

The Effects of Employee Recognition, Pay, and Benefits on Job Satisfaction: Cross Country Evidence

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Abstract: This paper analyzes the effect of employee recognition, pay, and benefits on job satisfaction. In this cross-sectional study, survey responses from university students in the U.S. (n = 457), Malaysia (n = 347) and Vietnam (n = 391) were analyzed. Employee recognition, pay, and benefits were found to have a significant impact on job satisfaction, regardless of home country income level (high, middle or low income) and culture (collectivist or individualist). However, the effect of benefits on job satisfaction was significantly more important for U.S. respondents than for respondents from Malaysia and Vietnam. The authors conclude that both financial and nonfinancial rewards have a role in influencing job satisfaction, which ultimately impacts employee performance. Theoretical and practical implications for developing effective recruitment and retention policies for employees are also discussed.

Key words: HR practices; employee recognition; pay; benefits; job satisfaction; culture; Vietnam; Malaysia; USA

JEL code: M12

1. Introduction

No resource is more critical to an organization's success than its human resources are (DeNisi & Griffin, 2008, p. 5); people are the only strategic weapon a company has that cannot be copied by its competition (DeCenzo & Robbins, 2010, p. 4). Employees who are competent, motivated and satisfied lead to more productive organizations overall (Baron & Kreps, 1999; Caligiuri, Lepak, & Bonache, 2010; Pfeffer, 1994). Satisfied employees are more likely to be committed to their organizations and exhibit higher levels of performance and productivity (e.g., Steinhilber & Perry, 1996; Cranny, Smith, & Stone, 1992; Weiss, 2002). Employee's job satisfaction offers important clues concerning the health and performance of an organization and provides information on where improvements can be made to the organization.

Considerable research has been conducted to assess the impact of different types of rewards on job satisfaction. While pay and benefits are common financial incentives, employee recognition, can be derived from both financial and nonfinancial rewards (DeCenzo & Robbins, 2010). Yet, previous research has given little

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attention to employee recognition as a factor that affects job satisfaction. Further, the majority of job satisfaction studies have been conducted in across different occupations in one organization or across multiple organizations in one country, typically in the West, with researchers pointing to the need for future research to examine job satisfaction across different cultural contexts. The main goal of the current study is therefore to assess the effects of three job rewards (recognition, pay, and benefits) on job satisfaction in three countries (U.S., Vietnam and Malaysia) having different cultures and levels of economic development (GNI).

2. Literature Review

Employee's job satisfaction is a well-researched topic across several disciplines including organizational behavior, HR management, industrial-organizational psychology, and social psychology (Cranny et al., 1992; Darling, Arn, & Gatlin, 1997; Hoppock, 1935; Ramayah & Nasurdin, 2006; Weiss, 2002). The widespread interest in job satisfaction can be explained by the fact that it affects most individuals due to the substantial part of their lives spent at work. Understanding the factors that influence job satisfaction can potentially lead to improving employee and organizational performance.

Job satisfaction has been defined in a number of ways by various scholars (e.g., Hoppock, 1935, p. 38; Locke, 1976, p. 1300; Robbins & Judge, 2008, p. 83). The central theme is similar across studies, a positive feeling of one's job resulting from an evaluation of its characteristics. Job satisfaction has been studied both as an independent and a dependent variable. As an *independent variable*, job satisfaction explains outcomes such as performance, absenteeism, and turnover (e.g., Podsakoff & Williams, 1986; Cranny et al., 1992; Hoppock, 1935; Smith, Kendall, & Hulin, 1969; Spector, 1985; Ramayah & Nasurdin, 2006). For example, job satisfaction leads to reduced turnover. In this study, we examine job satisfaction as a *dependent variable* affected by a number of rewards, including pay, benefits, and employee recognition. Previous studies have demonstrated that employee recognition/rewards lead to higher job satisfaction (e.g., Nelson, 2005; Darling et al., 1997; Rathi & Rastogi, 2008). To explain this relationship, we developed the model depicted in Figure 1 showing the impact of rewards on job satisfaction. We test this relationship empirically with three samples drawn from the U.S., Malaysia, and Vietnam. In the model, rewards are comprised of job rewards that include recognition, pay, and benefits packages. It must be noted that, under the literature review, we stressed more on employee recognition for it has received little attention in the literature on job satisfaction as compared to pay and benefits.

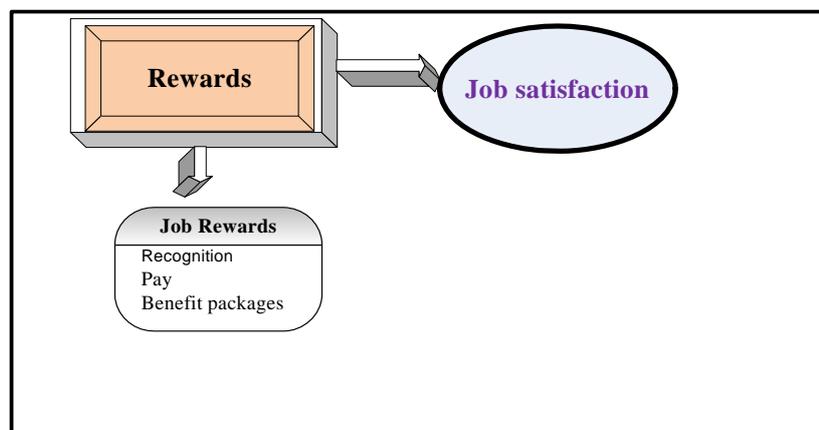


Figure 1 Factors Affecting Job Satisfaction

2.1 Employee Recognition and Job Satisfaction

Research shows that both financial and nonfinancial rewards impact the job satisfaction and motivation of employees (DeCenzo & Robbins, 2010; Haile, 2009; Severinsson & Hummelvoll, 2001). Employees are likely to be motivated to improve their performance with nonmonetary rewards such as employee recognition. Recognition is the acknowledgement, appreciation, or approval of the positive accomplishments or behaviors of an individual or team (Caligiuri et al., 2010; Nelson, 2005; University of Iowa, 2009). According to Gostick and Elton (2007), recognition refers to praise or a personal note acknowledging achievements including small gestures that are important to employees.

2.2 Why Should We Recognize Employees?

One valuable outcome and reason for recognizing employees is that studies show that people who feel appreciated are more positive about themselves and their ability to contribute, i.e., employee recognition can boost productivity and increase satisfaction (Daniels, 1999; Darling et al., 1997; Nelson, 2005; Gostick & Elton, 2007). A number of research studies indicate that nonfinancial rewards such as recognition and other intrinsic rewards are *sine qua non* for job satisfaction (Darling et al., 1997; Nelson, 2005). Based on a survey of 200,000 employees, Gostick and Elton (2007) conclude that if employee recognition is conducted properly, it can increase profitability and customer service levels, and heighten employee engagement and satisfaction. Nelson (2005) concludes that recognition leads to improved communication (employees are more likely to offer solutions and new ideas), better cooperation (employees are more likely to offer to help and go the “extra mile”), and decreased absenteeism and turnover (employees will demonstrate higher job satisfaction and loyalty). Daniels (1999) concludes that quality and productivity are enhanced when supervisors simply increased their daily frequency of contingent positive reinforcement. Employees benefit from positive reinforcement and recognition from peers and/or management. Recognition can motivate, helping to build feelings of confidence and satisfaction (Keller, 1999) and inspire loyalty and commitment, as well as encouraging employees to extend their efforts (Robbins & Judge, 2008). Darling et al., (1997) argues that one of the most effective morale boosters is praise for a job well done. She further surmises that regularly recognizing and rewarding employees can be one of the easiest ways to keep employees satisfied and productive. For many individuals, feelings of self-worth are directly associated with their work.

Recognition is an important tool for managers, business owners and HR professionals in promoting employee motivation and organizational success. Allen and Helms’ (2002) research confirmed the importance of regular expressions of appreciation by managers and leaders to encourage behavior of employees to reach strategic goals. Despite the important role of recognition in motivating employees, only about 40 percent of North American workers say they receive recognition for a job well done or get recognized for outstanding individual performance. All too often, simple nonmonetary types of rewards are overlooked and underutilized by managers (Kouzes & Posner, 2003). In one study, only about 50 percent of managers say they provide recognition for high-performance (Kepner-Tregoe quoted by Kouzes & Posner, 2003). While recognition is not widespread, Nelson’s (2005) study shows that 78 percent of employees indicate that it is very important for them to be recognized by their manager, and 84 percent of managers concluded that providing nonmonetary recognition as a reward has increased performance. Further, 91 percent of managers conclude that recognizing employees helps motivate them.

2.3 How Can We Recognize Employees?

There are many ways employees can be recognized or appreciated. Recognition can include letters or postcards (“Thanks! You Made A Difference” Award), memory items (a plaque or mug) that last longer than cash,

nonmonetary awards that have trophy value, lunch with managers/supervisors, a picture displayed in a prominent place, having a room or hallway named after the employee, posting names (employee of the week or month) in the organization's notice board or website, a video rental certificate, a coffee card, an event ticket, or a candy bar (Darling et al., 1997; Nelson, 2005; University of Iowa, 2009).

Recognition ranks as one of the most powerful motivators and plays a key role in effective reward practices (Childs, 2005). These informal rewards require minimal planning, efforts or expense (Darling et al., 1997; Gostick and Elton, 2007) and can be given for a number of reasons including recognition for a job well done, a birthday, a service anniversary, a special favor, completing an unpleasant task, or saving the company time or money (Darling et al., 1997). Effective recognition measures can also include verbal and written praise, public praise, and symbolic gestures by managers (Nelson & Spritzer, 2002). Recognition efforts that are timely, sincere, and personal can serve as a major means of motivation to employees.

Nelson and Spitzer (2003) state that managers need to be in constant contact with the employees if they are to determine what they most value and then find ways to act systematically on those desired forms of recognition and rewards as they perform well. This suggests that managers need to vary the forms of recognition, adding new things, experimenting with them, and eliminating others that have run their course and are no longer motivating to employees. If managers are timely, sincere, and specific in thanking employees when they have done good work, it will maintain credibility in the recognition process.

2.4 What Should We Consider When Recognizing Employees?

If recognition is to provide the desired results, organizations need to commit the required attention and time. Managers need to create goals and action plans that recognize the behaviors and accomplishments that warrant rewards within the organization (Caligiuri et al., 2010; Sartain & Finney, 2003). Managers should establish criteria for identifying employees who are eligible for recognition, then recognize anyone who meets the criteria by being consistently fair. Recognition programs have to be tied to achievement and business related activities (Caligiuri et al., 2010; Nelson, 2005). Managers need to be specific and timely when providing recognition, which will help create positive feelings that will affect employee performance (Darling et al., 1997; Daniels, 1999). According to Gostick and Elton (2007), if employee recognition is to provide favorable outcomes, it needs to be applied within a context of goal-setting, open communication, trust and accountability. A good recognition program has to communicate attitudes and behaviors that are recognized by the organization. According to the University of Iowa (2009), if recognition is to provide the required results, it needs to have personal value, requiring managers to consider the nature of the accomplishment and the recipient's preferences; it must be earned, requiring managers to focus on the nature of the accomplishment the recipients view as meaningful; it must be timely, requiring managers to reward immediately; and it has to be accompanied by a celebration, requiring managers to get to know the individual before planning the delivery forum-whether public or delivered one-on-one. Finally, the attitude of celebration is a key factor in creating a lasting, positive memory of the recognition effort.

By personalizing rewards, an organization communicates the extent to which it values and cares for its employees. A sincere word of thanks from the right person at the right time can mean more to an employee by providing recognition of their value than a pay raise (Darling et al., 1997; Rathi & Rastogi, 2008). Employees need to be shown that their achievements have been recognized and appreciated. Recognition of employee performance may take two forms: team and individual. The best recognition singles individuals or groups out for extraordinary performance. It is based upon those areas that make the biggest difference to the individual or group's mutual success. Employees have different values, attitudes, interests and expectations that must be

considered when deciding on the optimal recognition method. One type of recognition may not motivate everyone in the same way. Recognition programs need to respond to individuals' expectations, which require proper planning and implementation.

While recognition is important, an organization should not recognize everyone consistently. Recognition must have value. According to Nelson & Spitzer (2003), leaving employees out does not tend to be a problem in organizations that have developed a strong recognition culture, that have a variety of formal and informal programs and tools, and where managers place an emphasis on daily recognition practices and behaviors. However, it could be argued that if a recognition program is used incorrectly, it can depress, not lift, employee morale. When a manager uses recognition program to motivate an employee—whether a fast tracker or an underachiever—the goal is to reinforce successful behaviors so the employee will repeat them and apply the same determination to other tasks (Darling et al., 1997; Daniels, 1999; Nelson, 2004). Based on the above discussions, we hypothesize that:

Hypothesis 1a: Employee recognition significantly affects job satisfaction.

2.5 Economic Development and Employee Recognition

The World Bank (2009) classifies economies using gross national income (GNI) per capita (previously referred to as gross national product, or GNP). Based on its GNI per capita, every economy is classified as either low income (\$995 or less); lower middle income (\$996-\$3,945); upper middle income (\$3,946-\$12,195); or high income (\$12,196 or more). The three countries in this study fall into three different income categories; high-income (the U.S. with a GNI per capita of \$47,240), upper middle-income (Malaysia with a GNI per capita of \$7,230), and lower middle-income (Vietnam with a GNI per capita of \$1,010). Recognition is generally good for business, no matter where the business is located (Nelson, 2005). Regardless of the economic development of countries, all employees are likely to value recognition. From this, we hypothesize the following:

Hypothesis 1b: Despite differences in levels of economic development, students from the three sample countries (America, Malaysia and Vietnam) will feel that recognition is important to their job satisfaction.

2.6 Pay and Job Satisfaction

Previous studies have demonstrated that pay affects job satisfaction (Caligiuri et al, 2010; Cranny et al., 1992; Islam & Ismail, 2004; Steinhaus & Perry, 1996; Weiss, 2002). Employees expect a certain level of monetary rewards for their organizational contribution, and pay constitutes a quantitative measure of an employee's worth. In order to compete for the most talented workers, companies need to provide attractive and equitable pay. It has been argued that pay is a motivator for many employees initially, but it is not a powerful motivator over the long term. The role of pay in attracting and retaining people at work has been recognized for many decades and is increasingly important in today's competitive, economic environment where strategic compensation planning is needed (Jackson & Schuler, 2006). Based on the previous studies, we propose the following hypothesis:

Hypothesis 2: Pay positively affects job satisfaction.

2.7 Benefits Packages and Job Satisfaction

Currently, especially in the developed world, employee benefits packages have become an important part of the total compensation or organizational expenses. Employee benefits average 40% of the total compensation package (DeCenzo & Robbins, 2010). Benefits have grown in size, importance and variety (DeCenzo & Robbins, 2010; Edgar & Geare, 2005; Milkovich & Newman, 2008), and the U.S. Chamber of commerce, concludes that employee benefits are one of the greatest challenges in business today in attracting and retaining quality employees (U.S. Chamber of Commerce, 2008). This growth suggests that employees increasingly value employee benefits as

part of their overall compensation package. As a result, the following hypothesis was formulated:

Hypothesis 3: Employee benefits packages significantly affect job satisfaction.

3. Culture and Rewards

As international business increases, differences in values and beliefs create some challenges for managers of multinational companies. Culture is undoubtedly one of the most important factors affecting rewards management. Theorists suggest that the individualism-collectivism dimension identified by Hofstede (1980) may indeed represent the most important dimension of cultural variability (DeCenzo & Robbins, 2010; Triandis, 1995). Culture influences most HR policies and practices including rewards (Dowling, Festing, & Engle, 2009). Organizations will continue to grapple with questions such as: Should rewards be based on performance or seniority? Should rewards be group based or individual based? What would be the mix of financial and nonfinancial rewards? The answers to the above questions are influenced by organizational and national culture. While American workers generally desire rewards (e.g., pay increases) based on individual performance based on an individualistic society, Asian workers generally desire rewards based on seniority or group-based rewards common to a collectivistic society (Dowling et al., 2009). In addition, studies show that Americans generally want compensation to be mainly variable and less fixed (supporting a risk taking orientation), as compared to Asians who want to have more fixed and less variable compensation (supporting a risk averse orientation) (Dowling et al., 2009; DeNisi & Griffin, 2008; Hofstede, 1980; Triandis 1995). This suggests that rewards administration should reflect national and organizational cultures. Employees of different countries vary in attitudes and perceptions of the reward process. However, one can argue that regardless of the effect of culture on reward management, employees from different cultural backgrounds are likely to believe both financial and nonfinancial rewards are important to job satisfaction. Based on the above arguments, we propose the following three hypotheses:

Hypothesis 4a: Despite differences in cultural orientation (collectivism/individualism), respondents from the three sample countries (America, Malaysia and Vietnam) will feel that pay is important to their job satisfaction.

Hypothesis 4b: Despite differences in cultural orientation (collectivism/individualism), respondents from the three sample countries (America, Malaysia and Vietnam) will feel that employees benefits packages are important to their job satisfaction.

Hypothesis 4c: Despite differences in cultural orientation (collectivism/individualism), respondents from the three sample countries (America, Malaysia and Vietnam) will feel that recognition is important to their job satisfaction.

4. Methodology

4.1 Measures

A wide variety of disciplines have examined the issue of job satisfaction, with data typically being collected from self-report surveys. The most common way of measuring job satisfaction is the use of rating scales where employees report reactions to their jobs. In measuring satisfaction with the three types of job rewards included in the model (pay, benefits, and recognition), we used the modified version of the scale by Spector (1985). For example, “Being paid fairly for the work that I do is important to my satisfaction on the job”; “Having a good benefits package is important to my satisfaction on the job”; “Receiving recognition for doing a good job is important to my satisfaction in the job”. In measuring the overall job satisfaction, we used the Job in General (JIG)

scale (Smith, Kendall, & Hulin (1969), which is a measure of global satisfaction with one’s job. For example, “Overall, I am satisfied with my job”.

Responses were based on a 7-point Likert-type scale, ranging from strongly disagree (1) to strongly agree (7) as shown in Table 2. In addition, each respondent was asked to provide selected background information, including university standing, major, gender, and work experience, as shown in Table 1. Except for the variables “university standing” and “major”, which are simply entered in the equation as continuous variables, “gender” and “work experience” are measured as dummy variables.

4.2 Sampling Technique

In this study, a questionnaire survey was administered to university students enrolled in U.S., Malaysia, and Vietnamese universities. Three samples were used to test the proposed hypotheses. The first sample consisted of 457 students from a Midwestern university in the U.S. The second sample included 391 students from a national university in Vietnam. Finally, the third sample consisted of 347 students from a national university in Malaysia.

5. Results

Table 1 reports selected profile or background information of the three samples (U.S., Vietnam, and Malaysia). The majority of the respondents from each of the countries were junior and senior business majors.

Table 1 Selected Profile of the Three Samples

Variables	US		Vietnam		Malaysia		
	(n = 457)	100%	(n = 391)	100%	(n = 347)	100%	
Major	Management	144	31.6	84	21.4	102	29.4
	Business Adm.	87	19.1	142	36.2	119	34.3
	Marketing	70	15.3	18	4.6	9	2.6
	Accounting	39	9.5	28	7.2	14	4.0
	Finance	33	7.2	6	1.6	16	4.6
	Others	84	18.3	113	29	93	26.8
University standing	Freshman	0	0	0	0	35	10.1
	Sophomore	3	0.7	0	0	82	23.6
	Junior	146	32.0	165	42.3	39	11.0
	Senior	308	67.4	226	57.7	191	55.1
Gender	M	230	50.6	204	52.1	200	57.8
	F	227	49.4	187	47.9	147	42.2
Do you have work experience?	Yes	429	93.9	167	42.6	230	66.8
	No	28	6.1	224	57.4	115	33.2

Table 2 shows descriptive statistics including means, and standard deviations for the three samples and ANOVA-test results. According to the analysis in Table 2, the overwhelming majority of the variables were rated between 4.9 and 6.3 on a 7-point scale. The results demonstrate that pay, benefits packages and recognition are important to students’ job satisfaction in all three countries. To determine if differences in perceptions exist across these three countries, an ANOVA test was conducted.

Table 2 Descriptive Statistics and Results of ANOVA F-Tests

variable	Economy/GNI									Culture											
	High income (USA)			Middle income (Malaysia)			Low income (Vietnam)			ANOVA test			Individualist society (USA)			Collectivist society (Malaysia & Vietnam)			ANOVA test		
	M*	SD	n	M*	SD	n	M*	SD	n	df	F	Sig.	M*	SD	n	M*	SD	N	df	F	Sig.
Pay	6.3	0.8	457	6.1	0.9	346	6.2	0.9	391	(2,1194)	2.3	NS**	6.3	0.8	457	6.2	0.9	734	(1,1191)	2.4	NS**
Benefit packages	6.2	0.91	455	5.8	1.2	346	5.9	1.1	390	(2,1191)	15.7	0.000	6.2	0.9	455	5.8	1.2	736	(1,1191)	29.3	0.000
Recognition	5.8	1.1	455	5.8	1.1	346	5.7	1.0	390	(2,1191)	0.08	NS**	5.8	1.1	455	5.8	1.0	735	(1,1190)	0.03	NS**
Overall job satisfaction	5.2	0.90	456	5.0	1.0	347	4.9	1.1	390	(2,1193)	9.4	0.007	5.2	0.9	456	4.9	5.0	736	(1,1192)	8.8	0.003

Table 2 shows that while all groups agree that pay, benefits package and recognition are important to job satisfaction, statistically significant differences exist between two of the four variables (benefits package and overall job satisfaction). The results support Hypothesis 4a in that pay is important to respondent’s job satisfaction in all three countries, despite differences in cultural orientation. However, the findings show statistically significant differences in perceptions regarding the importance of benefits packages to job satisfaction ($F(2, 1191) = 15.7, p < 0.001$). A closer examination of the means reveals that U.S. students exhibit a significantly higher agreement ($M = 6.2, SD = .91$) in their belief that benefits packages are important to job satisfaction than the Vietnamese ($M = 5.9, SD = 1.1$) or Malaysian students ($M = 5.8, SD = 1.2$). Hence, Hypothesis 4b is supported although significant differences are found in the level of support. U.S. students feel that benefits are more important in their job satisfaction than do the Vietnamese or Malaysian students. In addition, results in Table 2 support Hypothesis 4c that recognition is important to respondent’s job satisfaction. The result may suggest that regardless of their culture, all respondent groups have similar perceptions about the importance of employee recognition to their job satisfaction. Finally, while all respondent groups indicate they are satisfied with their job, U.S. students were found to have significantly higher levels of satisfaction.

Next, regression analysis was conducted to examine the impact of pay, benefits packages and recognition on job satisfaction. We would expect that all three variables would positively impact job satisfaction. Table 3 shows this expected relationship. All three variables significantly impact job satisfaction with pay providing the largest level of support, followed by benefits and then recognition. Hence, the regression Model 1 supports Hypotheses 1, 2, and 3.

Table 3 Results of Regression Analyses on Job Satisfaction ^a

Variables	Model 1	Model 2
Pay	0.40***	0.40***
Benefits package	0.30***	0.29***
Recognition	0.25***	0.25***
Gender		-0.02
Country (GNI)		0.08
Culture		0.09
Work experience		0.04
R	0.73	0.74
R ²	0.54	0.55
R ² change		0.03
F change	458**	2.9

Note: ^a Standardized regression coefficients are reported; *** $p < 0.001$; N = 1195.

In Model 2, in Table 3, when gender, country (GNI), culture (individualistic/collectivistic) and work experience were added, the impact on R^2 was only .03, which is not statistically significant. The results show that none of the above-mentioned control variables was found to influence job satisfaction significantly. This further implies that the three proposed rewards are among the main predictors of job satisfaction (e.g. Nelson & Spitzer, 2003; Gostick & Elton, 2007; Sartain & Finney, 2003) and are consistently important to job satisfaction in Western and non-Western countries and across differing levels of GNI.

6. Discussion

One of the goals of the current study was to assess the relative impact of three types of rewards on job satisfaction. To that end, we performed a regression analysis as shown in Table 3. Our analysis provides support for three important findings. First, as posited, pay, recognition and benefits were found to affect students' job satisfaction positively. Second, these three variables show a statistically significant positive impact in explaining the change in students' job satisfaction and are greater than or equal to $\beta = 0.25$. Third, the three variables altogether explain about 54 percent of the variance in students' job satisfaction ($R^2 = 0.54$). These findings are consistent with the predicted relationships and provide support to our proposed model. This suggests that the more the suggested rewards are in place, the more satisfied are the employees, which according to previous research will favorably impact employee and organizational productivity (Daniels, 1999; Nelson, 2005).

An interesting finding of this study is that respondents across all three countries are not only satisfied at work and motivated by monetary rewards such as pay and benefits packages, but are also motivated by nonmonetary rewards such as recognition, an area often overlooked by managers (Darling et al., 1997). This finding encourages organizations to develop a comprehensive strategy that involves both financial and nonfinancial rewards that take into account both organizational and national cultures (Armstrong, 2009; Dowling et al., 2009) considering that each reward motivates employees differently. If employees feel that they are not valued for their contributions or rewarded, their commitment may be threatened (Nelson, 2005).

Table 2 shows that respondents from the three sample countries believe that benefits packages are important to their job satisfaction. However, the U.S. students felt that benefits packages are more important than the Malaysians or Vietnamese students. One possible explanation is the rising cost of benefits in the U.S., which makes benefits packages an important part of the overall compensation package. At present, the cost of benefits (including health care cost) consists of 40 percent of the total compensation package (DeCenzo & Robbins, 2010; Milkovich & Newman, 2008; Robbins & Judge, 2008). This may suggest that, if managers are to attract, hire, motivate and retain the best and brightest employees, they need to understand what employees need and expect from their employers regarding total compensation packages. Recognition is important to job satisfaction, regardless of employees' culture or country's level of economic development (GNI). However, this does not mean that culture (individualist/collectivist) of the respondents does not affect the way rewards such as pay and employee recognition programs are managed (Dowling et al., 2009; Tayeb, 2005). It could be argued that although rewards (e.g., pay and recognition) affect job satisfaction, the way they are implemented should reflect organizational and national culture; in short, local adaptation is needed. According to Darling et al. (1997), rewards should be adjusted according to what the given culture values. To be effective, a recognition program must be part of a culture of valuing employees (Darling et al., 1997).

The respondents in the U.S. sample reported significantly higher overall job satisfaction than did the

Vietnamese and Malaysian samples, and significantly higher importance in benefits on overall job satisfaction. One possible explanation is the way employees are managed—compensated, treated and supervised (Harris, 2009; Robbins & Judge, 2008). This may be due to the introduction of the progressive HRM and the government laws that affect HRM in the US (e.g., Social Security Act of 1935; Fair Labor Standards Act [FLSA] of 1938, Equal Pay Act of 1963, Civil Rights Act of 1964; Employee Retirement Income Security Act [ERISA] of 1974; the Privacy Act of 1974; Consolidated Omnibus Budget Reconciliation Act 1985 [COBRA]; the Worker Adjustment and Retraining Notification Act of 1988; the Family and Medical Leave Act of 1993; Health Insurance Portability and Accountability Act 1996 [HIPAA]). The above laws were introduced to protect and promote employees' economic and social wellbeing. Research shows that over the past 30 years, the majority of U.S. workers have been satisfied with their jobs, although they indicate less satisfaction with their pay and promotional opportunities recently (Harris, 2009; Robbins & Judge, 2008). Robbins & Judge (2008) concluded that there has been a decline in job satisfaction since the early 1990s—nearly an eight percent drop in the United States alone during what has been labeled a period of economic expansion. Plausible explanations for this decline in job satisfaction may be heavier workloads that have resulted in increased productivity, tighter deadlines and the general feeling by employees that they have less control over their work. Robbins & Judge (2008) argue that while some segments of the market are more satisfied than others are, these areas tend to be higher paid, have higher skilled jobs, and provide workers more control.

7. Implications

The findings of this study have important implications for U.S., Malaysian and Vietnamese managers. This research demonstrates that employees are not only satisfied and motivated by monetary rewards, but also nonmonetary areas. Recognition plays an important role in making employees feel valued and motivated and transcends national borders. Regardless of respondents' culture and economic development, recognition was found to affect their job satisfaction significantly. While a “one way fits all” approach to employee recognition does not provide the desired outcome, employee recognition strongly affects job satisfaction. This suggests that regardless of a country's culture (individualistic/collectivistic) and level of economic development (low, middle and high income), employees need to be recognized and praised for their contribution to the organization. As a result, companies must give more attention to the individual needs and circumstances of each employee. “One person's recognition may be perceived by another person as punishment (Islam & Ismail, 2004, p. 113).” Methods and techniques that are successful in one environment may be inappropriate in another. Gostick and Elton (2007) conclude from a survey based on 200,000 employees that employee recognition, long considered a benefit that costs money, can actually be a management tool that makes money; it is inexpensive to give, but priceless to receive. Finally, the importance of benefits to overall job satisfaction varies by country. It appears that, in countries with more progressive policies (e.g., the U.S.), benefits provide more impact on overall job satisfaction.

Job Satisfaction can be an important indicator of how employees feel about their jobs. Managers should be interested in their employees' job satisfaction because attitudes provide warnings about potential problems. Attitudes influence behavior (e.g., intention to quit, reductions in productivity, absenteeism, and turnover). Thus, it is imperative that managers, supervisors, human resource specialists, employees, and citizens in general should be concerned with ways to improve job satisfaction.

8. Conclusions and Future Research

This study concludes that both financial and nonfinancial rewards, as measured by pay, benefits and recognition have a role in influencing job satisfaction. Our findings extend previous research on job satisfaction by examining samples from three countries with different cultures and levels of economic development (GNI). This study provides further understanding regarding the perceptions of Americans, Vietnamese and Malaysians about factors that affect their job satisfaction. This finding has merit because previous research has demonstrated the link between job satisfaction and performance/productivity. Managers should consider the impact of the three rewards examined in developing effective recruitment and retention policies. This study adds to the literature on “job satisfaction” in that it empirically tests a large sample (N = 1195). Hence, this study has both practical and theoretical implications and demonstrates that employees are satisfied and motivated by both monetary and nonmonetary rewards.

While this study is an important step in understanding the impact of different types of rewards on job satisfaction, it also leaves some questions open for future research. While the study used student samples in three countries (Vietnam, Malaysia, and the U.S.), and the respondents (students) had some work experience, the findings may not be generalizable to the whole population. Hence, future research should be directed at examining the perceptions of full-time employees. Moreover, longitudinal research comparing students’ perceptions regarding job satisfaction with their perceptions once they have been on the job for a period of time would provide additional information about the importance of these measures on overall job satisfaction. These factors may be more or less important at different times throughout an employee’s career. Future research should try to replicate the current study in other Asian countries (collectivist cultures) before generalizing the findings.

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