

Investigating Factors Affecting Employee Job Satisfaction: A Case Study of Sabah Economic Development And Investment Authority (SEDIA)

¹Elviea King Kong, ^{2*}Sharifah Rahama Amirul and ³Sharija Che Shaari

¹⁻³*Faculty of Business, Economics and Accountancy, Universiti Malaysia Sabah, Kota Kinabalu, Sabah, Malaysia*

*Corresponding author's e-mail: sra@ums.edu.my

Abstract

Job satisfaction is an employee's happiness towards their job at work. It represents one of the most complex areas managers face today when managing their employees. Many studies have shown that job satisfaction can have an impact on employees. Therefore, this study aims to investigate the relationship between job satisfaction and its three variables, which are remuneration, working environment, and promotion opportunities, among SEDIA employees in Sabah. A case study and quantitative approach were used to conduct this study. The data were collected from a sample of 95 respondents from all levels, and the data collection was done through survey questionnaires using Google Forms as a platform. The study used SPSS and SmartPLS software to analyse the data. Descriptive statistics were used to analyse the demographic profile of the respondents, and SmartPLS were used to check and test the relationship between the dependent and independent variables. The study's findings show that two of the three hypotheses have a positive relationship with job satisfaction, namely remuneration and working environment, with a probability value of $p < 0.01$. In comparison, the promotion opportunities show less significance on job satisfaction with a probability value of $p > 0.01$. These findings could be useful as a basis for Human Resources to make decisions about employee welfare, formulate retention strategies, and future planning and development.

Keywords: Job Satisfaction, Remuneration, Working Environment, Promotion Opportunities, Sabah Economic Development and Investment Authority (SEDIA)

Introduction

The vast majority of human existence has been dedicated to acquiring wages, remuneration, or compensation for the various tasks and responsibilities undertaken, be it through self-employment or as employees within the organization (Arokiasamy & Baba, 2019). Henceforth, it is irrefutable that the significance of labour in human existence remains indubitable. When discussing the realm of labour, it becomes apparent that contemporary work and its associated milieu are experiencing profound transformations due to various factors, including the COVID-19 pandemic, globalization, economic growth, and the advancements in technologies and digitalization. These developments pose both a formidable challenge and a promising prospect for humanity. As such, the evolving nature of individuals' occupations has engendered a corresponding shift in their cognitive appraisal, engendering either a sense of contentment or discontentment. However, it cannot be disputed that an employee in any particular organization is the backbone of the organization itself in helping to achieve the organization's objectives. The effectiveness of an organization depends on the performance of its employees and their level of job satisfaction. By effectively mobilizing the requisite personnel within each commercial enterprise and organizational entity, they can achieve the objectives of both economic prosperity and organizational sustainability (Amin, 2021).

In light of this realization, the matter of job satisfaction has garnered heightened scholarly attention and emerged as a pressing concern within contemporary business enterprises. Many organizations recognize the paramount importance of enhancing employee job satisfaction in order to facilitate the generation of satisfactory work productivity by employees, while concurrently ensuring the smooth and prosperous operation of the business. A study conducted by Samsudin and Rindam (2018) also stated that employee job satisfaction is crucial for an organization's success and reputation.

Job satisfaction indirectly influences employee performance and productivity. Factors such as low productivity, a high turnover rate, and lack of staff can impact job satisfaction (Alexandra et al., 2015). Spector (1997) asserts that job satisfaction is a prevalent issue among employees within organizations. Khaira & Shariff (2021), Peng et al. (2020), and Kapur (2018) have conducted studies supporting the notion that job satisfaction is not a simple phenomenon. It is a complex issue influenced by a variety of factors, including job security, job design, organizational culture, salary, remuneration, compensation, organizational benefits, career growth opportunities, work itself, work-life balance, work environment, communication, and organizational commitment. In fact, there are numerous other factors besides those mentioned above. Thus, the lack of knowledge in this area hinders the development of effective strategies for enhancing employee job satisfaction. Understanding this factor is crucial for organizations that want to ensure employee happiness, satisfaction, motivation, productivity, loyalty, and the achievement of the organization's mission and vision.

To ensure employee job satisfaction, it is crucial to identify the factors that contribute to job satisfaction. While there is no universal solution to achieving happiness at work, as everyone's preferences and needs may vary. However, it is essential to comprehend the concepts of job satisfaction and dissatisfaction, as well as the factors that influence employees. Hence, this study aims to investigate the relationship between remuneration, working environment, and promotion opportunities as independent variables, and job satisfaction as the dependent variable among SEDIA employees in Kota Kinabalu, Sabah.

Literature Review

Overview of Job Satisfaction

The term "job satisfaction" refers to the positive emotions an employee experiences as a result of their job. In recent years, many researchers have attempted to define this concept in different ways by Thevanes & Jathurika (2021); Amin (2021); Judge et al. (2020); and Hoff et al. (2020). However, according to Locke (1976), job satisfaction is the pleasurable or positive emotional state that comes from evaluating one's job or job experiences. Job satisfaction occurs when an employee's needs, goals, and values are met in their job, which affects their dedication and performance (Otto et al., 2020). The more goals an employee achieves in their job, the happier they will be. Unjust treatment, whether in terms of outcomes or procedures, also contributes to job dissatisfaction (Dzuiba, 2020). A recent study by Judge et al. (2020) found that employees who are more satisfied with their jobs also tend to be more loyal to their organization. These employees not only fulfil their responsibilities but also strive for excellence in their work, which ultimately improves both their performance and the overall productivity of the organization. This dedication contributes to achieving the organization's overall vision and mission

To determine an individual's job satisfaction, it is crucial to examine how employees feel and respond to their work (Judge et al., 2020; Greenberg & Baron, 1995). Scholars have developed a theoretical framework to analyze the factors that impact employee attitudes and job

satisfaction. This framework examines job satisfaction and aims to understand the relationship between attitudes and contentment in the workplace.

Measurement of Job Satisfaction

To understand job satisfaction, it is crucial to consider the various factors that influence employee attitudes. By examining these factors, we can better understand the complex relationship between attitudes and the level of job satisfaction. Individuals can evaluate their job satisfaction by considering a range of factors. If these factors meet their expectations, they will likely experience a higher level of job satisfaction. There are several questionnaires available to measure job satisfaction, such as Job Satisfaction Survey (JSS) (Seraphin and Doboszyska, 2020) and Minnesota Survey Questionnaire (MSQ) (Mustafa et al., 2019). These questionnaires have been developed to make the measurement process easier for researchers or even the HR departments.

Herzberg's Theory

Frederick Herzberg proposed that employee satisfaction can be categorized into two dimensions: hygiene and motivation (Herzberg, 1968). Hygiene factors, such as salary or compensation, can address concerns that contribute to employee dissatisfaction with their wages. Conversely, motivators, such as recognition and achievement will enhance productivity, creativity, and commitment among employees (Alrawahi et al., 2020). Thant and Chang (2020) also support this argument that Hertzberg's two-factor theory can be viewed as a theory of job satisfaction. Greenberg and Baron (1995) stated that the Motivator-Hygiene Theory is a framework that examines the factors contributing to both job satisfaction and dissatisfaction. Employees' satisfaction levels are higher when they fulfil specific criteria. However, employee satisfaction decreases when they are unable to meet these criteria or when their needs cannot be met. In addition, the comprehension of the level of job satisfaction can be used in other theoretical methods such as Maslow's Needs Hierarchy Theory, the Job Characteristics Model, and the Dispositional Approach (Greenberg & Baron, 1995).

Factors Affecting Job Satisfaction

Determining the factors that contribute to individuals' happiness in their work may prove to be a multifaceted matter. Various factors can affect the level of job satisfaction of an individual, either positively or negatively. Some employees may experience a different level of satisfaction with different aspects of their job (Judge et al., 2020; Kapur, 2018). Hence, these factors will explain how remuneration, working environment, and promotion opportunities (IV) towards job satisfaction (DV) all play a role. Figure 1 illustrates the conceptual framework used in this study for the development of hypotheses adapted from Aarabi et al. (2013).

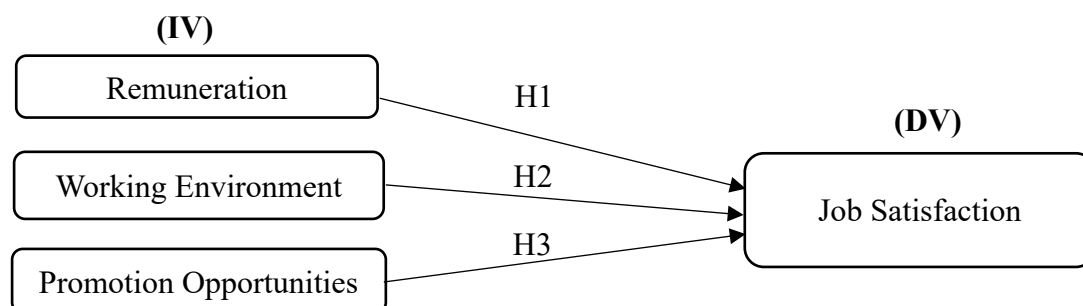


Figure 1: Conceptual Framework

Remuneration and Job Satisfaction

The positive attitude or perception towards pay or remuneration are significantly influence employee satisfaction levels. Research on pay satisfaction has received considerable attention since its introduction, despite changes in its conceptualization over time. Judge et al. (2020) found a lack of clarity in the association between remuneration and job satisfaction. This research suggests that job dissatisfaction can still occur among highly compensated employees who have a dislike for their jobs. According to Koo et al. (2020), remuneration is widely recognized as a crucial organizational reward due to its role in facilitating the acquisition of additional rewards by employees. However, businesses continue to primarily use monetary compensation as the main method of remunerating their employees for their work. The impact of pay on employee behaviour remains incompletely understood, despite long-standing recognition of its significance.

According to Ong et al. (2018), a significant number of employees are motivated by financial rewards. Both monetary incentives and recognition significantly impact knowledge workers, leading to inequality in terms of appreciation and wages, often resulting in challenges with employee retention. Judge et al. (2020), a positive correlation exists between pay and performance, which serves as a motivating factor for workers to enhance their productivity and exert greater effort. Herzberg's two-factor theory explains the perception of pay as the primary motivator and its influence on individual behaviour (Koo et al., 2020; Aarabi et al., 2013).

Cross and Neumark (2021) posited that when an employee's salary lacks market relevance, it can result in employee dissatisfaction, prompting individuals to engage in salary comparisons with their peers. Employees may be inclined to resign from the organization if their salaries are not commensurate with that offered by other organizations within the same industry. Salary significantly affects employee job satisfaction due to the diverse needs of humans and the ability of financial resources to fulfil these needs. Pay can be utilized to influence the behaviour that Herzberg has studied and examined. Herzberg's two-factor model of motivation suggests that pay satisfaction and motivation are closely connected. According to this model, an individual's emotional response to pay satisfaction influences their level of motivation (Aarabi et al., 2013).

The emotional responses of workers to their remuneration are significant, as indicated by the research conducted by Judge et al. (2020) and Aarabi et al. (2013). It is crucial to identify the factors that contribute to remuneration satisfaction and understand their effects. Employee knowledge is influenced by various factors, including financial incentives and public recognition. These factors serve as sources of encouragement and motivation for individuals in the workplace. Salary is often seen as an indicator of performance within the organization. In contrast to the study conducted by Asiamah et al. (2019), the authors of this study assess their input by comparing the resulting output with other outputs. The study's findings, based on social comparison theory, indicate that comparing one's salary to that of similar individuals can adversely affect overall satisfaction with one's salary. Workplace inequalities, such as insufficient recognition and low wages, often contribute to issues related to employee retention and turnover.

Working Environment and Job Satisfaction

Akinwale & George (2020) found that the working environment, including factors like lighting, temperature, cleanliness, noise, and working hours, can impact job satisfaction. Basalamah et al. (2020) also noted that an unsatisfactory or unsafe work environment can negatively affect employees' physical and mental well-being. Employees prefer a comfortable and convenient

working environment, which ultimately leads to higher job satisfaction. Conversely, a poor working environment may prompt employees to leave due to discomfort and difficulty to working.

Furthermore, Bashir et al. (2020) discovered why it is critical to observe how working environment factors influence an individual's behaviour. Given that differences in employees' levels of job satisfaction can have either a positive or negative impact on the jobs themselves, it is possible that it is an essential component for the employees. On the other hand, if the working environment is overly accommodating or excellent, most employees may dismiss it as unimportant or take it for granted. In this scenario, it is expected that every employee should appreciate the favourable working conditions they have. Conversely, if the situation is unfavourable, it should not pose a problem or have any negative impact on them. Besides that, the conspicuous dearth of employees who express contentment with their occupations and the prevailing conditions therein stands as the paramount indicator that the environment within an organization is undergoing a state of decline. The scholarly study conducted by Basalamah et al. (2021) highlights the significance of cultivating a favourable organizational milieu, which can be achieved through the cultivation of employee satisfaction within their respective roles.

Nevertheless, Akinwale & George (2020) posited that the elucidation of the determinants pertaining to job satisfaction assumes paramount significance in mitigating employee disillusionment and fostering optimal levels of job contentment. This phenomenon may be attributed to the correlation between employee satisfaction and enhanced work ethic, as well as heightened performance, which is contingent upon a harmonious work environment that elicits contentment.

In the end, the working environment should change regularly to keep up with the times and allow individuals to strike a balance between their personal and professional lives; have reimbursement that is in line with where individuals work. Nonetheless, people find enjoyment in their work and strive to find employment in organizations that provide an enjoyable work atmosphere, in which they can have the perception that they are contributing to the differentiation of the organization and in which most individuals are competent and working together to advance the organization. Bashir et al. (2020) mention it has become imperative to recognize the emerging needs of individuals in order to keep them dedicated and provide the workplace conditions that are imposed. A well-designed and thought-out plan for the office space is currently the most important thing an employee in the modern workplace needs.

Promotion Opportunities and Job Satisfaction

Promotions have a significant impact on an employee's life and career, as well as other aspects of their time spent at work. According to Rinny et al. (2020), they are an important component of employee labour mobility because they typically carry substantial wages and have the potential to have a significant influence on other aspects of the job, particularly responsibilities and subsequent commitment to the position. Recognition and accomplishment are two factors that contribute to job satisfaction, but the degree of advancement is far more important. When you advance to the next level, you will see benefits in a variety of areas, including pay, autonomy, and supervision. In addition, promotions can serve as an effective incentive for employees to increase their productivity and output. When employees are appreciated and given promotions, employees will feel satisfied with their achievements.

According to Aarabi et al. (2013), employees may be interested in a promotion as it can offer them additional workplace benefits like a larger office or a higher salary. A promotion

frequently serves as a source of motivation for employees to enhance their work productivity. Furthermore, Mustapha & Zakaria (2013) explain that promotion provides individual prospects for personal development, a high level of accountability, and a better position in society. Employees who have the perception that decisions about promotions are made fairly and equitably tend to derive satisfaction from their job efforts.

Consequently, promotions have a notable influence on employee satisfaction levels. Estimating how promotions and expectations affect job satisfaction allows us to see how important promotions are in motivating employees to work harder. Employee satisfaction with promotions demonstrates that regardless of remuneration or salary increases, employee happiness with their job's increases after a promotion. It provides organizations with a non-monetary incentive tool for eliciting effort and other desirable behaviours from their employees (Mustapha & Zakaria, 2013).

Methodology

The study was carried out on 95 SEDIA employees in Kota Kinabalu, Sabah. Data was collected from respondents using a questionnaire and the purposive sampling method. A survey questionnaire was distributed to the respondents in order to measure all the variables, and it was divided into three parts. Section A - Demographic Profile, Section B - Job Satisfaction (JS), represent the dependent variable (DV), and Section C - Remuneration (PA), Working Environment (WE), and Promotions Opportunities (PO) which represents the independent variables (IV). Respondents were asked to rate their responses on a five-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The data was analyzed using SPSS and SmartPLS software.

Findings and Discussion

The significance of the hypotheses in the structural model (Figure 2) was assessed using SmartPLS 4. The bootstrapping procedure with a resample of 500 was used to evaluate the path coefficient. Eight constructs were eliminated as their values were below 0.5, as recommended by Hair et al. (2010). The results of the hypothesis testing model are presented in Table 1, which supports the relationship between variables. Remuneration (PA) had a significant positive effect with a t-value of 2.639 ($p < 0.01$). Thus, H1 was supported. The working environment (WE) also had a significant positive effect with a t-value of 4.413 ($p < 0.01$). Thus, H2 was supported. However, the promotion opportunity (PO) shows a less supportive effect with a t-value of 1.571 ($p < 0.05$), it shows that the promotion opportunity does not affect the level of employee job satisfaction.

Table 1: Hypothesis Testing

Hypothesis	Relationship	Std. Beta (β)	Std. Deviation	T-Value	P-Value	Decision
H1	PA > JS	-0.325	0.112	2.639	0.010	Supported
H2	WE > JS	0.457	0.089	4.413	0.000	Supported
H3	PO > JS	-0.139	0.089	1.571	0.119	Less Supported

t-value* > 1.645 ($p < 0.05$); *t-value* > 2.33 ($p < 0.01$)

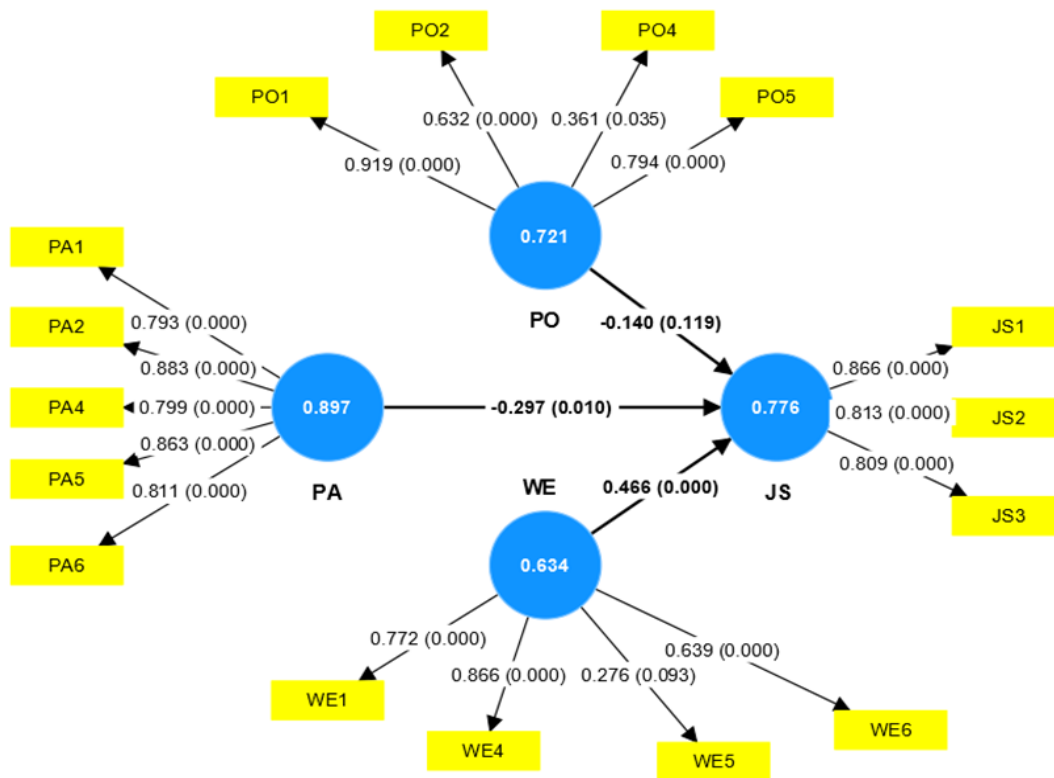


Figure 2: Structural Model

Conclusion

The main objective of this study is to investigate the effects of three factors, including remuneration, working environment, and promotion opportunities, on job satisfaction among employees at SEDIA. A thorough examination of the current literature was undertaken to ascertain the fundamental concept that underlies the study. The investigation was carried out utilizing the data obtained from respondents. Overall, we can see that management lacks comprehension of what aspects might motivate, inspire, and boost employee job satisfaction.

Hence, the previous study has yielded a thorough comprehension of the repercussions associated with the utilization of remuneration, working environment, and promotion opportunities as strategic instruments for enhancing employee motivation and ultimately augmenting employee job satisfaction. The study additionally provides recommendations that managers might implement to address employee job satisfaction.

Implications of Study

From a managerial standpoint, it is imperative for the Human Resource Manager to give precedence to conducting internal assessments of employee satisfaction regarding their positions within the firm. This study aims to gain insight into the various elements that influence job satisfaction and enhance employee engagement, with the ultimate goal of mitigating discontentment. It is imperative for managers to possess a comprehensive understanding of their

subordinates and employ effective strategies to foster motivation within the workplace. There is a prevalent belief that a significant correlation exists between job happiness and several outcomes, including productivity, effectiveness, and individual well-being. It is imperative for managers to proactively acquire knowledge regarding their employees' circumstances and establish a conducive environment that fosters support and concern for their well-being. By adopting this approach, will enable the workforce to comprehend that the association between employer and employee extends beyond surface-level relationships.

Furthermore, it is crucial to acknowledge that the presence of internal occupational stress has a detrimental effect on job satisfaction. It is recommended that managers engage employees in the decision-making process and demonstrate authentic care for their physical and psychological welfare, particularly for individuals with advanced educational backgrounds. In order to optimize operational efficiency, managers must enhance their communication strategies with staff at lower hierarchical levels. Establishing a sense of camaraderie and value among employees is of utmost importance. Managers must establish a precedent by cultivating amicable relationships with their subordinates and cultivating a work atmosphere that is conducive to productivity.

The primary objective of this research study is to provide managers with a thorough comprehension of their employees' emotional dispositions and ambitions within the organizational context. The attitudes of employees towards their roles have a direct influence on their performance, hence impacting the productivity and returns of the firm. Hence, it is imperative to investigate strategies aimed at enhancing employee job satisfaction.

Recommendations

Based on preliminary findings, the researcher would like to propose a recommendation to the SEDIA organization to enhance the overall employee's job satisfaction level.

Firstly, implemented contemporary management strategies within the organization, thereby affording employees the invaluable opportunity to actively engage in the decision-making process and contribute to the formulation of organizational plans.

Secondly, facilitating the cultivation of a work environment that discourages turnover and fosters organizational loyalty through a deliberate focus on employee development in diverse manners, thereby augmenting employee satisfaction and engendering a heightened motivation to remain committed to their professional endeavour, thereby manifesting their contentment with their work.

Thirdly, to mitigate the extent of job dissatisfaction, it is advisable to regularly administer assessments pertaining to employee job satisfaction on a monthly basis.

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