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***Research paper***

# Impacts of reward system towards job satisfaction and job retention among chefs in Kuala lumper

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**Abstract**

The purpose of the study is to investigate the impacts of reward system on job satisfaction and job retention amongst supervisor chefs working in four (4) and five (5) star hotel in Kuala Lumpur, Malaysia. Thirty eight (38) hotels in Kuala Lumpur were participated in this study. The samples collected represent supervisor chefs ranked demi chef de partie and above. Overall results found that chefs were really looking into and were satisfied with the reward system provided by the hotels. This study also suggests that hotels need to put more emphasize on reward system in retaining skillful employees. Since this study focused on supervisory level chefs, future study could expand to all levels of chefs working in hotel as well as other foodservice establishments.

***Keywords***: *Rewards; Job Satisfaction; Job Retention; Chefs; Hotels.*

## 1. Introduction

The workforce is evolving. The number of chef has increasing around the world due to expansion of brand and media attention (Chuang, Yin & Jenkins, 2008). This phenomenon helps the hospitality industry to fill up the vacancies with high skill chefs in their establishment. At the same time, talented workers now have a vast option over which organization they insist to work (Berberian, 2008). Additionally, the importance of monetary rewards are slowly decreased when the employees are highly skilled and experienced in what they are capable of (Applebaum & Kamal, 2000). This is supported by Pratten (2003) that the number of kitchen staff of the age of 40 years old and above is declining indicating the high turnover rate in chef profession. In other words, rewards do not help much on retaining employees. As a result, organizations are facing retention issues and high turnover rate. When employees leave an organization, there will be costs incurred to the employer in term of recruiting, hiring, training and productivity (Chuang, et al. 2008). This consequently jeopardizes the organizations' competitiveness. Since the study on job satisfaction among chefs primarily in measuring non-monetary aspect of rewards is undeveloped, this study focuses on non-monetary as well as monetary rewards to study the effectiveness of the strategy in reducing the number of turnover rates among chefs in Malaysian context. Hence, the influence of monetary and non-monetary rewards on job satisfaction and job retention is worth examining.

## 2. Literature review

Monetary and non-monetary rewards. Generally, rewards are divided into two categories which are extrinsic and intrinsic rewards. Extrinsic rewards are basically dealt with monetary aspects such as pay, allowances and bonuses while intrinsic rewards may include recognition, responsibility and growth (Lee & Whitford, 2007). Monetary rewards are rewards been given by organization in financial transaction and are classified as tangible rewards. Sweeney and Mcfarlin (2005) expressed that working people demand their reward which is money after long hour that will improve and motivate their moral towards their job. On the contrary, non-monetary rewards refer to intangible form of rewards that could help employees to improve their performance. These include leaves, certificate, flexible schedule and many more (Zaidi & Abbas, 2011). Nonetheless, employers still underestimate the recognition program which actually can motivate the employees to achieve the company mission and vision. Non-monetary rewards puts people in the situation where they are enjoying what they do and feel appreciated (Zaidi & Abbas, 2011). It is widely conceived that rewards are used to increase the motivation level and performance among employees (Price, 2001). It is also indicated that incentives are the heart of firms' ability to compete effectively and efficiently in a world market (Timmreck, 2001). The role of pay and benefits as a significant incentive for employee has long been inspected in the study of organization management. Lovett, Coyle and Adams (2004) insisted that pay is the most important means to get employees to work hard and job done according to the standard.

Job satisfaction. Job satisfaction has been considered as interest to work in an organization (Clark, 2001). Many employees are satisfied with their job believe that benefits and work/life balance are the prominent factor that retain them to work there (Sweeney & Mcfarlin, 2005). Organizational support theory suggests that employees develop perceptions about the extent to which their employing organizations value their contributions and care about their welfare (Rhoades & Eisenberger, 2002). As the employee's perception of the organizational support increases, so does the employees, commitment. Still, although the employees were satisfied with the rewards system, they usually will crave for more due to time changing (Seijts & Crim, 2006).

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Job Retention. Employee turnover is a critical problem in chef profession (Abdullah et al., 2010). Hansen, Sandvik and Selnes (2003) stressed out that the cost of high turnover staff can run into billion dollars annually and this happen because the work force or workers are not satisfied with their job.Burnout definitely becomes a major problem for chefs working in hotel and other foodservice establishment (Abdullah et al., 2010). Chefs may find themselves forced to perform well while delivering high service quality and maintaining their professional discipline. This apprehension may render the employee to be unsecured and stressed, which eventually lead to burnout (Dhanasamsilp, Herbert & Chaipoopirutana, 2006). Too much workload could increase the undesirable work environment and stressful among chefs especially experienced chef. Among these condition including long working hours, low professional status, problem with relations in workplace, heavy workload and variety of workplace hazards. Graham, Ramirez, Field, and Richards (2000) stated that some experienced chef are tend to migrate to other countries whom can offers extra bonuses which can create a drain of chefs going abroad. This is supported by Blomme, Van and Tromp (2010) who posited that the highest performers frequently leave the companies to find new environment that suits their needs.

## 3. Methodology

This causal study adopted a quantitative approach. Self-administered questionnaire was used to obtain responses from respondents. Questionnaire items used in this study were adapted from Shinnar (1996) [17]. The structured questionnaire comprises of five sections: (a) monetary rewards, (b) non-monetary rewards, (c) job satisfaction (d) job retention and (e) demographic profile. Items were measured using a five-point Likert-type scale. There were 250 questionnaires distributed to supervisor chefs from thirty eight (38) hotels of four-star and five-star rated in Kuala Lumpur. There were 17 registered four-star hotels and 21 registered five-star hotels based on the list by Malaysian Association of Hotels [MAH] as of March 2011 (Tourism Malaysia, 2011) [19]. 150 questionnaires had been collected which represents sixty percent (60) percent of total number of questionnaire distributed. All of them were usable for analysis. Cronbach's Alpha reliability test was used in this study to determine the reliability. Table 1 presents all four factors are verified by Cronbach's Alpha where the values was greater than 0.70. This confirmed that the factor had high internal consistency.

**Table 1:** Reliability Test

| Variable | No. of items | Cronbach's alpha Coefficient, α |
|---|---|---|
| Monetary rewards | 7 | 0.85 |
| Non-monetary rewards | 3 | 0.78 |
| Job satisfaction | 6 | 0.80 |
| Job retention | 6 | 0.85 |

Meanwhile, content validity was determined by in-depth literature review as well as the usage of validated survey instruments from previous research (Shinnar, 1996). Further, regression analyses were used to identify the relationship between independent and dependent variables following the objectives of the study.

## 4. Results and discussion

Relationship between monetary rewards and job retention. Hierarchical regression analysis was used to assess the relationship. Result shows that there was no correlation between monetary rewards and job retention ($r = 0.14$, $p > 0.05$). The r square was worth 2 percent showing that the relationship between monetary rewards and job retention was very small.

Relationship between non-monetary rewards and job retention. Hierarchical regression analysis was used to analyze the data. The result shows that there was a significant correlation between non-monetary rewards and job retention ($r = 0.20$, $p < 0.05$). The r square was worth 41 per cent. Non-monetary rewards explained 41 percent of the variance in job retention.

Relationship between monetary rewards and job satisfaction. The result shows that there was a positive correlation between monetary rewards and job satisfaction ($r = 0.30$, $p = 0.00$). The r square was worth 87 percent, explained 87.0 percent of the variance in job satisfaction.

Relationship between non-monetary rewards and job satisfaction. The hierarchical regression analysis result shows that there was a positive correlation between the non-monetary rewards and job satisfaction ($r = 0.50$, $p = 0.00$). It showed that the r square were worth 25.7 percent explaining 25.7 percent of the variance in job satisfaction.

Relationship between job satisfaction and job retention. the result indicated that there was a positive correlation ($r = 0.29$, $p = 0.00$). Job satisfaction explained 83.0 percent of the variance in job retention.

Mediating role of job satisfaction on monetary rewards and job retention. Hierarchical regression analysis was performed to assess the mediation. Result implied that monetary rewards have no relationship with job retention ($\beta = 0.142$, $p > 0.05$). Nevertheless, as demonstrated earlier, monetary rewards were a significant predictor of job satisfaction ($\beta = 0.295$, $p < 0.05$). It was also revealed that job satisfaction was a significant predictor of job retention ($\beta = 0.286$, $p < 0.05$). Based on the result, job satisfaction mediated the relationship between non-monetary and job retention ($\beta = 0.267$, $p > 0.05$).

Mediating role of the job satisfaction on the relationship between non-monetary rewards and job retention. Hierarchical regression analysis was used to analyze the data. Result signified that non-monetary rewards were significant predictor of job retention ($\beta = 0.202$, $p < 0.05$) and of job satisfaction ($\beta = 0.501$, $p < 0.05$). It is revealed that job satisfaction was a significant predictor of job retention ($\beta = 0.286$, $p < 0.05$). However, based on the result, non-monetary was no more a significant predictor of job retention while controlling for job satisfaction ($\beta = 0.078$, $p > 0.05$). This indicated that the relationship between non-monetary rewards and job retention was mediated by job satisfaction.

## 5. Conclusion

The current study filled up the undeveloped study in measuring non-monetary aspect of job satisfaction among chefs. The study delivers evidence that non-monetary reward received by chefs were more likely to satisfy them while working with the organization. Thus, this study could assists hotel and foodservice operators in creating a good job environment and to build mutual understanding between employees and employers in achieving pertinent needs which lead to retaining skillful staffs. Future studies may consider including all chefs working in a hotel and foodservice establishment and comparison between supervisor chef and low rank cook as well.

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