THE RELATIONSHIP BETWEEN REWARD AND TURNOVER INTENTION AMONG ACADEMIC STAFF HIGHER LEARNING INSTITUTION AT BANDAR PENAWAR, KOTA TINGGI.

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ABSTRACT

This research investigated the level of extrinsic reward and intrinsic reward among academic staff in higher learning institutions in Bandar Penawar, Kota Tinggi. The relationship between extrinsic reward and intrinsic reward on turnover intention had been identified. Next, the role of job satisfaction and work-family enrichment had also been studied in mediating the relationship between extrinsic reward and intrinsic reward on turnover intention. The research was conducted among the academic staff in higher learning institutions in Bandar Penawar, Kota Tinggi. In this study, the data analysis techniques including means, Pearson’s analysis, multiple regression analysis and hierarchical multiple regression analysis. There are four main results in this study. First, the mean score analysis was higher in the level of extrinsic reward compared to the level of intrinsic reward among the academic staff in higher learning institutions in Bandar Penawar, Kota Tinggi. Second, the Pearson’s analysis showed that there was a significant and negative relationship between extrinsic reward and turnover intention. Meanwhile, intrinsic reward also had a significant and negative relationship with turnover intention. The multiple regression analysis showed that extrinsic reward had more influence on turnover intention compared to intrinsic reward. Lastly, the hierarchical multiple regressions showed that job satisfaction mediated the relationship between both rewards and turnover intention. In addition, work-family enrichment mediated the relationship between both rewards and turnover intention.
ABSTRAK

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CHAPTER 1

1.1 INTRODUCTION

The importance of employees to the organization has been acknowledged since the Renaissance due to the central role they play in creating and sustaining competitive advantage (Barney & Hesterly, 2011; Boxall, 1998; Carpenter & Sanders, 2009; David, 2011; Grant, 2010). Competitive advantage is necessary to achieve high performance and to "outwit" competition. Nowadays, factors such as the changing world of work, technological advancement and globalization seem to have heightened the importance of employees. These factors intensify competitive pressures on organizations. Since employees are at the forefront of business agendas in ensuring the competitive sustainability of organizations, organizations pay increased attention to talent management in making certain that the right staff, at all hierarchical levels, is hired, developed and retained to ensure ongoing competitive advantage of the organizations (Cappelli, 2008; Cheese, Thomas & Craig, 2008; Lewis & Heckman, 2006).
Recruiting the right talent may be a challenging task for contemporary organizations in view of the war for talent, skills shortages, employee mobility, the imminent retirement of the Baby Boomer generation, and even the recent recessionary lay-offs. The availability of the right talent in the public sector may be an even greater challenge than in the private sector, as financial rewards in the public sector are generally lower than in the private sector (Niewenhuizen, 2009). These phenomena adversely affect the ability of an organization to create and maintain their competitive advantage and consequently sustain their performance. Furthermore, retaining employees may be challenging given their unique characteristics, especially their nomadic behavior (Johnson, 2004; Perrine, 2009; Vaughn, 2008). They tend to leave their jobs every 3½ years (Cordeniz, 2002). Furthermore, their work ethic is characterized by a decline in trust and loyalty to the organization (Holbeche, 2009). This is understandable, especially in view of the contemporary organizational life is being portrayed as ‘dark and evil’ (Kaiser & Hogan, 2010).

Many organizations' employee turnover is a key concern due to the time and money involved in addressing this issue, among other factors. It is the importance of this phenomenon, in part, that has led to the turnover attracting immense scholarly attention. From the financial perspective, turnover can be very costly. When an employee leaves an organization, this forces the organization to spend scarce resources, both time and money, to either replace the employee, or get others to cover the work. Organizations spend a significant portion of their budgets recruiting and training new employees, where the estimation for the losses range is from a few thousands to more than two times the person’s salary (Cascio, 2000; Hinkin and Tracey, 2000; Holton, Mitchell and Lee, 2008). Undesirable turnover can also project a negative image of the organization both internal and external, thus it is not surprising that voluntary turnover continues to attract the attention of scholars and practitioners alike.

According to Kaiser and Hogan (2010), research has shown that managerial trustworthiness is important in organizational trust. It is particularly the degree to which employees trust their direct line manager that is correlated to job satisfaction,
job performance and exercising discretionary effort. In the case of South Africa, the unavailability of skilled managers (Temkin, 2008, 2009) may exacerbate the situation. All of these variables are pertinent to employee turnover.

Employee turnover adversely affects organizations in a number of ways, all of which result in added competitive pressures. Since voluntary turnover is preventable, these additional competitive pressures can be avoided. According to the synthesis review by Holtom, Mitchell, Lee and Eberly (2008), employee turnover has been extensively researched mainly in the USA, Australia and the UK. This article fills a gap in the literature in that employee is viewed as knowledge repositories of organizations. Moreover, from a financial perspective, turnover incurs costs, which are mostly hidden from (plain view of) managers (Holtom et al., 2008) as these costs are not identified, calculated and reported on. Alternative staffing costs are obvious, while the costs associated with the loss of knowledge, interruption in customer service and ‘survivors’ reaction to turnover are not always visible or calculated (Kuean, Khin & Kaur, 2010), and are thus often ignored or go unobserved. Consequently, it stands to reason that it is prudent for managers to avoid voluntary turnover, which is dysfunctional, as pointed out.

Given the importance of employees in achieving high performance, the purpose of this article is to report on a study that, amongst others, explored factors that influenced the turnover intent of employees in a South African context. If the reasons for turnover intent are known, organizations can institute strategies to proactively prevent the turnover of employees. Adopting the changes in the market in all of the firms is considered as one of the important targets. Therefore, the responsibility of the managers is high for arranging and improving these relations for being strong and acting strong in market (Beer, 1984), where the composition and strategies of firms have a lot of alterations. Hence, the managers should adopt the plans for these alterations to define the missions, predicted outcomes and visions, as well as getting sufficient degree of efficiency. For obtaining this objective, they should consider the customer, the employees and also the communication method with them (Harmon, 2007).
Therefore, employee is considered as the important concept to be focused in case of human resource. They are considered as shaping the important part of the strategies related to human resource that are adopted by managers in the firm. In this regard, for instance, while the managers of line assume reward strategies in human resource, they must provide a proper system of reward for the firm. Even the reward experts are able to give new developed policies of challenging reward for the company. It can be said that the importance of human resource is obvious for these managers these days, and if they do not define the modern policy, it will lead to some negative outcomes for them (Kalim Ullah Khan, 2010).

To results from another studied, in the current competitive business environment, organizations are facing a lot of challenges and among these issues, getting the right employees and retaining them is one of the most important ones. In addition, today, the benefit of human resource is measured as one of the most important advantages of any organization. In order to acquire the results with the highest efficiency and effectiveness from human resource, the motivation of employees is very essential. In fact, employees will do their best when they feel or hope that their hard work are to be rewarded by their managers. In this regard, many available factors change employee performance such as worker and employer relationship, working conditions, job security, training and opportunity of development, as well as the overall rewarding policies of the company. In addition, among the factors that impact employee performance, motivation, as a result of rewards, is the most important aspect. Motivation is defined as the growth of different processes that expresses and controls people's behavior to achieve some specific goals (Baron, 1983).

Therefore, understand employee satisfaction its importance and necessary for all organizations' managers. The maximum level of workers' performance happens when they feel their endeavor is rewarded and compensated completely. Some other successful elements on employee performance include work conditions, the
connection between employee and employer, the process of training and improvement opportunities, job security and complete policies of firm rewarding. In addition, motivation, as the result of rewarding, affects the staff behavior and their performance directly. Actually, among all effective elements on employees performance, motivation, which is the consequence of rewarding, is the most important and essential element. This concept consists of different processes that affect employees' behavior to achieve some definite goals (Baron, 1983).

Reward, as the main core of the organizational behavior field in the work environment and other contexts, is often categorized as intrinsic and extrinsic (Sansone & Harackiewicz, 2000). Intrinsic rewards are the results from people or from their activity itself and it impacts the performance, behavior, and well being of employee directly and positively (Ryan & Deci, 2000). On the other hand, extrinsic rewards are effective determinants of behaviors motivation. Indeed, each type of motivation has its own literature and description. Organizations categorize their reward process and the way of communicating them to the employees. In fact, they try to understand clearly the relationship between rewards, either intrinsic or extrinsic (McCormick and Tifflin, 1979), and performance. Intrinsic rewards are rewards that are inbuilt from the job itself. Therefore, the employee enjoys them as a result of finishing the task in a successful manner or approaching his/her exclusive goals. Extrinsic rewards are the ones that are exterior to the job task, such as pay, fringe benefits, work condition, job security, service contract, promotion, and the work environment and condition. Such physical rewards are constant at the organizational level, and could be out of the control of the managers. On the other hand, intrinsic rewards are the ones that could be named emotional rewards, and some of its examples include using employees' ability, recognition, receiving appreciation, challenging and achievement, and behaving in an understanding and concerned manner.

Different types of staff turnover are described in the literature. Regardless of the type of turnover, all are generally associated with negative effects (costs and disruptions) on organizational performance. Voluntary turnover is described as the unplanned loss of workers, who leave on their own accord, and whom employers would prefer to keep (Frank, Finnegan & Taylor, 2004). Voluntary turnover can be
either avoidable or unavoidable. The former can be prevented as it involves change of job or early retirement; the latter, on the other hand, happens in unavoidable circumstances, like the death of an employee (Iqbal, 2010). The former type is the focus of this article, as factors that influence voluntary turnover are within the control of management (especially direct line managers), and can thus be prevented.

Voluntary staff turnover has been studied over a long period and from different viewpoints. The seminal work in this regard is deemed to be that of March and Simon (1958), who argued that it is important to balance employee and organization contributions and inducements to prevent employees from leaving. They maintained that two factors determine an employee’s balance, namely (1) perceived desirability to leave (i.e. job satisfaction), and (2) perceived ease of leaving (i.e. work-life balance). March and Simon (1958) asserted that a number of factors influence job satisfaction and perceived alternatives. The former is influenced by individual differences like personality and ability, while the latter is influenced by the nature of the job, such as scope, autonomy and role status. Individual differences also influence the ease of movement, while the nature of the job influences job satisfaction, and thus the desirability of leaving. This exposition shows that factors influencing job satisfaction and work-life balance are intertwined.

The purpose of this study is to provide an examination of the relationship of intrinsic and extrinsic rewards on employees’ turnover intention. According to Nurul Nadia and Hafizal (2009), the research on turnover intention among academic staff in UiTM Jengka, Pahang clearly shows a link between the rewards a company offers and those individuals that are attracted by the reward into working for the firm, and those employees who will continue to work (1991). In recent years, the reward available to employees has expanded both in terms of type and amount. Traditionally, academic staff rewards with a base pay and a business period bonus are based on meeting the preset goals for revenues and expenses (Muller, 1999). Additionally, employees that are in high demand are increasingly acting as their own agents negotiating individual reward arrangements, much like senior lecturer, based upon their employment value to the institution.
The intrinsic and extrinsic rewards of work include many of the facets related to employee and can be divided into 5 areas: Compensation, Benefits (including recognition), Career (including advancement, training, and employment security), Work Content (including meaningfulness, feedback, and variety), and Affiliation (including work environment, trust, and organizational commitment) (Ledford & Lucy, 2002, The Segal Group, Inc., 2006d). All five types of rewards have an impact on employee outcomes including retention, engagement, and performance (The Segal Group, Inc., 2006a), although employees may prefer one reward to another and accept substitutions (Ledford & Lucy, 2002). Organizational outcomes include productivity, customer satisfaction, growth, and profitability (The Segal Group, Inc., 2006a).

While healthy turnover in an organization can be positive, refreshing, and helpful in introducing new ideas and techniques that can move the organization to greater levels of success, turnover among highly-productive key employees is costly (Hellman, 1997). The positive impact of reward, such as pay and incentives on work attitudes, can be derived from the argument that an individual’s perception of being valued by the organization may be significantly influenced by the organization’s compensation for the individual’s effort (Meyer and Allen, 1997). Some scholars have suggested that compensation should be designed to achieve affective commitment as a strategic human resource management practices (Ritzer and Trice, 1969; Martocchio, 2009). Also, they addressed that the certain types of reward plans also lead to higher affective organizational commitment. For example, in the study conducted by Grover and Crooker (1995) using the data collected in a national survey of more than 1,500 U.S. workers, a positive relationship was found between availability of benefits and affective commitment. They argued that organizations that offer such benefits are perceived by employees as showing greater support and being fair in their dealing with employees.

In addition, the rewards given by the employer is attractive to employees to provide a better commitment to the job. Human resources policy has identified that the reward is the most important factor and helps establish harmonious relations
between employers and employees. Scenario employee turnover is an important process and it often occurs in private higher learning institutions. Employee turnover is a problem for private higher learning institution because the rate of high employee turnover can provide a wide range of negative impacts. The main effect identified as staff turnover can disrupt the efficiency and quality of education in private institutions of higher learning, and the problem of achieving the government’s goal of education is comparable to international standards. Furthermore, employees who quit will bring together the expertise, skills and competencies that they get from training and experience during the long time service with the original organization. This is a loss to the organization as an investment (training) is done by the organization seems to be the expected returns because employees that are given adequate training are not able to share the expertise, skills and competencies of the organization.

This leads to the question of the turnover rates and turnover intention of lecturers for three institutions of higher learning area in Bandar Penawar, Kota Tinggi. Therefore, this study will examine the relationship reward that may influence turnover intention and the extent of lecturers intends to quit. This study suggests a number of factors that drive turnover intention, which are demographic, reward (intrinsic and extrinsic) and mediator factors (job satisfaction and work-family enrichment).

### 1.2 BACKGROUND OF THE STUDY

Reward can be seen as a surrogate for fairness and justice, which in return has a direct impact on employees’ motivation and consequently their job satisfaction (Eby et al., 1999). Fairness and perceived reward are linked to organizational commitment and turnover (Brooke, 1986; Greeberg, 1987; Rhodes and Steers, 1981; Williams, McDaniel and Nguyen, 2006). Hence, the degree to which an individual is
committed to their employer can be enhanced by an individual’s perception of how they are rewarded for their inputs.

In terms of empirical research, most of the studies on reward and turnover report a negative relationship (Williams, McDaniel and Nguyen, 2006) for a meta-analysis. That is, turnover intention decreases with improvements in reward satisfaction (Dailey and Kirk, 1992; Motowildo, 1983). Meanwhile, Bevan, Barber and Robinson (1997) found little difference in terms of reward satisfaction between people who stay and those who leave the organization (Cameron, Horsburgh and Armstrong-Strassen, 1994; Gardulf et al., 2005; Grant et al., 1994; Hom and Griffith, 1995; Seymour and Buscherhof, 1991). Lum et al. (1998) further found that reward satisfaction has both direct and indirect effects on turnover intention.

There are well-established traditions of using models in research and dispersion of theory about turnover behavior. Several theories and key models need to be discussed in order to understand the reasons and backgrounds of this turnover behavior phenomenon. Therefore, one of the purposes of this study is to examine several theories of how the theories describe and explain reasons for turnover, especially turnover intention. When it comes to interpreting turnover behavior and understanding the enormous impact that the issue discussed, several factors on turnover intent have to be examined. Based on theoretical backgrounds, these factors need to be evaluated with an empirical analysis. The second purpose of this study is to conduct an empirical derivation of factors that have an impact on turnover intent of academic staff for three private higher learning institutions.

Employees’ turnover intention has always been a key concern faced by organizations regardless of their location, size or nature of business. Based on a review of the literature, majority of the studies have identified a negative relationship
between reward and employees’ turnover intention in various fields of education industries. This study was conducted on the academic staff in three selected private higher learning institutions in Bandar Penawar, Kota Tinggi.

Theoretically, procedural reward justices may have a greater impact on turnover intentions versus distributive justice. That is, employees may view the procedures that influence their reward as more important in potential withdrawal decisions versus the amount they receive (Greenberg, 1990). This is especially pertinent in environments where reward does not significantly differ across organizations. They may view their absolute reward as the best in the circumstances, and focus more on the process involved, as well as aspects other than the reward related to their work.

According to Robbins (2000), the intent is to decide how to react to a particular situation based on perceptions, emotions and behavior. Intention is also an early indicator that will influence the selection of an employee either to resign or to continue the services in an organization. This matches the opinion of Zakaria (1991), who defined the means to stop work (referred to as the desire to quit the organization in his study) is a psychological variable that indicates someone’s feelings towards his membership in an organization, whether they wanted to stay or quit.

With reference to the opinion by Zakaria (1991) and Robbins (2000), this study concludes the definition means to stop working as an individual’s decision about the membership in any organization, whether he/she wants to continue working in the organization or quit. This decision is made as a way to respond to a particular situation based on the perception, emotion and mode of that an individual faced in such situation. Employee with the means to stop work will tend to have the behavior such as thinking to quit, trying to find another job and how long the arrangements will be in the organization.
Employee turnover represents a critical problem to an organization in terms of loss of talent, additional employment and training costs (Loi et al., 2006). Reward has been considered as one of the most important predictors of turnover and intention to leave. Almost every employee in the higher learning institutions receives some types of training during his or her career (Mahmoodi, 2007). High turnover rate of private higher learning institutions causes higher costs and lower services quality. Much empirical research has shown that there is a link between reward, career interest and family relationship, and it can also be significantly influenced by turnover intention.

As a result, employers ask themselves the following fundamental questions: “How do I motivate my people to ensure they work hard to achieve the organizational goals, but also be loyal and stay within the company?” A crucial starting point is providing a diverse and fair reward policy since employees expect to be rewarded in exchange for the efforts they make within their jobs. However, which type of reward is the most effective? Do employees place more value on financial incentives (i.e. pay) or does there exist other forms of rewards that have greater impact on their job attitudes and work outcomes?

Our research objective is to provide a scientific answer to these questions. Researchers have predominantly investigated and proved that pay satisfaction and job satisfaction are important predictors of employees’ turnover intention. Recently, the role of psychological reward satisfaction has been added to this research stream and it has been found to be of equal importance – as financial reward satisfaction – when predicting intent to turnover. Furthermore, recent studies on work effort have shown that only psychological reward satisfaction is the important predictor.
Notwithstanding the usefulness of these research results in organizational settings, no study has yet examined these relationships simultaneously within a single model. However, it is hypothesized that satisfaction with received rewards (financial and psychological) is a component of overall job satisfaction and therefore, conducts the straight impact of both types of reward satisfaction on turnover intention and also probably on work effort.

Despite the increasing demand for education professionals, the turnover rate of academic staff, particularly from private higher learning institution, has increased tremendously. The local education industry faces big challenges in the efforts of retaining its talented workforce as several countries are luring Malaysian academicians to work abroad with attractive pay and a promise of a better quality life ("Higher Pay, Better Life Abroad," 2007). These cost of turnover in private higher learning institutions may result in serious losses to the education industry. As an organization of service provider, it relies heavily on its human capital (Chang, 1999). This is due to the fact that organizational success of service nature firms are directly linked to the service performance of its human capital. Thus, losing talented professionals may contribute to a decline in productivity, efficiency and profits of the education industry (Larkin, 1995; Roth & Roth, 1995).

Lau (2000) stated that the effects of human resource development factors are reflected on business performance as such that it determines the success and growth of the organization, whereby a sound human resource practice that is linked to the degree of satisfaction has a significant impact on the organization's financial performance. Efficient, knowledgeable, skillful, innovative and systematic human resources are important factors towards developing a highly reputable organization. Therefore, retaining talented workforce in the education profession is pertinent to the favorable growth of the education organization's performance.
Job satisfaction mediates the relationship between reward and employee turnover, and it is one of the pathways to better understanding of employees’ turnover organization linkages. This connection of employee responses has attracted the interest of researchers because satisfied employees have a greater tendency to stay and contribute to an organization’s competitive advantage and productivity (Lee & Mowday, 1987; Wright & Bonett, 2007). According to Carlson and Kacmar (2000), the relationship between job satisfaction and turnover intention is positively significant. Job satisfaction can reduce the turnover intention without increasing reward.

The lecturers of private higher learning institution as citizens of the country experience all these phenomena along the professional and personal concerns related to their jobs. Despite the nation’s declaration of the importance of higher learning education in national technological developments and the role in satisfying manpower needs, there seems to be growing evidence that there are really no private, states or federal owned universities that will genuinely claim to enjoy the basic facilities and resources.

### 1.3 PROBLEM STATEMENT

The high turnover intention among academic staff is caused by dissatisfaction towards management’s failure to fulfill their needs. Academic staff is the backbone of higher learning institutions that drives performance towards achieving the desired goals and maintaining the survival of the education industry. It is indispensable for the management to identify and examine the main factors contributing to high turnover intention. Studies highlighted that reward (extrinsic and intrinsic) has been the main cause for turnover intention and showed a negative relationship with turnover. Studies also indicated that job satisfaction and work-family enrichment have a mediating effect in the relationship between reward and turnover intention.
Thus, this research examines the relationship between reward and turnover intention with the mediating effect of job satisfaction and work-family enrichment in the relationship.

This study was conducted to investigate the turnover intention among lecturers in private higher learning Institutions, which is considered as a problem. Every time a vacancy occurs either due to voluntary redundancy or not, new employee should be taken and retrained. Vacancies replacement cycle is called employee turnover (Woods, 1995). However, several studies have shown that the tendency to stop working is a strong predictor of the actual employee turnover (Bluedom, 1982; Steel & Ovalie, 1984; Carsten & Spector, 1987; Hom et al., 1992; Hellman, 1997; Hom & Kinicki, 2001).

According to Mobley (1982), a tendency to stop working or turnover intention refers to the willingness of employees to leave an organization and virtually moved to other organizations. This reflects the turnover intention of employees who left the organization due to dissatisfaction reasons (Werther & Davis, 1996). Therefore, to reduce the rate of employee turnover, the management should ensure that the turnover intention is at a low level in the organization. Indeed, high rate of employee turnover is an unhealthy situation for the organization. Organizations with higher levels of high employee turnover will take higher cost than otherwise (Bondreau, 1992).

Employee turnover is seen as organizational problems that affect the quality of products and services, as well as increase the cost of replacement, recruitment and retraining (Johnson, 1981). In addition, staff turnover will reduce employee morale (Manley, 1996) and can spread to other workers (Deery & Iverson, 1996). Therefore, this study will hopefully help to make a preliminary assessment of the proportion of academic staff turnover intention in private higher learning institutions. Indeed, not
all workers who intend to quit will actually leave their organization. According to Mano-Negrin (1998), the means to stop work will not necessarily affect the actual turnover. However, alleged that the means to stop working can reduce the quantity of work and affect the service quality.

This study examines the relationship between rewards and employees turnover intentions. Workers turnover will be reduced when satisfaction reward is achieved. Reward factors are divided into two; extrinsic reward and intrinsic reward. Extrinsic rewards cover financial rewards, promotion and recognition or reward of material impact that are important to motivate employees to improve performance or remain employed. Intrinsic rewards cannot be seen as intangible or psychological rewards to create a sense of pity for their organization.

Every management should be alert and relevant action should be taken to reduce problem. It is because employees are the backbone of the organization to drive performance towards the desired goal. Efficiency can only be achieved when the organization provides relevant rewards they want in a job, either intrinsic or extrinsic reward that are given to the workers adequately. This can help make an employee always love with their work and will indirectly establish a sense of ‘love’ to work and organization (Dessler, 1993). Feelings can be described in many different forms and among them is the commitment to organization (Dessler, 1993).

Rewards have a significant relationship with turnover intention, and an important management tool can be used to channel employees’ motivation in the desired ways. In other words, reward seeks to attract people to join the organization to keep them coming to work, and motivate them to perform at high levels. The reward consists of all organization components including people processes rules and decision making activities that are involved in the allocated compensation and benefits to employees in exchange for their contribution to the organization. At a minimum, employees expect their organization to provide fair pay, safe working
conditions, and fair treatment. Like management, employees often expect more, depending on the strength of their needs for security, status, involvement, challenge, power, and responsibility.

The facet approach allows researchers to explore an individual’s (dis)satisfaction with distinct job related facets, making it possible to determine which facets require improvements (Coomber & Barriball, 2007). A theory that dominated the study of the nature of reward was Herzberg, Mausner and Snyderman’s (1959) Motivation-hygiene theory. Following the theory, reward facets can be grouped into intrinsic and extrinsic factors. Intrinsic rewards were found to be inherent to the nature and experience of doing work, and were called ‘motivators’ or ‘job satisfiers’. Examples are achievement, recognition, and work itself. On the contrary, extrinsic reward was found to be associated with dissatisfaction when left unfulfilled. Examples are salary, supervision and working conditions (Delobelle et al., 2010).

Normally, the traditional and rather limited view of financial incentives being one of most important factors to motivate employees seems to be outdated. According to the literature review, employees’ satisfaction with their rewards is important to predict their turnover intentions. For both types of reward satisfaction, a great abundance of research gives support to the preceding role of job satisfaction in intent to turnover. Besides, for its impact on turnover intention, studies show that job satisfaction and work-family enrichment have mediated the influence of the relationship between reward and turnover intention.

Both factors can be mediate the relationship between reward and turnover intention, and can help to reduce the turnover intention problem. Establishing balance and meeting the needs are among the reasons, according to Deeprase (1994),
to reward and recognize employees. Formal reward programs which denote financial rewards such as salary, fringe benefits, bonuses, promotions or share options play a significant role, but employees accept these as the intrinsic factors to the job.

1.4 RESEARCH QUESTIONS

The scope of this study focuses on identifying the factors that are associated with implementing the policy of compensation and benefits. There are five objectives in the study:

1. What is the relationship between extrinsic reward and turnover intention?
2. What is the relationship between intrinsic reward and turnover intention?
3. Are extrinsic and intrinsic rewards jointly related to turnover intention?
4. Does job satisfaction mediate the relationship between rewards and turnover intention?
5. Does work-family enrichment mediate the relationship between rewards and turnover intentions?
1.5 HYPOTHESIS

**HYPOTHESIS 1:**
Extrinsic reward is significantly and negatively related to turnover intention among academic staff.

**HYPOTHESIS 2:**
Intrinsic reward is significantly and negatively related to turnover intention among academic staff.

**HYPOTHESIS 3:**
Extrinsic and intrinsic rewards are jointly related to turnover intention.

**HYPOTHESIS 4:**
Job satisfactions mediated significantly the relationship between reward system and turnover intentions.

**HYPOTHESIS 5:**
Work-family enrichment mediated significantly the relationship between reward system and turnover intentions.
1.6 RESEARCH OBJECTIVES

1. To examine the relationship between extrinsic reward and turnover intention.
2. To examine the relationship between intrinsic reward and turnover intention.
3. To investigate whether extrinsic or intrinsic reward has a stronger relation to turnover intention.
4. To investigate the mediating effect of job satisfaction on the relationship between rewards and turnover intention.
5. To investigate the mediating effect of work-family enrichment on the relationship between rewards and turnover intention.

1.7 SIGNIFICANCE OF THE STUDY

The findings of the study will provide entrepreneurs, administrators and managers, particularly private higher learning institutions, to consider seriously the types of reward that contribute to turnover intentions. This study is important as it could serve as a tool to study education professionals’ behavior and attitudes within an organization. As this study may provide some valuable insights on organizational commitment and employee retention, the organization’s management could implement ways to improve working conditions of the organization in order to increase academic staff loyalty and attachment to their organization.
Reward factors (extrinsic and intrinsic) are significant towards turnover intention of education professionals in Malaysia, which could be identified and analyzed. Thus, this enables the management to institute better policies and procedures to enhance and instill sense of professionalism within the organization to improve existing commitment towards the organization. Compensation policies should focus on attractive rewards to produce more competitive reward structure to its academic staff.

The findings of the mediating effects of job satisfaction and work-family enrichment on the relationship between reward and turnover intention can also attract attention on the importance of these factors in reducing turnover among academic staff. The purpose of this study was to determine the effect of reward on turnover intentions among the employees in private higher learning institutions. In this study, each element related with the rewards for academic staff of the private higher learning institutions was analyzed.

This study is important to determine the relationship between extrinsic and intrinsic rewards and turnover intention among academic staff of higher learning institutions in the area of Bandar Penawar, Kota Tinggi. It is influenced by the management that are more focused on reward (compensation and benefits) adopted in private higher learning institutions. The research is useful for the management of higher education institutions to evaluate the relationship between rewards with employees’ performance and the impact of turnover intention in private higher education institutions. Each management plays an important role in influencing employees’ performance and creates a competitive work environment to overcome the problems of staff turnover intention. Competitive work environment can help to develop people who are committed and able to help higher education institutions to achieve the goals of improving employee performance.
When the rewards received by employees are perceived as capable of fulfilling their needs and desires, they will experience a positive emotional state, which in return, induces an obligation to reciprocate their employers by being more committed. It is plausible that when employees judged the institution as being fair and supportive in their treatment particularly with regards to comfortable work conditions, the relationship among the coworkers and supervisors and positive feelings of well-being will be created, which is likely to stimulate them to reciprocate by increasing their loyalty to the organization.

Furthermore, when employees viewed their jobs as interesting, challenging and gratifying, providing opportunities for autonomy, self-direction and the use of multiple skills and abilities, they are likely to experience a positive emotional state, which in turn, lead them to feel committed to their jobs and organization. For this reason, their intention to leave the current institution will be reduced. Consistent with Wayne et al.’s (1997) findings, rewards are highly connected to turnover intention. Volatile economic factors often affect corporate structure and ownership, and this could shatter the confidence of employees to stay without career prospects. Hence, proven stable management could regain confidence and the employment relationship remains stable for both employees and employers.

Organizational rewards are the return form of appreciation from an organization depending upon one’s performance and contribution. In most studies, rewards are effective in attracting talents and retaining good performers (Lawler, 1981; Milkovich & Wigdor, 1991; Zenger, 1992). As the contributions of knowledge workers are influential on the long-term performance of an organization, they are often recruited using a more attractive form of remuneration package compared to other professions. It could be seen as an exchange of loyalty for benefits among knowledge workers (Igbaria, Greenhaus, & Parasuraman, 1991; Lum, Kervin, Clark, Reid & Sirola, 1998; Liu, 2004).
Rewards are substantially related to turnover as employees who are satisfied with organizational rewards will believe losing such a competitive reward to be costly and would not find such compensation elsewhere, and therefore they choose to stay. Rewards effectively form a calculative and psychological attachment with an organization (Becker, 1960). Organizational behavioral researchers (Meyer & Smith, 2000; Rhoades et al., 2001) argued that organizational rewards reflect the appreciation and recognition of individual performance. As pay increases with tenure, skills and work experience, satisfaction with rewards implies willingness of both parties to invest time and effort in the continuation of the employment relationship. From an employer’s point of view, the amount of pay represents the magnitude and willingness to invest on employees in exchange for improved performance. Hence, employees who perceive monetary rewards as a satisfactory form of appreciation would not consider alternatives from other organizations.

Malaysian workers have been portrayed as money-oriented and inclined to job-hop for better career offers (Kawabe, 1991). Since knowledge workers are used to working long hours and often need to solve complicated problems, they should be rewarded accordingly. Monetary rewards in Malaysia might also have not been as attractive as other knowledge intensive industries in other industrialized countries like Singapore, Hong Kong and South Korea, exacerbating the turnover rates in Malaysia. Monetary rewards to some extent should be in parallel with job responsibilities to attract and retain knowledge workers. Since they are aware of their value and contributions to the organization, it is justifiable to design remuneration that is lucrative enough for them to stay.
Academic staff or lecturers in private higher education institutions are often turned or moved to another college with a variety of reasons, and one of them is related to reward. In fact, there are a few lecturers who stopped working as a lecturer to transfer to other areas of employment. Therefore, this study chose to conduct a study on lecturers in three private higher learning institutions in Bandar Penawar, Kota Tinggi to see the intent to stop work rate and identify the factors that drive means to leave among lecturers.

This study focused on factors related to wages and benefits as a means to change jobs. The study will be conducted more detail by focusing on rewarding factors of two angles; extrinsic and intrinsic. It aims to build a solution that can serve as an alternative solution to the stakeholders in providing a good educator services scheme and quality. Work rewards reflect the intrinsic and extrinsic benefits that workers receive from their jobs (Kalleberg, 1977). Two important groups of work rewards that have been identified include task and organizational rewards. Task rewards refer to those intrinsic rewards directly associated with doing the job (Katz and Maanan, 1977; Mottaz, 1988). They include factors such as interesting and challenging work, self-direction, responsibility, variety and opportunities to use one’s skills and abilities. Organizational rewards, on the other hand, refer to the extrinsic rewards provided by the organization for the purpose of facilitating or motivating task performance and maintaining membership (Katz and Maanan, 1977; Mottaz, 1988). They represent tangible rewards that are visible to others and include such factors like pay, promotions, fringe benefits, security and comfortable working conditions.
Two mediators were used to study the relationship between reward and turnover intention; job satisfaction and work-family enrichment. This study shed light on human resource management practices in a competitive work environment and work performance among academic staff at three institutions of higher learning in Bandar Penawar, Kota Tinggi. The scope of this study only focused on three private higher education institutions as the respondents. They are the Institute of Science and Technology Darul Takzim (INSTEDT), Bandar Penawar Community College and MARA Professional College with the total of 150 respondents. All information about the respondents is based on the feedback through questionnaires only.

The independent variable used was competitive work environment with its dimensions. Meanwhile, the dependent variables used were academic performance. The intermediate variables used were common stress management strategies identified. This research was conducted within a certain time base and it is only accurate for the time of research. The findings of the research can be used for future research but cannot be represented by the same organization due to the time factor. This research should be referred and re-conducted according to the newly applied policy.

1.9 OPERATIONAL DEFINITION

1.9.1 Reward
"Rewards are all of the monetary, non-monetary and psychological payments that an organization provides for its employees in exchange for the work they perform." (Bratton and Gold, 2003; p. 278)

Reward system refers to the procedures, rules, and standards associated with the allocation of benefits and compensation to employees. It is also an incentive plan scheme to support and reinforce desirable behavior, such as wage rate that increases with the productivity of the worker. Work rewards reflect the intrinsic and extrinsic benefits that the workers received from their jobs (Kalleberg, 1977).

Extrinsic rewards including financial rewards, promotion and recognition or rewarding a material gives an important impact to motivate employees to improve their performance or remain employed. Meanwhile, intrinsic rewards cannot be seen as a reward as the are intangible or psychological reward that creates a sense of pitty for their organization.

1.9.2 Turnover intention

Turnover is defined as the “individual movement across the membership boundary of an organization” (Price, 2000: p. 600; Hemdi & Nasurdin, 2006). It also refers to one’s intention to leave their existing employing organization, which indicates a breach in the relationship between individuals and the organization (Chang, 1999).
1.9.3 Job satisfaction

Job satisfaction is persistent feelings that are thought to be associated with perceived differences between what is expected and is experienced in relation to the alternatives available in a given situation (Martin, 2007:17).

1.9.4 Work-family enrichment

Work-family enrichment is noted as being bi-directional, in which work can enrich family life (work-to-family enrichment) and family can enrich work life (family-to-work enrichment) (Frone, 2003). Researchers are now beginning to examine work-family enrichment, which is also referred to as positive work-family spillover, work-family enhancement, work-family balance and work-family facilitation (Grzywacz & Marks, 2000). Work-enrichment is defined as “the extent to which participation at work (or home) is made easier by virtue of the experiences, skills, and opportunities gained or developed at home (or work)” (Frone, 2003).
1.9.5 Academic employee

The term academic employee means any person that is appointed to teach or to do research at public higher education institutions and other employees designated as such by the council of that institution (Malatjie, 2007:20).


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