9 (+)	Table 4.29 and 4.32	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated non-monetary rewards would not have a relationship with employee contribution which is inconsistent with the theory, as found in foreign private organizations.
H13 (+)	Table 4.29 and 4.32	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated non-monetary rewards would not have a relationship with employee loyalty which is inconsistent with the theory, as found in foreign private organizations.
H15 (+)	Table 4.29 and 4.32	No positive with non-monetary rewards (insignificant)	It suggests positive relationship with monetary rewards. Exempt employees indicated non-monetary rewards would not have a relationship with employee turnover which is inconsistent with the theory, as found in foreign private organizations.

The detailed interpretation and discussion of the results for each hypothesis is provided in the next section.

5.1.1 Cultural Orientation

5.1.1.1 High power distance (Hypothesis H1a and H1b)

H1a (-)	A negative relationship between high power distance and perception of non-monetary rewards.
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Hypothesis 1a (HPD (-) → PNMR): without moderation

The result did not support this proposition (H1a). Surprisingly, there was no evidence that it was a negative and significant relationship between high power distance (HPD) and perceptions of non-monetary rewards (PNMR) (see Table 5.2). What this means is that there may be a positive relationship for HPD and PMR. Rewards for accepting inequalities included status, positions, age and seniority, and on performance criteria. However, in the qualitative data, exempt employees considered themselves in low power distance relationships. Many previous studies conducted by Hofstede 1980a, 1984; Chiang, 2005; Chiang and Birtch, 2006; and Islam and Ismail, 2008, have shown that in high power distance cultures such as a country like Malaysia, individuals are characterized as having a high cash mentality. Thus, monetary rewards represent a means to greater path to wealth and admiration (Hofstede, 2001). Past researches showed that in high power distance cultures, managers and

subordinates accept their respective positions within the organizational hierarchy and rewards associated with position, such as promotion, status, job title and authority (Chiang and Birtch, 2006). One explanation is that exempt employees characterized themselves as low power distance which would have a relationship with non-monetary rewards according to the past theory. Therefore, the result suggested a positive relationship with monetary rewards in this study.

Hypothesis 1a (HPD (-) → PNMR): with moderating effect of organizational size

The result also did not support the proposition (H1a). There was no evidence to show that there was a negative and significant relationship between high power distance and perceptions of non-monetary rewards with the moderating effect of organizational size for the large private organizations. The possible explanation for this reason is that exempt employees characterized themselves as low power distance which would have a relationship with non-monetary rewards according to the past studies such as Hofstede 1980a, 1984; Chiang, 2005; Chiang and Birtch, 2006; and Islam and Ismail, 2008. On the other hand, the result was supported for the small and medium private organizations. Exempt employees perceived and valued monetary rewards in small and medium organizations. Islam and Ismail (2008) also discovered that money is perceived a good motivator in Malaysia. These exempt employees were concerned more monetary rewards such as monetary incentives. This is inconsistent with small organizations who offer more intrinsic rewards such as personal growth, autonomy (Lang and Johnson, 1994) and the field study in this thesis.

Hypothesis 1a (HPD (-) → PNMR): with moderating effect of organizational ownership status

It was also found that the result did not support this proposition (H1a) which there was no evidence that there is a negative and significant relationship between high power distance and perceptions of non-monetary rewards with the moderating effect of organizational ownership status for the local and foreign private organizations. The result showed that exempt employees characterized themselves as low power distance which would have a relationship with non-monetary rewards according to the past studies such as Hofstede 1980a, 1984; Chiang, 2005; Chiang and Birtch, 2006; and Islam and Ismail, 2008 in local or foreign private organizations. Past researches indicated that low power distance countries placed more importance on intrinsic rewards reflecting achievement motivation. This concludes that non-monetary was perceived importantly in local and foreign Malaysian private organizations, in spite of the assumed strength of high power distance towards non-monetary rewards.

H1b (+)	A positive relationship between high power distance and perception of monetary rewards.
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Hypothesis 1b (HPD (+) → PMR): without moderation

There was lack of evidence to support this proposition (H1b), which indicated that high power distance did not significantly influence the perceptions of monetary rewards. This, once again draws attention to the possibility that exempt (senior) employees more consider themselves to be a low power distance group. This is consistent with the findings of many past researches such as Hofstede 1980a, Chiang, 2005; Chiang and Birtch, 2005, 2006 and Islam and Ismail, 2008. In high power distance cultures, employees valued monetary rewards more than non-monetary rewards. Individuals from cultures with reported high power distance Hofstede's such as Malaysia (Dooley, 2003, Karande et al., 2002; Goodwin and Goodwin, 1999) which usually believed that superiors are entitled to privileges, did perceive and value monetary rewards as most important to them. This was the case, even though it was found that a strong preference for monetary rewards (extrinsic rewards) such as basic salary, incentives and benefits is displayed in high power distance countries (Chiang, 2005). A possible interpretation is that exempt (senior) employees more consider themselves to be a low power distance group; which would have perceived and valued more non-monetary rewards as it is consistent with the above past studies.

Hypothesis 1b (HPD (+) → PMR): with moderating effect of organizational size

There was no statistical evidence to support the proposition (H1b). High power distance was not a significant influence on perceptions of monetary rewards across large, medium and small private organizations. This is consistent with the previous findings that people valued money rather than non-monetary rewards in high power distance cultures (Chiang and Birtch, 2005, 2006, Chiang, 2005). The possible explanation is that exempt employees characterized themselves as low power distance which would have a relationship with non-monetary rewards according to the past studies across large, medium and small private organizations. The employees perceive and value more non-monetary rewards as it is consistent with the above past studies.

Hypothesis 1b (HPD (+) → PMR): with moderating effect of organizational ownership status

There was also no statistical evidence to support this proposition (H1b). The high power distance did not significantly influence perceptions of monetary rewards in local private organizations. This meant that exempt employees characterized themselves as low power

distance which place more value on non-monetary rewards in local private organizations as much as those in foreign private organizations. This may be due to one important difference apart from the local and foreign. That is that Islam Hadhari's principles are part of local organizational culture where Islam Hadhari's principles reflect the fundamental Islamic beliefs and culture in organizations (see H2a; femininity variable below). However, it was supported in foreign private organizations. Exempt employees value monetary rewards in foreign organizations. This is consistent with many past studies such as Hofstede and Bond, 1988; Goodwin and Goodwin, 1999; Karande et al., 2002; Dooley, 2003; Chiang, 2005; and Chiang and Birtch, 2006, on high power distance cultures such as Malaysia. The possible explanation for this reason is employees strongly look for monetary rewards such as basic pay, allowances and other incentives in foreign private organizations as foreign-owned organizations tend to be larger and willing to pay higher wages (Velde and Morrissey, 2001) than local Malaysian private organizations. This concludes that money has been a predominantly preferred motivator amongst Malaysia employees (Islam and Ismail, 2008) in foreign private organizations.

5.1.1.2 Femininity orientation (Hypothesis H2a and H2b)

H2a (+)	A positive relationship between femininity orientation and perception of non-monetary rewards.
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Hypothesis 2a (FO (+) → PMNR): without moderation

It is observed that Feminine Orientation of the cultural orientation is a significant factor and positively influencing perceived non-monetary rewards (H2a). This finding is consistent with other researches such as Hofstede 1980a, 1980b 1983, 1984; Hofstede and Bond, 1988; Gomez-Meija and Welbourne 1991; Shuler and Rogovsky, 1998; Karande et al., 2002; Dooley, 2003; Chiang, 2005; Chiang and Birtch, 2006, among many others. The field study found that cultural orientation was feminine in nature.

It was found that feminine cultures, such as Malaysia, (Dooley, 2003, Karande et al., 2002; Goodwin and Goodwin, 1999; Hofstede and Bond, 1988) place considerable value on human relationships, concern for others, support, and the quality of life. Hence, non-financial rewards, such as relationships (e.g., colleague relationships) and work-life balance (e.g., workplace child-care services and career-break schemes), would be valued more (Shuler and Rogovsky, 1998). This is also consistent by past researches that employees in feminine cultures valued non-monetary rewards more, such as intrinsic rewards. Furthermore, support-oriented rewards and job security were also considered more important (Chiang and Birtch,

2006). The findings were also consistent with Hofstede's (1980b) contention that cultural divergence gives rise to differences in needs and preferences including those for rewards. That divergence concept may explain in part, the exempt employees' orientation towards low power distance. In addition, Chiang and Birtch (2006) also found that a feminine country culture has a strong need for an achievement-oriented intrinsic rewards (for e.g., challenge, variety and responsibility).

Hypothesis 2a (FO (+) → PMNR): with moderating effect of organizational size

The result also supported the proposition (H2a) which there was a positive and significant relationship between femininity orientation and perception of non-monetary rewards across large, medium and small private organizations. It was also supported that they preferred to have more recognition programs, look-up for personal growth, and advancement in Malaysian private organizations in accordance with Herzberg et al., (1959) motivation factor. This is also consistent with the studies by Chiang (2005) and Chiang and Birtch (2006) that placed more importance on intrinsic rewards reflecting achievement motivation in feminine cultures.

Hypothesis 2a (FO (+) → PMNR): with moderating effect of organizational ownership status

The result also supported the proposition (H2a). There was a positive and significant relationship between femininity orientation and perception of non-monetary rewards in local and foreign organizations. This is also consistent with the studies by Chiang (2005) and Chiang and Birtch (2006) that placed more importance on intrinsic rewards reflecting achievement motivation in feminine cultures. The exempt employees valued non-monetary rewards such as achievement and career advancement in feminine culture either in local or foreign Malaysian private organizations.

H2b (-)	A negative relationship between femininity orientation and perception of monetary rewards.
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Hypothesis 2b (FO (-) → PMR): without moderation

Meanwhile, there was no statistical evidence found in this study for a negative and significant relationship between feminine orientation and perception of monetary rewards (H2b), which is inconsistent with past researches such as Hofstede 1980a, 1980b; Karande et al., 2002; Dooley, 2003; Chiang, 2005; and Chiang and Birtch, 2006. This is surprisingly given past studies which identified that femininity orientation placed more importance on non-monetary rewards (intrinsic rewards) such as challenge, variety and responsibility. Exempt employees also perceive and value monetary rewards in Malaysian private organizations. Having said

that there is an attempt to fulfill growth needs with money, status, nice homes, and expensive cars. This is due to the belief that people will never find enough on non-monetary rewards to make them happy because monetary rewards especially the basic needs are equally important. Nevertheless, Islam Hadhari's principles also encourage people to earn a living and have financial stability.

Hypothesis 2b (FO (-) → PMR): with moderating effect of organizational size

The result did not support the proposition (H2b). There was no evidence that it was a negative and significant relationship between feminine orientation and perception of monetary rewards across large, medium and small private organizations. This is not too consistent with past researches such as Hofstede 1980a, 1984; Shuler and Rogovsky, 1998; Karande et al., 2002; Chiang, 2005; Chiang and Birtch, 2006, among many others. The possible explanation is that although the exempt employees valued non-monetary rewards such as achievement in feminine culture across large, medium and small private organizations, still they not exclude the benefits of monetary rewards. Islam Hadhari's principles encourage people to earn a good living by fulfilling the basic needs of life such as preserving religion, improving the status of education of its people, providing a peaceful life, ensuring the right to own property and make providence to the generation of the future (Department of Islamic Development Malaysia Putrajaya, 2005: p.33).

Hypothesis 2b (FO (-) → PMR): with moderating effect of organizational ownership status

The result also did not support this proposition (H2b). There was no evidence that it was a negative and significant relationship between feminine orientation and perception of monetary rewards either in local or foreign private organizations. This is inconsistent with past researches such as Hofstede 1984; Hofstede and Bond, 1988; Shuler and Rogovsky, 1998; Karande et al., 2002; Dooley, 2003; Chiang, 2005; Chiang and Birtch, 2006, among many others. The possible explanation for this reason is that exempt employees valued non-monetary rewards such as achievement in feminine culture both in local and foreign private organizations, but also, they valued the benefits of monetary rewards.

5.1.2 Islam Hadhari's Principles

5.1.2.1 Mastery of knowledge (Hypothesis H3a and H3b)

H3a (+)	A positive relationship between mastery of knowledge and perception of non-monetary rewards.
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Hypothesis 3a (MKW (+) → PNMR): without moderation

It is also found that there was a positive and significant relationship between Mastery of Knowledge and Perception of Non-Monetary Rewards (H3a). This finding is consistent with the results of the study by Bock and Kim 2002; Bartol & Srivastava, 2002; Bashir, 2005; Andriessen, 2006; Rahman and Hassan, 2008 among others. Therefore, rewards and performance evaluation must be used to encourage knowledge sharing and knowledge reuse. Rahman and Hassan (2008) citing Andriessen (2006) distinguishes tangible rewards for knowledge sharing (such as gift, promotion-salary increment) and intangible rewards (such as, recognition, enhancing reputation and public praise). In line with Surah 58: Mujadila:

The meaning of the above Al-Quran Verse is as follow:

“Allah will rise up to (suitable) ranks (and degrees), those of you who believe and who have been granted knowledge. And (remember) Allah is well-acquainted with what you do.”

The possible explanation for this result is that exempt employees valued non-monetary rewards such as promotion and recognition in order to gain the knowledge in the Malaysian private organizations. Thus, the pursuit and quest for knowledge and technology is very much encouraged in Islam and stress on reward in the Hereafter as a motivator of moral behaviour (Halstead, 2007) in mastering and enhancing the knowledge.

Hypothesis 3a (MKW (+) → PNMR): with moderating effect of organizational size

The result revealed that there was a positive and significant relationship between Mastery of Knowledge and Perception of Non-Monetary Rewards (H3a) across large, medium and small private organizations. This finding also in agreement with the results of the study by Kohn, 1993; Bartol and Locke, 2000; Bartol & Srivastava, 2002, Andriessen, 2006; Rahman and Hassan, 2008 among others. Exempt employees valued non-monetary rewards such as promotion and recognition in order to gain and enhance their knowledge whether they are working in small and medium or large private organizations as Islam Hadhari's principles indicate that mastering the knowledge is an '*ibadah*' (worship) and stress on reward in the Hereafter.

Hypothesis 3a (MKW (+) → PNMR): with moderating effect of organizational ownership status

The result also showed that there is a positive and significant relationship between Mastery of Knowledge and Perception of Non-Monetary Rewards (H3a) in local private organizations. This finding is consistent with the results of the study by Bartol and Locke, 2000; Andriessen, 2006; Rahman and Hassan, 2008 among others. In the western context, knowledge and competency is often rewarded by money. Exempt employees also valued non-monetary rewards such as recognition, enhancing reputation and public praise (Andriessen, 2006 cited by Rahman and Hassan, 2008) in order to gain and enhance the knowledge. However it was not supported for foreign private organizations. Exempt employees ‘did not’ value non-monetary rewards in foreign organizations as they preferred monetary incentives such as bonuses (Rahman and Hassan, 2008) for employees to share and impart their knowledge.

H3b (+)	A positive relationship between mastery of knowledge and perception of monetary rewards.
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Hypothesis 3b (MKW (+) →PMR): without moderation

In the meantime, the result also supported the proposition (H3b) that there was a positive significant relationship between mastery of knowledge and perception of monetary rewards. This is in line with numerous studies done by Nahapiet and Ghoshal, 1998; Kugel and Schostek 2004; Andriessen, 2006; Rahman and Hassan, 2008, which showed compensation and performance evaluation was used to encourage knowledge sharing and knowledge reuse which contribute to knowledge mastery. This study was in line with Kugel and Schostek (2004) who empirically concluded that monetary rewards seem to have immediate effect on motivation to share knowledge. Bartol & Srivastava (2002) also assert, knowledge sharing practices are linked to reward systems which are useful motivators for employees to master and share their knowledge which is created as a result of the combination and exchange of existing knowledge among employees (Nahapiet and Ghoshal, 1998), in turn, these motivate many organizations to introduce rewards systems which encourage employees to share their knowledge with others (Bartol and Srivastava, 2002). Exempt employees value monetary (as well as non-monetary) rewards for mastering and enhancing knowledge in Malaysian private organizations.

Hypothesis 3b (MKW (+) →PMR): with moderating effect of organizational size

The result also showed that there was a positive and significant relationship between Mastery of Knowledge and Perception of Monetary Rewards (H3b) in large private organizations. This is consistent with many studies conducted by Bartol and Locke, 2000; Bartol &

Srivastava, 2002; Kugel and Schostek 2004; Andriessen, 2006; Rahman and Hassan, 2008, which showed compensation and performance evaluation must be used to encourage knowledge sharing and knowledge reuse. Exempt employees valued monetary rewards in mastery and sharing their knowledge. This study also is in line with Kugel and Schostek (2004) empirically concluded that monetary rewards seem to have immediate effect on motivation to share knowledge. However, it was not supported for the small and medium private organizations. Exempt employees 'did not' perceive and value monetary rewards in small and medium private organizations. Thus, there are limitations to what monetary or related incentives can achieve towards encouraging knowledge. Exempt employees value more non-monetary rewards (intrinsic rewards) such as pleasure derived from performing the task itself (achievement) in small and medium private organizations. Rahman and Hassan (2008) assert that intrinsic rewards are of primary importance in encouraging knowledge in the organizations.

Hypothesis 3b (MKW (+) →PMR): with moderating effect of organizational ownership status

There was no statistical evidence show that there was a positive and significant relationship between Mastery of Knowledge and Perception of Monetary Rewards (H3b) in local organizations. This is contrary with studies conducted by Nahapiet and Ghoshal, 1998; Bartol & Srivastava, 2002; Kugel and Schostek 2004; Andriessen, 2006; Rahman and Hassan, 2008, which claimed that monetary rewards play important role in motivating employees to master and share their knowledge. One possible explanation is that exempt employees 'did not' value monetary rewards in mastery, sharing, and enhancing their knowledge in local private organizations due to the nature way of life of Malaysian employees in an Islamic country. They perceived and valued more non-monetary rewards such as award certificates, praise or public recognition (Rahman and Hassan, 2008). In contrast, foreign private organizations perceived monetary rewards as more valued. Ownership status shows a dichotomy where local organizations negatively link mastery of knowledge to monetary rewards and foreign private organizations link positively to monetary rewards.

5.1.2.2 A balanced and comprehensive economic development (Hypothesis H4a and H4b)

H4a (+)	A positive relationship between a balanced and comprehensive economic development and perception of non-monetary rewards.
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Hypothesis 4a (BCED (+) → PMNR): without moderation

The lack of evidence to support this proposition (H4a) indicated that a balanced and comprehensive economic development was not a positive and significant influence on the perception of non-monetary rewards. This is contrary to previous studies Said, 2008; Shariff, 2003; Badawi, 2005; Khan, 1991; Hamidullah, 1979, among others. This is also not consistent with Sauer (1999) who said that according Aristotle, the objective of economic activity was to secure for the participants a desirable standard of living. Furthermore, material goods and market activities were only instrumental values. Individuals who lose sight of this, may convert intrinsic to extrinsic goods. This proposition is also not supported by Shariff (2003) who mentioned that in essence, development includes growth and adds human content to it, that is growth measures economics progress in terms of increasing societal income (wealth) without any consideration for who is enjoying the wealth, while development take into account the implication of growing wealth on the general populations in terms of food, security, nutritional standard, healthcare, longevity, education etc. The possible explanation is that the non-monetary reward programs in private organizations were well-established and were perceived to link negatively to a balanced and comprehensive economic development in Malaysian private organizations.

Hypothesis 4a (BCED (+) → PMNR): moderating effect of organizational size

There was statistical evidence to support this proposition (H4a). A balanced and comprehensive economic development shows a positive and significant influence with the perception of non-monetary rewards in large private organizations. This is consistent with Islam Hadhari's approach that will continue to improve the efficiency of the public sector's delivery system as well as the performance of the private sector. Thus, the quality of the educational system and national training institutions must be improved continuously so as to fulfil the people's needs (Department of Islamic Development Malaysia, Putrajaya, 2005: p.31). Balanced and comprehensive economic development in the country is very important to improve the welfare of the people. Nevertheless, this will give a significant impact to the cost of living of the people. One possible explanation is that exempt employees agreed that balanced and comprehensive economic development affects the non-monetary rewards in large private organization is due to the importance of sustaining good economic conditions

and having non-monetary rewards such as education and training for employees' advancement in their field. Conversely, this is contrary to a study by Hashim (2007) who says that it is hard to imagine that people working for no money for a living as wage should be commensurate based on the average societal cost of living wage. However, it was not supported in small and medium private organizations. Thus, wages and rewards should be sufficient to provide a decent living (Hashim, 2007). The possible explanation for why exempt employees agreed that having balanced and comprehensive economic development did not affect non-monetary rewards is due to the fact that they believed money is still an important factor for the living in small and medium private organizations.

Hypothesis 4a (BCED (+) → PMNR): with moderating effect of organizational ownership status

There was no statistical evidence showed to support the proposition (H4a) that a balanced and comprehensive economic development has a positive and significant influence on the perception of non-monetary rewards in either local or foreign private organizations. This is consistent with study by Hashim (2007) that wages and rewards should be sufficient to provide a decent living. It was found that exempt employees disagreed that balanced and comprehensive economic development affect the non-monetary rewards in either local or foreign private organizations. This is due to that it is true enough that monetary rewards are needed to fulfill the basic needs (lower needs) before reaching the upper needs according to Maslow's needs theory of motivation (Maslow, 1954) and an organization should structure and develop the reward package in such a way to let the employees meet their basic needs and have a better standard of living (Sahih Al-Bukhari) (Hashim, 2009; Khan et al., 2010). A balanced and comprehensive development is part of Islam Hadhari's principles which is uniquely Malaysian. Therefore, foreign private organizations may not perceive a balance and comprehensive economic development initiative as linking to their non-monetary structure.

H3b (+)	A positive relationship between mastery of knowledge and perception of monetary rewards.
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Hypothesis 4b (BCED (+) → PMR): without moderation

It was stated in the hypothesis (H4b) that there was a positive and significant relationship between a balanced and comprehensive economic development and perception of monetary rewards. The proposition was supported and this finding is consistent with many other researchers such as Hashim, 2007; Shariff, 2003; Badawi, 2004; Bashir, 2005; Khan, 1991; among others. Monetary rewards are needed to fulfill the basic needs (lower needs) before reaching the upper needs according to the Maslow's needs theory of motivation (Maslow,

1954). Alhabshi (2004) also indicates that the development that has taken place is not only helping its people to improve their welfare but more importantly it has also impressed the Islamic economic system in order to give the significant impact of their living and materially wealth. Essentially, that is growth measures economics progress in terms of increasing societal income (wealth) without any consideration for who is enjoying the wealth; therefore a balanced and comprehensive development is very important in improving the people's wealth and desirable standard of living. This is consistent with Surah 62: Jumu'a, Section 2 (10):

The meaning of the above Al-Quran Verse is as follow:

And when the prayer is finished, then may ye disperse through the land (to attend to your personal affairs), and seek the bounty of Allah, and celebrate the praises of Allah often (and without stint); that ye may prosper (in this world and the Hereafter)."

Hypothesis 4b (BCED (+) → PMR): with moderating effect of organizational size

The result provided enough statistical evidence to show this proposition (H4b) had a positive and significant relationship between a balanced and comprehensive economic development and perception of monetary rewards in large private organizations. This is consistent with numerous studies by Khan et al., 2010; Hashim, 2007; Alhabshi, 2004 and among the others that Muslims must honour the strict principles (Quran and Sunnah) regardless of spatial and temporal situations or what stage of economic development the Muslim society happens to be in. Furthermore, Islam Hadhari demands all members of the Islamic community to seize the opportunities available to improve their economy facing the current challenges. Wages and rewards also should be sufficient to provide a decent living (Hashim, 2009). The possible explanation is that exempt employees believed that a balanced and comprehensive economic development affects non-monetary rewards because monetary rewards play a different and supporting role in economic development and a better standard of living. However it was not supported in small and medium private organizations. Exempt employees disagreed that a balanced and comprehensive development affects monetary rewards in small and medium organizations. Having said this, exempt employees are more concerned with non-monetary rewards such as training, advancement and personal growth. Results and explanations might rely more on western experience in using both non-monetary and monetary rewards due to motivation theories such as Herzberg et al.'s two factor theory

of motivation (Herzberg et al., 1959) and Maslow's needs theory of motivation (Maslow, 1954).

Hypothesis 4b (BCED (+) → PMR): with moderating effect of organizational ownership status

Thus, the result also revealed enough statistical evidence to show this proposition (H4b) has positive and significant relationship between a balanced and comprehensive economic development and perception of monetary rewards in local private organizations. This is consistent with the findings from studies by Khan et al., 2010; Hashim, 2007; Alhabshi, 2004; Department of Islamic Development Malaysia, Putrajaya, 2005: p.31 and among the others that full employment, price stability and sustainable economic development, justice and economic stability need to be achieved. The possible explanation is that exempt employees believed that a balanced and comprehensive economic development affects monetary rewards in local private organizations. This is due to the fact that monetary rewards play an important role in economic development where a better standard of living through wages and rewards should be sufficient to provide a decent living (Hashim, 2009). However, it was not supported for foreign organizations. Conversely, exempt employees disagreed that a balanced and comprehensive development affects monetary rewards in foreign private organizations. As a result of that, exempt employees are more concerned with non-monetary rewards such as education, training (Department of Islamic Development Malaysia, Putrajaya, 2005: p.31), advancement and personal growth.

5.1.2.3 A good quality of life (Hypothesis H5a and H5b)

H5a (+)	A positive relationship between a good quality of life and perception of non-monetary rewards.
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Hypothesis 5a (GQL (+) → PNMR): without moderation

The proposition (H5a), link from a good quality of life of Islam Hadhari's principles to perception of non-monetary rewards was also found to be significant. This results indicated that there is a positive relationship between a good quality of life and perception of non-monetary rewards which is consistent with the results of the Malaysian researchers such as Zin, 2005, Hassan, 2004, and Bashir, 2005 that Islam Hadhari will focus on improving and enhancing the quality of life for every citizen, regardless of his or her religion. A study shows support for a quality of life focusing on four main areas such as knowledge, balanced development, and earning a honest living to accumulate wealth and healthcare (Badawi, 2005, Zin, 2005, and Bashir, 2005). Basically, a good quality of life can be achieved if the country

especially Malaysia succeeds in fulfilling the basic needs of life in the form of non-monetary rewards such as preserving religion, improving the status of education of its people, providing a peaceful life, ensuring the right to own property and make providence to the generation of the future (Department of Islamic Development Malaysia Putrajaya, 2005). This result reassures non-monetary reward in a good quality of life is important among private organizations in Malaysia.

Hypothesis 5a (GQL → PNMR): with moderating effect of organizational size

This result indicated that there was a positive relationship between a good quality of life and perception of non-monetary rewards (H5a) in across small, medium and large private organizations. This result is consistent with the results of the Malaysian prominent personalities/researchers such as Zin, 2005, Hassan, 2004, and Bashir, 2005 that Islam Hadhari will focus on improving and enhancing the quality of life for every citizen, regardless of his or her religion. The exempt employees believed that a good quality of life affects perception of non- monetary rewards in either small and medium or large private organizations. The possible explanation is that Malaysia as a predominant Islamic country emphasizes a good quality of life. Islam from the very beginning has stressed the importance of a good quality of life. Hofstede (1984) also explains that a good quality of life is a product of a society stressing job challenge, achievement, and the satisfaction of intrinsic needs.

Hypothesis 5a (GQL (+) → PNMR): with moderating effect of organizational ownership status

This result also showed that there was a positive relationship between a good quality of life and perception of non- monetary rewards (H5a) in both local and foreign private organizations. This result is consistent with the results of the Malaysian prominent personalities/researchers such as Zin, 2005, Badawi (2005); Hassan, 2004, and Bashir, 2005 that Islam Hadhari will focus on improving and enhancing the quality of life for every citizen, regardless of his or her religion. Furthermore all aspects of the society's quality of life will be developed in an integrated manner based on the Islam Hadhari's approach (Department of Islamic Development Malaysia Putrajaya, 2005: p.34). This also supported by Harrington and Ladge (2009) who denote quality of work–life initiatives that are developed in response to employee surveys often result in increasing employee engagement, better working arrangements and conditions, and also comprehensive training programs.

H5b (+)	A positive relationship between a good quality of life and perception of monetary rewards.
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Hypothesis 5b (GQL (+) → PMR): without moderation

The other proposition, H5b was proved that there was a positive and significant relationship between a good quality of life and perception of monetary rewards. The findings/results are consistent with many other researches especially the Malaysian prominent personalities/researchers such as Zin, 2005, Hassan, 2004, and Bashir, 2005, among others. In Hofstede's study, personal choices are affected by the cultural environment in which people are brought up. Hofstede (1984) also believes the quality of life in some cultures is strongly associated with the degree of satisfaction of material needs and on the other hand it is also related to the degree to which people succeed in reducing their material needs. One possible explanation is one facet of a people's quality of life is their quality of work life which it is a matter of personal and culture choice. It cannot be denied that basic needs in the form of monetary rewards such as basic salary, incentives, contingency pay and others as well as non-monetary rewards such as personal growth and achievement are important to balance their quality of life. This is consistent with in Surah 28: Qasas, Section 8 (77):

The meaning of the above Al-Quran Verse is as follow:

“But seek, with the wealth which Allah has bestowed on thee, the reward and happiness of the Hereafter and forget not thy portion (thy necessities and provisions) in this world, and do good (to Allah's slaves) as Allah has been good to ye (by bestowing abundant wealth upon ye), and seek not mischief in the land. Verily, Allah loves not those who do mischief.”

Hypothesis 5b (GQL(+) → PMR): with moderating effect of organizational size

There was also a positive and significant relationship between a good quality of life and perception of monetary rewards (H5b) in large private organizations. The finding/result is consistent with many other studies especially the Malaysian prominent personalities/researchers such as Badawi, 2005, and Bashir, 2005, Amin et al., 2006, among the others. It is important to improve quality of life and at the same time to achieve social well being in economic development. Islam also stresses that a good family will guarantee the creation of a balanced and useful generation. Hofstede (1984) believes the quality of life in some cultures is strongly associated with the degree of satisfaction of material needs (Twenge and King, 2005; Falkenberg, 1998). Therefore, exempt employees believed that a good quality of life affects perception of monetary rewards in large private organizations support the proposition. The possible explanation is that they valued monetary rewards such as pay, incentives and benefits are important in their daily life as to have a good quality of life. On

the other hand, this was not supported in small and medium private organizations. Exempt employees disagreed that a good quality of life affects perception of monetary rewards in small and medium private organizations. The reason is these employees tend to value more non-monetary rewards such as increasing employee engagement, better working arrangements and conditions, and also comprehensive training programs which facilitate greater manager and employee understanding of the benefits of flexibility (Harrington and Ladge, 2009).

Hypothesis 5b (GQL (+) → PMR): with moderating effect of organizational ownership status

This result also showed that there was a positive relationship between a good quality of life and perception of monetary rewards (H5b) in either local or foreign private organizations which is consistent with the results of the Malaysian prominent personalities/researchers such as Zin, 2005 and Bashir, 2005 that Islam Hadhari will focus on improving and enhancing the quality of life for every citizen, regardless of his or her religion. It cannot be denied that basic needs in form of monetary rewards such as basic salary, incentives, contingency pay and others are important to balance up their quality of life. . Hofstede (1984) believes the quality of life in some cultures is strongly associated with the degree of satisfaction of material needs (Twenge and King, 2005; Falkenberg, 1998). Thus, exempt employees believed that a good quality of life affects perception of monetary rewards in either local or foreign private organizations support the proposition. The possible explanation is that it is a matter of degree. Small or medium (often local) organizations preferred non-monetary rewards but did not discard the benefits of monetary rewards.

5.1.2.4 Cultural and Moral Integrity (Hypothesis H6a and H6b)

H6b (+)	A positive relationship between cultural and moral integrity and perception of monetary rewards.
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Hypothesis 6a (CMI (+) → PNMR): without moderation

There was no statistical significance found in this study for the proposed positive relationship between cultural and moral integrity and perception of non-monetary rewards (H6a), which is not in agreement with past studies such as Levine, 1998; Koys, 2001; Martinez, 2005; Halstead, 2007; Michealson, 2008 and Malaysian prominent personalities/researchers such as Zin, 2005, Badawi, 2005; and Bashir, 2005, among many others. This result is surprising, given that, it is important that cultural and religious diversity must be protected based on a value and moral system which is strong, lofty and honourable in order to enhance the development of Malaysia (Department of Islamic Development Malaysia, Putrajaya, 2005).

Hastead (2007) discussed the main differences between Islamic and western morality. Islam emphasizes timeless religious principles, the role of the law in enforcing morality, the different understanding of rights, the rejection of moral autonomy as a goal of moral education and the stress on reward in the Hereafter as a motivator of moral behaviour, not much on non-monetary rewards. In fact, Hastead (2007) also explained the morality in Islam is generally understood as a list of rules, duties and responsibilities (non-monetary rewards) whose authority derives directly from the Qur'an and the hadith. Many evidently moral pursuits, such as education, healthcare, and the arts, are frequently perceived to be of relatively modest economic value (Michealson, 2008). It is true that the Malaysian government has emphasized the need to educate moral to noble values and high morale which contribute towards high culture of its people. Additionally Muslims, stress on reward in the Hereafter as a motivator of moral behaviour. However that the proposition was not supported, exposing the need for further research in this area.

Hypothesis 6a (CMI (+) → PNMR): with moderating effect of organizational size

The result showed that there was no statistical evidence in this proposition (H6a) which indicate a positive relationship between cultural and moral integrity and perception of non-monetary rewards across large, medium and small private organizations. This is not in agreement with past studies such as Levine, 1998; Koys, 2001; Halstead, 2007; Michealson, 2008 and Malaysian prominent personalities/researchers such as Badawi, 2005; Zin, 2005 and Bashir, 2005, among many others. Hastead (2007) also explained the morality in Islam is generally understood as a list of rules, duties and responsibilities (non-monetary rewards) whose authority derives directly from the Qur'an and the hadith. Exempt employees disagreed that cultural and moral integrity and perception of non-monetary rewards across large, medium and small private organizations. As above, this factor requires further research.

Hypothesis 6a (CMI (+) → PNMR): with moderating effect of organizational ownership status

The result also indicated that there was no statistical evidence in this proposition (H6a) which there was no positive relationship between cultural and moral integrity and perception of non-monetary rewards in either local or foreign private organizations. This is also not consistent with past studies such as Levine, 1998; Koys, 2001; Martinez, 2005; Halstead, 2007; Michealson, 2008 and Malaysian prominent personalities/researchers such as Zin, 2005, Badawi, 2005; and Bashir, 2005, among many others. As the result above, this factor also requires further research.

H6b (+)	A positive relationship between cultural and moral integrity and perception of monetary rewards.
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Hypothesis 6b (CMI (+) → PMR): without moderation

The present research provided enough statistical support to this proposition (H6b) in this study. It was found, there is a positive and significant relationship between Cultural and Moral Integrity and Perception of Monetary Rewards which is consistent with numerous previous researches such as Levine, 1998; Koys, 2001; Halstead, 2007; Michealson, 2008 and Malaysian prominent personalities/researchers such as Zin, 2005, Badawi, 2005 and Bashir, 2005, among many others. Paying executives for either doing or not doing what they are contractually bound to do for shareholders is fraught with problems of measurement, however it is found that pay for performance claims are a typical reaction to criticisms of the fairness of executive compensation (Lublin, 2003, cited by Michealson, 2008). One possible explanation is exempt employees in private organizations in Malaysia value monetary rewards in order to mould good morale as the manager would give up some claim to moral praise for moral conduct, to which he or she may wish to ascribe economic value (form of monetary rewards). This is supported by Islam and Ismail (2008) who concludes that money has been predominantly a preferred motivator amongst Malaysia employees.

Hypothesis 6b (CMI (+) → PMR): with moderating effect of organizational size

The result showed that there was no statistical evidence in this proposition (H6b) which there was no positive relationship between cultural and moral integrity and perception of monetary rewards in large private organizations. This is also contrary to past studies such as Koys, 2001; Lublin, 2006; Halstead, 2007; Michealson, 2008 and Malaysian prominent personalities/researchers such as Zin, 2005, Badawi, 2005; Hassan, 2004, and Bashir, 2005, among many others. One possible explanation that exempt employees ‘did not’ perceive cultural and moral integrity affects perception of monetary rewards in large private organizations. As previously explained for H6a(+), it was also found that exempt employees ‘did not’ perceive cultural and moral integrity influences perception of non-monetary. As the result above, this factor also requires further research. However the proposition was supported in small and medium private organizations. This is consistent with numerous of previous researches such as Koys, 2001; Martinez, 2005; Lublin, 2006; Halstead, 2007; Michealson, 2008 and Malaysian prominent personalities/researchers such as Zin, 2005, Badawi, 2005; Hassan, 2004, and Bashir, 2005, among many others. The possible explanation is that exempt employees believed cultural and moral integrity affects perception of monetary rewards is due to employees valued more on monetary rewards. This is also supported by

Islam and Ismail (2008) that concludes money has been predominantly preferred motivator amongst Malaysia employees. Thus, Kaplow and Shavell (2007) suggest that unusually good moral behaviour to be rewarded to employee in order for them to behave ethically.

Hypothesis 6b (CMI (+) → PMR): with moderating effect of organizational ownership status

The present research provided enough statistical support to this proposition (H6b) in this study. It was found, there is a positive and significant relationship between Cultural and Moral Integrity and Perception of Monetary Rewards in local private organizations. This is consistent with numerous of previous researches such as Levine, 1998; Koys, 2001; Martinez, 2005; Lublin, 2006; Halstead, 2007; Michealson, 2008 and Malaysian researchers such as Zin, 2005, Badawi, 2005; Hassan, 2004, and Bashir, 2005, among many others. The possible explanation is that exempt employees believed cultural and moral integrity affects perception of monetary rewards is due to employees valued more on monetary rewards in local private organizations. This is due to the assumption that the exempt employees from small/medium and local private organizations value more monetary rewards (see the proposition H1a(-) for small and medium private organizations). This is also supported by Islam and Ismail (2008) that concludes money has been a predominantly preferred motivator amongst Malaysia employees. However, it was not supported in foreign private organizations. The results confirmed that both propositions H6a(+) and H6b(+) revealed no association between cultural and moral integrity and perception of non-monetary and monetary rewards in foreign private organizations. Perhaps, this is due to the assumption that the exempt employees from large and foreign private organizations ‘did not’ perceive and value monetary rewards. As the result above, this factor also requires further research in the future.

5.1.3 Environmental Factors

5.1.3.1 Internal factors (Hypothesis H7a and H7b)

H7b (+)	A positive relationship between internal factors and perception of monetary rewards.
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Hypothesis 7a (ITF (+) → PNMR): without moderation

This hypothesis (H7b) was not statistically significant in this study. There was no positive and significant association between internal factors and perception of non-monetary rewards. The finding and result is inconsistent with past studies such as company affordability (Henderson, 2005; Levine, 1993; Romanoff et al., 1986), company location (Henderson, 2005, Vocino, 2004; Schaeffer, 2001; Langer, 1987), company values and philosophies (Henderson, 2005; Pophal, 2004), business nature (Henderson, 2005; Gilley and Maycunich, 2000; Groshen,

1990), company performance and profit (Ang et al., 2002) and also control with integrity (Henderson, 2005). Actually internal factors/variables play a very important role in determining the compensation or reward package including non-monetary rewards in organizations (Henderson, 2005). However, the internal factors in private organizations in Malaysia did not affect the non-monetary rewards. This result is surprisingly given that one possible explanation is probably most of the organizations have a good non-monetary rewards programs in place such as career opportunities development, recognition, growth and advancement which is not involved 'money'. This is due to, perhaps, they could not distinguish that how the internal factors relate to non-monetary rewards in Malaysian private organizations. Thus, as above result, this factor also requires further research in the future.

Hypothesis 7a (ITF (+) → PNMR): with moderating effect of organizational size

There was no statistical evidence to this proposition (H7a) in this study. There was no positive and significant relationship between internal factors and perception of non-monetary rewards across large, medium and small private organizations. The findings and results were not consistent with past studies. Past researches indicated that internal factors such as company affordability (Henderson, 2005; Levine, 1993; Romanoff et al., 1986), company location (Henderson, 2005, Vocino, 2004; Schaeffer, 2001; Langer, 1987), company values and philosophies (Henderson, 2005; Pophal, 2004), business nature (Henderson, 2005; Gilley and Maycunich, 2000; Groshen, 1990), company performance and profit (Ang et al., 2002) and also control with integrity (Henderson, 2005) affected the non-monetary and monetary rewards package. The possible explanation is that exempt employees 'did not' know and be aware of the determinants or factors that would affect the development of reward package which comprises non-monetary or monetary rewards. Probably most of exempt employees were not in the compensation/rewards management area and they were not involved in activities concerning setting-up and developing the reward package. Perhaps, another reason is they could not distinguish that how the internal factors relate to non-monetary rewards across large, medium and small private organizations. Therefore, as above result, this factor also requires further research in the future. Perhaps, taking the set of internal environmental factors as the focus will help discriminate between them.

Hypothesis 7a (ITF (+) → PNMR): with moderating effect of organizational ownership status

There was also no statistical evidence to this proposition (H7a) in this study. Consequently, there was no positive and significant relationship between internal factors and perception of non-monetary rewards in either local or foreign private organizations. The findings and results is also not consistent with past studies such as Romanoff et al., 1986; Gilley and Maycunich, 2000; Schaeffer, 2001, Ang et al., 2002; Henderson, 2005, Milkovich and Newman, 2002; Pophal, 2004; Vocino, 2004, among many others. Numerous studies above indicated that internal factors such as company affordability, company geographical location, company values and philosophies, business nature, company performance and profit and also control with integrity affects the non-monetary and monetary rewards package. One possible explanation is that exempt employees ‘did not’ know and be aware of the determinants or factors that would affect the development of reward package which comprises non-monetary as well as monetary rewards. Probably most of exempt employees were not in the compensation/rewards management area and they did not involve in activities concerning setting-up and developing the reward package. Perhaps, another reason is they could not distinguish that how the internal factors related to non-monetary rewards in local and foreign private organizations. Therefore, as above result, this factor also requires further research in the future.

H7b (+)	A positive relationship between internal factors and perception of monetary rewards.
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Hypothesis 7b (ITF (+) → PMR): without moderation

There was no statistical evidence to the proposition (H7b) in this study. Consequently, there was no positive and significant relationship between internal factors and perception of monetary rewards. Surprisingly, this insignificant relationship was not consistent with past studies done by Romanoff et al., 1986; Levine, 1993; Gilley and Maycunich, 2000; Schaeffer, 2001, Ang et al., 2002; Henderson, 2005, Milkovich and Newman, 2002; Pophal, 2004; Vocino, 2004, among many others have found that internal factors are positively and significantly associated with perception of monetary rewards. One possible explanation is perhaps most of exempt employees were not in the compensation/rewards management area and they did not involve in activities concerning setting-up and developing the reward package. Therefore, they ‘did not’ know and be aware of the determinants or factors that would affect the development of reward package. As above result, this factor also requires

further research in the future in order to re-test and reconfirm the association between the above factors.

Hypothesis 7b (ITF (+) → PMR): with moderating effect of organizational size

The present research provided enough statistical evidence to support this proposition (H7b) in this study. There was a positive and significant relationship between internal factors and perception of monetary rewards across large, medium and small private organizations. This is consistent with the past studies done by Langer, 1987; Kalleberg and Van Buren, 1996; Brown and Medoff, 1989; Romanoff et al., 1986; Gilley and Maycunich, 2000; Schaeffer, 2001, Ang et al., 2002; Henderson, 2005, among many others have found that internal factors are positively associated with perception of monetary rewards. Thus, exempt employees understood and were aware of the internal factors as determinants which affected monetary rewards package across large, medium and small private organizations. For example company's ability to pay (i.e. financial resources), desire to pay (image of company), and also need to pay (labor market) is crucial (Romanoff et al., 1986) at the highest stake to fulfill employees job satisfaction. Probably, the small and medium private organizations could not afford to pay monetary rewards such as high basic salary and better allowances to the employees compare to large private organizations. Therefore, internal factors (company affordability) do affect the monetary reward package across large, medium and small private organizations.

Hypothesis 7b (ITF (+) → PMR): with moderating effect of organizational ownership status

There was no statistical evidence to this proposition (H7b) in this study as there was no positive and significant relationship between internal factors and perception of monetary rewards in local private organizations. This is contrary with past studies done by Langer, 1987; Kalleberg and Van Buren, 1996; Brown and Medoff, 1989; Romanoff et al., 1986; Schaeffer, 2001, Ang et al., 2002; Henderson, 2005, among many others have found that internal factors are positively associated with perception of monetary rewards. The possible explanation is that exempt employees 'did not' know and understand the determinants for developing the reward package comprises non-monetary as well as monetary rewards in local private organizations. In spite of this, it was supported in foreign private organizations. This is consistent with numerous studies conducted by Langer, 1987; Kalleberg and Van Buren, 1996; Brown and Medoff, 1989; Romanoff et al., 1986; Schaeffer, 2001, Ang et al., 2002; Henderson, 2005, among many others. This showed that exempt employees knew, were

aware of and understood the internal factors as determinants for developing the total reward package which comprises monetary rewards in foreign private organizations (especially the multinationals). Organizations will do comparison on their rewards package with other companies in developing a reward program to remain competitive in the market (Armstrong and Murlis, 2007; Romanoff et al., 1986) especially in foreign private organization.

5.1.3.2 External Factors (Hypothesis H8a and H8b)

H8a (+)	A positive relationship between external factors and perception of non-monetary rewards.
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Hypothesis 8a (EXF (+) → PNMR): without moderation

The present research provided enough statistical evidence to this proposition in this study. The proposition (H8a) suggested that there was a positive and significant relationship between external factors and perception of non-monetary rewards. This is consistent with the many studies conducted by Kaighan, 1988; Romanoff et al., 1986; Ang et al., 2002; Werner and Ward, 2004; Henderson, 2005, Hansen, 2008; among many others. External factors such as market trend and competitiveness (Milkovich and Newman, 2002, Shen, 2004, Hansen, 2008 and Armstrong and Murlis, 2007) affect non-monetary rewards in determining and providing the total reward package. This is because total reward package (non-monetary and monetary rewards) are subject to the host law and regulations/legal compliance systems. External factors do influence the non-monetary rewards in private organizations as the results supported the previous studies.

Hypothesis 8a (EXF (+) → PNMR): with moderating effect of organizational size

The present research also revealed enough statistical evidence to support this proposition in this study. The proposition (H8a) suggested that there was a positive and significant relationship between external factors and perception of non-monetary rewards in large private organizations. This is consistent with the many studies conducted by Kaighan, 1988; Romanoff et al., 1986; Ang et al., 2002; Henderson, 2005, Hansen, 2008; Armstrong and Murlis, 2007; Milkovich et al., 2010, among many others. The explanation for this reason is that exempt employees were aware and understood the external factors such as how market trend competitiveness as well as law and regulations affect non-monetary rewards. Perhaps, this is also due to the frequent practices of large private organizations who conduct the benchmarking/market surveys in order to remain competitive and sustain a position in the market. However, it was not supported in small and medium private organizations. It is believed that one possible reason is, exempt employees ‘did not’ know, be aware of and

understood the influences of external factors in developing the total reward package which comprises non-monetary as well as monetary rewards in small and medium private organizations. Perhaps, another reason is that, being small and medium organizations, they could not distinguish that market competitiveness related to non-monetary rewards.

Hypothesis 8a (EXF (+) → PNMR): with moderating effect of organizational ownership status

The present research also provided enough statistical evidence to this proposition in this study. The proposition (H8a) suggested that there was a positive and significant relationship between external factors and perception of non-monetary rewards in either local or foreign private organizations. This is consistent with the many studies conducted by Kaighan, 1988; Romanoff et al., 1986; Ang et al., 2002; Henderson, 2005, Milkovich and Bloom, 1998, Hansen, 2008; Armstrong and Murlis, 2007; Milkovich et al., 2010, among many others. The possible explanation is that exempt employees knew and understood the influences of external factors such as market competitiveness and law and regulations for setting up and developing the total reward package which comprises non-monetary as well as monetary rewards in local and foreign private organizations.

H8b (+)	A positive relationship between external factors and perception of monetary rewards.
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Hypothesis 8b (EXF (+) → PMR): without moderation

The proposition (H8b) also showed that there was a positive and significant relationship between external factors and perception of monetary rewards. This is consistent with previous studies by Kaighan, 1988; Romanoff et al., 1986; Ang et al., 2002; Henderson, 2005, Milkovich and Bloom, 1998, Hansen, 2008; Armstrong and Murlis, 2007; Milkovich et al., 2010, among many others. Past studies found that have found that internal factors are positively and significantly associated with perception of monetary rewards. The results reconfirm that the external factors do affect the monetary rewards offered by the private organizations. Exempt employees agreed and perceived external factors are very crucial in developing and practicing the monetary reward programs.

Hypothesis 8b (EXF (+) → PMR): with moderating effect of organizational size

The present research also revealed enough statistical evidence to this proposition in this study. The proposition (H8b) suggested that there was a positive and significant relationship between external factors and perception of monetary rewards across large, medium and small private organizations. This is in agreement with the studies by Kaighan, 1988, Romanoff et

al., 1986; Ang et al., 2002; Henderson, 2005, Milkovich and Bloom, 1998, Hansen, 2008; Armstrong and Murlis, 2007; Milkovich et al., 2010, among many others. It was found that exempt employees knew and understood about external factors which influenced the total reward package. Furthermore, private organizations especially large organizations will do benchmarking/ market survey on their rewards package in order to remain competitive in the market (Armstrong and Murlis, 2007; Henderson, 2005; Romanoff et al., 1986). Therefore the results reconfirm that the external factors affect the monetary rewards offered across large, medium and small private organizations.

Hypothesis 8b (EXF (+) → PMR): with moderating effect of organizational ownership status

The present research also discovered enough statistical evidence to this proposition in this study. The proposition (H8b) suggested that there is a positive and significant relationship between external factors and perception of monetary rewards in both local and foreign private organizations. This is in agreement with past studies by Kaighan, 1988; Romanoff et al., 1986; Ang et al., 2002; Henderson, 2005, Milkovich and Bloom, 1998, Milkovich and Newman, 2002; Hansen, 2008; Armstrong and Murlis, 2007; Milkovich et al., 2010, among many others. Previous empirical researches indicated that external factors such as market competitiveness (Henderson, 2005; Armstrong and Murlis, 2007), law and regulations (Kaighan, 1988) affected non-monetary rewards. Thus, it was also found in this study that exempt employees knew and understood about external factors that influence the reward package. Again, organizations compared and benchmarked their rewards package within the industry in order to remain competitive in the market (Armstrong and Murlis, 2007; Romanoff et al., 1986). Thus, the results reconfirm that the external factors affect the monetary rewards offered by local and foreign private organizations.

5.1.4 Reward Program Influences

5.1.4.1 Perception of Non-monetary and monetary rewards affect employee’s contribution (Hypothesis H9 and H10)

H9 (+)	A positive relationship between perception of non-monetary rewards and employee contribution
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Hypothesis H9 (PNMR (+) → EmPyCON): without moderation

The study provided enough statistical evidence to this proposition (H9). Consequently, there was a positive and significant relationship between perception of non-monetary rewards and employee contribution. This is consistent with previous investigations showed that in order for employees to be truly satisfied and motivated in their jobs, they must feel that they are contributing, learning and enjoying themselves at work (Herzberg et al., 1959; Markovich,

1997 coded by Appelbaum and Kamal, 2000; Allen et al., 2003). The possible explanation is the non-monetary package that companies offered is influencing the employees' behaviour as well as their contribution towards the company's goals. However, additional motivators include recognizing people publicly for what they have contributed and giving them highly visible projects and that gives them visibility and allows them to take credit for their work (Bolster, 2007).

Hypothesis H9 (PNMR (+) → EmphyCON): with moderating effect of organizational size

The result revealed enough statistical evidence to this proposition (H9) as there was a positive and significant relationship between perception of non-monetary rewards and employee contribution across large, medium and small private organizations. This is consistent with previous studies by Harrington and Ladge (2009) who indicate that recognition should be given by organizations in appreciating the employees' contribution during their tenure of service with them. Furthermore, this includes an extended consideration of an employee's well-being as well as an investment in the employee's career within the organizations (Tsui et al., 1997). Thus, exempt employees believed that non-monetary rewards such recognition for job well done and, opportunity for advancement, job responsibility, job accomplishment and personal growth affect their contribution in small and medium private organizations, whereas career advancement, job responsibility, job accomplishment and promotion would be able to affect their contribution in large private organizations.

Hypothesis H9 (PNMR (+) → EmphyCON): with moderating effect of organizational ownership status

The result also discovered enough statistical evidence to this proposition (H9) as there was a positive and significant relationship between perception of non-monetary rewards and employee contribution in local private organizations. This is consistent with previous studies by Harrington and Ladge (2009) who indicate that the recognition should be given by organizations in appreciating the employees' contribution during their tenure of service with them. According to Tsui et al. (1997), this includes an extended consideration of an employee's well-being as well as an investment in the employee's career within the firm. Therefore, in exchange, for example the employee's obligations and contributions in general as part of the employee's responsibilities such as employee working on job assignments those fall outside of prior agreements or expertise, and accepting job transfers when requested by the employer and others. Thus, in this study, exempt employees believed that non-monetary rewards such as recognition for job well done and job responsibility which were given to

them affect the exempt employees' contribution in local private organizations. However it was not supported in foreign private organizations. Exempt employees disagreed that non-monetary reward such as promotion affect their contribution in foreign private organizations. One possible explanation is that they probably value more on monetary rewards such as fair basic salary and bonuses rather than non-monetary rewards because in western context knowledge and competency is often rewarded by money (monetary rewards).

H10 (+)	A positive relationship between perception of monetary rewards and employee contribution
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Hypothesis H10 (PMR (+) → EmphyCON): without moderation

As the hypothesis (H10) was also statistically significant in this study that there was a positive and significant relationship between perception of monetary rewards and employee contribution. It is observed that perception of monetary rewards influences employee contribution as indicated by past researches such as Herzberg et al., 1959; De Grip and Sieben, 2005, among the others. The organizations are offering both individual and group-based pay (monetary rewards) for performance and individuals who go above and beyond are recognized for their contributions, but the entire group is also rewarded when it meets certain targets (Zenger and Marshall, 2000).

Hypothesis H10 (PMR (+) → EmphyCON): with moderating effect of organizational size

The present research also showed enough statistical evidence to this proposition in this study. The proposition (H10) suggested that there is a positive and significant relationship between perception of monetary rewards and employee contribution across large, medium and small private organizations. This is in agreement with the studies conducted by De Grip and Sieben (2005) showed that salaries/wages paid to employees mainly based on company's salary structure and individual bargaining in their annual performance evaluation and not rewarding employees for their productivity. Longnecker and Shanklin (2004) also declare that most organizations provide monetary reward to encourage employees to perform to their best abilities. This shows that organizations could gain from aligning their wage policies with employees' contribution to firm performance. Therefore, exempt employees believed that monetary rewards such as incentives, i.e. bonuses will affect their contribution across large, small and medium private organizations and fair basic salary for the small and medium private organizations. It should be noted that monetary rewards will affect their contribution across large, medium and small private organizations.

Hypothesis H10 (PMR (+) → EmphyCON): with moderating effect of organizational ownership status

The result in this study also showed enough statistical evidence to this proposition in this study. The proposition (H10) suggested that there is a positive and significant relationship between perception of monetary rewards and employee contribution in local and foreign private organizations. This is consistent with the studies conducted by De Grip and Sieben (2005) showed that salaries/wages paid to employees mainly based on company's salary structure and individual bargaining in their annual performance evaluation and not rewarding employees for their productivity. Armstrong and Murlis (2007) also believe, pay can motivate and deliver messages on what the organization believes to be important. This shows that organizations could gain from aligning their wage policies with employees' contribution to firm performance. Therefore, exempt employees believed that monetary rewards such as incentives i.e. bonuses affect their contribution in both local and foreign private organizations. Besides, fair basic salary would be able to affect exempt employees' contribution in foreign private organizations.

5.1.4.2 Perception of Non-monetary and monetary rewards affect employee's productivity (Hypothesis H11 and H12)

H11(+)	A positive relationship between perception of non-monetary rewards and employee productivity
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Hypothesis H11 (PNMR (+) → EmphyPRD): without moderation

It was suggested in hypothesis (H11) that there was a positive and significant relationship between perception of non-monetary rewards and employee productivity. This is expected as the finding is consistent with previous studies such as Herzberg et al., 1959; Takeuchi, 1981; Fein, 1983; Kanungo and Mendonca, 1988; Utley et al., 1997; Osborne, 2001; Armstrong and Murlis, 2007; Sachau, 2007; Seay, 2008 among many others. It is found the role of the money as a motivator to improved work performance is minimal, thus the major motivation to work is provided by the work itself and other non-monetary factors (Fein, 1983). This is supported by Grensing's study (1996), job enrichment (non-monetary rewards) is the best way to increase employee motivation and productivity. The possible explanation is it proved that employers are able to motivate and engage employees with non-monetary rewards either during difficult economic times (Hirsh, 2008) or good time because cash or monetary is not the only or even necessarily the best way to motivate workers (Armstrong and Murlis, 2007; Longnecker and Shanklin, 2004)

Hypothesis H11 (PNMR (+) → EmprPRD): with moderating effect of organizational size

Hypothesis (H11) was also statistically significant in this study. There was a positive and significant relationship between perception of non-monetary rewards and employees' productivity in large private organizations. This is consistent with the findings in previous studies such as Herzberg et al., 1959; Utley et al., 1997; Armstrong and Murlis, 2007; Sachau, 2007; among many others. Sachau (2007) indicates in Herzberg et al.'s (1959) study, managers should not use money to motivate employees when managers want employees to be interested in their jobs. Most important, managers will increase employee intrinsic motivation and long-term job satisfaction by providing psychological growth opportunities (Sachau, 2007). The organizations also need to consider recognition programs, profit sharing and well-managed suggestions system (House, 1991) in order to improve employee performance and boost the productivity. Thus, exempt employees agreed that non-monetary rewards such as career advancement, job responsibility and opportunity for growth affect their productivity in large private organizations. However, this was not supported in small and medium private organizations. Exempt employees felt that they valued more monetary rewards such fair salary and bonuses rather than non-monetary rewards in small and medium private organizations. This is consistent with Millea and Fuess (2005) who conclude that pay growth /increase can either be a reward for productivity gains or an incentive to improve labour efficiency. Many empirical studies also show that employees' experience contributes to their productivity in the organization, which indicated by the wages they earn (De Grip and Sieben, 2005).

Hypothesis H11 (PNMR (+) → EmprPRD): with moderating effect of organizational ownership status

As the hypothesis (H11) is also statistically significant in this study as there was a positive and significant relationship between perception of non-monetary rewards and employees' contribution in local and foreign private organizations. This is consistent with the findings in previous studies such as Herzberg et al., 1959; Utley et al., 1997; Armstrong and Murlis, 2007; Sachau, 2007; among many others. Sachau (2007) indicates in Herzberg et al.'s (1959) study, managers should not only use money to motivate employees when managers want employees to be interested in their jobs. As Wygant (1987) finds that the greatest obstacle to improving productivity with monetary incentives is the employee's concern for job security. Most important, managers will increase employee intrinsic motivation and long-term job satisfaction by providing psychological growth opportunities (Sachau, 2007) and job security.

Therefore, exempt employees believed that non-monetary rewards such as recognition for job well done, job responsibility, opportunity for advancement affect their productivity in local and foreign private organizations. However, promotion is equally important in local private organizations.

H12 (+)	A positive relationship between perception of monetary rewards and employee productivity
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Hypothesis H12 (PMR (+) → EmprPRD): without moderation

There was also enough statistical evidence to this proposition (H12) in this study. It is found that there was a positive and significant relationship between perception of monetary rewards and employee productivity in private organizations. Thus, this is also consistent with past studies such as Herzberg et al., 1959; Takeuchi, 1981; Fein, 1983; Kanungo and Mendonca, 1988; Barrier 1996; Gensing, 1996; Comeau-Kirchner, 1999; Osborne, 2001; Armstrong and Murlis, 2007; Sachau, 2007; Seay, 2008 among many others. Organizations were encouraged to use financial rewards, but not to underestimate the power of non-monetary rewards in improving employees' productivity (Osborne, 2001). It is true that money is important to people because it is instrumental in satisfying a number of their most processing needs (Armstrong and Murlis, 2007). As Seay (2008) states, the main purpose of an incentive reward plan is to increase productivity. Therefore, the organization needs to consider recognition programs, profit sharing and well-managed suggestions systems (House, 1991) in order to improve employee performance and boost productivity (Takeuchi, 1981).

Hypothesis H12 (PMR (+) → EmprPRD): with moderating effect of organizational size

There was also enough statistical evidence to this proposition (H12) in this study. It was found that there was a positive and significant relationship between perception of monetary rewards and employee productivity across large, medium and small private organizations. This is also consistent with past studies such as Takeuchi, 1981; Meudell and Rodham, 1998; Gensing, 1996; Comeau-Kirchner, 1999; Osborne, 2001; Armstrong and Murlis, 2007; Sachau, 2007; Seay, 2008; Deckup et al., 2010 among many others. It is true that money is important to people because it is instrumental in satisfying a number of their most processing needs (Armstrong and, 2007). Millea and Fuess (2005) also conclude that pay growth /increase can either be a reward for productivity gains or an incentive to improve labour efficient. Therefore, again, exempt employees believed that monetary rewards such as incentives i.e. bonuses affect their productivity across large, medium and small private

organizations. Besides, wanting the bonuses, they also indicated fair basic salary will affect their productivity in small and medium private organizations.

Hypothesis H12 (PMR (+) → EmprPRD): with moderating effect of organizational ownership status

There was also enough statistical evidence to support this proposition (H12) in this study. It is found that there is a positive and significant relationship between perception of monetary rewards and employee productivity in local and foreign private organizations. This is also consistent with past studies such as Takeuchi, 1981; Meudell and Rodham, 1998; Gensing, 1996; Comeau-Kirchner, 1999; Osborne, 2001; Armstrong and Murlis, 2007; Sachau, 2007; Seay, 2008, Deckup et al., 2010, among many others. The monetary rewards affect the employee productivity. Even though Velde (2006) enlightens that the productivity level of foreign organizations is higher than in local organizations. However, exempt employees felt that monetary rewards affect their productivity in local and foreign private organizations. De Grip and Sieben, (2005) claim that many empirical studies show that employees’ experience contributes to their productivity in the organization, which indicated by the wages they earn. Therefore, again, exempt employees believed that monetary rewards such as incentives i.e. bonuses affect their productivity in local and foreign private organizations. Exempt employees also indicated that fair basic salary is equally important to foreign private organizations.

5.1.4.3 Perception of Non-monetary and monetary rewards affect employee’s loyalty (Hypothesis H13 and H14)

H13 (+)	A positive relationship between perception of non-monetary rewards and employee loyalty
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Hypothesis H13 (PNMR (+) → EmprLOY): without moderation

Hypothesis H13 stated that there was a positive and significant relationship between perception of non-monetary rewards and employee loyalty which is consistent with the studies conducted by Herzberg, et al., 1959; Moskal, 1993 coded by Shaw and Schneier, 1995; Hale and Bailey, 1998; LeBlanc and Mulvey, 1998; Sujansky, 2007; Hobel, 2006; Saul, 2007, among many others. It is found that job recognition was cited as a more important factor in maintaining employee loyalty than increased pay, promotions, or challenging work (Moskal, 1993 coded by Shaw and Schneier, 1995) There are some organizations know that monetary incentives alone aren’t enough to ensure loyalty (Sujansky, 2007). The adoption of work/life policies such as non-monetary rewards (flexible work scheduling, family leave policies, child care assistance) will result in more loyal and committed employees (Roehling

et al., 2001). Research has also shown that non-monetary rewards are actually much more successful than money as an employee incentive. Hirsh (2008) suggests that employers are able to motivate and engage employees with non-monetary rewards during difficult economic times. Thus, employers who offer non-monetary rewards will see higher retention rates than those that do not.

Hypothesis H13 (PNMR (+) → EmphyLOY): with moderating effect of organizational size

Hypothesis H13 stated that there was a positive and significant relationship between perception of non-monetary rewards and employee loyalty across large, medium and small private organizations. This is consistent with the studies conducted by Herzberg, et al. 1959; Moskal, 1993 coded by Shaw and Schneier, 1995; Hale and Bailey, 1998; LeBlanc and Mulvey, 1998; Sujansky, 2007; Saul, 2007, among many others. A study by Roehling et al., (2001) also discovered that employee loyalty strongly was associated with the perceived flexibility and tolerance of the work environment than to workplace policies. Schrag (2001) argues that one cannot buy employee loyalty and employee will be gone with a better offer if only the salary holds employees. One possible explanation is that exempt employees valued non-monetary rewards which make them loyal to the organization is due to recognition programs across large, medium and small private organizations. They also believed that opportunity for advancement, job responsibility, job accomplishment and promotion will affect their loyalty in large private organizations whereas recognition for job well done and achievement, job responsibility will affect the exempt employees' loyalty in small and medium private organizations. Schrag (2001) also explicates that the organization must ensure that employees understand how their work fits in and contributes to the mission of the organization in order to enable employees to invest in the organization. Furthermore, this recognition allows all employees to view themselves as part of the organization and not merely as instruments of the corporation.

Hypothesis H13 (PNMR (+) → EmphyLOY): with moderating effect of organizational ownership status

Hypothesis H13 stated that there was a positive and significant relationship between perception of non-monetary rewards and employee loyalty in local private organizations. This is consistent with the studies conducted by Lawler, 1973; Porter and Lawler 1968; Sujansky, 2007; Hobel, 2006; Saul, 2007, among many others. Thus, exempt employees felt non-monetary rewards such as job responsibility, opportunity for growth and achievement, and

also promotion affect their loyalty to the company in local private organizations. However, it was not supported in foreign private organizations. Exempt employees believed more in monetary rewards such as fair basic salary and incentives i.e. bonuses in order to keep them stay with the foreign private organizations. This is contrary with the above previous studies by Lawler, 1973; Porter and Lawler 1968; Vroom, 1964; Locke et al., 1980 among many others. Money will motivate to the extent that it is seen as being able to satisfy an individual's personal goals and is perceived as being dependent on performance criteria. One possible explanation is foreign-owned organizations tend to be larger and pay higher monetary rewards (higher wages) (Velde and Morrissey, 2001) to the employees.

H14 (+)	A positive relationship between perception of monetary rewards and employee loyalty
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Hypothesis H14 (PMR (+) → EmphyLOY): without moderation

This hypothesis (H14) was also statistically significant in this study; it was shown positive and significant relationship between the perception of monetary rewards and employee loyalty in Malaysian private organizations. This is also consistent with past researches as mentioned before such as Lawler, 1973; Porter and Lawler 1968, Hale and Bailey, 1998; LeBlanc and Mulvey, 1998; Sujansky, 2007; Hobel, 2006; Saul, 2007, among many others. It is proven, Sujansky (2007) says, that many organizations used to think that loyalty was one-way street as they believed that the only reason employees remained loyal was for the money and benefits. Furthermore, money will motivate to the extent that it is seen as being able to satisfy an individual's personal goals (Lawler, 1973; Porter and Lawler 1968; Vroom, 1964). Many people would probably say that they would prefer cash and this is especially true in industries where basic salaries are low and salary top-up (monetary incentives) is the reward for target busting.

Hypothesis H14 (PMR (+) → EmphyLOY): with moderating effect of organizational size

This hypothesis (H14) was also statistically significant in this study; it was shown positive and significant relationship between the perception of monetary rewards and employee loyalty across large, medium and small private organizations. This is also consistent with past researches as mentioned before such as Lawler, 1973; Porter and Lawler 1968; Hale and Bailey, 1998; LeBlanc and Mulvey, 1998; Sujansky, 2007; Hobel, 2006; Saul, 2007, among many others. It is proven that Sujansky (2007) says, many organizations use to think that loyalty was one-way street as they believed that the only reason employees remained loyal was for money and benefits. Thus, exempt employees believed that monetary rewards such as

incentives i.e. bonuses affect their loyalty across large, medium and small private organizations. However, fair basic salary also will motivate exempt employees to remain with the small and medium private organizations.

Hypothesis H14 (PMR (+) → EmphyLOY): with moderating effect of organizational ownership status

This hypothesis (H14) was also statistically significant in this study; it showed a positive and significant relationship between the perception of monetary rewards and employee loyalty in local and foreign private organizations was shown. This is also consistent with past researches as mentioned before such as Herzberg, et al. 1959; Moskal, 1993 coded by Shaw and Schneier, 1995; Schneider 1988; Hale and Bailey, 1998; LeBlanc and Mulvey, 1998; Sujansky, 2007; Hobel, 2006; Saul, 2007, among many others. It is proven that Sujansky (2007) says, many organizations use to think that loyalty was one-way street as they believed that the only reason employees remained loyal was for money and benefits. Thus, exempt employees believed that monetary rewards affect their loyalty in both local and foreign private organizations. Schrag (2001) also asserts that one cannot buy employee loyalty and employees will be gone to a better offer if only the salary holds employees. Therefore, exempt employees believed that monetary rewards such as incentives i.e. bonuses affect their productivity in local and foreign private organizations. However, fair basic salary is equally important to foreign private organizations.

5.1.4.4 Perception of Non-monetary and monetary rewards affect employee’s turnover (Hypothesis H15 and H16)

H15 (+)	A positive relationship between perception of non-monetary rewards and employee turnover
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Hypothesis H15 (PNMR (+) → EmphyTOV): without moderation

There was no statistical evidence to this proposition (H15) in this study. It was suggested that there was no positive and significant relationship between perception of non-monetary rewards and employee turnover. Surprisingly, an insignificant relationship was found as previous researches indicated that non-monetary rewards are positively associated with employee turnover which inconsistent with studies conducted by Dutton, 1998 cited in Appelbaum and Kamal, 2000; Gross and Nalbantian, 2002; Luna-Arocas and Camps, 2008; Trahan and Yearout, 2005; Lanigan, 2008, among the others. Basically, employee turnover could be reduced substantially through much less costly initiatives including the availability of career opportunities (Gross and Nalbantian, 2002). Continuing to recognize people for achievements or for nice things that the employees have done, either through an e-mail, a

handwritten note, or a pat on the back lowered employee turnover and improved employee morale (Bolster, 2007). Appelbaum and Kamal (2000) also explain that other things that keep employees happy through non-monetary rewards such as work-life balance, recognition programs and career development opportunities. These traditions of total rewards are an excellent way to pay closer attention to the needs of their employees. This reflects greater employee productivity and satisfaction and even lower employee turnover. The possible explanation is perhaps employees in private organizations valued more monetary rewards rather than non-monetary rewards to fulfill their needs.

Hypothesis H15 (PNMR (+) → EmphyTOV): with moderating effect of organizational size

There was no statistical evidence to this proposition (H15) in this study. It was suggested that there was no positive and significant relationship between perception of non-monetary rewards and employee turnover across large, medium and small private organizations. Surprisingly it is found insignificant relationship as previous researches indicated that non-monetary rewards are positively associated with employee turnover which inconsistent with studies conducted by Dutton, 1998 cited in Appelbaum and Kamal, 2000; Gross and Nalbantian, 2002; Luna-Arocas and Camps, 2008; Trahant and Yearout, 2005; Lanigan, 2008; Boyens, 2008 among the others. Basically, employee turnover could be reduced substantially through much less costly initiatives including the availability of career opportunities (Gross and Nalbantian, 2002). Exempt employees valued more monetary rewards such as incentives i.e. bonuses across large, medium and small private organizations. The other monetary reward to keep them with the small and medium private organizations is fair basic salary.

Hypothesis H15 (PNMR (+) → EmphyTOV): with moderating effect of organizational ownership status

There was no statistical evidence to this proposition (H15) in this study. It was suggested that there was no positive and significant relationship between perception of non-monetary rewards and employee turnover in local and foreign private organizations. This is inconsistent with studies conducted by Dutton, 1998 cited in Appelbaum and Kamal, 2000; Luna-Arocas and Camps, 2008; Lanigan, 2008; Boyens, 2008 among the others. One possible explanation is that exempt employees valued more monetary rewards such as incentives i.e. bonuses to keep them in both local and foreign private organizations in this study. Nevertheless, fair basic salary is preferred among exempt employees in foreign private organizations.

H16 (+)	A positive relationship between perception of monetary rewards and employee turnover
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Hypothesis H16 (PMR(+) → EmptoV): without moderation

There is also enough statistical evidence to this proposition (H16) in this study. It was stated, there was a positive and significant relationship between perception of monetary rewards and employee turnover which is consistent with studies done by researchers such as Dutton, 1998 cited in Appelbaum and Kamal, 2000; Luna-Arocas and Camps, 2008; Lanigan, 2008; Boyens, 2008 among the others. It was found in past studies that many organizations are adopting alternative monetary and non-monetary rewards and implementing rewards systems which link to new ways of doing business (Chiboiwa et al., 2010). It is found that a few companies were offering a form of monetary rewards such as retention bonuses to employees and only for selected positions. Another monetary strategy is to focus the cash on the top performing individuals, and no doubt that this is a tactic used by many organizations. Even so, a poor pay practices can contribute to the employees' turnover (Branham, 2005).

Hypothesis H16 (PMR (+) → EmptoV): with moderating effect of organizational size

The study also revealed enough statistical evidence to this proposition (H16) in this study. It was stated, there was a positive and significant relationship between perception of monetary rewards and employee turnover across large, medium and small private organizations. This is consistent with studies done by researchers such Luna-Arocas and Camps, 2008; Lanigan, 2008; Boyens, 2008 among the others. However, in past studies, many organizations are adopting alternative monetary and non-monetary rewards and implementing rewards systems which link to new ways of doing business (Chiboiwa et al., 2010). A poor pay practices can contribute to the employees' turnover (Branham, 2005). Therefore, exempt employees valued more monetary rewards to keep them with the organizations across large, medium and small private organizations in this study.

Hypothesis H16 (PMR (+) → EmptoV): with moderating effect of organizational ownership status

The study also revealed enough statistical evidence to this proposition (H16) in this study. It was stated, there was a positive and significant relationship between perception of monetary rewards and employee turnover either local or foreign private organizations. This is consistent with studies done by researchers such as Lawler, 1973; Porter and Lawler 1968, Luna-Arocas and Camps, 2008; Lanigan, 2008; Boyens, 2008 among the others. Monetary rewards play a very pertinent role in motivating employees' performance but did not discard the benefits of non-monetary rewards. A poor pay practices can contribute to the employees' turnover

(Branham, 2005). Therefore, exempt employees valued more monetary rewards such incentive i.e. bonuses to keep them in both local and foreign private organizations in this study.

5.2 Summary

This chapter presented the discussions and interpretation of the results of data analysis of Reward Program Influences model (Structural Equation Modeling approach) by first interpreting the 24 hypotheses proposed in chapter 3 and further analyzing the various variables affecting the perception of non-monetary and monetary rewards. In chapter 6, this thesis finishes by highlighting the significant research implication, summarizing the important of research findings, offering suggestions for non-monetary and monetary rewards implementation, discussing research contributions and limitations, and identifying future research direction.

CHAPTER 6

Conclusions and Future Research Agenda

6. Introduction

The final chapter of this thesis provides a summary of this study. The first section discusses a summary of the research findings. Next, the study's contributions to the body of knowledge relating to the literature of cultural orientation, Islam Hadhari's principles, environmental factors (internal and external), non-monetary and monetary rewards and reward program influences as well as to policy makers and human resources practitioners of Malaysian private organizations are discussed. This chapter also presents limitations of the study. Finally, this chapter concludes with recommendations for future research.

6.1 Summary of Research

This study conducted a mixed methodology approach to study independent variables, i.e. cultural orientation, Islam Hadhari's principles and environmental factors (internal and external) affecting the intervening variables, i.e. perception of non-monetary and monetary rewards in the organizations. The second element was the effect these intervening variables would have on reward program influences, i.e. employee contribution, productivity, loyalty and turnover. A comprehensive model of Reward Program Influences from literature review and field study was developed for hypotheses testing using Structural Equation Model – Partial Least Square in the quantitative phase. The study examined exempt employees' perceptions of non-monetary and monetary rewards in Malaysian private organizations. The impact of cultural orientation, Islam Hadhari's principles and environmental factors (internal and external) towards perception of non-monetary and monetary rewards as well as perception of non-monetary and monetary rewards towards reward program influences have also been examined. This study also investigated the moderating effects of both organizational size and ownership status on the relationship between cultural orientation, Islam Hadhari's principles and environmental factors (internal and external) and perception of

non-monetary and monetary rewards as well as the relationship between perception of non-monetary and monetary rewards and reward program influences. Hence, the results of this study were interpreted, discussed and concluded comprehensively in chapter 5.

6.2 Implication and Summary of the Results

In summary, this research has resulted in a number of findings to explain the non-monetary and monetary rewards influences towards the exempt employees in Malaysian private organizations.

The results of the study are concluded as follows:

1. The results of the study indicated that the data from respondent private organizations reported themselves as low power distance and feminine cultures. This is contrary to the literature, that Malaysia is high power distance country (Hofstede, 1980a, 1980b, 1984, 2001). The study showed the danger of assuming a direction for power distance. Although Hofstede's score for Malaysia was high power distance, respondents identified themselves as lower power distance. What this means for organizations is to bracket any power distance score when doing the research on reward packages. Instead, elicit qualitative data to verify where respondents see themselves (see Figure 5.5)

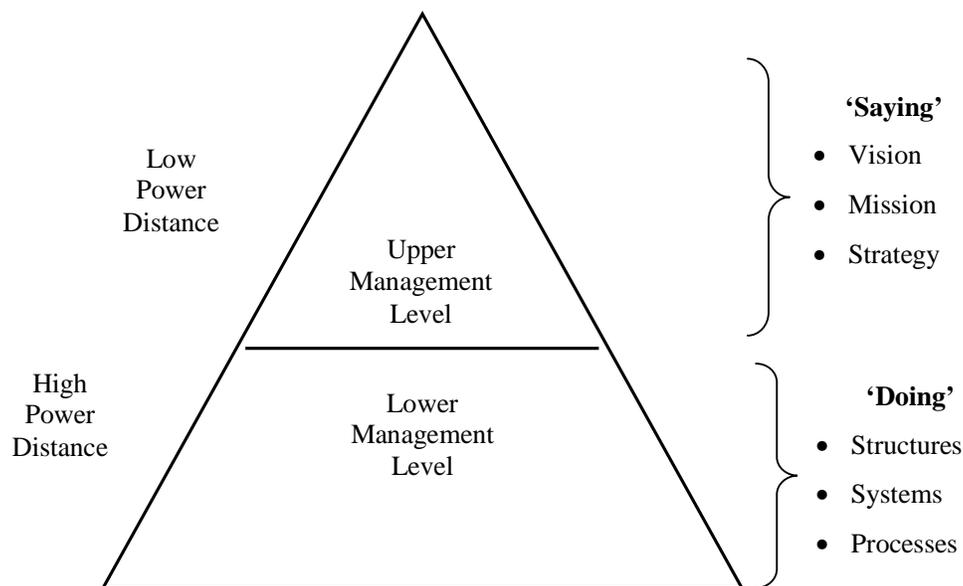


Figure: 5.5: Dichotomy of Power Distance: A future research issue
(Adapted from Napoli, Whiteley and Johansen, 2005, p. 148)

2. Exempt employees 'did not' value monetary rewards in mastery, sharing, and enhancing their knowledge in local private organizations due to the nature way of life of Malaysian employees in Islamic country. They perceived and valued more non-monetary rewards such as awards, award certificates, praise or public recognition (Rahman and Hassan, 2008). In contrast, foreign private organizations perceived monetary rewards as more valued in Malaysia. Hence, ownership status shows a dichotomy where local organizations negatively link mastery of knowledge to monetary rewards and foreign private organizations link positively to monetary rewards in the Malaysian context.

3. Malaysia has always placed Islam at the centre of its foreign policy (Li, 2011).. Besides, Malaysian foreign policy, either under Mahathir or Badawi, would always continue to be Islam oriented, not espousing conservative views, but having a moderate and realistic base (Li, 2011). Malaysia is recognized in the Muslim world for its economic growth and social stability (Gatsiounis, 2006). Many Western countries had allowed their foreign policies to be flawed by the misinterpretation of Islam (Badawi, 2006). A balanced and comprehensive development is one of Islam Hadhari's principles which is uniquely Malaysian. It is interesting to find out that a balanced and comprehensive economic development is delivered in the Islamic economic system in order to have significant impact on personal living and material wealth (monetary rewards) as to lead the society for the wealth and economic stability. Though, a balanced and comprehensive economic development is meant for the local context of Malaysian society, foreign private organizations may not perceive it as an initiative as linking to their non-monetary structure. The criteria of individual success are based on materialistic accomplishment in the western value system. Conversely, Islam encourages its adherents to seek holistic growth in both the physical and spiritual domain (Jafari, 1992). Jafari (1992) also asserts that spiritualism and materialistic activities are not compartmentalized as Islam urges its followers to pattern their activities after the concept of '*ibadah*' (worship).

Perhaps, for local private organizations in Malaysia earning 'profits' is not only focus on monetary rewards (money). They also emphasize non-monetary rewards such as a good quality of life. This is due to Islam Hadhari's principles which aim to promote a good quality of life for the employees in real working life in organizations to balance quality of time at work as well as with the family. Quality of work-life initiatives that

are developed in response to employee surveys often result in non-monetary rewards such as increasing employee engagement, better working arrangements and conditions, and also comprehensive training programs which facilitate greater manager and employee understanding of the benefits of flexibility (Harrington and Ladge, 2009).

4. It is true that Malaysian government emphasized moral knowledge to educate noble values and high morale which contribute towards the high culture of its people. Basically Muslims, stress more non-monetary rewards in the Hereafter as a motivator of moral behaviour. However, there was no statistical significance found in this study for the proposed positive relationship between cultural and moral integrity and perception of non-monetary rewards. This is not in agreement with past studies such as Levine, 1998; Koys, 2001; Martinez, 2005; Lublin, 2006; Halstead, 2007; Michealson, 2008 and Malaysian prominent personalities/researchers such as Zin, 2005, Badawi, 2005; Hassan, 2004, and Bashir, 2005, among many others. The proposition was not supported across large, medium and small organization. The result also indicated there was also no positive and significant relationship between cultural and moral integrity and perception of non-monetary rewards in local and foreign private organizations, suggests the need for further research in this area.

5. Malaysian private organizations can gain a competitive advantage over their market rivals by aligning their compensation and performance management programs (base pay, perquisites, short-term and long-term incentives) with their business objectives. The private organizations need to design a low-risk, cost-effective rewards system that will help them remain competitive and attract skilled employees in both local and foreign organizations. Thus, Armstrong and Murlis, (2007, p.12) define total rewards is *“all of the employer’s available tools that may be used to attract, retain, motivate and satisfy employees”*. Total rewards comprise monetary rewards and benefits and non-monetary rewards. Basic tools of reward such as basic salary, shorter incentives, or bonuses, long-term incentive plans, employee benefits, perquisites, or perks, compensation protections as well as recognition programs, training and development programs, among many others are very crucial for the private organizations to sustain in the current market challenges.

6. It is important for private organizations to constantly evaluate new productivity programs, prioritize employee needs and allocate resources in order to first keep employees from being dissatisfied and secondly to use different, personal and social methods to keep them motivated (Giancola, 2005). At the same time, the result of this study shows that Islam Hadhari's principles also play a significant role as stabilizing and moral force in providing non-monetary and monetary rewards for exempt employees in Malaysian private organizations. As the results for the four types of organizations appear to be very similar, similar and as this was derived from the results indicated, then this sends a strong signal that future research is needed.
7. There is a case to be made for a contingency view, as individual motivation is dependent on a wide variety of variables which could include age, gender, career stage, socio-economic circumstances and even national culture (Meudell and Rodham, 1998). As this study refers to the Malaysian's context, it is crucial to understand the culture of Malaysia and how it can affect the values and behaviours of its people.
8. The spiritual and practical overlay of Islam Hadhari's principles informs emic (Pike, 1971) accounts of both societal and organizational life. Pike (1971) claims both etic and emic approaches are of great value for special phases of behavioural analysis. According to Hofstede (1998b, p.19) says "*different social disciplines have traditionally taken different positions on the emic-etic continuum. Emic-etic approaches are complementary. The first without the second gets stuck in case studies that cannot be generalised, and the second, without the first in abstractions that cannot be related to real life*". Pike (1971) describes emic or local accounts of life experiences. Local accounts are often described as 'from the inside out' where etic or universal accounts are described as 'from the outside in'. The 'inside' in this study is represented by the Malaysian Islam Hadhari context. The 'outside' in this study refers to the well established and validated criteria for non-monetary and monetary reward systems. Those non-monetary and monetary rewards that are compatible in the local Malaysian private organizations (emic) are not supposed to be pertinent or appropriate in foreign private organizations (etic). This produces a need to look into the best components of total reward in both local and foreign private organizations in Malaysia.

6.3 Suggestion for Non-monetary and Monetary Rewards Implementation

Nowadays, the majority of organizations understand the importance of total rewards (non-monetary and monetary rewards). There is still room for improvement with the current total rewards strategies as many companies are struggling with the implementation and delivery of their reward strategies. There are a few suggestions that employers can take to better implement their total rewards programs and maximize their effectiveness. Based on this conclusion, this study offers some suggestions to assist in the implementation of non-monetary and monetary rewards in the organizations as follows:

- Monetary rewards, physical factors and social factors must be considered as part of total mix of motivating forces for exempt employees' behaviours impact to be understood. For instance, Haj is the fifth Pillars of Islam and this practice is also devoid of qualities in Islam. Considering that most of the Malaysian private organizations comprise Muslim employees as their workers; it is suggested that they should offer the Umrah or Haj package to be one of the monetary rewards package. (*The Umrah or (Arabic: عمرة) is a pilgrimage to Mecca, Saudi Arabia, performed by Muslims that can be undertaken at any time of the year*). In Arabic, Umrah means "to visit a populated place". It is sometimes called the 'minor pilgrimage' or 'lesser pilgrimage', the Hajj being the 'major' pilgrimage and which is compulsory for every able-bodied Muslim who can afford it. The Umrah is not compulsory but highly recommended. This somehow will make Muslims feel recognized and definitely will boost their morale. As for non-Muslims, a good vacation package such as 'ziarah' (visit) to certain places that chosen by the organizations is equivalent to Umrah/Haj. Therefore, the 'right' total mix comprises non-monetary and monetary rewards as suggested above need to be designed and developed fit with local private organizations as well as foreign private organizations.
- A non-monetary reward such as recognition is an important element of an incentive reward program. Thus, recognition is a motivator and helps build loyalty. Therefore, a good incentive reward plan should include non-monetary elements involving celebration and recognition (Seay, 2008) as Islam Hadhari's principles promotes these intangible rewards (such as, recognition and enhancing reputation) to ensure that intellectual, spiritual and physical development will take place in a balanced, comprehensive and systematic manner across large, medium and small private organizations.
- Monetary (incentive) reward can actually make the reward problem worse. Incentives should reward "break-through" performance of exempt employees that is above and

beyond expectation in Malaysian private organizations. Furthermore, it should reward employee contribution and productivity, not and should not be seen as an entitlement.

Therefore, executing an appropriate total rewards strategy can increase a company's market premium. It is true that every organization has the ability to develop and execute a superior total rewards solution.

6.4 Significance of the research (Contributions)

One significance of this study is a comment on Hofstede's designation of Malaysia as a high power distance culture. Within this designation/as exemplified in the field study, people may identify themselves as low power distance. Placing this, together with Islam Hadhari's principles, environmental factors and Herzberg et al.'s Two Factors Theory of Motivation into one model, has not been done before. Furthermore, many previous studies in Herzberg et al.'s theory or Hofstede's studies have used regression in data analysis. However, this research used the structural equation modeling approach (SEM-PLS), which is able to test both measurements of structural relationships simultaneously. The measurement parts of model were first tested separately, for example, "perception of non-monetary rewards" and replaced by composite variables. Then the structural model among composite variables was tested.

This research model was unique in sense that it has been developed based on the data obtained from both case studies and literature and also many variables and factors were verified and confirmed concerning non-monetary and monetary rewards. One of the most interesting findings was the Islam Hadhari's principles that being tested to the perception of non-monetary and monetary rewards among the exempt staff in Malaysian private organizations. The results were discussed in detail in Chapter 5.

Hence, another significant contribution is that the results of this study would be able to help organizations, which are currently practicing non-monetary and monetary reward programs or are planning to embark the knowledge of Islam Hadhari's principles, via enhancing their understanding of Islam Hadhari's principles towards the non-monetary and monetary reward programs, and also providing them a checklist by referring to the important variables in reward program influences. The results of this research also provide suggestions, guidelines

and considerations aimed at successful implementation of non-monetary and monetary reward programs and strategies in Malaysian private organizations.

Past studies tested the Herzberg's Two-factor Theory but they did not investigate the cultural orientation that will affect the perceptions of non-monetary and monetary rewards. Researchers have examined the certain variables to test the Herzberg's Hygiene-Motivation Theory in different environment. (Carrigan, 2010; Lundberg et al., 2009; Udechukwu, 2009; Bassett-Jones and Lloyd, 2005; Miller et al., 2005; Halepota, 2005; Ruthankoon and Ogunlana, 2003; Hendriks, 1999; Utley et al., 1997; Rainey, 1997; Lawler, 1994; Brislin et al., 2005). Adding this dimension will enhance knowledge and give a better understanding of cultural orientation and non-monetary and monetary rewards that will, in turn, affect the employees' perceptions of reward systems.

Finally, although this study was conducted in Malaysian private organizations, its results will apply to different organizations in various Muslim countries across the globe because of its generic approach.

6.5 Research Limitation

Essentially, one of the limitations of this study is the risk of sample bias. It was found that the potential for bias might occur with regard to the distribution of questionnaire in the private organizations. This is because the researcher had no control over the distribution of the questionnaire since the researcher had requested the contact person of each company to assist in distributing the questionnaires. Hence, the random distribution of questionnaires across various functional of departments and divisions was conducted.

The second limitation is related to sample size. It was relatively small sample size in this study, which resulted in composite variable approach. It is found that a composite variable approach tends to lose opportunities of examining the individual observed variable relationship with other constructs.

The third issue of concern is related to culture bias in the current study. This research was conducted among the exempt employees in Malaysian private organizations. The original questionnaire which was written in English, needed to be translated to a Bahasa Malaysia version. The risk of the problems related to the differences in language and culture remained,

though Brislin's back translation process and decentering processes had been taken into consideration in developing the questionnaire.

The fourth limitation is related to response bias. It should be noted that the study may be suffer from the potential response bias due to single key informant approach, which is a typical practice in survey research. According to Gold, Malhorta and Segers (2001) perhaps methods such as multiple informants and structured methods of triangulation (multiple measures) are the best ways of collecting the most accurate data. However, they also explain that such approaches may also have other weaknesses such as limiting the number of issues addressed and limiting the amount of useful information. In addition, the samples of this research in the qualitative field study were mostly those who tend to know more and be aware of non-monetary and monetary rewards practices in the organizations such as Human Resource Consultant, Human Resource Director, Human Resource Manager, Senior Human Resource Executive, Human Resource Executive, Human Resource Specialist and etc. Those who participated in the survey were only from the exempt employees (executive levels) in the organizations, thus having more experience in the rewards practices field. This may probably restrict the generalization of the findings. The use of respondents who were in charge of the non-monetary and monetary rewards or are most relevant to the reward management area can bring in the pro-rewards bias in the research. At the same time, the uses of exempt employees (executives) in the research can also cause potential limitation of over-reporting or under-reporting of the rewards practices phenomenon as a result of their job satisfaction or personal and role characteristics (Gold et al., 2001).

The other limitation is related to the construct of Islam Hadhari's principles. As a construct it is relatively new when considered within the rewards domain. Some respondents may not have good experience of these principles in relation to the non-monetary and monetary rewards. Even though the reward program influences questionnaire was developed in such a way that respondent(s) with no knowledge of Islam Hadhari's principles would be able to answer and complete it based on his or her perception rather than actual knowledge, it is true that always ideal to survey the respondents who in the know about Islam Hadhari's principles rather than the respondents not fully knowing the said principles. Although the final response rate is 32.9% is the reasonable range suggested by the literature, it could be better if the pool of respondents who were aware of Islam Hadhari's principles were larger.

Finally, generalizations of the findings/results were also of limited universal application since Malaysia is a multi-racial and religious country. Hence, the national cultural practices studied here might be different and unique to the Malaysia context, which in turn would have a different impact on perceptions of non-monetary and monetary rewards in non-Malaysian private organizations. Therefore, perhaps, the results might not be representative of developing countries, but rather specific only to countries with a multi-racial population.

6.6 Future Research Direction

Possible extension of this research can be explored in the future. As mentioned before, this study has limitations related to generalization of the findings. Future studies might want to include a larger sample size to make the findings more accurately generalised of the world's vast population. Data can be obtained from many more organizations, and more employees of various levels, positions and religious beliefs can be included as future respondents in future studies.

Another interesting future research lies in looking at among the same industries and sectors related to non-monetary and monetary rewards. Nonetheless, it would be able to provide a very interesting scenario and competitive advantage in the future. Besides, internal environmental factors need to be tested again to reconfirm the association between internal factors and perception of non-monetary and monetary rewards in private organizations.

This study has revealed that the Islamic Hadhari's principles have been accepted and adopted by Malaysian private organizations, though it is not universal. It would be interesting also in future studies to know the different approaches in human resource management between Islamic organizations and non-Islamic organizations. Future study can evaluate the relationship of Islamic human resource management with other relevant factors through surveys or interviews. Having thus stated, future study also can attempt to discover the effects of these practices on the employees' productivity, contribution, loyalty, performance as well as employees' satisfaction and organizational commitment.

Countries with a high power distance score (although caution needs to be made here) can be so different from countries with low power distance score that the managers from the high power distance countries may not be able to work in the low power distance countries and

vice visa (Jacob, 2005). However, this proposition has not been tested in this study and so it is an item for future research study.

The Malaysian government emphasizes moral knowledge to educate noble values and high morale which contribute towards high culture of its people. Moreover Muslims, stress non-monetary rewards more in the Hereafter as a motivator of moral behaviour. However, there was no statistical significance found in this study for the proposed positive relationship between cultural and moral integrity and perception of non-monetary rewards. This is not in agreement with past studies. The proposition was not supported across large, medium and small organization. The result also indicated there was also no positive and significant relationship between cultural and moral integrity and perception of non-monetary rewards in local and foreign private organizations, leading to the need for further research in this area.

Adding to the above possible future studies, this research was designed to explore the factors influencing the reward programs influences. Undoubtedly, there is still room for further investigation. Future researches can also examine closely the role of each variable under different factors. Future research can look into the impact of variables of demographic characteristics such as individual factors including race, experience, position, knowledge, tenure, position, functions, etc.

6.7 Summary

The final chapter summarized the findings of the current study and provided the suggestions for non-monetary and monetary rewards implementation. This chapter also offered its contributions to the literature and Malaysian private organizations. Furthermore, this chapter also highlighted the research limitations in this study, especially relating to research methodology and generalization of the current study. A brief discussion of the future direction for conducting the research concluded this thesis.

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Overview of Islam Hadhari's Principles

Islam Hadhari was a key campaign issue during the Malaysia general elections in 2004 (Chong, 2006) as the former Prime Minister Dato' Seri Abdullah Ahmad Badawi won the election and presented his vision towards a 'progressive Islam'. The execution of Islam Hadhari took place as a model for the rest of Islamic world. Nonetheless, Martinez (2006) explains, referring to the web site of the Prime Minister's office, that Islam Hadhari is an approach that emphasizes development, consistent with the tenets of Islam and focused on enhancing the quality of life. She also states that Islam Hadhari is an effort to bring the *Ummah* back to basics, back to the fundamentals, as prescribed in the Quran and the Hadith that form the foundation of Islamic civilization. However, the term *Al Hadara al-Islamiyya* in Arabic implies Muslim civilization, and one finds reference that *Al hadara al-Islamiyya fil-qarn al-rabi al hijri* means the Islamic civilization in the fourth century (Martinez, 2006). Nevertheless, Martinez (2006) also claims that one of the most brilliant periods of Islamic civilization was in the fourth century AH (10th century CE) when Muslim reached the peak of intellectual progress in ideas, the sciences, interaction and dialogue with the non-Muslim world, among other achievements. Pandian (2008) adds, Islam Hadhari gives importance to excellence in living, enabling Malaysia to be a model Islamic state with its community which is progress-oriented, highly skilled, noble, and well-disciplined. He states also that the approach of Islam Hadhari seeks to balance man's responsibility in the here and the hereafter, that is this life and the next.

Adding to this, Abdullah Badawi, the former Prime Minister of Malaysia (2005) states that Islam Hadhari emphasizes tolerant approaches that are definitely relevant to the Malaysian socio-political renaissance, which is multi-ethnic, multi-cultural, multi-lingual and multi-religious. Therefore, one of the factors driving the government to introduce Islam Hadhari is to empower the Muslim *ummah* in Malaysia to be the forerunners of a new civilization that later can guide society and bring about a progressive and holistic change (Badawi, 2005; Zin, 2005: p.5 cited in Department of Islamic Development Malaysia Putrajaya, 2005)

According to Zin (2005), these principles of Islam Hadhari that were propagated by the government are not merely slogans or rhetoric but more a paradigm shift and an integrated approach to change the *ummah's* perception of the teachings of Islam and our effort in develop the *ummah*, the society and the country (Zin, 2005). There are ten principles put forward by Abdullah Badawi which the community needs to demonstrate, as follows

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(Badawi, 2005; Zin, 2005 cited in Department of Islamic Development Malaysia Putrajaya; Bashir, 2005; Martinez, 2006; Pandian, 2008):

1. Faith and piety in Allah;
2. A just and trustworthy government;
3. A free and independent people;
4. Mastery of knowledge;
5. Balanced and comprehensive economic development;
6. A good quality of life;
7. Protection of the rights of minority groups and women;
8. Cultural and moral integrity;
9. Protection of the environment;
10. Strong defenses.

Bashir (2005) states also that comprehensiveness, moderation, diversity and humanity are the four characteristic features of Islam Hadhari that distinguish Islam Hadhari from all the other relevant perspectives. Bashir (2005) cited Zin (2004); that there is a difference between Islam Hadhari and political Islam. Hence, Islam Hadhari works from the bottom to up, from the villages and in a systematic way. However, political Islam, which is practiced by some Islamic parties, works the opposite way which is from up to down and often it leads to nowhere (Bashir, 2005). Over all, the Islam Hadhari approach is bringing benefit to all Malaysians, Muslims as well as non-Muslims (Marcinkowski, 2007).

From the perspective of Islam, Koys (2001) notes, Muslim believe that the Quran is the exact record of the thoughts of God as revealed to the Prophet Muhammad. The Quran gives rise to the Islamic work ethic (Koys, 2001). In western vocabulary the terms "ethics" and "morality" have different origins; however both mean habits or customs. The distinction in European thought and language has been maintained which refers to what is "commonly felt and done"[morals] as opposed to what is "appropriate and rational" [ethics]. Whilst in Islamic thought, the predominant feature is knowledge of morality (*ilm-ul-Akhlaq*), is called the "science of ethics" (Siddiqui, 1997). Besides that, the concept of the Islamic work ethic, has its origin in the Quran, and the sayings and practices of Prophet Mohammed, who preached that hard work caused sins to be absolved and to encouraged people to work accordingly, "no one eats better food than that which he eats out of his work" (Yousef, 2001)

According to Yousef (2001), work is considered to be a source of independence and a means of fostering personal growth, self-respect, satisfaction and self-fulfillment. It is believed that work ethic reflects an individual's attitudes towards various aspects of work,

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including preference for activity and involvement, attitudes toward monetary and non-monetary rewards, and the desire for mobility of career advancement (Cherrington, 1980, cited in Yousef, 2001). Additionally, a work ethic facilitates economic development (Congleton, 1991, cited in Yousef, 2001) which also can influence employees' commitment by recognizing and rewarding such growth in organizations (Weng, McElroy, Morrow and Liu, 2010). Therefore, the Islamic work ethic needs to be highlighted as a part of the Islam Hadhari to ensure the Islamization process succeeds in Malaysian private organizations especially Muslim organizations.

However, as Chong (2006) claims, Islam Hadhari's always is a controversial issue as it is argued that the details of Islam Hadhari's still remain vague referring to the teachings of Islamic philosopher Ibn Khaldun (1332-1406). However, Zin (cited in Department of Islamic Development Malaysia Putrajaya, 2005) is very optimistic and fully confident that the Malaysian community would be able understand the genuine wishes of the government and the importance of Islam Hadhari as a catalyst for the development of human civilization and the country. Therefore, the government highlights Islam should not be viewed as a religion that befits only the needs and demands of ancient societies. Actually, it is the Muslims who have not lived up to the standards that Islam prescribes (Alhabshi, 1994). Also, the Malaysian Government is truly aware that Islam is not merely ritual but also a practical religion which has been sent down to organize people's life in a realistic manner. Islam Hadhari's approach has been introduced to create a new awareness among Malaysians of the true concept of Islam with the hope that it will propel the development of the *ummah* and nation (Department of Islamic Development Malaysia Putrajaya, 2005).

Hence, the Islam Hadhari seeks to prove Malaysia's capacity as a model Islamic country which practises the principle of moderation (*wasatiyyah – a balanced approach to life*) in line with the teachings of Islam (Martinez, 2006; Department of Islamic Development Malaysia, Putrajaya, 2005: p,16). According to Gaynutdin (2008), a new strategy, "Al-Wasatiyya" is developed successfully based on the teaching of Quran itself and Sunnah of our Prophet Muhammad (Allah's Peace and Mercy be upon him!). This approach is consistent with the country's policies which are being implemented currently and in the future, such as Malaysia Vision 2020 and the National Development Policy (Department of Islamic Development Malaysia Putrajaya, 2005: p.16).

INTERVIEW GUIDELINES

CULTURAL ORIENTATION

- Could you please explain about your national and organizational culture in your organization?
- What do you understand about national cultural dimensions such as power distance, femininity and so on?
- How do your employees adapt themselves in your company's culture and environment?

ISLAM HADHARI'S PRINCIPLES

- Do you implement Islam Hadhari's principles in your company? (All or partly?) Why YES/ NO?
- What is your opinion about these principles such as mastery of knowledge, balanced and comprehensive economic development, a good quality of life and cultural and last but not least is cultural and moral integrity?
- Do your employees aware of these principles and how do they accept it?

PERCEPTION OF NON-MONETARY REWARDS

- How good is your compensation package in your company?
- What are your considerations when you develop your compensation program?
- What kind of monetary and non-monetary rewards do you practice in your company?
- How do your employees perceive those rewards?

ORGANIZATIONAL CHARACTERISTICS

- How do organizational culture, size, ownership status and policy play its roles in your organization?
- Can you please explain how do these organizational characteristics influence the implementation of your compensation program?
- What are the major obstacles when you want to develop and implement compensation program in your company?
- How do these obstacles influence the development and implementation of the event?

REWARDS PROGRAM INFLUENCES

- What do you think of your employee contribution, employee productivity, employee loyalty and employee turnover in your company?
- How do you measure the employee contribution, employee productivity, employee loyalty and employee turnover in your company?

Formula: Internal consistency

The first approach to measure internal consistency is by using the composite reliability developed by Fornell and Larcker (1981). The following equation to measure internal consistency is proposed (Fornell and Larcker, 1981).

$$\rho_c = \frac{(\sum \lambda_i)^2}{(\sum \lambda_i)^2 + \sum_i \text{Var}(\epsilon_i)}$$

Where λ_i is the simple correlation between the item and its construct (item loading) and the variance, $\text{Var}(\epsilon_i) = 1 - (\lambda_i)^2$

The second approach to measure internal consistency is by examining the reliability coefficients which involved calculation of Average Variance Extracted (AVE) for each of the constructs and a measure that indicated the amount of variance in the item is explained by the construct (Fornell and Larcker, 1981).

The AVE can be calculated using the following formula (Fornell and Larcker, 1981).

$$\text{AVE} = \frac{(\sum \lambda_i)^2}{(\sum \lambda_i)^2 + \sum_i \text{Var}(\epsilon_i)}$$

Where λ_i is the simple correlation between the item and its construct (item loading) and the variance, $\text{Var}(\epsilon_i) = 1 - (\lambda_i)^2$

ANALYSIS OF ORGANIZATION C1

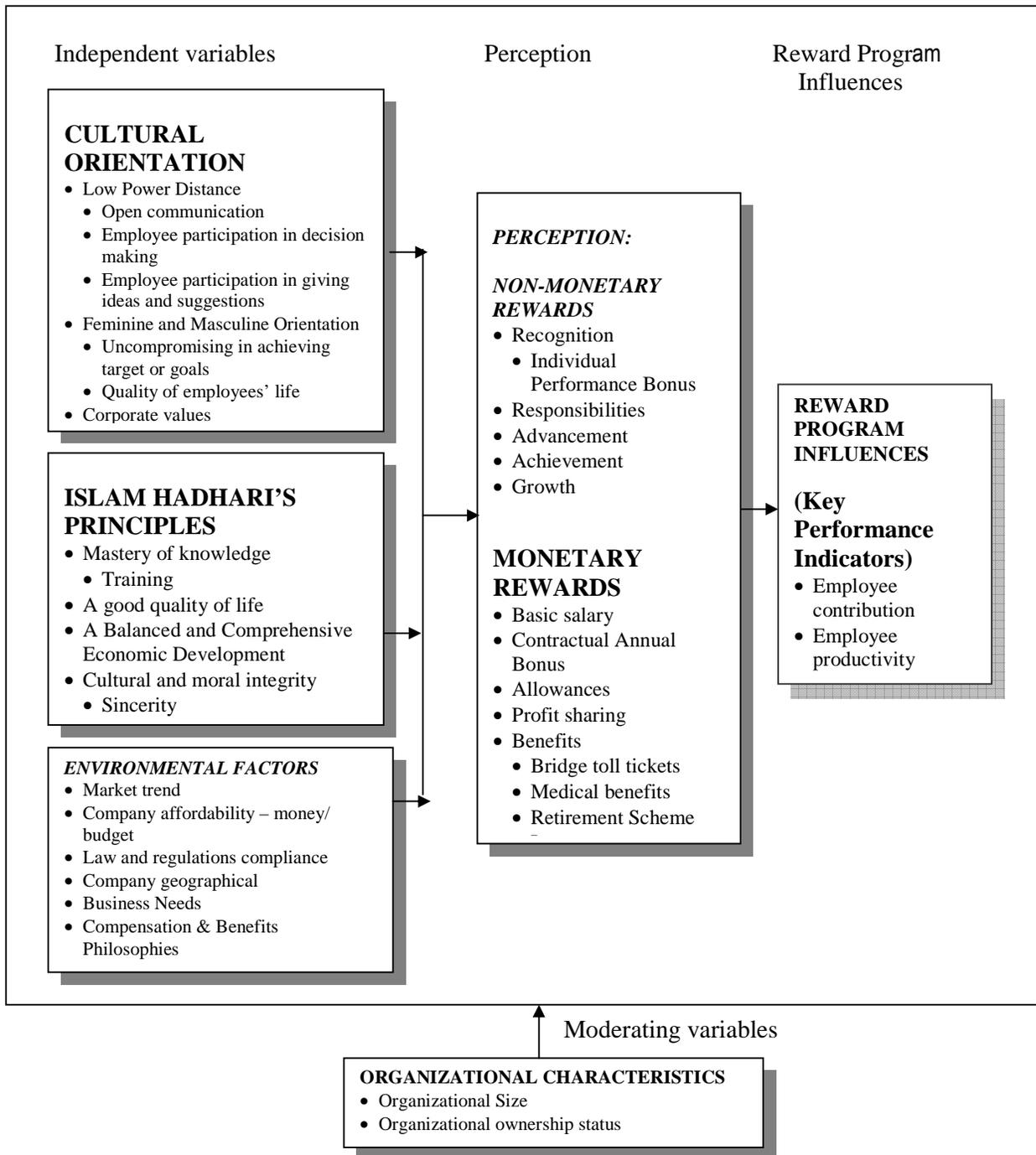


Figure 3.7: Reward Program Influences Model of Organization C1

ANALYSIS OF ORGANIZATION C2

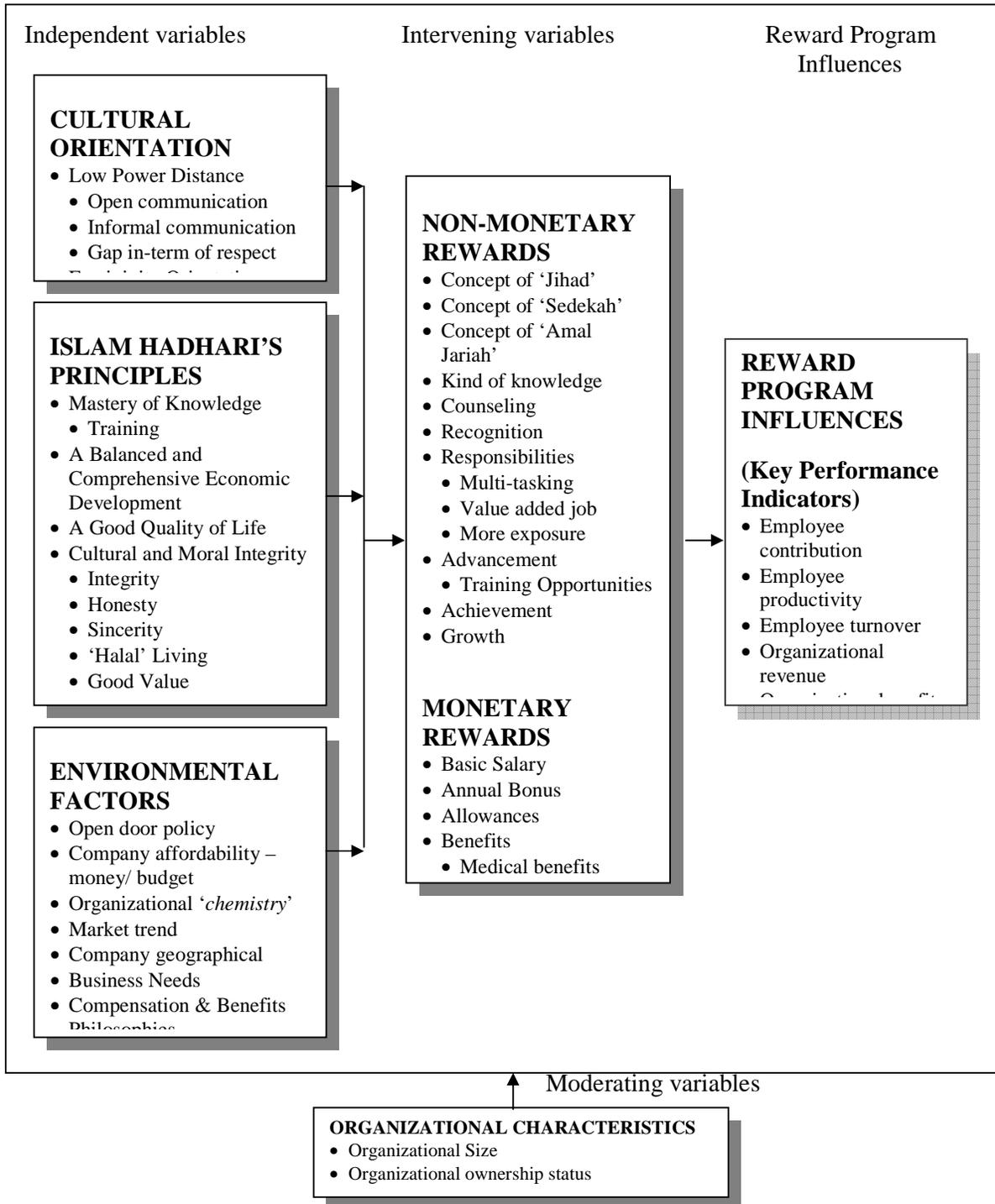


Figure 3.8: Reward Program Influences Model of Organization C2

ANALYSIS OF ORGANIZATION C3

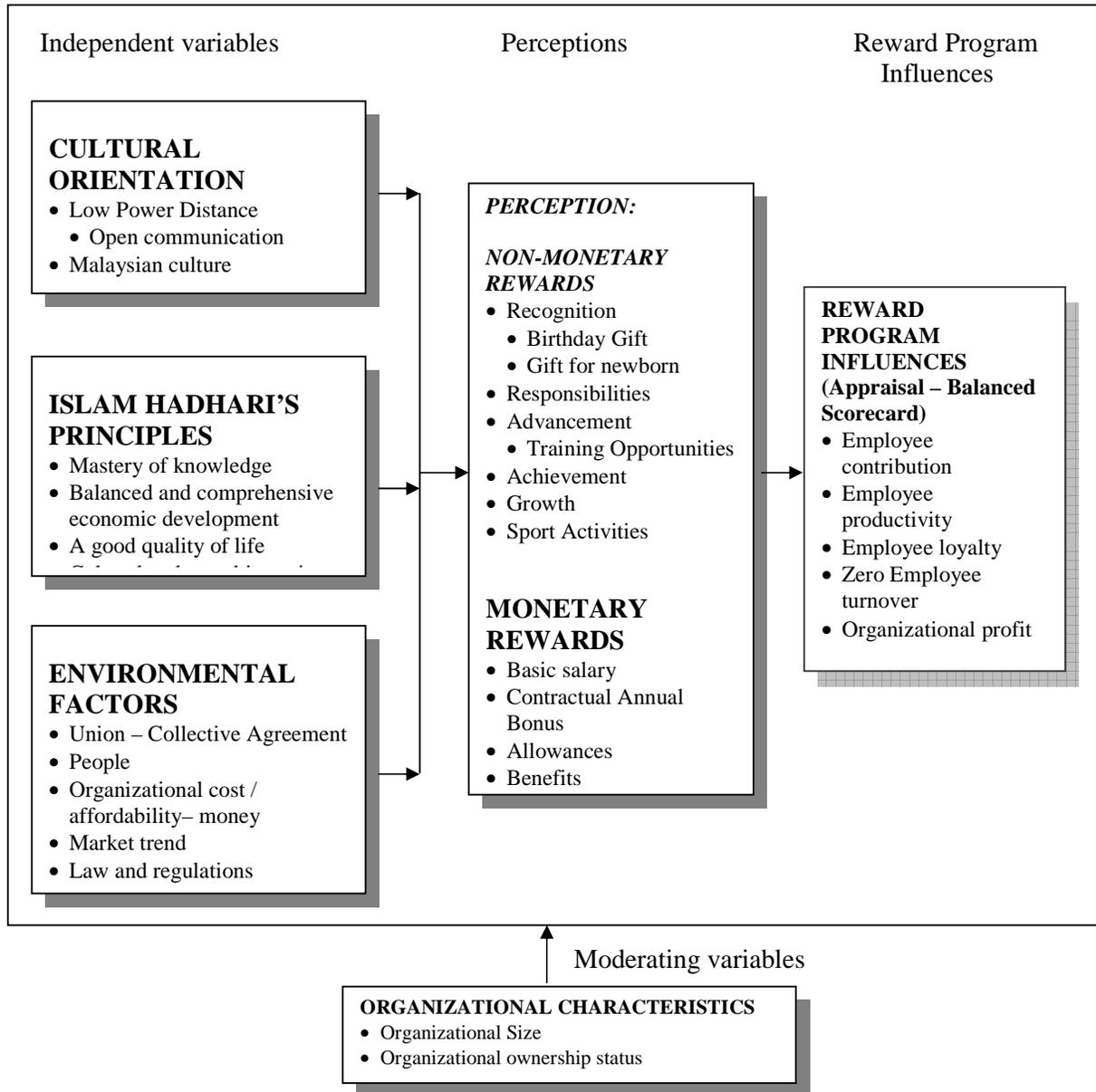


Figure 3.9: Reward Program Influences Model of Organization C3

ANALYSIS OF ORGANIZATION C4

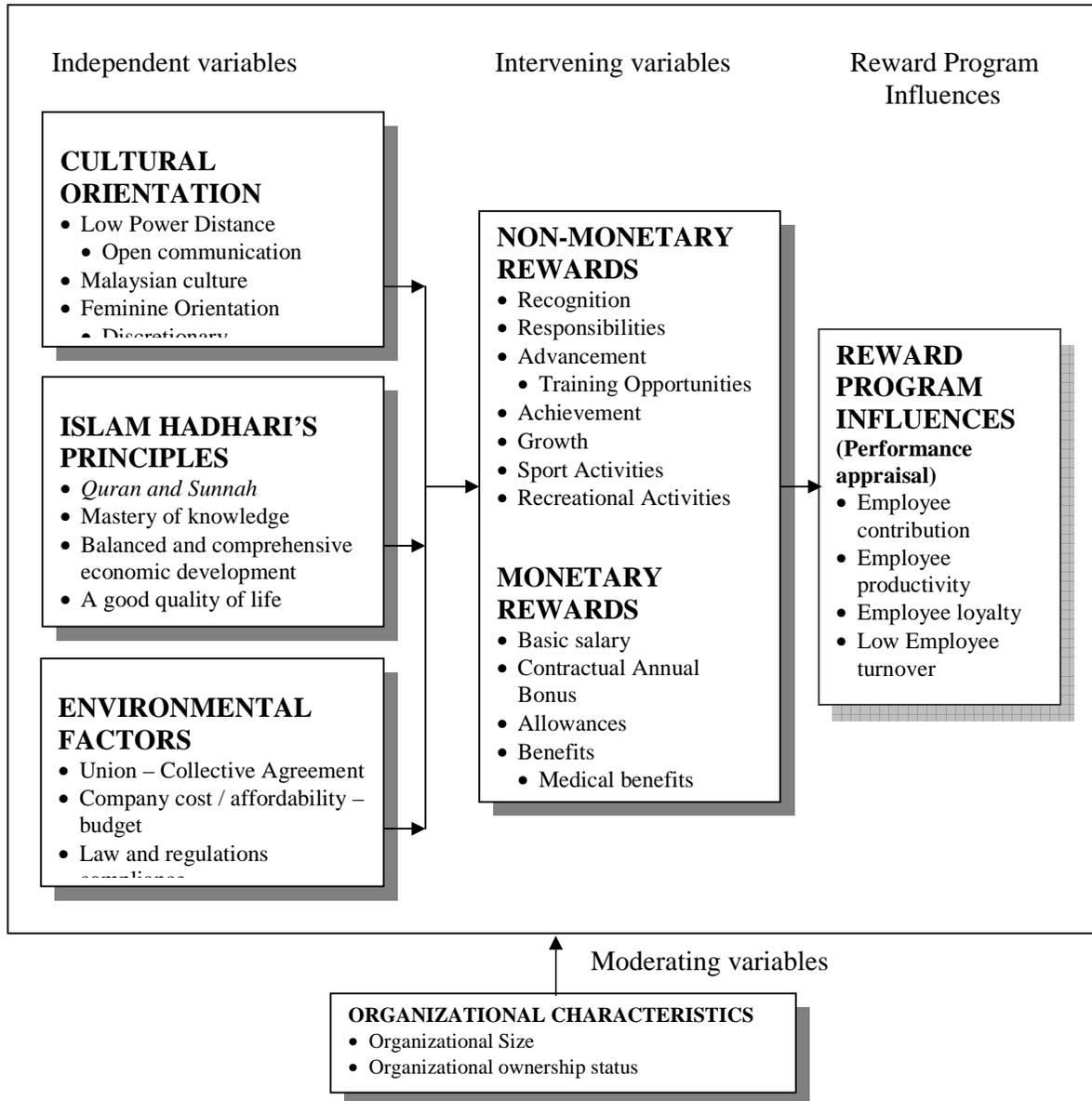


Figure 3.10: Reward Program Influences Model of Organization C4

ANALYSIS OF ORGANIZATION C5

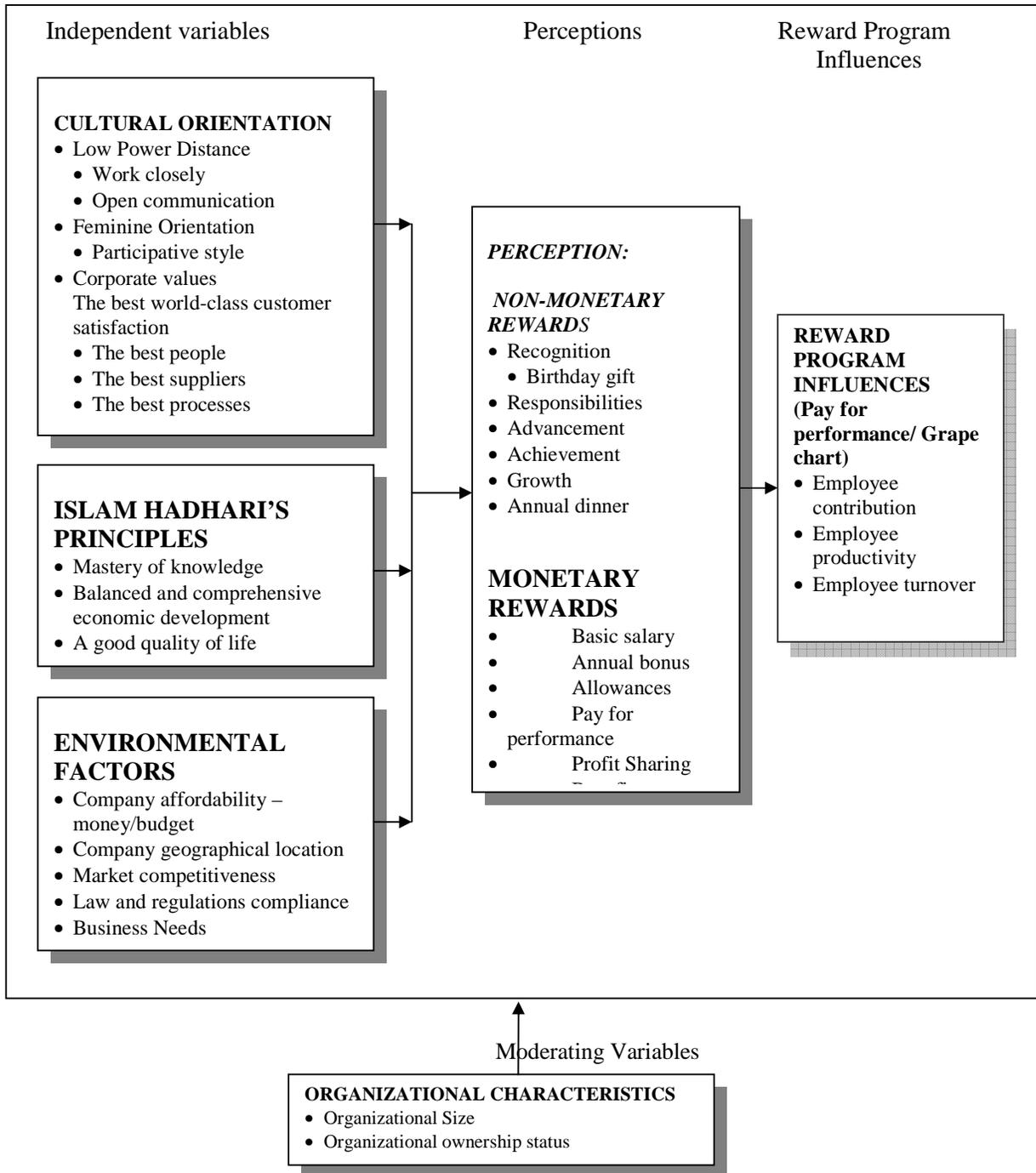


Figure 3.11: Reward Program Influences Model of Organization C5

ANALYSIS OF ORGANIZATION C6

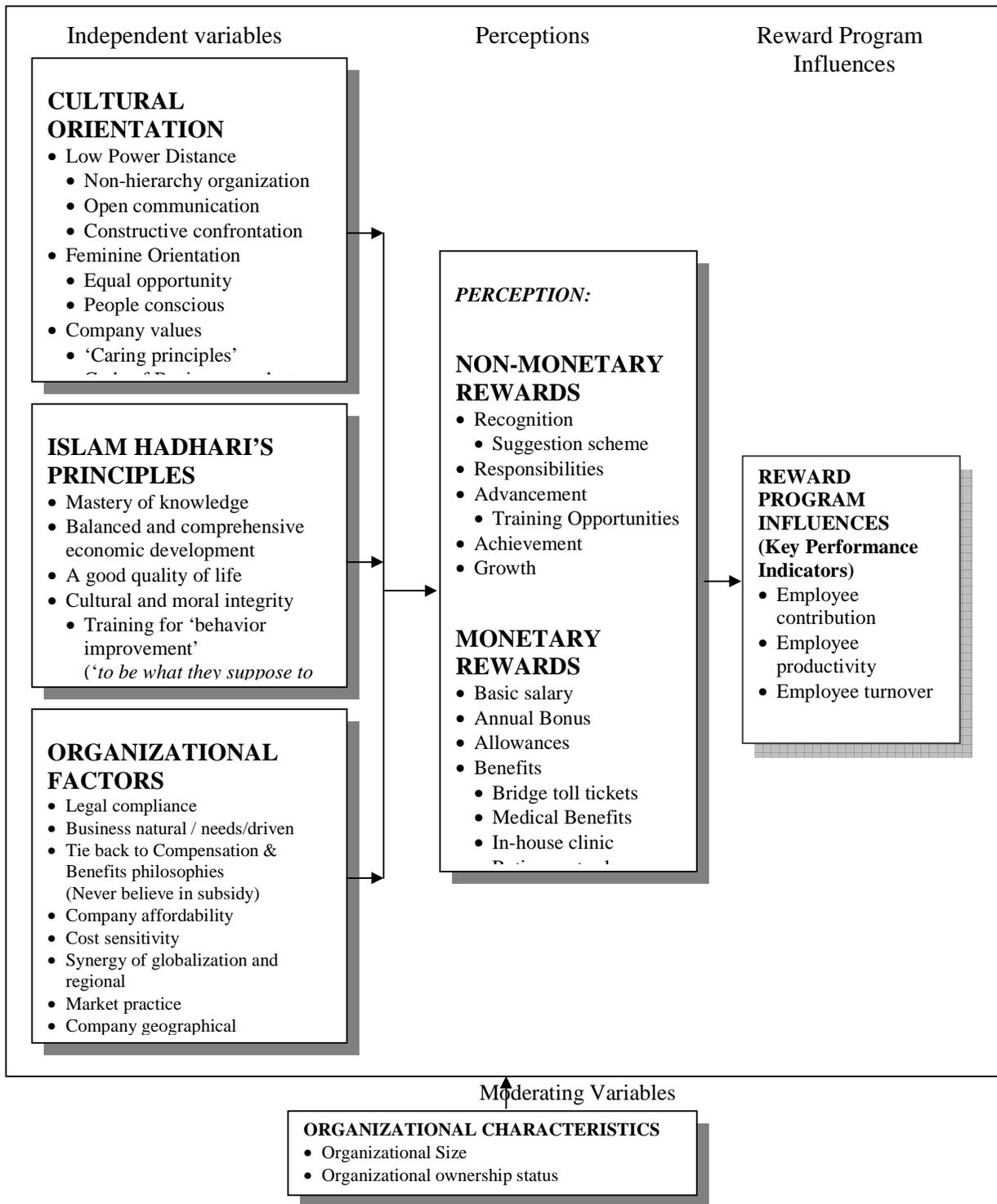


Figure 3.12: Reward Program Influences Model of Organization C6

ANALYSIS OF ORGANIZATION C7

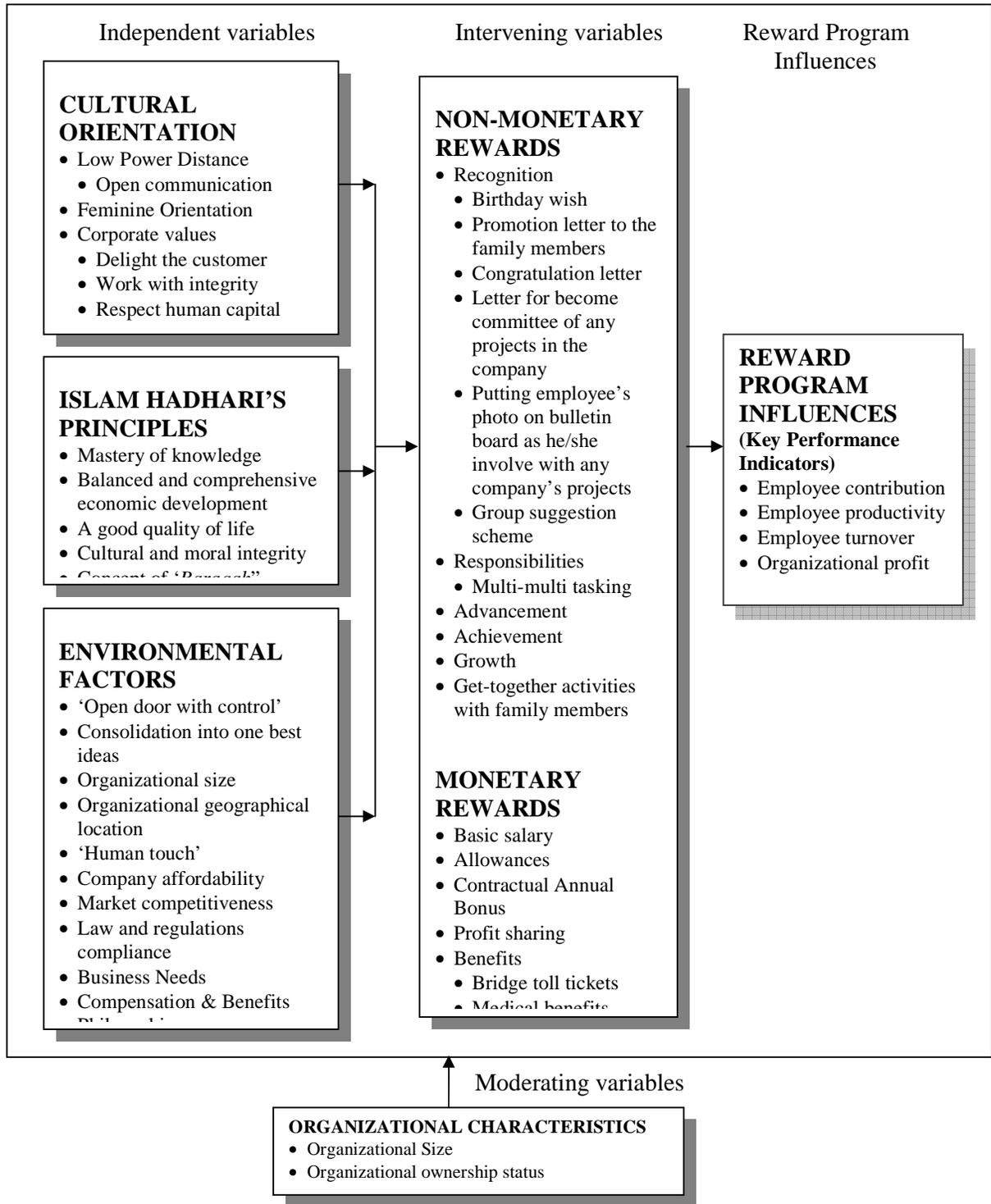


Figure 3.13: Reward Program Influences Model of Organization C7

ANALYSIS OF ORGANIZATION C8

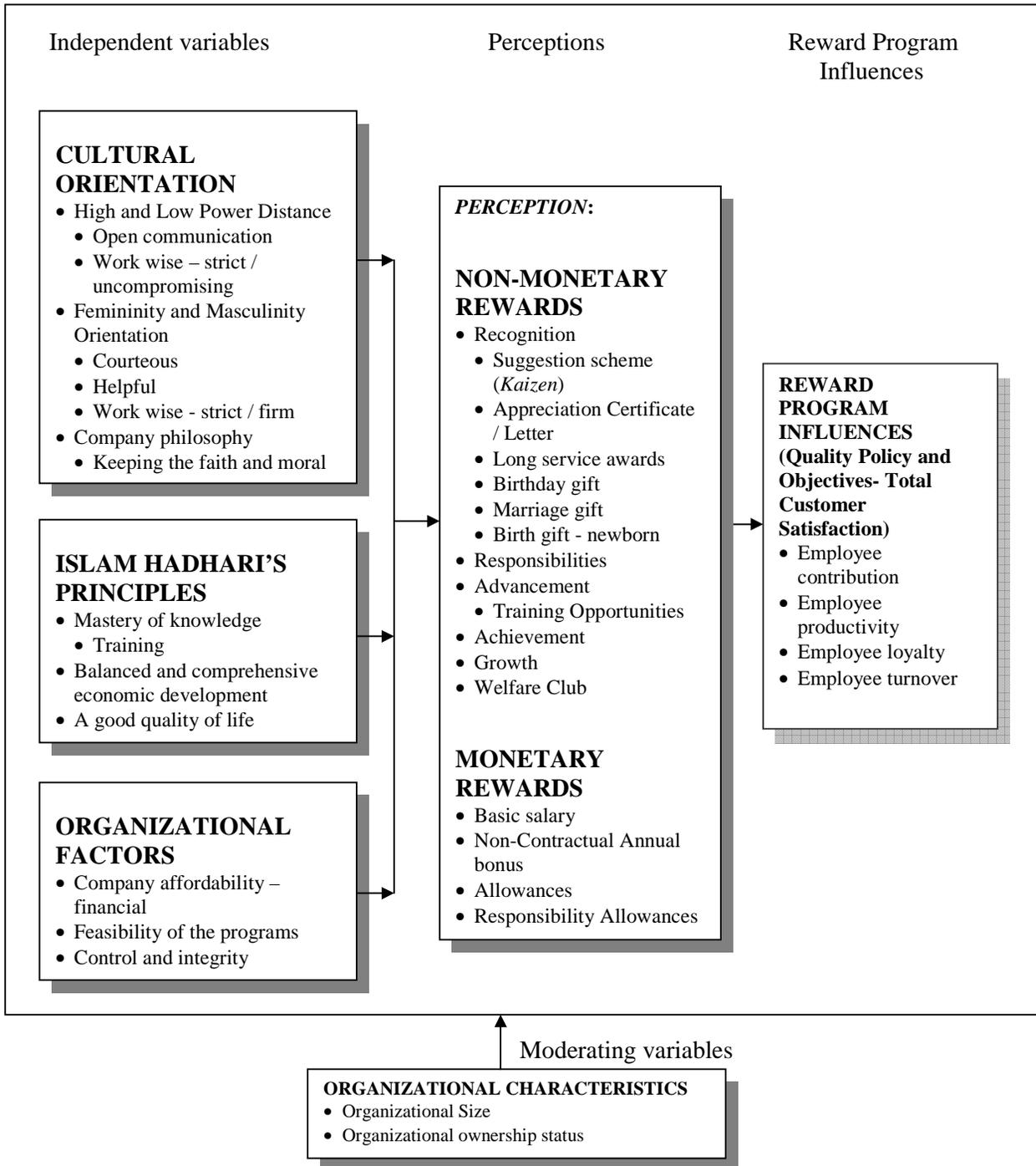


Figure 3.14: Reward Program Influences Model of Organization C8

ANALYSIS OF ORGANIZATION C9

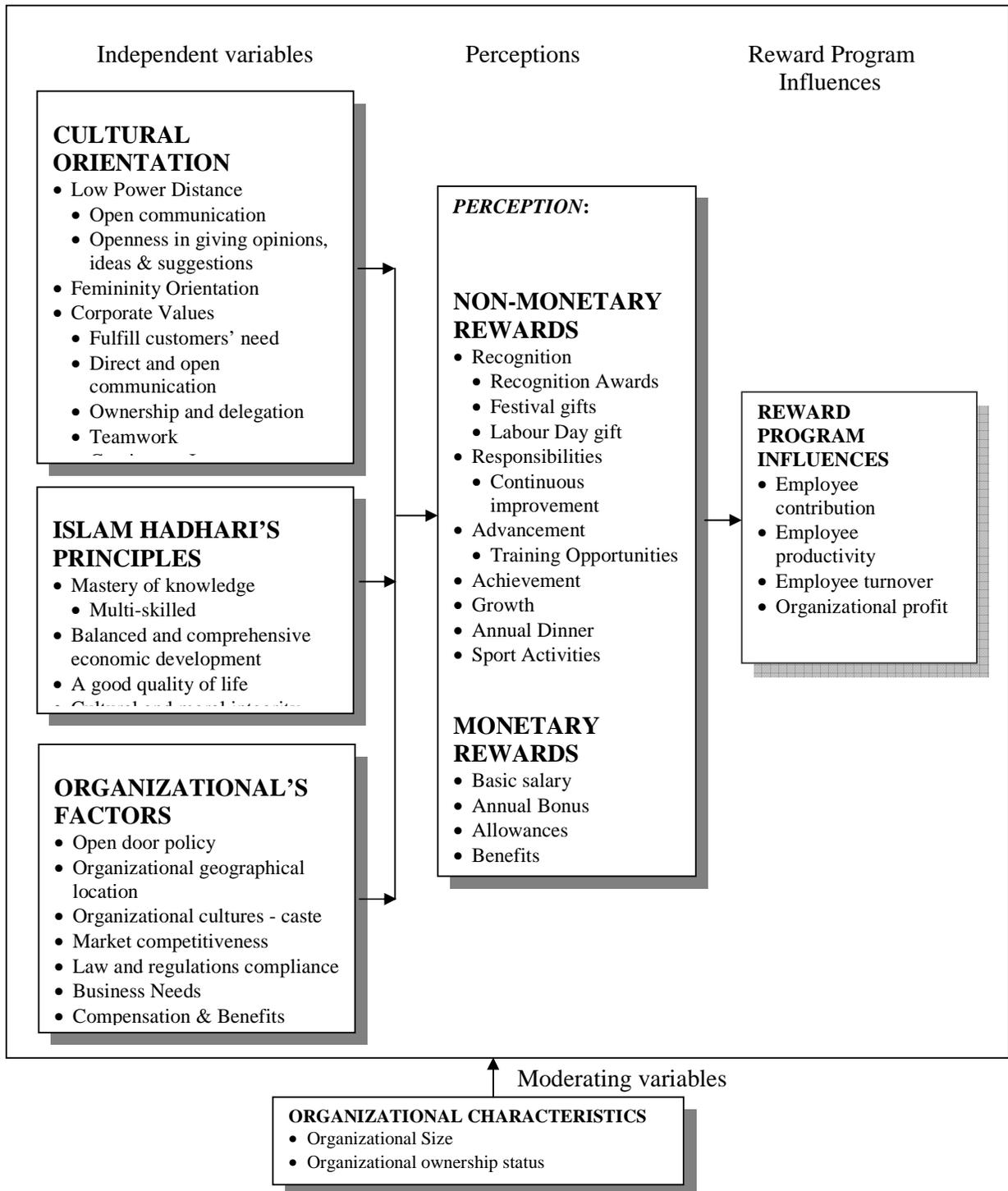


Figure 3.15: Reward Program Influences Model of Organization C9

ANALYSIS OF ORGANIZATION C10

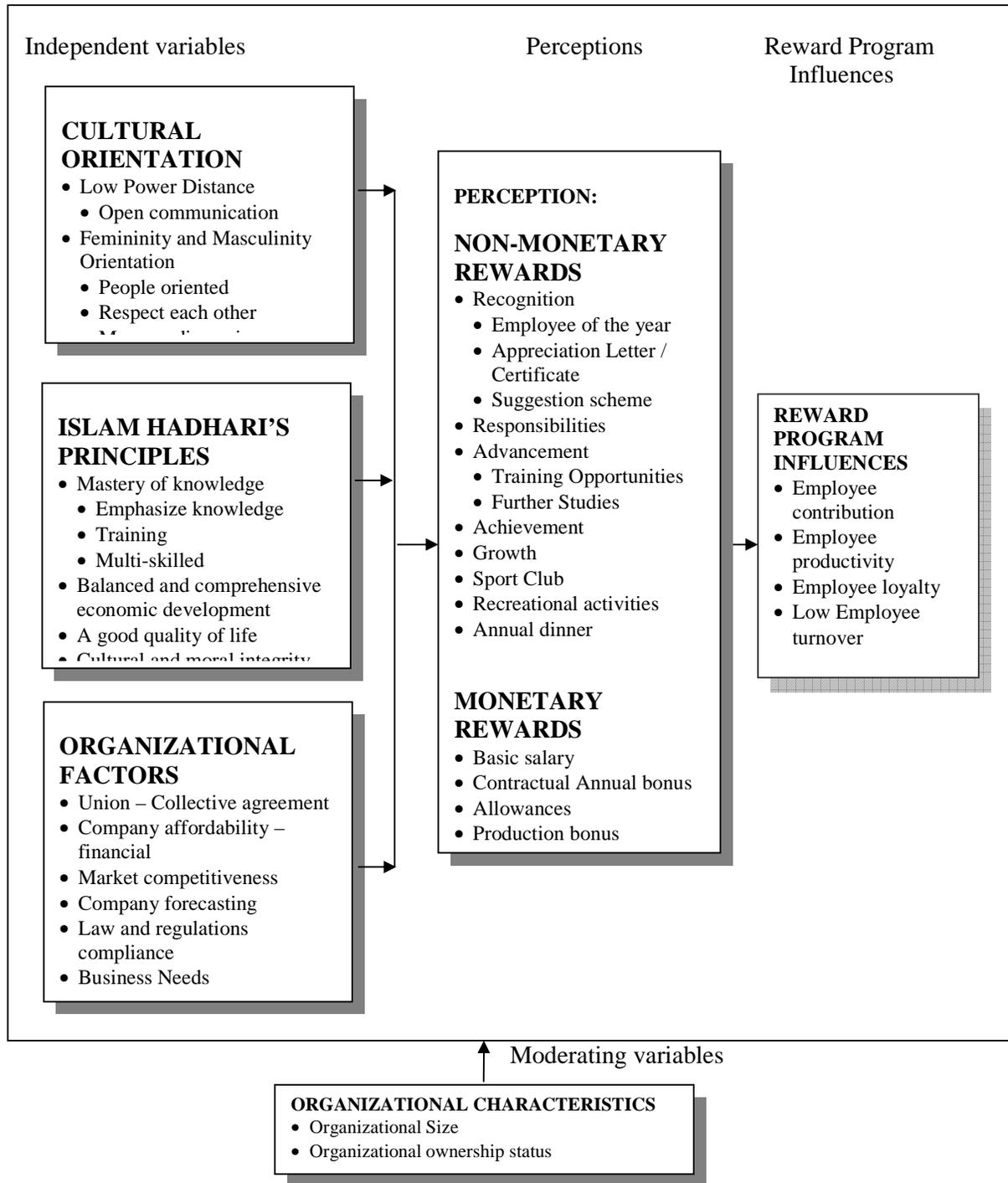


Figure 3.16: Reward Program Influences Model of Organization C10

ANALYSIS OF ORGANIZATION C11

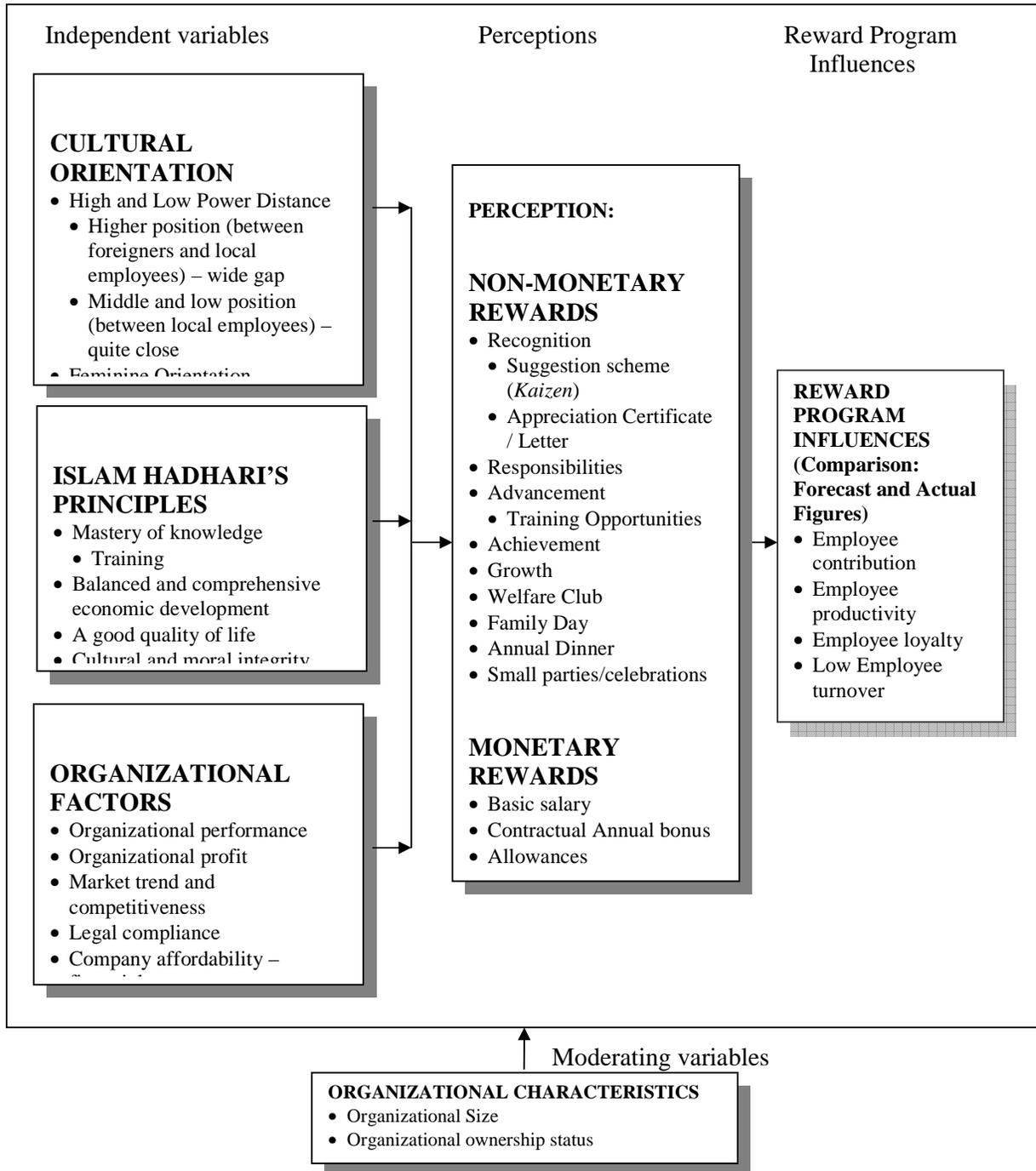


Figure 3.17: Reward Program Influences Model of Organization C11

ANALYSIS OF ORGANIZATION C12

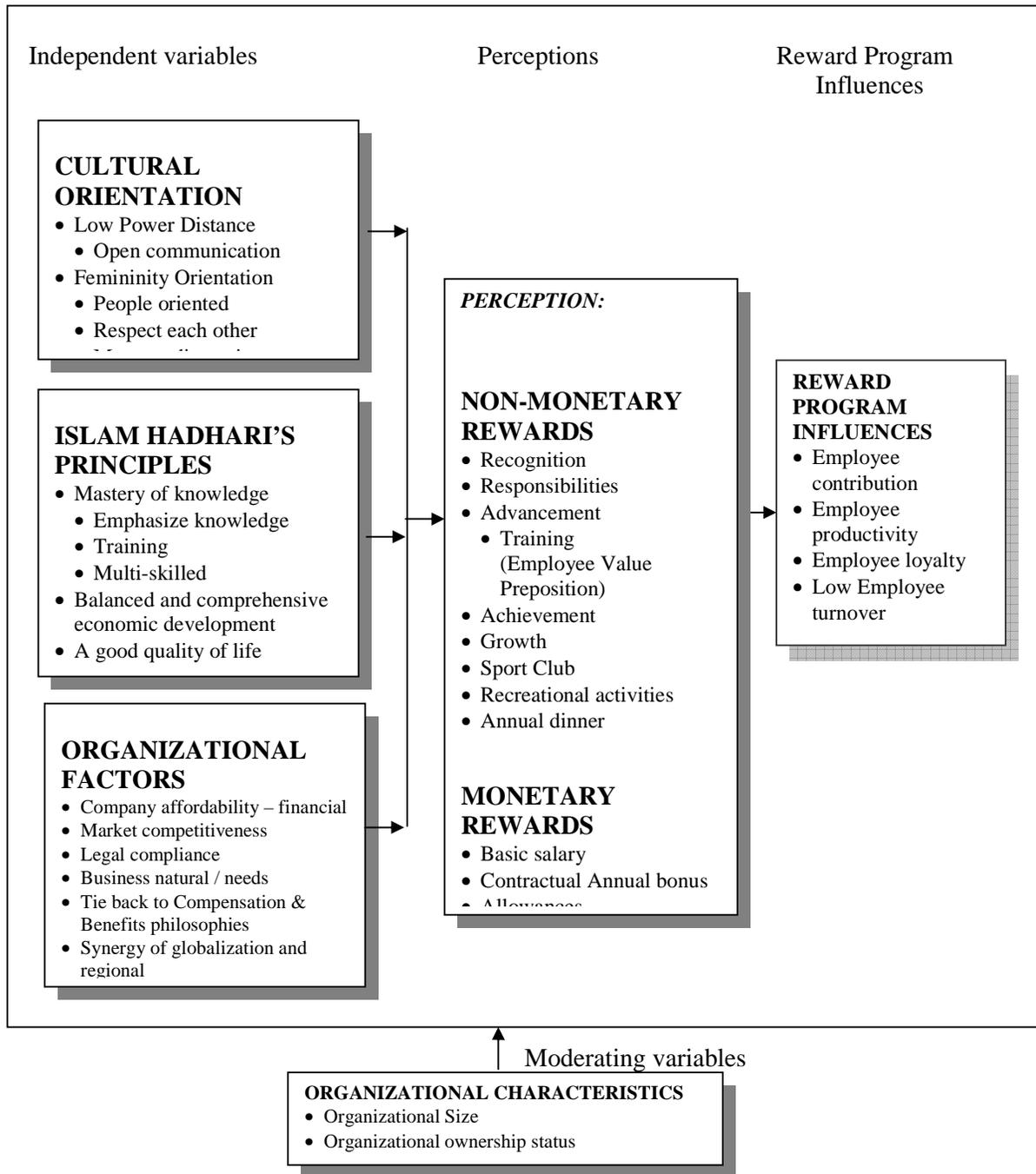


Figure 3.18: Reward Program Influences Model of Organization C12

APPENDIX 5

Table 3.5: Survey Instrument Items

CONSTRUCT	ITEMS	MEASURE	INSTRUMENT REFERENCE (See Appendix 6: Questionnaire)	REFERENCES
POWER DISTANCE	Employees are afraid to express disagreement with their managers.	Feeling of afraid to express disagreement	2.1	Hofstede, Kraut and Simonetti (1976)
	Some groups of employees looking down upon other group of employees.	Looking down upon other groups	2.2	Hofstede, Kraut and Simonetti (1976)
	Employees have considerable freedom to adopt their own approaches to the job.	Freedom to adopt own approaches	2.3	Hofstede, Kraut and Simonetti (1976); Hofstede (1984)
	Employees feel free to tell their boss what they think.	Freedom to express their feeling	2.4	Robbins (2003)
	I feel free to discuss my concerns with someone in management other than my immediate supervisor.	Freedom in discussion	2.5	Robbins (2003)
FEMININITY ORIENTATION	Employees in industry should participate more in the decisions made by management.	Encourage participation in decision making	2.6	Hofstede, Kraut and Simonetti (1976)
	I have challenging work to do – work from which I can get a personal sense of accomplishment.	Promote challenging work	2.7	Hofstede, Kraut and Simonetti (1976); Hofstede (1984)
	I live in an area desirable to me and my family.	Promote desirable living area	2.8	Hofstede, Kraut and Simonetti (1976); Hofstede (1984)
	I work with people who cooperate well with one another.	Ensure good cooperation among employees	2.9	Hofstede, Kraut and Simonetti (1976); Hofstede (1984)
	I have an opportunity to help other people.	Encourage in helping people	2.10	Hofstede (1984)
	I have good working relationship with my manager.	Promote good working relationship with superior	2.11	Hofstede, Kraut and Simonetti (1976); Hofstede (1984)
	I am clear about the end results expected of me in my job.	Clear employer expectation of the job	2.12	Armstrong and Murlis (2007)
	I am kept informed about what is required for me to advance.	Ensure kept informed on the job requirement	2.13	Armstrong and Murlis (2007)

APPENDIX 5

CONSTRUCT	ITEMS	MEASURE	INSTRUMENT REFERENCE (See Appendix 6: Questionnaire)	REFERENCES
	I receive enough feedback on how I am performing.	Ensure enough feedback on job performance	2.14	Armstrong and Murlis (2007)
ENVIRONMENTAL FACTORS				
External Factors	This company's wage rates are competitive with those of other companies.	This company's wage rates are competitive with those of other companies.	3.1	Robbins (2003)
	My overall pay and benefits package is competitive (eg: base pay, bonuses, holidays etc.)	Overall pay and benefits package is competitive (eg: base pay, bonuses, holidays etc.)	3.2	Armstrong and Murlis (2007)
	Organizations must assure that they are in compliance with legislative and administrative legal constraints so that they behave in a socially responsible way.	Ensure legislative and administrative legal compliance in order to behave in a socially responsible way.	3.3	Bergmann and Scarpello (2002)
	I believe that the ability to pay is the determining factor to pay.	The company ability to pay	3.4	Bergmann and Scarpello (2002)
Internal factors				
	The nature of the business is a major factor influencing the pay received by job-holder.	The nature of business play important role to determine the pay.	3.5	Henderson (2005)
	I believe that rates of pay in different geographical area will have variance according to the standard of living.	The geographical areas influence the pay rates	3.6	Henderson (2005)
	Employees working for highly profitable businesses have a greater chance of receiving higher wages.	Highly profitable businesses have a greater chance of receiving higher wages	3.7	Henderson (2005)
	Some organizations have the philosophy of paying their employees.	Company's philosophies play important role in paying employees	3.8	Henderson (2005)
	Control systems must be implemented to ensure compliance with legal requirements to meet company demands.	Ensure the control system comply with legal requirements.	3.9	Henderson (2005)

APPENDIX 5

CONSTRUCT	ITEMS	MEASURE	INSTRUMENT REFERENCE (See Appendix 6: Questionnaire)	REFERENCES
	A large corporation is generally a more desirable place to work than a small company	Large organizations is generally more desirable place to work	3.10	Hofstede, Kraut and Simonetti (1976)
	I feel good working with for a company which is primarily foreign-owned.	Promote good feeling working with foreign company.	3.11	Hofstede, Kraut and Simonetti (1976)
	I believe that work in company which is regarded in my country as successful.	Promote good feeling working with successful local company.	3.12	Hofstede, Kraut and Simonetti (1976)
MASTERY OF KNOWLEDGE	My job makes the best use of my abilities.	Encourage utilizing ability	4.1	Robbins (2003)
	I feel that there is possibility of growth in my company.	Promote possibility of growth	4.2	Herzberg, Mausner and Snyderman (1959)
	I believe that there is opportunity to grow through learning new things.	Promote opportunity to grow in learning new things	4.3	Robbins (2003)
	The company provides the training opportunities for me (to improve my skills or earn new skills).	Encourage training opportunities to improve skills	4.1	Hofstede, Kraut and Simonetti (1976)
	My job makes the best use of my abilities.	Promote learning process	4.4	Robbins (2003)
	I always keep up-to-date with the technical developments relating to my work.	Always keep up-to-date technical development	4.5	Hofstede, Kraut and Simonetti (1976)
A BALANCED AND COMPREHENSIVE ECONOMIC DEVELOPMENT	A corporation should have a major responsibility for health and welfare of its employees and their immediate families.	Encourage social responsibility for health and wealth	4.6	Hofstede, Kraut and Simonetti (1976)
	A corporation should do as much as it can to help solve society's problems (poverty, discrimination, pollution, etc)	Encourage social obligation in helping society's problems	4.7	Hofstede, Kraut and Simonetti (1976)
	Moral obligations of the rich to help and fulfill the needs of the poor.	Encourage moral obligation to help the needs of the poor	4.8	Islahi (1998)

APPENDIX 5

CONSTRUCT	ITEMS	MEASURE	INSTRUMENT REFERENCE (See Appendix 6: Questionnaire)	REFERENCES
	Everyone is free to utilize his wealth for multiplying it further.	Encourage freedom of utilizing the wealth for multiplying it further.	4.9	Islahi (1998)
	I believe that it is incumbent on everyone should work to earn his/her living.	Encourage earning for living	4.10	Islahi (1998)
	Everyone is equally free to earn and amass wealth.	Encourage freedom to earn wealth	4.11	Islahi (1998)
	I acknowledge that in economic field everyone has equal opportunities of struggle.	Promote the equal opportunities to struggle in economic field	4.12	Islahi (1998)
	Agriculture, trade, industry, services, in every source of earning livelihood, is open to all without any discrimination.	Reduce the discrimination	4.13	Islahi (1998)
A GOOD QUALITY OF LIFE	The company makes the work setting more pleasant and able to serve individual needs.	Promote pleasant working condition	4.14	Schermerhorn, Hunt and Osborn (1994)
	The company redesigning jobs, systems, and structures to give people more freedom at work.	Promote freedom at work	4.15	Schermerhorn, Hunt and Osborn (1994)
	I work in a congenial and friendly atmosphere.	Promote congenial and friendly atmosphere	4.16	Hofstede, Kraut and Simonetti (1976)
	I have a job which leaves me sufficient time for my personal or family life.	Promote quality time with family	4.17	Hofstede, Kraut and Simonetti (1976); Hofstede, (1984)
	Most companies have genuine interest in the welfare of their employees.	Most companies have genuine interest in employee welfare	4.18	Hofstede, Kraut and Simonetti (1976)
	Most employees want to make a real contribution to the success of their company	Encourage real contribution to the company's success.	4.19	Hofstede, Kraut and Simonetti (1976)
	The private life of an employee is properly a matter of direct concern to his company.	Reduce employee private life of the company's concern.	4.20	Hofstede, Kraut and Simonetti (1976)
	Management supports a balance between work and personal life.	Promote management supports a	4.21	Field Study (Interview)

APPENDIX 5

CONSTRUCT	ITEMS	MEASURE	INSTRUMENT REFERENCE (See Appendix 6: Questionnaire)	REFERENCES
		balance between work and personal life.		
CULTURAL AND MORAL INTEGRITY	Company rules should not be broken, even when the employee thinks it is in the company's best interests.	Promote to obey the company rules.	4.22	Hofstede, Kraut and Simonetti (1976)
	In this company, people are expected to follow their own personal and moral beliefs.	Encourage personal and moral beliefs.	4.23	Schermerhorn, Hunt and Osborn (1994)
	I believe that your company has a sensible rules and regulation.	Promote the feeling to believe the company sensible rules and regulation	4.24	Robbins (2003)
	Every employee is expected to follow strictly the company's rules and procedures.	Ensure to follow the company's rules and procedures strictly.	4.26	Schermerhorn, Hunt and Osborn (1994)
	In this company, the law or ethical code of profession is the major consideration.	Promote company's law and ethical code.	4.27	Schermerhorn, Hunt and Osborn (1994)
	Employees' morale is high around here	Ensure high morale among employees	4.28	Armstrong and Murlis (2007)
	I believe that earning an honest livelihood is an obligation.	Promote the obligation of honest livelihood	4.29	Islahi (1998)
PERCEPTION OF NON-MONETARY REWARDS	I get the recognition I deserve when I do a good job.	Recognition for the job well done.	5.1	Hofstede, Kraut and Simonetti (1976)
	I have an opportunity for advancement to higher level jobs.	Provide opportunity of advancement to higher level jobs	5.2	Hofstede, Kraut and Simonetti (1976)
	I always clear on what your duties and responsibilities are.	Provide a clear duties and responsibilities.	5.3	Hofstede, Kraut and Simonetti (1976)
	I feel that I have chances of getting ahead on this job.	Provide the chances of getting ahead of the job.	5.4	Field Study (Interview)
	I know that there are my chances for advancement within the company.	Promote chances for advancement within the company.	5.5	Field Study (Interview)

APPENDIX 5

CONSTRUCT	ITEMS	MEASURE	INSTRUMENT REFERENCE (See Appendix 6: Questionnaire)	REFERENCES
	The feeling of satisfaction in every accomplishment I get from the job.	Promote feeling satisfaction for every accomplishment	5.6	Field Study (Interview)
	I received recognition to my achievement.	Ensure recognition to the achievement	5.7	Field Study (Interview)
	Promotions and transfers are made fairly.	Promote fair promotions and transfers	5.8	Armstrong and Murlis (2007)
	I have a good understanding of my potential career moves in the company.	Promote potential career with the company.	5.9	Armstrong and Murlis (2007)
PERCEPTION OF MONETARY REWARDS	I have good fringe benefits.	Provide good fringe benefits	5.10	Hofstede, Kraut and Simonetti (1976)
	I have opportunity for high earnings in my company.	Provide opportunity of high earning	5.11	Hofstede, Kraut and Simonetti (1976)
	I feel that I am being paid a fair amount for the work I do.	Promote fair pay for the job	5.12	Field Study (Interview)
	The wages and salary I receive encourages me to perform better.	Encourage to perform better because of pay	5.13	Field Study (Interview)
	Incentives and pay such as bonuses motivates me to do more than require.	Motivate to do more than require because of incentives and pay.	5.14	Field Study (Interview)
	The current pay policy is flexible enough to allow my manager to use pay to motivate me.	Promote flexibility of pay policy to motivate good performance.	5.15	Armstrong and Murlis (2007)
REWARD PROGRAM INFLUENCES • Employee Contribution	I have a job which allows me to make a real contribution to the success of my company.	Allow employee to make real contribution	6.1	Hofstede, Kraut and Simonetti (1976); Hofstede (1984)
	I understand how my role contributes to the company success.	Understand how employee's role contributes to company success	6.2	Armstrong and Murlis (2007)
	Individual contributions are encouraged and recognized.	Encourage and recognized individual contribution	6.3	Field Study (Interview)

APPENDIX 5

CONSTRUCT	ITEMS	MEASURE	INSTRUMENT REFERENCE (See Appendix 6: Questionnaire)	REFERENCES
<ul style="list-style-type: none"> • Employee Productivity 	I believe that there is a constant striving for greater accomplishment in the company.	Encourage constant striving for greater accomplishment in the company	6.4	Schermerhorn, Hunt and Osborn (1994)
	I am held accountable for the end results I produce or fail to produce.	Promote employee accountability for the end result.	6.5	Armstrong and Murlis (2004)
	The measures used to monitor my performance are the most appropriate for my job.	Provide appropriate employee's performance measurement	6.6	Armstrong and Murlis (2004)
	Motivation helps a lot in improving my productivity	Motivation helps improvement of employee productivity.	6.7	Field Study (Interview)
<ul style="list-style-type: none"> • Employee Loyalty 	Staying with one company for along time is usually the best way to get ahead in business.	Promote staying long time with company is the best way to get ahead in business	6.8	Hofstede, Kraut and Simonetti (1976)
	I am proud to work for this company.	Promote feeling of proud	6.9	Armstrong and Murlis (2007)
	If I may choose again, I will choose to work for the current organization.	Promote workplace preferences	6.10	
<ul style="list-style-type: none"> • Employee Turnover 	I work in a prestigious, successful company or organization.	Promote company image	6.11	Hofstede (1984)
	Pay factor make me to continue working with the company.	Pay factor motivates employee continue working with the current company.	6.12	Field Study (Interview)
	If I get better offer/promotion, I will move to other company.	Better offer/promotion motivates employee to move from the company.	6.13	Field Study (Interview)
	Promotion and advancement influences me to stay with the current company.	Promotion and advancement influences employee to stay with the current company	6.14	Field Study (Interview)



**CURTIN UNIVERSITY OF TECHNOLOGY
WESTERN AUSTRALIA**

**REWARD PROGRAM INFLUENCES: PERCEPTIONS OF EMPLOYEES IN MALAYSIAN
PRIVATE ORGANIZATIONS.**

Dear Sir / Madam,

I, Wan Shakizah Wan Mohd. Noor, an academic staff member of University Utara Malaysia and I am currently pursuing a postgraduate degree at Curtin University of Technology, Western Australia. The title of my thesis is *Influences of Non-Monetary Rewards: Perceptions of Employees in Malaysian Private Organizations*. As part of my study, I am doing a research to understand better of your feeling and experience toward your work in your company.

I would appreciate if you could kindly spare some time to complete the enclosed questionnaire. It could take only 20 minutes or less of your time. You can choose to fill in Malay or the English version of the questionnaire. If you are unsure about certain questions, please try to give an answer that the best reflects your feeling. Please answer all the questions because each one of the statement is important for this study. I would like to assure you that *your responses will remain strictly confidential*. Furthermore, no individuals will be identified in any report of the results. When you have completed the questionnaire, please put it inside the enclosed envelope or please submit it to my representative or to me.

Hopefully you enjoy answering the questionnaire and I sincerely thank you in advance for your help, support and cooperation in this study. If you have any queries or would like further information about this study, please email me at w.wanmohdnoor@postgrad.curtin.edu.au or call me at 019-4484424.

Thank you.

Yours faithfully,

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QUESTIONNAIRE

Definition

The following definitions have been used operationally in this study.

- **Non-monetary rewards (NMR)**
Non-monetary compensation can include any benefit an employee receives from an employer or job that does not involve tangible value. This includes career and social rewards such as job security, flexible hours and opportunity for growth, praise and recognition, task enjoyment and friendships.
- **Cultural Orientation (CO)**
 - *High power distance*: Power distance reflects the extent to which less powerful members of organizations accept an unequal distribution of power.
 - *Feminine orientation*: Femininity stands for a society in which both men and women are supposed to be modest, tender and concerned with the quality of life.
- **Islam Hadhari's principles (IHP)**
Four principles of Islam Hadhari are as follows:
 1. *Mastery of knowledge*
 2. *Balanced and comprehensive economic development*
 3. *A good quality of life*
 4. *Cultural and moral integrity*
- **Organizational Characteristics (OC)**
Organizational characteristics refer to those factors characteristics to a particular enterprise which influence the level of implementation of preventive environment options, include the size and situation of the company, its industrial sector, the available infrastructure and human behavioral patterns like the motivation and awareness of the employees and organizational culture.

SECTION A: DEMOGRAPHIC CHARACTERISTICS

The following questions deals with the basic characteristics of your business and some information about yourself.

- 1.1 Gender
 Male Female
- 1.2 Race
 Malay Indian
 Chinese Others (Please specify): _____
- 1.3 Length of employment in this company. Years.
- 1.4 Size of your organization
 Small Medium Large

APPENDIX 6

1.5 Please indicate your company/organization approximate revenue for the year 2007.

- | | |
|--|--|
| <input type="checkbox"/> Less than \$1 million | <input type="checkbox"/> \$5.1 millions - \$7 millions |
| <input type="checkbox"/> \$1.1 million - \$3millions | <input type="checkbox"/> \$.17 millions - \$9 millions |
| <input type="checkbox"/> \$3.1millions - \$5millions | <input type="checkbox"/> Greater than \$9.1 millions |

1.6 Number of employees in your company/organization is:

- | | |
|--|--|
| <input type="checkbox"/> Less than 100 employees | <input type="checkbox"/> 1001 – 2500 employees |
| <input type="checkbox"/> 101 – 500 employees | <input type="checkbox"/> 2501 – 5000 employees |
| <input type="checkbox"/> 501 – 1000 employees | <input type="checkbox"/> Greater than 5000 employees |

1.7 The status ownership of your company/organization is:

- | | |
|--------------------------------|----------------------------------|
| <input type="checkbox"/> Local | <input type="checkbox"/> Foreign |
|--------------------------------|----------------------------------|

1.8 The nature of business of your company is:

- | | |
|---|---|
| <input type="checkbox"/> Nutrition products | <input type="checkbox"/> IT & Computing |
| <input type="checkbox"/> Test and Measurement | <input type="checkbox"/> Electronic Products |
| <input type="checkbox"/> Building Materials | <input type="checkbox"/> Mining |
| <input type="checkbox"/> Consumer goods | <input type="checkbox"/> Cosmetic and Personal care |
| <input type="checkbox"/> Household goods | <input type="checkbox"/> Semiconductor |
| <input type="checkbox"/> Communication Services | <input type="checkbox"/> Automobiles |
| <input type="checkbox"/> Concrete and cement | <input type="checkbox"/> Cleaning Products |
| <input type="checkbox"/> Health Services | <input type="checkbox"/> Packaging and Containers |
| <input type="checkbox"/> Medical Equipments | <input type="checkbox"/> Transport & Storage |
| <input type="checkbox"/> Health Services | <input type="checkbox"/> Chemicals |
| <input type="checkbox"/> Food and Beverage | <input type="checkbox"/> Appliances |
- Others (Please specify): _____

1.9 In what field (*function*) do you work?

- | | |
|---|---|
| <input type="checkbox"/> Finance | <input type="checkbox"/> Marketing |
| <input type="checkbox"/> Human Resource | <input type="checkbox"/> Production |
| <input type="checkbox"/> Purchasing | <input type="checkbox"/> Manufacturing Services |
| <input type="checkbox"/> Legal | <input type="checkbox"/> Information Technology |
| <input type="checkbox"/> Sales | <input type="checkbox"/> Commercial |
| <input type="checkbox"/> Quality Control | <input type="checkbox"/> Planning |
| <input type="checkbox"/> Customer Service | <input type="checkbox"/> Accounting |
| <input type="checkbox"/> Engineering | <input type="checkbox"/> Facilities / Maintenance |
- Others (Please Specify): _____

1.10 Your position in your company/organization is:

- | | |
|---|--|
| <input type="checkbox"/> Senior Director | <input type="checkbox"/> Section Manager |
| <input type="checkbox"/> Director | <input type="checkbox"/> Section Head |
| <input type="checkbox"/> Department Manager | <input type="checkbox"/> Executive |



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How to complete the questionnaire?

Please answer the statements overleaf by placing a circle around the number which most closely matches your opinion or to the best of your knowledge.

Example of how to use the rating scales:

Every human being has five senses.

Strongly Disagree ←————→ Strongly Agree				
1	2	3	4	5

By circling the rating 5, therefore you would be saying that you are strongly agreed with the given statement.

SECTION B: CULTURAL ORIENTATION

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
2.1 Employees are afraid to express disagreement with their managers.	1	2	3	4	5
2.2 Some groups of employees looking down upon other group of employees.	1	2	3	4	5
2.3 Employees have considerable freedom to adopt their own approaches to the job.	1	2	3	4	5
2.4 Employees feel free to tell their boss what they think.	1	2	3	4	5
2.5 I feel free to discuss my concerns with someone in management other than my immediate supervisor.	1	2	3	4	5
2.6 Employees in industry should participate more in the decisions made by management.	1	2	3	4	5
2.7 I have challenging work to do – work from which I can get a personal sense of accomplishment.	1	2	3	4	5
2.8 I live in an area desirable to me and my family.	1	2	3	4	5
2.9 I work with people who cooperate well with one another.	1	2	3	4	5
2.10 I have an opportunity to help other people.	1	2	3	4	5
2.11 I have good working relationship with my manager.	1	2	3	4	5
2.12 I am clear about the end results expected of me in my job.	1	2	3	4	5
2.13 I am kept informed about what is required for me to advance.	1	2	3	4	5
2.14 I receive enough feedback on how I am performing.	1	2	3	4	5

SECTION C: ENVIRONMENTAL FACTORS

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
3.1 This company's wage rates are competitive with those of other companies.	1	2	3	4	5
3.2 My overall pay and benefits package is competitive (eg: base pay, bonuses, holidays etc.)	1	2	3	4	5
3.3 Organizations must assure that they are in compliance with legislative and administrative legal constraints so that they behave in a socially responsible way.	1	2	3	4	5
3.4 I believe that the ability to pay is the determining factor to pay.	1	2	3	4	5
3.5 The nature of the business is a major factor influencing the pay received by job-holder.	1	2	3	4	5
3.6 I believe that rates of pay in different geographical area will have variance according to the standard of living.	1	2	3	4	5
3.7 Employees working for highly profitable businesses have a greater chance of receiving higher wages.	1	2	3	4	5
3.8 Some organizations have the philosophy of paying their employees.	1	2	3	4	5
3.9 Control systems must be implemented to ensure compliance with legal requirements to meet company demands.	1	2	3	4	5
3.10 A large corporation is generally a more desirable place to work than a small company	1	2	3	4	5
3.11 I feel good working with for a company which is primarily foreign-owned.	1	2	3	4	5
3.12 I believe that work in company which is regarded in my country as successful.	1	2	3	4	5

SECTION D: ISLAM HADHARI'S PRINCIPLES

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
4.1 My job makes the best use of my abilities.	1	2	3	4	5
4.2 I feel that there is possibility of growth in my company.	1	2	3	4	5
4.3 I believe that there is opportunity to grow through learning new things.	1	2	3	4	5
4.4 This company provides the training opportunities for me (to improve my skills or earn new skills).	1	2	3	4	5
4.5 I have a job on which there is a great deal of day-today learning.	1	2	3	4	5
4.6 I always keep up-to-date with the technical developments relating to my work.	1	2	3	4	5

APPENDIX 6

4.7 A corporation should have a major responsibility for health and welfare of its employees and their immediate families.	1	2	3	4	5
4.8 A corporation should do as much as it can to help solve society's problems (poverty, discrimination, pollution, etc)	1	2	3	4	5
4.9 Moral obligations of the rich to help and fulfill the needs of the poor.	1	2	3	4	5
4.10 Everyone is free to utilize his wealth for multiplying it further.	1	2	3	4	5
4.11 I believe that it is incumbent on everyone should work to earn his/her living.	1	2	3	4	5
4.12 Everyone is equally free to earn and amass wealth.	1	2	3	4	5
4.13 I acknowledge that in economic field everyone has equal opportunities of struggle.	1	2	3	4	5
4.14 Agriculture, trade, industry, services, in every source of earning livelihood, is open to all without any discrimination.	1	2	3	4	5
4.15 This company makes the work setting more pleasant and able to serve individual needs.	1	2	3	4	5
4.16 This company redesigning jobs, systems, and structures to give people more freedom at work.	1	2	3	4	5
4.17 I work in a congenial and friendly atmosphere.	1	2	3	4	5
4.18 I have a job which leaves me sufficient time for my personal or family life.	1	2	3	4	5
4.19 Most companies have genuine interest in the welfare of their employees.	1	2	3	4	5
4.20 Most employees want to make a real contribution to the success of their company.	1	2	3	4	5
4.21 The private life of an employee is properly a matter of direct concern to his company.	1	2	3	4	5
4.22 Management supports a balance between work and personal life.	1	2	3	4	5
4.23 Company's rules should not be broken, even when the employee thinks it is in the company's best interests.	1	2	3	4	5
4.24 In this company, people are expected to follow their own personal and moral beliefs.	1	2	3	4	5
4.25 I believe that my company has a sensible rules and regulation.	1	2	3	4	5
4.26 Every employee is expected to follow strictly the company's rules and procedures.	1	2	3	4	5
4.27 In this company, the law or ethical code of profession is the major consideration.	1	2	3	4	5
4.28 Employees' morale is high around here.	1	2	3	4	5
4.29 I believe that earning an honest livelihood is an obligation.	1	2	3	4	5

APPENDIX 6

SECTION E: PERCEPTION OF MONETARY AND NON-MONETARY REWARDS

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
5.1 I get the recognition I deserve when I do a good job.	1	2	3	4	5
5.2 I have an opportunity for advancement to higher level jobs.	1	2	3	4	5
5.3 I always clear on what my duties and responsibilities are.	1	2	3	4	5
5.4 I feel that I have chances of getting ahead on this job.	1	2	3	4	5
5.5 I know that there are my chances for advancement within the company.	1	2	3	4	5
5.6 The feeling of satisfaction in every accomplishment I get from the job.	1	2	3	4	5
5.7 I received recognition to my achievement.	1	2	3	4	5
5.8 Promotions and transfers are made fairly.	1	2	3	4	5
5.9 I have a good understanding of my potential career moves in the company.	1	2	3	4	5
5.10 I have good fringe benefits.	1	2	3	4	5
5.11 I have opportunity for high earnings in my company.	1	2	3	4	5
5.12 I feel that I am being paid a fair amount for the work I do.	1	2	3	4	5
5.13 The wages and salary I receive encourages me to perform better.	1	2	3	4	5
5.14 Incentives and pay such as bonuses motivates me to do more than require.	1	2	3	4	5
5.15 The current pay policy is flexible enough to allow my manager to use pay to motivate me.	1	2	3	4	5

SECTION F: REWARD PROGRAM INFLUENCES

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
6.1 I have a job which allows me to make a real contribution to the success of my company.	1	2	3	4	5
6.2 I understand how my role contributes to the company success.	1	2	3	4	5
6.3 Individual contributions are encouraged and recognized.	1	2	3	4	5
6.4 I believe that there is a constant striving for greater accomplishment in the company.	1	2	3	4	5
6.5 I am held accountable for the end results I produce or fail to produce.	1	2	3	4	5
6.6 The measures used to monitor my performance are the most appropriate for my job.	1	2	3	4	5
6.7 Motivation helps a lot in improving my productivity.	1	2	3	4	5
6.8 Staying with one company for along time is usually the best way to get ahead in business.	1	2	3	4	5
6.9 I am proud to work for this company.	1	2	3	4	5
6.10 If I may choose again, I will choose to work for the current organization.	1	2	3	4	5
6.11 I work in a prestigious, successful company or organization.	1	2	3	4	5
6.12 Pay factor make me to continue working with this company.	1	2	3	4	5
6.13 If I get better offer/promotion, I will move to other company.	1	2	3	4	5
6.14 Promotion and advancement influences me to stay with the current company.	1	2	3	4	5

Table 4.12: Reliability and validity assessment result of initial model

Construct	Items (Observed Variables)	Loading	t-value	Composite Reliability	AVE	
High Power Distance (HPD)	HPD1	Employee Freedom of Agreement	0.574	6.3373***	0.750	0.396
	HPD2	Gap of employees	0.287	2.3143**		
	HPD3	Freedom to adopt own approaches	0.652	10.3916***		
	HPD4	Freedom to tell opinions	0.843	30.3126***		
	HPD5	Freedom to discuss in management	0.656	9.9490***		
Femininity Orientation (FO)	FO1	Participation in Decision Making	0.098	1.2569	0.827	0.378
	FO2	Personal Accomplishment	0.607	11.6290***		
	FO3	Desirable living area	0.298	3.7130***		
	FO4	Good Cooperation Among Employees	0.610	11.3622***		
	FO5	Helping Each Other	0.605	11.1683***		
	FO6	Good Working Relationship	0.661	14.6289***		
	FO7	Clear of end results expectation	0.765	34.1353***		
	FO8	Keep informed on requirement of advancement	0.740	23.5949***		
	FO9	Receive enough feedback	0.790	33.8143***		
Master of Knowledge (MKW)	MKW1	Best use of abilities	0.722	16.3300***	0.863	0.513
	MKW2	Possibility of growth	0.718	21.9978***		
	MKW3	Grow through learning new things	0.657	19.2036***		
	MKW4	Training opportunities	0.713	24.0007***		
	MKW5	Great deal day-today learning	0.745	29.1697***		
	MKW6	Up-to-date technical development	0.740	21.4262***		
A Balanced and Comprehensive Economic Development (BCED)	BCED1	Social Responsibility for Health/Welfare	0.386	4.6231***	0.833	0.397
	BCED2	Social Obligation in Helping Society	0.474	4.8698***		
	BCED3	Moral Obligation	0.433	4.3524***		
	BCED4	Wealth Utilization	0.748	19.3830***		
	BCED5	Earning for Living	0.708	14.9391***		
	BCED6	Equally Free to earn Wealth	0.765	17.6238***		
	BCED7	Equal Opportunities of Struggling	0.716	10.6743***		
	BCED8	Discrimination	0.675	10.7165***		
Good Quality Life (GQL)	GQL1	Pleasant work setting	0.770	23.5092***	0.868	0.459
	GQL2	Jobs, systems and structures redesign	0.760	28.4426***		
	GQL3	Congenial and friendly atmosphere	0.725	21.1748***		
	GQL4	Sufficient time for personal and family life	0.736	17.9981***		
	GQL5	Genuine interest in employees' welfare	0.711	17.9115***		
	GQL6	Employee Contribution	0.597	10.1429***		
	GQL7	Private Life- Company Concern	0.354	3.8878***		
	GQL8	Management support	0.669	16.9387***		
Cultural and Moral Integrity (CMI)	CMI1	Adhere to Company Rules	0.473	7.1215***	0.844	0.448
	CMI2	Personal and Moral Beliefs	0.595	10.6132***		
	CMI3	Sensible rules and regulation	0.834	42.4214***		
	CMI4	Strictly follow company's rules and procedures	0.763	22.7758***		
	CMI5	Law and ethical code of profession	0.807	27.6569***		
	CMI6	High employees' morale	0.659	18.3941***		
	CMI7	Honest Livelihood	0.440	6.2551***		
External Factors (EXF)	EXF1	Market Competitiveness	0.834	23.5086***	0.823	0.617
	EXF2	Competitive Advantage	0.913	76.2732***		
	EXF3	Legal Compliance	0.568	8.9363***		

Table 4.12: Reliability and validity assessment result of initial

Construct	Items (Observed Variables)	Loading	t-value	Composite Reliability	AVE	
Internal Factors (ITF)	ITF1	Company Affordability to Pay	0.582	14.0851***	0.807	0.329
	ITF2	Nature of Business	0.624	12.4439***		
	ITF3	Geographical Area	0.607	10.1307***		
	ITF4	Company Profitability	0.664	14.3017***		
	ITF5	Company Philosophies	0.663	14.0953***		
	ITF6	Control System	0.606	11.8073***		
	ITF7	Company Size	0.450	6.1965***		
	ITF8	Company Status of Ownership	0.215	2.2750*		
	ITF9	Company Image	0.607	9.0732***		
Perception of Non-Monetary Rewards (PNMR)	PNMR1	Recognition for job well done	0.794	33.3084***	0.929	0.592
	PNMR2	Opportunity for advancement	0.824	45.3791***		
	PNMR3	Responsibility	0.611	12.5917***		
	PNMR4	Chances of getting ahead on the job	0.820	32.4863***		
	PNMR5	Chances for advancement within company	0.802	25.2307***		
	PNMR6	Feel satisfaction for job accomplishment	0.751	23.0175***		
	PNMR7	Recognition for achievement	0.778	31.9729***		
	PNMR8	Fair promotion and transfers	0.739	25.9037***		
	PNMR9	Good understanding of potential career	0.785	32.4350***		
Perception Monetary Rewards (PMR)	PMR1	Good fringe benefits	0.768	26.8901***	0.913	0.637
	PMR2	Opportunity for high earnings	0.853	49.6955***		
	PMR3	Fair pay for the work	0.850	46.0690***		
	PMR4	Wages and Salary encourage to perform better	0.817	22.8171***		
	PMR5	Motivation of incentives and pay	0.702	18.4360***		
	PMR6	Motivation of company's flexible pay policy	0.790	26.4316***		
Employee Contribution (EmpyCON)	EC1	Real contribution to the company's success	0.825	21.1125***	0.840	0.637
	EC2	Understanding of the individual's role	0.760	12.3144***		
	EC3	Recognition of individual contribution	0.809	31.3419***		
Employee Productivity (EmpyPRD)	EP1	Constant striving for greater accomplishment	0.676	14.3105***	0.789	0.487
	EP2	Accountability of end results	0.702	8.9595***		
	EP3	Appropriate measurement for performance	0.826	25.4954***		
	EP4	Motivation	0.564	6.0956***		
Employee Loyalty (EmpyLOY)	EL1	Employee Tenure of Service	0.641	8.5106***	0.830	0.553
	EL2	Staying along time with one company	0.863	23.0841***		
	EL3	Proud to work with the company	0.787	9.7786***		
	EL4	Second choice will be the current company	0.660	8.4463***		
Employee Turnover (EmpyTOV)	DET1	Continue working because of pay factor	0.877	11.9830***	0.667	0.493
	DET2	Promotion	0.026	1.1935		
	DET3	Promotion and advancement influence to stay with the company	0.842	15.0979***		

Note:

- * Indicates significance at $t_{0.05} > 1.645$
- ** Indicates significance at $t_{0.01} > 2.326$
- *** Indicates significance at $t_{0.001} > 3.090$

329 respondents with Item Loadings (84 variables)

Table 4.13: Reliability and validity assessment result of final research model

Construct	Items (Observed Variables)		Loading	t-value	Composite Reliability	AVE
High Power Distance (HPD)	HPD3	Freedom to adopt own approaches	0.678	11.4231***	0.787	0.555
	HPD4	Freedom to tell opinions	0.847	32.2099***		
	HPD5	Freedom to discuss in management	0.697	11.7023***		
Femininity Orientation (FO)	FO7	Clear of end results expectation	0.797	32.0179***	0.873	0.697
	FO8	Keep informed on requirement of advancement	0.842	32.4741***		
	FO9	Receive enough feedback	0.864	60.1233***		
Master of Knowledge (MKW)	MKW1	Best use of abilities	0.721	17.9734***	0.863	0.513
	MKW2	Possibility of growth	0.720	25.6503***		
	MKW3	Grow through learning new things	0.656	18.6393***		
	MKW4	Training opportunities	0.715	21.8504***		
	MKW5	Great deal day-today learning	0.744	20.5330***		
	MKW6	Up-to-date technical development	0.739	21.7917***		
Good Quality Life (GQL)	GQL1	Pleasant work setting	0.786	29.4515***	0.876	0.541
	GQL2	Jobs, systems and structures redesign	0.776	29.9240***		
	GQL3	Congenial and friendly atmosphere	0.735	20.6739***		
	GQL4	Sufficient time for personal and family life	0.747	20.3166***		
	GQL5	Genuine interest in employees' welfare	0.704	15.5989***		
	GQL8	Management support	0.659	17.4373***		
Cultural and Moral Integrity (CMI)	CMI3	Sensible rules and regulation	0.833	37.0917***	0.874	0.635
	CMI4	Strictly follow company's rules and procedures	0.812	26.3805***		
	CMI5	Law and ethical code of profession	0.809	32.7488***		
	CMI6	High employees' morale	0.731	27.9098***		
Perception of Non-Monetary Rewards (PNMR)	PNMR1	Recognition for job well done	0.806	38.1028***	0.930	0.626
	PNMR2	Opportunity for advancement	0.836	43.0813***		
	PNMR4	Chances of getting ahead on the job	0.806	26.9118***		
	PNMR5	Chances for advancement within company	0.803	28.4197***		
	PNMR6	Feel satisfaction for job accomplishment	0.733	20.2308***		
	PNMR7	Recognition for achievement	0.804	33.3980***		
	PNMR8	Fair promotion and transfers	0.757	30.0880***		
	PNMR9	Good understanding of potential career	0.782	33.2693***		
	Perception Monetary Rewards (PMR)	PMR1	Good fringe benefits	0.766		
PMR2		Opportunity for high earnings	0.853	44.3246***		
PMR3		Fair pay for the work	0.848	47.9166***		
PMR4		Wages and Salary encourage to perform better	0.818	24.2453***		
PMR5		Motivation of incentives and pay	0.702	16.9775***		
PMR6		Motivation of company's flexible pay policy	0.792	28.9269***		
Employee Contribution (EmpyCON)	EC1	Real contribution to the company's success	0.824	27.1078***	0.840	0.637
	EC2	Understanding of the individual's role	0.755	20.7829***		
	EC3	Recognition of individual contribution	0.813	45.3381***		

APPENDIX 8

Construct	Items (Observed Variables)		Loading	t-value	Composite Reliability	AVE
Employee Productivity Empy(PRD)	EP1	Constant striving for greater accomplishment	0.668	12.6213***	0.797	0.569
	EP2	Accountability of end results	0.730	13.3456***		
	EP3	Appropriate measurement for performance	0.853	49.9579***		
Employee Loyalty (EmpyLOY)	EL2	Staying along time with one company	0.879	69.7858***	0.845	0.647
	EL3	Proud to work with the company	0.827	25.1762***		
	EL4	Second choice will be the current company	0.697	12.3035***		
Employee Turnover (EmpyTOV)	DET1	Continue working because of pay factor	0.890	50.8141***	0.866	0.763
	DET3	Promotion and advancement influence to stay with the company	0.857	28.5621***		

Note:

* Indicates significance at $t_{0.05} > 1.645$

** Indicates significance at $t_{0.01} > 2.326$

*** Indicates significance at $t_{0.001} > 3.090$

329 respondents with Item Loadings (47 variables)

