

Effect of salary, training and motivation on job performance of employees

Zahra Idrees^{1,*}, Xia Xinping¹, Khuram Shafi¹, Liu Hua¹, Amna Nazeer²

¹School of Management, HuaZhong University of Science and Technology, Wuhan, China

²Schools of Statistics and Mathematics, HuaZhong University of Science and Technology, Wuhan, China

Email address

Zahra.idrees.butt@gmail.com (Z. Idrees)

To cite this article

Zahra Idrees, Xia Xinping, Khuram Shafi, Liu Hua, Amna Nazeer. Effect of Salary, Training and Motivation on Job Performance of Employees. *American Journal of Business, Economics and Management*. Vol. 3, No. 2, 2015, pp. 55-58.

Abstract

As job performance of employees is the area of concern of the all the firms no matter whether they stand for profit or for not profit, so the basic purpose of this research is to identify the effect of important factors like salary, training and Motivation on the job performance of the employees in educational sectors as they directly relate with job performance. Sample has been taken from the 16 universities of twin cities of Pakistan i.e., Islamabad and Rawalpindi. Sample size taken for this research is 310. By using regression analysis, findings of the study showed that salary, training and motivation have a positive relationship with job performance but salary has a stronger relationship with job performance than training and motivation. This study will guide top managers of the organizations to get a good understanding of the factors that can increase the job performance of the employees which will ultimately increase organizational productivity.

Keywords

Salary, Training, Motivation, Job Performance

1. Introduction and Background

Salary can be defined as a fixed amount of money paid to a worker usually measured at monthly and annual basis, not hourly, as opposed to wages, salary is a fixed amount of money or compensation paid to an employee by an employer in return of work done. It is rather encouraging to observe that self-equity is perceived as being less relevant since an organization can do little about its employees' perception of inequity with respect to their financial needs or their historical pay evolution. (Lazear, 1981) discusses how firms offer upward-sloping wage profiles to their workers in order to discourage shirking. (Salop & Salop, 1976) suggest that upward-sloping profiles are used by firms as a way of discouraging "movers" from applying for jobs. (Jovanovic, 1979) demonstrated how job-matching under imperfect information could generate upward-sloping wage profiles.

Motivation is viewed as the amount of effort the salesman desire to expend on each of the activities or tasks associated with his job, such as calling on potential new accounts, planning sales presentations, and filling out reports

(Walker Jr, Churchill Jr, & Ford, 1977). monetary rewards are the primary motivator of sales effort and (2) the pay package is the basic motivator whereas other financial incentives, such as bonuses and contests, operate only to induce effort over and above that produced by the basic plan in certain circumstances (Churchill Jr, Ford, Hartley, & Walker Jr, 1985). Those individuals who are aggressive and relatively high in financial motivations eventually seek out such occupations as sales men, the typical salesman is financially motivated far more strongly than the average employee in his company (Beatty, Mayer, Coleman, Reynolds, & Lee, 1996).

“Training assists learning from early childhood to adulthood and takes different forms at different stages. Training is distinguished from conditioning on the one hand and discovery on the other and it is argued that most of the criticisms of the use of training techniques arise from a misidentification of training with conditioning. Finally, consideration is given to possible cultural and intellectual influences on the current low status of training”, (Orpen, 1999) studied the relationship of salary with job performance and his result showed that companies with long term incentives plans

enjoyed significantly greater increased in R, O, E return on equity. (Chung, 1968) investigated motivation and its effect on job performance and results of his study showed that : (1) the stronger the need and motive to perform a task, the higher the incentive value of the task a person is undertaking. (2) The stronger the motive to perform a task, the more the person considers the task likely to be achieved. (Bartel, 1994) studied the relationship between training and job performance and he concluded that formal training indeed increases the wage growth and job performance, there by confirming the relationship between robustness and productivity. (Barron, Berger, & Black, 1997) show that employees and employers differ in their reports of the amounts of both formal and informal training, with workers reporting less training. Another problem is the comparability of training events across individuals working in different organizations.

2. Methodology

Research model for this study shows the relationship between three independent variables salary, motivation and training with a dependant variable, job performance. As previous study show that salary has a direct relationship on the job performance of employees. Increase and decrease in salary can influence the job performance, which will ultimately affect the firm's productivity. Following is the model presented below.

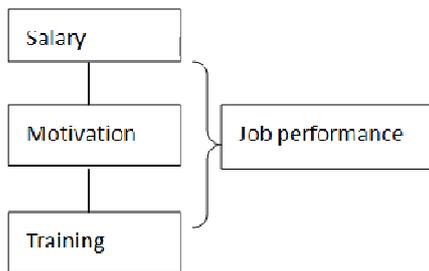


Figure 1. Model: job performance of the employees

Salary; the most obvious reward employees receive at work is salary. Many organization use surveys to determine the amount of salary to be given to the employees of a specific rank. Executives pay is a special case within the topic of compensation (Decenzo; Robbins, DeCenzo, Coulter, & Langton, 2005). Salary is as the pay in terms of hourly wage, a rate of wage for each unit produced, known as piece work rate or rate of wage per month or year is called a salary. Salary includes cash and non cash payment. In non cash payment an employee can receive house and transport facility and some other non monetary benefits. The operational construct for the salary is as follows.

Motivation; Maslow Abraham explained motivation as the willingness to do something. He further explained that motivation consists of five needs which are arranged in a hierarchy. All these needs must be fulfilled in order to motivate someone. Motivation is not what the employees' exhibit, but a number of surrounding issues rounding the job (Robbins et al., 2005). Motivation may arise from work

environment or from involvement in decision making.

Training; the basic purpose of training is to help employees build their skills which will increase their performance and ultimately it will lead towards greater organizational productivity. The need of training arises when top management changes its philosophy, values or way of operating. Training can also include career development activities to help employees make better choices about their careers. (Training consists of on the job and off the job training. On the job training consists of some practical interface with workplace instrument and off the job training consists of seminars and etc.

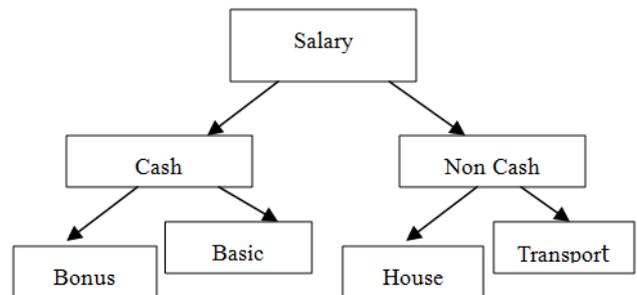


Figure 2. Operational construct of the Salary

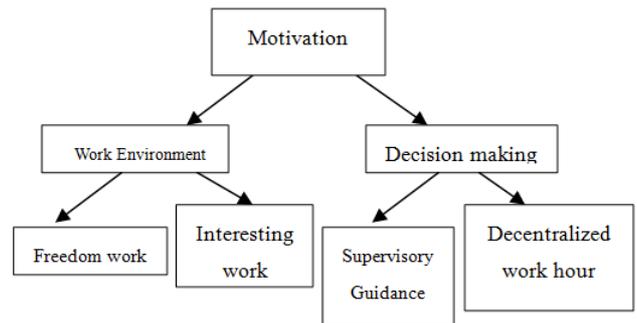


Figure 3. Operational construct of the Employee motivation

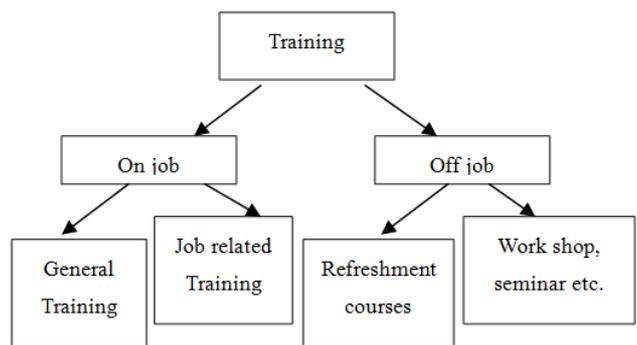


Figure 4. Operational construct of the Training

Job Performance; Performance measures should fit organization's strategy by supporting its goals and culture. Job performance of an employee can be evaluated against the set standards and by comparing with the job performance of other individuals within the organization. Hollenbeck et al (Fundamentals of HRM). Job performance of an employee can be evaluated by the contribution which he has made to the organizational success or by the appreciation which he has

received in the past by his supervisor. Work performance is not easily measured, especially in white-collar jobs (Shareef, 1994). Research hypothesis can be interpreted as:

Ho There is a relationship between salary, motivation training and job performance.

H1 There is no relationship between salary, motivation, training and job performance.

The research questionnaire was administered to a random sample of 310 teachers in the 16 universities of twins' cities, Islamabad and Rawalpindi. Universities include, International Islamic university, Quaid e Azam university, Air university, Fast university, SZABIST, COMSATS, Iqra university, Hamdard university, MAJU, Baharia university, Arid agricultural university, NUST, NUMAL and UET Taxila, Foundation university and Preston university. This study has used the technique of non probability sampling. By using convenience sampling, the most easily accessible members were chosen as subjects. It can be argued that university teachers comprise an appropriate sample as they are the employees whose performance is highly effected by salary, motivation and training. All the respondents gave useable responses, so response rate was 100 %. Majority of the respondents were male

Table 1. Data Collection: gender wise

Total	Male	Female
310	206	104

The data was collected from 206 male and 104 female university employees. Out of 310 employees, 140 include lecturers, 46 assistant professors, 84 associate professors and 40 professors.

Table 2. Data Collection: Designation wise

Designation	No of employees
Lecturer	140
Assistant professor	46
Associate professor	84
Professor	40

3. Data Analysis

Reliability test was applied on this study with the help of SPSS and following results were drawn.

Table 3. Reliability analysis

Variables	Cronbach, s alpha
Salary	0.657
Training	0.712
Motivation	0.700
Job performance	0.700

Cronbach, s alpha is the reliability coefficient which indicates that how well the items in a set are positively correlated to one another. The closer the reliability coefficient gets to 1.0, the better it is. Alpha of training is greater than other variables. So the result shows that alpha of the variables ranges from .65 to .712. Thus the internal consistency

reliability of the measures used in this study can be considered to be good.

Table 4. Descriptive statistics

variable	Mean	Std. Deviation
Job performance	4.1411	.61734
Motivation	3.9910	.57560
Training	3.6540	.80040
Salary	3.2523	.58147

Descriptive statistics are used to describe the main features of a data in quantitative terms. Descriptive statistics simply tells that what is, and what data shows. Descriptive statistics are used to present qualitative description in a meaningful form. It helps us to simply large amount of data in a sensible way. Descriptive statistics of this study shows that respondents have answered the variable job performance on nominal scale which indicates “agree”. Standard deviation of job performance is .61734 which indicates that respondents have answered between agree and strongly agree. Mean of motivation is 4, which shows on the scale that respondents have answered with agree. Standard deviation of motivation is .57560 which proves that respondents have placed their answer between neutral and strongly agree. Training has the mean of 4 and its standard deviation shows that respondents have placed their answers between neutral and agree. Mean and standard deviation of salary shows that answerers lie in the range of neutral and agree.

Table 5. Correlation Matrix

Variable	Job performance
Salary	.129
Training	.251
Motivation	.420

This study has used Pearson Correlation. The correlation table shows the interdependency of the variables. Correlation matrix shows that motivation has a high correlation with job performance. One time change in motivation will cause .420 times change in job performance. Correlation of training with job performance is .251, which shows a positive relationship between the two variables. From the three variables, salary has a lesser relationship with job performance. As the standard for perfect correlation is .6, so none of the variable is perfectly correlated with job performance.

Table 6. Regression Analysis

R	R2	Adjusted R
.444	.197	.189

Results of the table show that there is 18.9 % relationship between job performance and salary, motivation and training. R is the correlation coefficient, and R2 is coefficient of determination, which shows that how much of variation in one variable is due to the other variables. In this study R2 = .197, so 19.7 % of the variation is caused by the predictor variables and 80.3 % by something else. The value of F= 25.019 which is greater enough to indicate that it is the best fitted model for job performance.

Table 7. Coefficients

Variables	Beta	t	Sig.
Constant		8.091	.000
Salary	.382	6.999	.000
Training	.150	2.769	.006
Motivation	-.010	-.190	.849

Value of Beta shows the rate of change which a variable has. Salary has a greater rate of change than training and motivation. t indicates the efficiency of the variables. Salary is the most efficient variable which has the value 8.091. So salary influences job performance more than anything else. The value of t for training is 2.769 which shows that it is also an efficient variable but less than salary. Value of t for motivation is very low, which indicates that motivation is not an efficient variable.

4. Conclusion

This study indicates the link between three measures of organizational factors and job performance perceived by the teachers of the universities in twin's cities of Pakistan. (Islamabad and Rawalpindi).in particular it investigates whether a high level of salary, motivation and job related training is associated with job performance of employees, a favorable outcome. A questionnaire survey yielded 310 useable responses (a response rate of 100 %). Result obtained from regression analysis indicates that there is a positive and significant relationship between the job performance and salary, motivation and training. So, Ho is accepted. This finding implies that salary, motivation and training are the means through which top management can obtain high level of job performance. It also indicates the importance of continued research in this area. More important, it is useful for top managers to be aware that higher job performance can lead to higher level of job satisfaction which will enhance profitability and productivity.

Finding of the study shows that salary is the more efficient variable, which means that job performance of employees can be increased to a sufficient level by bringing a small increase in salary. Particularly in Pakistan employees heavily prioritize salary more than something else. Other rewards and benefits attached to the salary can also result in greater change in job performance. So managers should wisely consider this issue before implementing incentive plans. Particularly in services firms, financial strengthening has a tendency to produce a stronger brunt on job performance. Salary is not the only motivator for the job performance; job related training also has a significant impact on job performance. Results of the study show that job performance can be increased to a large proportion by increasing the training of the employees. In educational sectors training is essential in order to make the employee acquainted what is required of them and what they are supposed to deliver on the job. Training need assessment programs should involve a complete job analysis, and training programs based on job analysis. It is also to be argued that

unnecessary training is of no use and neither it puts effect on the job performance nor it plays any role in employee development. Findings of the study showed that motivation is also an important factor behind job performance. Motivation is the willingness to perform some task better. Key function of the management is to keep the employees motivated. Employees can be motivated through fulfillment of their needs. There are many ways to keep the employees motivated. Top managers should be concerned that what derives motivation in their employees.

References

- [1] Barron, J. M., Berger, M. C., & Black, D. A. (1997). Employer search, training, and vacancy duration. *Economic inquiry*, 35(1), 167-192.
- [2] Bartel, A. P. (1994). Productivity gains from the implementation of employee training programs. *Industrial relations: a journal of economy and society*, 33(4), 411-425.
- [3] Beatty, S. E., Mayer, M., Coleman, J. E., Reynolds, K. E., & Lee, J. (1996). Customer-sales associate retail relationships. *Journal of retailing*, 72(3), 223-247.
- [4] Chung, K. H. (1968). Developing a comprehensive model of motivation and performance. *Academy of management journal*, 11(1), 63-73.
- [5] Churchill Jr, G. A., Ford, N. M., Hartley, S. W., & Walker Jr, O. C. (1985). The determinants of salesperson performance: a meta-analysis. *Journal of Marketing Research*, 103-118.
- [6] Decenzo, D. A. Home/Download/fundamentals of hrm robbins decenzo 8th edition Bibliography.
- [7] Jovanovic, B. (1979). Job matching and the theory of turnover. *The Journal of Political Economy*, 972-990.
- [8] Lazear, E. P. (1981). Agency, earnings profiles, productivity, and hours restrictions. *The American Economic Review*, 606-620.
- [9] Orpen, C. (1999). The influence of the training environment on trainee motivation and perceived training quality. *International Journal of Training and Development*, 3(1), 34-43.
- [10] Robbins, S. P., DeCenzo, D. A., Coulter, M. K., & Langton, N. (2005). *Fundamentals of management: essential concepts and applications*: Pearson Prentice Hall Upper Saddle River, NJ.
- [11] Salop, J., & Salop, S. (1976). Self-selection and turnover in the labor market. *The Quarterly Journal of Economics*, 619-627.
- [12] Shareef, R. (1994). Skill-based pay in the public. *Review of Public Personnel Administration*, 14(3), 60-74.
- [13] Walker Jr, O. C., Churchill Jr, G. A., & Ford, N. M. (1977). Motivation and performance in industrial selling: present knowledge and needed research. *Journal of Marketing Research*, 156-168.