

Benefits And Rewardsin Sultan Azlan Shah University

Faridatul Amira Zainuddin¹, NurEzzati Redzuan², Azizan Md Nordin³
^{1,2,3}Student of Master of Management, Sultan Azlan Shah University, Kuala Kangsar, Perak, Malaysia
Corresponding Author: Faridatul Amira Zainuddin

ABSTRACT: The rewards and benefits system is an important part of an organization administered by the Human Resources Department. This system will give benefit to employees as well as be able to attract talented individuals, influence the attitudes, decisions, and performance of employees to continue service in the organization. To retain staff with the skills and qualifications in a particular field is a challenge faced by the Human Resources Department to compete with the other organizations which have offer rewards and benefits system that prioritize employees. The rewards and benefits system also has a direct impact in terms of financial costs organizational. Sultan Azlan Shah University (USAS) has been selected to conduct this study for in-depth explanation about the reward system and benefits to their staffs.

KEY WORD: Rewards, Benefits, Sultan Azlan Shah University

Date of Submission: 08-12-2020

Date of Acceptance: 21-12-2020

I. INTRODUCTION AND LITERATURE REVIEW

Sultan Azlan Shah University is a university registered under Private Higher Learning Institutions (IPTS) located in Bukit Chandan, Kuala Kangsar, Perak. Sultan Azlan Shah University (USAS) was formerly known as Kolej Islam Darul Ridzuan (KISDAR) was established in 1999 by the Majlis Agama Islam dan Adat Melayu Perak and registered with the Jabatan Agama Islam Negeri Perak. On December 19, 2013, KISDAR perfectly officiated an upgrade to Sultan Azlan Shah Islamic University College (KUISAS) by Duli Yang Maha Mulia Pemangku Raja Perak Darul Ridzuan Raja Dr. Nazrin Shah Ibni Sultan Azlan Muhibbuddin Shah. On June 10, 2016, the Prime Minister, Y.A.B Dato 'Seri Najib Tun Abdul Razak made the official declaration that the Sultan Azlan Shah Islamic University College (KUISAS) was promoted to a complete university with immediate action and known as the Sultan Azlan Shah University (USAS). USAS currently consists of 411 staff and 5676 students. USAS is offering study programs from Foundation in TESL to Doctor of Philosophy. In addition, USAS also offers the Tahfiz Programme to students aged 7 to 12 years old. In administrative management, the reward and benefits system offered by Sultan Azlan Shah University is well-received by all employees. The reason for the administrators to manage the rewards and benefits system is to encourage employees to increase their level of commitment to the organization.

Rewards can be defined as payment, compensation, remuneration or salary and wage management. Rewards are one of the important elements to motivate employees to contribute their best efforts to generate innovative ideas that lead to better job tasks and can improve organizational performance with excellence. Besides that, skills, knowledge, and competencies will be further enhanced when the employee has work experience for a long period (Salim et al., 2015). The benefit is an advantage received by the employee from the employer in the form of non-financial and as an addition other than the salary received for each month. According to Gordon (Mura, 2002) most organizations use benefits or incentives as an addition to the salary. The benefits offered by each organization vary slightly depending on the financial position of the company. For companies that have a strong financial position and high profits for each year, they can offer better benefits to employees while for companies with a low financial position, it is quite difficult for them to offer more benefits to employees.

Based on a study of the relationship between rewards and work performance that has been implemented by Ismail (2005) conducted in the Malaysian Immigration Department, KLIA shows that there is a positive and significant relationship between job performance with four selected factors, namely the workplace environment, rewards and recognition, commitment to the organization as well as skills and knowledge. It is also supported by (Khan et al., 2013) where a study was conducted on employees in the Banking Sector of Pakistan which showed a significant and positive relationship between intrinsic rewards and job performance. This indicates that respondents agrees that intrinsic rewards increase job satisfaction and performance that can meet company's objectives. Also, according to (Amin et al., 2019) a study conducted on teachers' in schools under the Ministry of Education Malaysia (MOE) found a positive and significant relationship between rewards with Key Performance Indicator (KPI) and teachers' work performance. This shows that KPIs are fundamental

and necessary to improve teachers' work performance and rewards that can influence different levels of achievement among teachers'.

This study contributes to knowledge and practice. First, in terms of knowledge development, it can contribute to the impact of KPIs on teachers' performance and the use of JD-R theory and equity theory in education. Second, in terms of practice, it can be input into the policy setting at the MOE level. Referring to a study conducted by (Mohd Noah & Muhamad, 1999) among UPM Administrative Officers, the results of the study showed the existence of an equally dominant relationship between work environment, promotion opportunities, salary, supervision, and colleagues with job satisfaction. The results of the study also shows that every aspect, such as the work environment, promotion opportunities, salaries, supervision, and employment have a significant influence on job satisfaction. Promotion and salary opportunities are factors related to material rewards to occupy the fourth and final place among UPM Administrative Officers (Mohd Noah & Muhamad, 1999). Based on previous studies, reward and benefit are factors that can influence employees' performance, provide motivation and level of employees' satisfaction in the organization.

II. REWARDS

The reward system is divided into two, which are intrinsic rewards and extrinsic rewards. Extrinsic rewards are financial rewards paid directly to employees such as salaries or wages, bonuses, allowances, and compensation. Salary given by employers to employees as a return for their work that has been done or completed, whereas, wage payments to employees can be given via cash on a daily, weekly, or monthly basis. According to the Employment Act 1955, the employees covered below are all employees who receive a salary not exceeding RM2, 000.00 per month and also all manual workers without salary limit. If you are a foreign worker whose employment is legal in this country, you are also covered by the Employment Act 1955. In USAS the salary system is based on the USAS salary scheme that has been set from low positions up to Executive Management. Each year, the increase in employee salaries is based on an assessment of employee performance. Apart from salary, employees also receive food allowance and USAS service allowance. For employees who hold special positions are also given special allowances. Some of the staff who have been served long in USAS, have received two or three salary increases due to their contribution from Darul Ridzuan Islamic College to become a University. These are the reward factors that can influence the staffs to continuously serve in USAS.

In addition, the reward and benefits system also follows the Policies that have been set and provided by the Human Resources Department to employees. Allowances are payments to employees who have worked overtime than the scheduled work. According to the Employment Act 1955, an employee who is required to work on a day off, must be paid an additional daily salary of the normal rate for the employee. In USAS, employees who are required to work overtime to perform their duties will be given an allowance payment. Therefore, employees will be motivated to perform their assigned tasks better. The bonus is an additional payment by the employer to the employee based on the company's profits earned each year. Each organization has different bonus payments to their employees where some are based on either job performance or company profits.

Intrinsic rewards are non-financial rewards such as appreciation, honour, and praise (Jamaludin & Zawawi, 2014). According to Dewhurst et. al (in Aktar, Sachu, & Ali, 2012), in addition to rewards in financial form, there are other ways to reward employees. Performance awards, letters of appreciation, long service awards, and sponsorship to attend conferences, award ceremonies and tokens of appreciation are non-financial rewards given by the organization to employees as an appreciation for the efforts of employees in helping the organization to succeed. This method has also been applied in USAS, where every year the performance of employees will be assessed through the Performance Appraisal System. Those who had achieve excellent performance will be given token of appreciation and RM1, 000.00 as a reward by the employer so that employees will feel appreciated and motivated in performing their duties. Some managers gives compliment and attention to employees when employees perform important tasks. This also brings up the meaning that, employees will spend maximum energy when they have a thought or belief that their efforts will be rewarded by management. This is because rewards will motivate and encourage employees to increase efficiency in performing their duties to achieve organizational goals (Gana & Bababe in Amin et al., 2019). Many factors influence employees performance such as workplace conditions, relationships between employee and employer, training and development opportunities, job security, and overall company policies and procedures to reward employees and others.

III. BENEFITS

Sultan Azlan Shah University offers several benefits to staff including medical benefits, leave, insurance, study facilities, and many more. Benefits from the management can motivate employees, attract good interest in joining the organization, reduce turnover, and maintain the image of the organization (Mura, 2002). The medical benefits are provided to each employee to help them to receive medical treatment. Each year, employees will be allocated for healthcare from RM 1,700.00 until RM 4,000.00 depending on the category of position they held. The medical provision also covers the responsibilities of the staff such as parents, wife or husband, and children following the terms and conditions that have been set. The liability is for employees with permanent status and contracts only. Meanwhile, a panel clinic near the organization is also provided so that it can help employees get treatment in the event of an emergency. Employees' health also needs to be taken care in order to maintain and increase the productivity of the organization. These benefits also include medical certificate leave given to unhealthy employees so that they are given adequate rest and return to work more actively and able to bring on better change to the organization.

Leave are a privilege given to employees to rest and also to spend time with family. Workers should not be forced to work daily without leave because humans need time to rest to regenerate energy so that they can perform their work better and produce quality work. There are various types of leave such as public holidays, rest leave, sick leave, maternity leave, and so on. Not all such leave is allocated to employees because each organization offered different leave. For example, the government offers study leave to employees who further study to improve their academic qualifications and knowledge while private companies do not offer those benefits. Therefore, USAS already allocate 14-days leave for staff who want to further study for them to achieve a better level of education. Through this method, many staff has continued their studies until the Doctor of Philosophy.

The Employees Provident Fund (EPF) and the Social Security Organization (SOCSO) are benefits that organizations need to contribute to employees. Every month employees need to scratch in EPF with is deducted either 11% or 13% from the employees' salaries given by the employer. This money is saved to guarantee the expenses of employees for their future use. Employees can withdraw the money when they reach the age set by the EPF but for the second account, employees can use it for housing financing, education, and others provided by the EPF. Among the advantages to employees who have served for a long time and in return for the services of employees, USAS has contributed 20% on behalf of the employer every month for its employees. This is one of the benefits that his employees greatly appreciate for the employer. SOCSO, on the other hand, will compensate employees in the event of an accident or death while performing duties and is unable to work. The contribution rate charged is 0.5% of the employee's salary and 1.75% of the employer's per month. Such benefits are mandatory to be contributed by employers and employees because it gives advantages and benefits to employees and employers. The Human Resources Department will help manage Socso's claims for employees who want to apply.

IV. CONCLUSION

Reward and benefits are very important for employees and are evaluated before starting their service. Human Resources Department needs to ensure that the rewards and benefits given are equal with the position held by an employee. Although it is difficult for Human Resources to implement a system of rewards and benefits, Human Resources must manage it so that employees can improve job performance and increase productivity in the organization from time to time. An attractive reward system will motivate employees to perform tasks better and also be able to improve job performance. According to Kessler & Purcell (in Khan et al, 2013), rewards in the form of money given to employees individually tend to improve a culture that focuses on improving the quality of performance. On the other hand, according to Chiang & Birtch (in Khan et al, 2013) non-financial rewards, such as giving and increasing leave as well as increasing benefits for families will give the impression of employees who see the workplace as a 'supportive and caring organization'. According to (Salim et al., 2015) the ability of managers to plan and implement a performance-based reward system effectively can help further improve positive individual attitudes and behaviours (e.g., satisfaction, commitment, personality, ethics, and career). Thus, this positive attitude can motivate employees to provide solid support to help the organization to achieve and maintain competitiveness of the organization in the era of rapid economic growth.

REFERENCES

- [1]. Akta. 1955. Akta Kerja 1955 (Part 19). Kuala Lumpur:International Law Book Service.
- [2]. Aktar, S., Sachu, M. K., & Ali, M. E. (2012). The Impact of Rewards on Employee Performance in Commercial Banks of Bangladesh: An Empirical Study. *IOSR Journal of Business and Management*, 6(2), 9–15. <https://doi.org/10.9790/487x-0620915>
- [3]. Amin, N. B., Amir, A. M., & Ismail, S. F. (2019). Key Performance Indicators Tugas, Ganjaran Dan Prestasi Kerja Gru Di Sekolah Kerajaan. *Jurnal Kepimpinan Pendidikan*, 1(Bil.6, Isu 4), 60. Retrieved from http://umrefjournal.um.edu.my/filebank/published_article/6255/Template 4.pdf
- [4]. Ismail, K. (2005). Faktor Yang Mempengaruhi Prestasi Kerja Pegawai Di Jabatan Imigresn Malaysia, KLIA. *Journal of Chemical Information and Modeling*, 12 Suppl 1(9), 1–29. <https://doi.org/10.1007/978-1-4614-7990-1>
- [5]. Jamaludin, Z., & Zawawi, M. Z. (2014). Kesan Ganjaran Dan Persekitaran Kerja Terhadap Komitmen Afektif Staf Sokongan. E-Proceedings of the Conference on Management and Muamalah, (May), 281–286. <https://doi.org/10.1007/s13398-014-0173-7.2>
- [6]. Khan, I., Shahid, M., Nawab, S., & Wali, S. S. (2013). Influence Of Intrinsic And Extrinsic Rewards On Employee Performance: The Banking Sector Of Pakistan. 4(1), 282–291. Retrieved from [www.savap.org.pkwww.savap.org.pkwww.journals.savap.org.pk](http://www.savap.org.pk/www.savap.org.pk/www.journals.savap.org.pk)
- [7]. Mohd Noah, S., & Muhamad, M. (1999). Kepuasan bekerja di kalangan Pegawai Tadbir Universiti Putra Malaysia, Serdang, Selangor. *Pertanika Journal of Social Sciences & Humanities*, 7(1), 59–70.
- [8]. Mura, F. H. (2002). Kajian Faktor Ganjaran Dalam Memotivasikan Pekerja Sokongan : Kajian Di Salah Sebuah Organisasi Kerjajaan. (April 2007).
- [9]. Salim, S. S., Roszaide, S., Ismail, A., & Yussof, I. (2015). Peranan sistem ganjaran berdasarkan prestasi dalam meningkatkan komitmen organisasi: kajian kes penjawat awam di Putrajaya dan Selangor, Malaysia. *Geografia : Malaysian Journal of Society and Space*, 11(10), 51–62.

Faridatul Amira Zainuddin, et. al. "Benefits And Rewardsin Sultan Azlan Shah University." *International Journal of Business and Management Invention (IJBMI)*, vol. 09(12), 2020, pp. 15-18. Journal DOI-10.35629/8028