

Study on the Relationship between Employee Perception about the Fairness of the Reward System and Job Satisfaction of Generation Y Employees in Cambodia

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Abstract. Fairness is a controversial subject and many academics and researchers bring it into discussion. The rewards given are perceived when the employees depend on the scope of three components of justice to be equal and equitable. It is the key reason that the current study on the relationship between employee perception about the fairness of the reward system and job satisfaction of Generation Y employees in Cambodia. The research develops a quantitative approach to data collection and interpretation. Based on the findings, there is a high correlation between those variables to the relationship between organizational fairness in compensation and job satisfaction. Hence, due to the fact that it has a positive effect on the job satisfaction of Generation Y employees, the institution should consider the current system or implementation to provide fairness in rewards. The recommendation for researchers is to broaden the scope of the study to other Generation X or Generation Z, or to equate it with other generations in order to see a different perspective.

Keywords: job satisfaction, Generation Y employees, perception, Cambodia

Introduction

Fairness is an essential fundamental of rewarding or compensation schemes (Scott, 2018). According to Scott, McMullen and Royal (2011), survey results, employee attitude, behavior, and performance are strongly linked to fairness in reward. For the management in general, rewarding workers is one of the most difficulties. To evaluate the rewarding policies and strategies such as productivity, internal equity, organizational success and individual performance, there are many factors to consider (Heneman, 2007). Design reward programs, policies, and practices require perceived fairness. If those are not perceived equitably, companies could not hire, maintain, and engage employees (Ceplenski, 2013). One of the challenges is the generational diversity of the workplace. There are five generations including Traditionalists, Baby Boomers, Generation X, Generation Y, Millennials and Generation Z (Tolbize, 2008). Each has different characteristics, perceptions, and preferences. To develop successful recruitment, training, motivation, and retention program, it is deeply necessary for managers to recognize those points (Wey Smola & Sutton, 2002; Westerman & Yamamura, 2007).

Generation Y is an essential resource in the current workplace for companies to contribute to attaining goals and objectives. Generation Y employees' key concerns are how to keep them loyal to remain within the current company for the long term, attract them to work, and engage them (Brown, et al., 2009; Bannon, Ford & Meltzer, 2011; Maritim, 2014). A variety of organizations has been solved these issues by designing and implementation of a compensation scheme with multiple rewards to attract and maintain the generation (McPhie & Sapin, 2006; Nassazi, 2013).

Justice and equity are interrelated concepts with a strong relationship with perception of salary fairness among employees (Balassiano & Salles, 2012). For any institution, perceived fairness is considered more important. Rewarding to employee require strong fairness. Generation Y employees have different preferences and perceptions. Additionally, they are hard to retain (Rollsjö, 2009).

Based on the CDRI report (2019), there are around 33 % of Cambodia 's population for Generation Y of Cambodia (Netra, et al., 2019). It is estimated that about 300,000 young

Cambodians reach the labor market annually (UNDP, 2020). That implies a scenario that generation Y belongs to the majority of those in the local work force. Looking at the age range from 20-34 and 35-39 in the population pyramid of Cambodia (Worldometer, 2020), the mean, median, and mode of population are mostly within those ranges. It thus clearly demonstrates that Generation Y is a significant part of the workforce in Cambodia.

Therefore, the purpose of the research is to study the relationship between employee perception about the fairness of the reward system and job satisfaction of Generation Y employees in Cambodia.

Literature Review

The theory of organizational justice derived from Adam 's Theory of Equity will be used for the relation of each variable. The fairness perception in rewarding is composed of three key factors such as distributive justice, procedural justice, interactional justice (Gilliland, 1993; Pan, et al., 2018). The graph provides theoretical framework of the relationship theory between organizational justice and job satisfaction as below (Arboleda & Bekic, 2016).

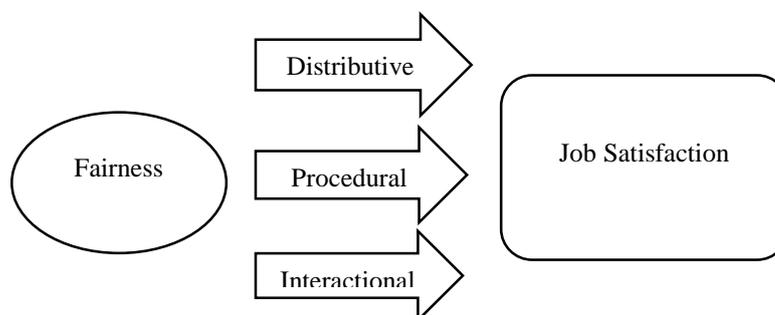


Figure 1. Theoretical framework

The theory began in 1963 by John Stacy Adams. Equity's synonym is fairness and justice. Equity can be defined as a proportion between the inputs given by the person and the result considered to be a reward (Oliver & Swan, 1989).

According to Staw, Sutton and Pelled (1994) indicated that there are three dimensions of evaluation for job satisfaction: cognition (comprehension of organization by the employee), emotion (positive or negative feeling) and behaviour (activities or acts performed by employees in the organization). Furthermore, Maslow's theory is one of the essential theoretical contexts to job satisfaction. Maslow (1958) claimed that, in life, humans go through various needs depending on the individual circumstance. Maslow 's hierarchical needs to provide the model of what mentally as well as emotionally requires human protection. There are five core of needs include physiological, safety, love, esteem, and self-actualization.

Iqbal (2013) studied the determinants of organizational justice and their effect on job satisfaction. The outcome demonstrated that two aspects of organizational justice (procedural justice and interactional justice) have a significant impact on job satisfaction. Nonetheless, distributive justice has a less significant impact on job satisfaction. Regarding to result, it can be mentioned that the employees have a clear understanding of their line manager's rewarding and communication procedures. Hence, to make the employee satisfied, more consideration should be taken about procedural and interactional justice

The research conducted by Xu (2009) entitled "The Study of the Relationship between Organizational Justice and Job Satisfaction on Y Generation in Chinese IT Industry. It shows that there was a significant relationship between components of organizational justice (distributive justice, procedural justice and interactional justice) and job satisfaction. Two of the three forms of organizational justice, however, are more predictive to job satisfaction. This

means that a consistently strong predictor of job satisfaction will be distributive justice and procedural justice. Its effect does not have a positive significant relationship for interactive justice, so there should be a discussion.

Methodology

The research study approach is quantitative (Quick & Hall, 2015). This study investigates the effect of fairness components in the reward system on job satisfaction of Generation Y as the dependent variable. The descriptive-correlational methods will be used to determine the relationship between the three components of fairness or justices with job satisfaction. The population of the study is the full-time employee working in the private institution. There are a 100 respondents will participate in the survey. The data collected were analysed with the SPSS application. Descriptive statistics (mean and standard deviation) and Correlation Analyses were used for the study (Petrowski, 1997).

Regarding to Kothari (2004), the value is between -1 and +1.

The measurement scales are deemed as follows:

RANGE	INTERPRETATION	DESCRIPTION
±1	Perfect Correlation	Fully Dependable Relationship
±0.91-±0.99	Very High Correlation	Very Dependable Relationship
±0.71-±0.90	High Correlation	Marked Relationship
±0.41-±0.70	Moderate Correlation	Substantial Relationship
±0.21-±0.40	Slightly High Correlation	Definite but Small Relationship
±0.00-±0.20	Slight Correlation	Almost Negligible Relationship

Findings and Discussion

Demographic Data

The information of respondents such as gender, age, job duration, and job level are included in the first part of the questionnaire to give a clear picture of the respondent profile.

Gender

Figure 2 below shows the gender distribution of the study's sample size of 100 respondents. Based on Table 1, the number of males is more than females. The male respondents have a total of 43 which accounts for 43 % of the whole samples while female respondents have a total of 57, accounting for 57%. The gap proportion between males and females is 14 %. This indicates the good representation of both genders in the study.

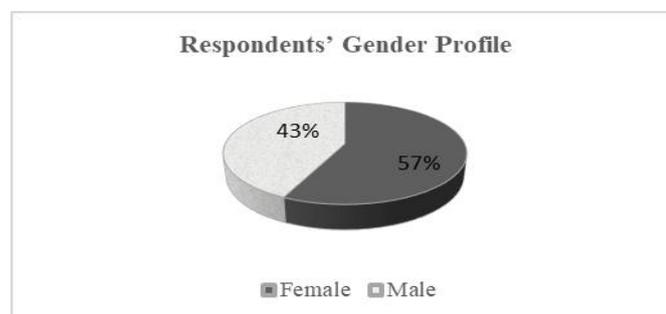


Figure 2. Respondents' gender profile

Age

Figure 3 shows the age distribution of the respondents. All the respondents were in Generation Y. The respondents' ages were grouped into 3 categories: Below 22, 23-30 years,

31-36 years. Two age groups with the most respondents are below 22, accounting for 33% and 23-30 years, which account for 43%. Both ages take more than 50% of the respondents. Therefore, it represents the central age group of generation Y. The least respondents were in the group age: 31-36 years covering only 24% of the whole samples.

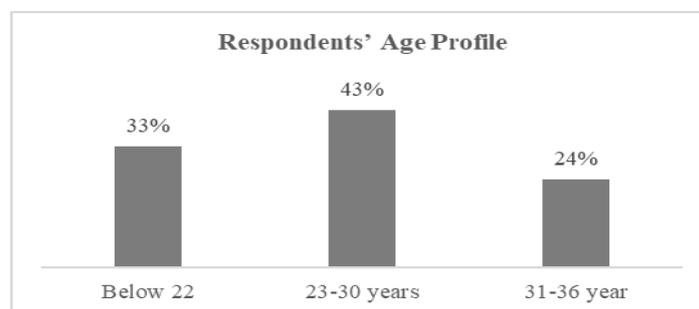


Figure 3. Respondents' age profile

Job Duration

Based on Table 1, most of the respondents are working in the organization for less than 2 years with 32%, and from 2 to 4 years with 36%. Both propositions cover more than 50% of the whole sample sizes. The least respondents from 4 to 5 years which accounts for 12% of the sample.

Table 1. Respondents' job duration profile

Job Duration	Frequency	Percentage
Less than 2 years	32	32%
2-4 years	36	36%
4-5 years	12	12%
More than 5 year	20	20%
Total samples	100	100%

Job Level

Table 2 shows that there are three job-level categories. Most respondents are at middle management level which accounts for 46%. The entry level has a total of 31 respondents accounting for 31%. The least is at the managerial level with 23%. It shows that the most respondents in Generation Y are at middle management level.

Table 2. Respondents' job level profile

Job Level	Frequency	Percentage
Entry Level	31	31%
Middle Management Level	46	46%
Managerial Level	23	23%
Total Samples	100	100%

Research Findings

Table 3. Distributive statistics of organizational justice components and job satisfaction

Variables	Mean	Std.Deviation
Job Satisfaction	3.57	0.59
Organizational Justice	3.54	0.49

Distributive Justice	3.65	0.52
Procedural Justice	3.48	0.58
Interactional Justice	3.45	0.58

Table 3 shows the descriptive statistics of the research. The mean score for Organizational justice is 3.54 and the standard deviation is 0.49. The perceptions of organizational justice over reward were moderate, based on the mean criteria set out in Chapter 3. The most perceived organizational justice component was distributive justice with a mean of 3.65. This is followed by Procedural Justice with a mean score of 3.48 and the least is Interactional Justice with the mean of 3.45 and a standard deviation of 0.58. The outcome of the study indicates therefore that the three components of organizational justice: distributive justice, procedural justice, and interactional justice come to the conclusion that the perception of justice was accomplished.

Table 4. Correlation between justice components and job satisfaction

Variables	Distributive justice	Procedural justice	Interactional Justice	Job Satisfaction
Distributive Justice	1	0.63**	0.55**	0.56**
Procedural Justice	0.63**	1	0.78**	0.66**
Interactional Justice	0.55**	0.78**	1	0.65**
Job Satisfaction	0.56**	0.66**	0.65**	1

Note: ** Correlation is significant at the 0.01 level (2-tailed)

Table 4 indicated that there is a positive correlation between distributive justice in rewarding and job satisfaction with coefficient is 0.56. Our findings were consistent with Kothari (2004). This denoted that there is a moderate correlation between distributive justice and job satisfaction. Moreover, there is a positive moderate correlation between procedural justice and job satisfaction with coefficient of 0.66. This implies that rewarding procedures have a significant effect on employee satisfaction. It shows the positive moderate relationship between interactional justice and job satisfaction with coefficient of 0.65. In details, the manager's fair communication and treatment related to rewarding would make the employee feel satisfied. Procedural justice has the greatest relationship to job satisfaction as compared to each aspect of justice with job satisfaction. Procedural justice also has the strongest relationship with interactional justice ($r=0.78$) and least with distributive justice ($r=0.55$). It suggests that the employee's perception of fairness of communication and treatment of managers regarding to compensation or rewarding to the employee often elevates the employee's perception of the fair policy, theory, or method of rewarding related decision-making.

Table 5. Correlation between organizational justice and job satisfaction

Variables	Organizational Justice	Job Satisfaction
Organizational Justice	1	0.72**
Job Satisfaction	0.72**	1

Note: **. Correlation is significant at the 0.01 level (2-tailed)

Table 5 showed that there is a positive significant relationship between the perception of organizational justice and job satisfaction with vale of coefficient 0.72, based on Kothari (2004), and it comes to the conclusion that organizational justice is a high correlation in terms of reward and job satisfaction.

Conclusion

Regarding to the results of this study, all components of perceived fairness in rewards have a positive effect on employee satisfaction in Generation Y. Looking at the correlation analysis, the highest correlation coefficient value is procedural justice in reward, and the following is interactional justice. Though, the value variance is very close (difference=.003). It could infer that reward-based interactional justice is a special and distinct aspect of organizational justice. The study gives implications on other employee perceptions and cross-institutions and countries for potential research analysis.

Hence, due to the fact that it has a positive effect on the job satisfaction of Generation Y employees, the institution should consider the current system or implementation to provide fairness in rewards. The recommendation for researchers is to broaden the scope of the study to other Generation X or Generation Z, or to equate it with other generations in order to see a different perspective.

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