3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research design and methodological process employed in the study to determine the influence of compensation administration policy on job satisfaction for service employees working in the hotel accommodation industry.

3.2 Research Issue

The purpose of this study was to describe and explore the relationship between job satisfaction of the hotel accommodation service employees and their perceptions of their specific views on what the focus of compensation administration policies should be. Hopefully by conducting some empirical research centred on information obtained from the hotel accommodation service employees, it will provide new results, which support the creation of compensation administration policies adapted to the populations concerned. Therefore, the research questions driving this study can be summarised as follows:

(1) Describe respondents in terms of demographic factors, such as age, gender, education background and employment history.
(2) Assess respondents' perception as to their level of Job Satisfaction in their current positions
(3) Explore the relationship between Job Satisfaction and Compensation Policies.
(4) Explore the relationship between Job Satisfaction and to each facet of Compensation Policies.
3.3 Research Hypotheses

The primary objective of this study is to examine the relationships between the company's compensation administration policies and job satisfaction. The compensation policies consist of the organization's administration framework, criteria, and procedural approaches used to remunerate its employees. In other words, it looks at the orientation of an employee and the particular organization compensation policies. Past literature reviews have highlighted that there is a positive correlation between economic reward and job satisfaction. Hence, it would be reasonable to propose that there is correlation between job satisfaction and the compensation administration policies. Accordingly the hypotheses are:

Hypotheses $H_0$: There is no relationship between Job Satisfaction and Compensation Policies.

Hypotheses $H_1$: There is relationship between Job Satisfaction and each dimension of the Compensation Policies; risk sharing, internal consistency, pay secrecy, pay for performance, pay decentralisation, egalitarian pay, pay participant, job based pay, and long-term pay.

3.4 Research Design

This study is based on a survey of hotel establishments' providers in Klang Valley, Kuala Lumpur. The survey was exploratory in nature, wishing to provide an initial overview of human resources practice particularly on the organisation compensation administration policies.

For the purposes of this paper, we categorised the hotel establishments based on the rating published in the Accommodation Guide by Tourism Malaysia, Ministry of Culture, Arts and Tourism (July, 2003) and the hotels size depend on numbers of room available as listed in the publication. Establishments with
fewer than 250 rooms are known as medium size and hotels with 250 or more rooms are considered to be large establishment. This number was decided arbitrarily due to no universal industry standard being accepted, there being a global variability of standards (Davies et al., 2001)

In this study, our subject of focus is on four-star hotels located in Klang Valley, Malaysia. While the sample cannot be guaranteed as representative, its distribution by star rating is on the higher proportion than other places in Malaysia. The reasons of selecting the four-star rating hotels were done for the following reasons;

1) It has the largest concentration numbers of hotel in Malaysia as compared to other states. Therefore it would provide better representation of the population study concerned.

2) Kuala Lumpur and Selangor, which are located in Klang Valley, are chosen due to large concentration of tourists making the choices of study obvious.

3) Selecting based on the rating would provide a more efficient sample than could be taken on the basis of simple random sampling among all hotels available. The selection of hotel under similar group rating will reduce error because each group is internally homogenous but comparative differences between groups.

4) Using stratifies sample method to determine the population, it would assure that the sample would accurately reflect the population on the basis of the criterion or criteria used.
The research design for this study comprises two sections of four-part survey questionnaires. Section I consists of two parts: Part I of the survey is on the organisation profile of the respondents which consisting of organisation's size and structure. Part II of the survey questionnaire, modified from Balkin, et al., (1990), was used as the basis for describing employees' perceptions regarding the following factors on compensation administration policy: risk sharing, internal consistency, pay secrecy, performance emphasis, egalitarian pay, employee participation, job based, and long-term orientation.

Section II consists of two parts also: Part III of the survey was demographic instrument designed to collect respondent's demographic information including employment history, educational experiences, gender, and age. Part IV of the survey questionnaires was developed from Barnowe, Mangione and Quinn (1972) that were adopted by Lee Chee Keen (1995) in carried out the study on job satisfaction among the engineers in Malaysia. These survey questionnaires were in consistent with that of the "Job Description Index" (JDI), a measure of employee's satisfaction with their job. JDI remains as one of the widely used measures of job satisfaction after it was first developed in 1969 by Pat Smith and her colleagues, and has been used in over 400 research publications (Smith et al., 1989). The Job Description Index (JDI) measures five important facets of job satisfaction: job itself, superior, peers, pay, and organisational environment. The nature of the JDI stemmed from the belief that satisfaction is judged relative to an individual's perception of alternative jobs available to the person (Smith et al., 1989).

Each of the sub-scales in Parts II and Part IV of the questionnaires include a set of evaluative adjectives or short phrases that are designed to be descriptive of the compensation administration policy and the five job facets respectively. The respondents are to rate their perceptions of the importance for each question presented. Item responses for all the items ranged from one to six on a semantic differential scale.
3.5 Data Collection

3.5.1 Primary Data

Primary data for the study was collected from human resource executive for Part I and Part II survey questionnaires. While Part III and Part IV of the survey questionnaires were collected from the respondents who are employee of the four-star hotels working as waiter or waitress at the coffeehouse only. Each hotel, minimum ten employees were chosen randomly or one third of the total employees whichever is higher, where questionnaires were distributed. Primary data on the level of job satisfaction, and satisfaction on each of the compensation administration policies was collected by means of a questionnaire distributed to the respondents: See Appendix I Questionnaire.

The questionnaire comprises of two section of four-part: Section 1, consisting Part I and Part II, in which Part I of the survey questionnaire recorded the respondent organisation profile itself. Where as, Part II of the survey questionnaire presented statement on the nine factors on compensation administration policies: risk sharing, internal consistency, pay secrecy, performance emphasis, pay decentralisation, egalitarian pay, employee participation, job based, and long-term orientation. The respondents, in this case was the human resource executive who has intimate knowledge of the company' compensation policies, were require to rate their perception of the importance for each question presented on a six point bipolar semantic differential scale where six is the highest coded positive value.

In section II, consisting of Part III and Part IV; the employee was required to answer Part III of the survey questionnaire, which recorded the employee' personal characteristics like employment history, educational experiences, gender, and age. Part IV of the survey measures the respondent (the employees who are assigned to the F & B department) perceived job satisfaction with six
facets of job satisfaction: job itself, superior, peers, pay, organisational environment and reward off the job. Each of the questionnaires includes a set of evaluative adjectives or short phrases that are designed to be descriptive of the six job facets respectively. The respondents are to rate their perceptions of the importance for each question presented from one to six on a semantic differential scale.

3.5.2 Secondary Data

Background information regarding the hotel industry such as hotel classification, size of the workforce, and location of the hotels were obtained from secondary data such as government publication, reports, Malaysia Tourism Authority, Hotel Association Malaysia and other published sources. The literature review on the subject of compensation and job satisfaction was derived from books, journals, articles and Internet.

3.6 Sampling

3.6.1 Population

To implement the study, it would be necessary to conduct a probability sample that would generate statistically generalisable results. This study chooses the four star rating hotels operating in Klang Valley as the sampling frame because the delivery of hotel services requires considerable customer contact. To initiate a sample, assistance was sought from the office of Tourism Malaysia, a department under the Ministry of Cultural, Art and Tourism. The researcher was given a directory, which list the various hotels currently in operation in Malaysia. The hotel establishment directory published by the Tourism Malaysia (July, 2003) was used to decide the sampling frame, whereby it consisted a complete list of hotels in the Accommodation Guide. The main reason for selecting the four-star rating hotel establishments were mainly due to the rather large numbers of hotels
within this category presence in Klang Valley, and time and budget constraints. This procedure resulted in a pool of 25 hotel units, all which were sampled. Table 3.1 shows the listing on the selected name of hotels.

**Table 3.1: List of four star-rating hotel in Kuala Lumpur and Selangor, Malaysia**

<table>
<thead>
<tr>
<th>Four Star-Rating Hotels</th>
<th>Total Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Century Kuala Lumpur Hotel</td>
<td>331</td>
</tr>
<tr>
<td>2 Concorde Hotel Kuala Lumpur</td>
<td>570</td>
</tr>
<tr>
<td>3 Corus Hotel Kuala Lumpur</td>
<td>378</td>
</tr>
<tr>
<td>4 Crown Princess Kuala Lumpur</td>
<td>231</td>
</tr>
<tr>
<td>5 Dorsett Regency Kuala Lumpur</td>
<td>345</td>
</tr>
<tr>
<td>6 Dynasty Hotel Kuala Lumpur</td>
<td>788</td>
</tr>
<tr>
<td>7 Federal Hotel Kuala Lumpur</td>
<td>420</td>
</tr>
<tr>
<td>8 Grand Seasons Hotel</td>
<td>466</td>
</tr>
<tr>
<td>9 Hotel Grand Maya</td>
<td>280</td>
</tr>
<tr>
<td>10 Mandarin Court Kuala Lumpur</td>
<td>244</td>
</tr>
<tr>
<td>11 Melia Kuala Lumpur</td>
<td>302</td>
</tr>
<tr>
<td>12 New World Hotel</td>
<td>512</td>
</tr>
<tr>
<td>13 Pacific Regency Hotel Apts</td>
<td>153</td>
</tr>
<tr>
<td>14 Pearl International Hotel</td>
<td>563</td>
</tr>
<tr>
<td>15 Quality Hotel City Centre</td>
<td>250</td>
</tr>
<tr>
<td>16 Swiss Garden Hotel</td>
<td>310</td>
</tr>
<tr>
<td>17 The Coronade Kuala Lumpur</td>
<td>243</td>
</tr>
<tr>
<td>18 The Pan Pacific Hotel</td>
<td>550</td>
</tr>
<tr>
<td>19 Vistana Hotel Kuala Lumpur</td>
<td>364</td>
</tr>
<tr>
<td>20 Crystal Crown Petaling Jaya</td>
<td>273</td>
</tr>
<tr>
<td>21 Hilton Petaling Jaya</td>
<td>273</td>
</tr>
<tr>
<td>22 Hotel Armada Petaling Jaya</td>
<td>241</td>
</tr>
<tr>
<td>23 Concorde Hotel Shah Alam</td>
<td>381</td>
</tr>
<tr>
<td>24 Grand BlueWave Hotel, S. A</td>
<td>335</td>
</tr>
<tr>
<td>25 Quality Hotel!, Shah Alam</td>
<td>154</td>
</tr>
</tbody>
</table>
3.6.2 Sampling Design

With regard to sampling design, this study uses the proportionate stratified random sampling plan (stratified sampling) in order to maximise the probability that the sample is representative of the population. By taking stratifies sample, it would ensure that the sample will accurately reflect the population on the basis of the criterion or criteria used. This sampling plan is considered appropriate because each group is internally homogenous but comparative differences between groups.

3.6.3 Sampling Procedure

The procedure is based on two stages. First, the population was selected based on homogenous ranking (four stars hotel establishment), the establishment sizes (small or large) and Food and Beverage (F & B) department which would normally found in a four stars hotel establishment setting. In order to make a comparable analysis, a four star rating hotels located in Klang Valley listed in the Accommodation Guide handbook published by Tourism Malaysia (July, 2003) were selected.

Stage two was on selecting the respondents. Constraints imposed by the participating hotels prohibiting the researcher, from directly contacting the employees. As a result, the study relied on the Human Resource managers to distribute the surveys questionnaires. The HR managers were instructed to provide the information found in the questionnaire survey forms of Part I and Part II, and distribute Part III and Part IV of the survey questionnaires forms to the employee working as waiter or waitress at the coffeehouse. The completed questionnaires were then collected one week after distribution. The respondents returned the questionnaires in envelope provided to their respective human resource department, which were collected personally by the researcher.
3.6.4 Sampling Size

Basically, there are three factors in determining sample size,

(1) variance or heterogeneity of the population. This is refers to the standard deviation of the population parameter.

(2) Magnitude of acceptable error. It indicates how precise the estimate must be, and finally

(3) Confidence level. This is an arbitrary decision, based on convention. In this study, a 95 percent confidence level will be used.

In determining the sample size, this paper uses a sample similar to the sizes used in previous studies. Cochran's (1977) formula for a five percent chance of error was used to determine the sample size. A minimum sample size of 10 respondents from each hotel is required or the whole employees working as waiter or waitress should the total number less than 10 workers in the coffee house.

3.7 Instrumentation

The Questionnaires consisted of two different sets

(1) First set is meant for the HR personnel consisting of three major parts: (1) a cover letter describing the instructions and the aim of the study; (2) Part I is the Organisation Profile consisting of 5 items, and (3) Part II is the Compensation Administration Policy Rating consisting 23 items.

(2) Second set is meant for respondents comprise of employee working only hotel's coffee house consisting of three major parts: (1) a cover letter describing the instructions and the aim of the
study; (2) Part III is Respondent Demographic Characteristics consisting of 5 items, and (3) Part IV is the Job Satisfaction Index consisting of 22 items.

3.7.1 Independent Instrument

The organisation compensation administration policies measurement used in this study is widely known as taxonomy developed by Rumelt (1974). It consisted of nine (9) items, which uses a set of evaluative adjectives or short phrases. The human resource executives were asked to make assessment based on what was best define in their orientation and choose from one to six on the semantic differential scale. The nine items are (COMRISK) risk sharing, (COMCON) internal consistency, (COMSEC) pay secrecy, (COMPER) pay for performance, (COMDEC) pay decentralisation, (COMEGA) egalitarian pay, (COMPAR) pay participation, (COMJOB) job-based pay, and (COMLITE) long-term pay. The second part consisted of organisational profile of the respondent firm size and organisation structure.

3.7.2 Dependent Instrument

The Job Satisfaction Index is based on the Job Description Index (Smith et al., 1989) and was chosen as a satisfaction measurement tool. Smith et al (1969) defined job satisfaction as "feeling or effective responses to facets of the satisfaction". The respondents were asked to report his/her satisfaction on each dimension based on the set of evaluative adjectives or short phrases from one to six on a semantic differential scale. The reason of choosing this scale was to prevent biased answer as research by Peterson and Wilson (1992) suggest that many satisfaction measures using Likert scale are negatively skewed, with respondents reporting high satisfaction. The following six items used to measure job satisfaction for the service F & B employees respondents: (SATJOB) satisfaction with job, (SATSUP) satisfaction with superior, (SATPEERS)
satisfaction with peers, (SATPAY) satisfaction with pay, (SATENV) satisfaction with organisation environment, and (SATRWD) satisfaction with rewards off the job.

3.7.3 Organisation Profile

The following four items were used to measure organisation profile (1) number of years hotel being established, (2) total employees working in hotel, (3) total employee working in F & B Department, and finally (4) total employee working as waiter/waitress at coffee-house.

3.7.4 Respondent Profile

The following five items were used to measure organisation profile (1) gender, (2) age, (3) education level, and finally (4) nos. of years working as waiter/waitress.

3.8 Reliability and Validity

3.8.1 Pilot Test

A pilot study was conducted prior to the actual collection of the data for the following reasons:

(1) To eliminate the items that challenged the reliability and construct validity of the scales;
(2) To ensure the completeness of the questionnaire;
(3) To evaluate the appropriateness of the format of the questionnaires;
(4) To determine the items were not ambiguous, and
(5) To ensure it is easy to follow.
The pilot study consists of one executive from the HR department and five employees working as waiter/waitress from two of the leading hotels in Kuala Lumpur.

3.6.2 Data Analysis

The statistical instruments used were Cronbach’s alpha (1951) for the test of internal consistency reliability for construct validity. For Cronbach’s alpha coefficient, the norm of 0.60 set by Nunnally (1978) was used. The questionnaire was then submitted to test the reliability and stability of the scales.

The compensation policies questionnaires in Section 1, Part II proposed by Rumlet (1974) and subsequently adopted and validated by Balkin et al., (1990) in their research. The result from the pilot study indicates an alpha value of 0.6349 (See Appendix 5-a). While Job Satisfaction Index was first proposed by Smith et al., (1969), Barnowe et al., (1972) has adopted and modified it in his research, which was then adopted by Lee (1995) in his study in Malaysia context. The result of the pilot study indicates an alpha value of 0.6960 (see Appendix 5-b). As a result from the pilot study, some minor changes on the wordings were made in the final questionnaire before collection of the data.
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