

## **To Study the Reward System in Foreign Mnc in Malaysia in Affecting the Motivation of the Employees**

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### **Abstract**

This study aimed to explore the significant in the factor of reward system affecting the motivation of the employees and provide recommendation for the management for foreign MNC to drive the right business strategy to provide positive impact towards the motivation of the employees. The quantitative research study had been focusing in distributing the questionnaire to the targeted population of employees who are currently working in the foreign MNCs in Malaysia where the sample size determined at the size of 150 samples. The previous study had been providing the suggestion that there is potential significant in the contribution factor of the reward system which is derived from the compensation and benefits of a company. The data analysis had been supported with the SPSS software where the results had been generated through a series of statistical output including the reliability analysis, correlation analysis and regression analysis where the hypothesis drawn in the literature review will be tested to identify the significant on the outcome of study. The discussion of the study had been proceeded with relevance to the findings and result of the research where the outcome allows the research to draw the recommendation for the managerial impact as derived from the objective of the research. The suggestion for the future study had been initiated where the study provide the relevance research areas to explore by the future researchers to induce new knowledge and findings contributing to the academic and managerial impact for the study.

**Keywords-** motivation, employees, reward system, Malaysia, multinational companies.

## INTRODUCTION

The definition of the employee's motivation is often referred to the commitment level of the employees which include the view of the synergy, energy as well as the innovative and creativity demonstrated by the employees in contributing their work and value to the business organization (Minbaeva et al., 2014). The higher motivation of the employees will have the likelihood to unleash the higher potential of the employees and improvement in their deliveries. Employee motivation is defined as the level of commitment, energy, and creativity displayed by a company's employees in bringing their full potential to the work and tasks assigned to them. Regardless of the external economic situation, employee motivation will always be at the forefront of management's concerns in driving organizational performance (Foss, Foss & Neil, 2012). This is due to the fact that employees are the foundation for the organization's progress and the primary contributor for the organization, where the motivation approach will become critical to ensure the employees are happy and satisfied with their tasks and can unleash their true potential for their performance (Minbaeva et al., 2014).

Employee motivation is highly subjective, especially when cross-cultural considerations are taken into account. Foreign MNCs are perceived to be more Western cultures, where large corporations are more likely to provide greater freedom and where the evaluation of work is based on the individual's motivation and innovativeness (Caligiuri, 2014). The Asian working culture provide the relevance comparison where the perspective of the employees often being judge by the workload as well as working hours which had been the traditional way of working. However, some foreign MNCs which are exposed to the globalization had been changing the way of working in the organization where the multinational companies tend to provide higher emphasize on the work-life balance as well as the compensation of the employees to be reasonable and fair following the market trend (Hitka et al., 2019). Unlike the traditional way of management, the incentive and remuneration will not solely be reflected on the long working hours by the employees.

With the growing number of the foreign MNCs in Malaysia, there is increasing of the workforce had been constantly engaging in the employment opportunity with the foreign MNCs established in the country of Malaysia. Malaysia had been targeted by many MNCs due to the stable economy and low costing for the setup and operation which encourage the number of entrances of the foreign MNCs into Malaysia (Ifinedo, 2012). Therefore, the problem statement had arisen to understand the discrepancies in the working environment between the foreign MNCs against the local companies where the source of motivation with the adaptation to the working in the environment of foreign MNCs. The problem statement had been triggered with the need to close down the gap for the study where the study will focus in exploring the significant in the factors contributing towards the motivation of the employees working in foreign MCs in Malaysia. The research objective will be targeted to explore the significant in the factor of reward system affecting the motivation of the employees and provide recommendation for the management for foreign MNC to drive the right business strategy to provide positive impact towards the motivation of the employees.

## LITERATURE REVIEW

The theory of planned behavior (TPB) is a psychological theory that investigates the relationship between individual behaviors (Ifinedo, 2012). The theory investigates attitudes, perceived behavioral norms, and subjective norms, which form the three major core components in defining an individual's behavioral intentions (Greaves, Zibarras & Stride, 2013). This is crucial in understanding the thoughts and reactions of one individual to a single topic of event. The TPB can be used as a reference in this study to further understand the potential individual behavioral change when it comes to the factor influencing employee motivation. Individual behavior frequently drives motivation, and the TPB will rise as a guideline to explore the potential factors that will influence the potential impact on the employees' motivation level.

The suggestion from the previous study had provide the suggestion where there is significant influence from the compensation and benefits from the organization in driving the motivation mentality within the group of employees. The reward system appears to become the key to provide the positive energy and synergy in the workplace to enable the employees to be more driven and motivated to achieve greater heights. Islam & Ismail (2008) mentioned that the view on the reward system will help to provide the compensation in return for the high creativity and innovation contributed by the employees to fulfil their potential contribution of value for the benefits of business. The different in the culture of the corporations will provide the different approach in driving the motivation of the employee (Özçelik, 2015). For example, the companies from Asian and Europe had been showing the discrepancies in the expectations of the employee's working performance and welfare allowing the discrepancies of the study to be identified. Zámenk (2014) had demonstrate the findings from the previous study where there is suggestion that the reward system had been effective factor to provide the motivation for the employees as the employees are more motivated to go further miles when there is reasonable compensation in return for their extra contribution for the company.

Furthermore, the reward system refers to employee compensation and benefits, which are critical in motivating employees to perform well. MNCs' reward systems typically include performance bonuses and profit sharing, which motivate employees to perform better because the quality of their performance is rewarded with attractive rewards (Shahzadi et al., 2014). Furthermore, foreign MCNs, such as those based in the United States, the introduction of the 13<sup>th</sup> months contractual bonus had been common as the 13<sup>th</sup> months bonus provide the relevance compensation for the employees for their full 52 weeks of working throughout the year. (Foss, Foss & Nell, 2012). According to Shahzadi et al. (2014), the implementation of the reward system had been aimed to provide the motivation for the employees to be fairly compensated in monetary form where the measurement of the reward will be reflected on performance, where employees are encouraged to provide the higher work contribution to enable the employees to have a goal to achieve to achieve the incentives and bonus based on the reward system by the organization.

According to Martono, Khoiruddin & Wulansari (2018), the previous research provides the suggestion where there is existence of the positive relationship between remuneration plan against the motivation of the employees. This is because as employees are shown to tend to be driven by monetary benefits that can be reflected in attractive reward system. Arokiasamy, Tat & Abdullah (2013) emphasize that the previous study on the Malaysia industry had been showing the empirical evidence supporting that the high reward system will contribute to the level of satisfactions of the employees as majority of the employees are seeking to find higher earnings from their role and job in the organization. Therefore, the higher compensation introduced within the reward system will assist to provide the motivation to observe the employees putting higher effort to go further miles to achieve the monetary reward from the company. Galtress, Marshall & Kirkpatrick (2012) shared a similar perspective from their findings where the evidence pointing that both monetary and non-monetary compensation had become the fundamental needs for the employees where the low reward system will observe the employees rejecting the current job and seek for other opportunities to explore. This showed that competitiveness in the reward system will improve the motivation of the employees to stay and increase the retention of the employees to stay committed with the organization to achieve greater heights (Martono, Khoiruddin & Wulansari, 2018).

*H0: There is no significant relationship between reward system with the motivation of the employees in the organization.*

*H1: There is significant relationship between reward system with the motivation of the employees in the organization.*

## **METHODOLOGY**

The research approach for the study will be critical in determining the appropriate research methodology for the study. In this study, quantitative research was preferred over qualitative research because quantitative research provides better measurement for the variables included in the study, and the results and empirical evidence obtained will be more objective when using the quantitative approach (Sekaran & Bougie, 2016). Deductive reasoning will be the primary tool used to reach the research's conclusion, where the hypothesis will be tested using logical reasoning (Sharela, 2016). The positivism research philosophy will be designed for this study, where positivism applies to the viewpoint that only "factual" knowledge gained through observation, including trustworthy and measurable data using quantitative analysis, will provide significant in the study's findings and conclusion (Cooper & Schindler, 2014). The researcher's role in a positivism study is limited to conducting research, data collection, and data analysis in order to conclude the study's findings and empirical evidence. For this research, a cross-sectional study will be used, where a cross-sectional study refers to a study that focuses on a specific point in time. The advantage of using a cross-sectional study in this study is that it allows the variables to be studied at a specific point in time without interfering with the study's accuracy due to the moving timeline (Sekaran & Bougie, 2016).

The research design will center on the use of quantitative analysis in the study approach, with numerical data serving as the foundation for data analysis for the findings. The advantage of using quantitative analysis is that it will allow for the analysis of large amounts of data for the target population, and it will be able to provide more definite and objective results in the research findings (Sekaran & Bougie, 2020). These advantages were in line with the requirements of this research study, which employed the measurement of data input from the questionnaire design (Cooper & Schindler, 2014). Deductive reasoning will be the primary tool used to reach the research's conclusion, where the hypothesis will be tested using logical reasoning (Sharela, 2016).

The target population of the study will be referring to the employees that are currently working in the foreign MNCs in the country of Malaysia where the questionnaire distribution will be used as the quantitative tool for the data collection process. The 5-Point Likert Scale had been adopted for the questionnaire design to allow the numerical data input to fit in the need for the quantitative analysis method (Krosnick, 2018). The convenience sampling had been introduced for the data collection on the research study where the convenience sampling provides the time and cost benefits in collection the data input for the study (Sekaran & Bougie, 2016). Based on the previous quantitative study, the sample size for questionnaire distribution is deemed to be ideal at 150 sample respondents to be able to draw the significant in the quantitative data analysis (Apuke, 2017).

The SPSS software will be used as the foundational software to generate the statistical output that will be used to generate empirical evidence for the research. The quantitative data analysis coverage will include descriptive analysis, factor analysis, reliability analysis, correlation analysis, and regression analysis, all of which are common analytical processes in the research process. According to Sekaran and Bougie (2016), quantitative analysis will be the fundamental analysis to verify the validity and reliability of the data, and the quantitative analysis study will be able to draw a broader understanding from the data analysis.

## DATA ANALYSIS

**Table 1: Summary of Reliability Analysis**

Reliability Statistics	
Cronbach's Alpha	N of Items
.910	3

The reward system variable was subjected to a reliability test, which yielded a result of 0.910 or 91.0%, as shown in Table 1. This percentage was higher than the acceptable rate of 70%, indicating that the data set for the reward system variable is reliable and accurate enough to be used for further data analysis for the research study.

**Table 2: Summary of Correlation Analysis**

Correlations			
		Reward System	Motivation
Reward System	Pearson Correlation		.168*
	Sig. (2-tailed)		.040
Motivation	Pearson Correlation	.168*	
	Sig. (2-tailed)	.040	

The correlation analysis resulted in the absence of a significant positive or negative correlation, as shown in Table 2, indicating that the independent variables and the dependent variables do not have a high similarity in the movement of the data. This demonstrated that the factors are not closely related to having a strong correlation with employee motivation, as the Pearson's Correlation Coefficient observed in the correlation analysis only ranged from 0.087 to 0.310, indicating a weak positive correlation between the variables. The reward factors appear not to show significant positive correlation to drive the positive side on the motivation for the employees.

**Table 3: Single Regression Analysis**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.817	.578		3.145	.002
	Reward System	.117	.082	.112	1.439	.152

a. Dependent Variable: Motivation

Following confirmation of the regression model's significance, the regression model had been generated by the SPSS software as reference to Table 3 as shown above from the SPSS output, which shows the model's regression analysis based on the research framework for the study. The tolerance level of 5% is used for testing the significance of each independent variable that represents the potential factors influencing employee motivation. Based on the empirical evidence on the result derived from the current study, the variable on the reward system had been showing lack of evidence to indicate there is no impact on the contribution towards the motivation of the employees.



With this, the p-value showing 0.152 for the reward system as reference in Table 3 for the regression analysis, the p-value had exceeded the tolerance level of 5%. Therefore, the hypothesis in H1 as below will be rejected and the null hypothesis in H0 will be accepted instead.

*H0: There is no significant relationship between reward system with the motivation of the employees in the organization.*

*H1: There is significant relationship between reward system with the motivation of the employees in the organization.*

## **DISCUSSION AND CONCLUSION**

Previous research suggests a positive relationship between working motivation toward reward and the organization's remuneration plan, according to Martono, Khoiruddin, and Wulansari (2018), as employees are shown to have a significant influence on motivation with the increase of incentives. According to Arokiasamy, Tat, and Abdullah (2013), empirical evidence from the Malaysian industry shows that companies with better compensation and benefits plans have employees with higher satisfaction rates and motivation levels. A similar finding was made for this research study, which discovered a significant relationship between the reward system and employee motivation in the organization. This implies that the incentive and additional reward will aid in recognizing employees' contributions, causing them to go the extra mile with extra effort in order to be recognized for providing the best output in their performance.

However, in the similar event for the current research findings, the empirical evidence failed to point out sufficient evidence to support the fact where the reward system factor will provide the relevance contribution to the impact in the motivation of the employees in foreign MNCs. This disagreement with the previous study had triggered the potential fresh insight for the relevance of the study to understand the factors in driving the employees working in foreign MNCs within Malaysia. When the reward system appears not to be attractive to influence the motivation of the employees, other factors like the working flexibility, learning and development and organizational culture could become the significant consideration when comes in driving the motivation of the employees in the workplace showing the reward system may not become the priority for the individual employees.

## **THEORETICAL AND MANAGERIAL IMPLICATION**

The outcome of the study will provide the significant benefits for the purpose of study in achieving the objective of the research which is to explore the significant in the factor of reward system affecting the motivation of the employees and provide recommendation for the management for foreign MNC to drive the right business strategy to provide positive impact towards the motivation of the employees. The research study will benefit organizations because it will provide driving factors to motivate employees, which is critical for the organization. Almost every organization in the business sector has been continuously working with human resources to improve the approach to motivating employees, which will help to provide a boost for work satisfactions as well as employee productivity. Furthermore, this will indirectly assist the organization in maintaining a good record for the employee retention rate, which will be critical in retaining top talent within the organization.

With this, the outcome of the research assist in drawing the recommendation for the foreign MNCs to provide them the significant insight to develop in the managerial decision. With the reward system appear not significant in contributing to the shift in the motivation of the employees in the foreign MNCs in Malaysia, the relevance organizations will need to emphasize more on the qualitative factors rather than monetary rewards factor to improve the motivation of the employees at the workplace. This could suggest the shift in the norm of the working culture in the organization or providing job rotation for new development opportunity for career advancement may become the potential future trend for the organization rather than investing in the compensation and benefits in the reward system which will not generate significant impact for the shift in determining the employee's motivation.

## **FUTURE RESEARCH DIRECTION AND LIMITATION OF STUDY**

The study had been limiting the study on the factor of the regards system of the organization where the reward system often referred as the potential significant factor that will improve the motivation of the employees. However, the initial understanding does not show in the evidence of the current findings showing the need to explore other factors to be included in the future scope of study. With this, the study opens the opportunity for the future study to explore similar research framework but with other independent variables which could test the factors such as the organizational culture, working flexibility or learning and development which could posed evidence on the significant contribution towards the motivation of the employees.

Besides, the current study on focus in the target population of the employees working in the foreign MNCs in Malaysia but the foreign MNCs had been operation in many different countries where the different in the demographic and cultural background may provide the discrepancies in the results and findings in the scope of research study. Therefore, the future study can be suggested to focus o the research directing the focus in understanding the factors driving the motivation of the employees in foreign MNCs but in different countries where the target population can be directed into the country like China and Japan.



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