# THE INFLUENCE OF BENEFIT SATISFACTION ON INTERPERSONAL DISCRIMINATION: A CASE AT UPSB SDN. BHD.

By
SAIFUL AZIZI ISMAIL

Thesis Submitted to the Centre for Graduate Studies,

Universiti Utara Malaysia,

In Fulfillment of the Requirement for the Degree of Master of Human Resource Management (MHRM)



# **KOLEJ PERNIAGAAN**

(College of Business) Universiti Utara Malaysia

# PERAKUAN KERJA KERTAS PROJEK

(Certification of Project Paper)

Saya, mengaku bertandatangan, memperakukan bahawa (I, the undersigned, certified that)
SAIFUL AZIZI BIN ISMAIL(803563)

Calon untuk ljazah Sarjanamuda (Candidate for the degree of) MASTER OF HUMAN RESOURCE MANAGEMENT (MHRM)

telah mengemukakan kertas projek yang bertajuk (has presented his/her project paper of the following title)

# THE INFLUENCE OF BENEFIT SATISFACTION ON INTERPERSONAL DISCRIMINATION: A CASE AT UPSB SDN. BHD.

Seperti yang tercatat di muka surat tajuk dan kulit kertas project (as it appears on the title page and front cover of the project paper)

Bahawa kertas projek tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan.

(that the project paper acceptable in the form and content and that a satisfactory knowledge of the field is covered by the project paper).

Nama Penyelia

(Name of Supervisor)

ZUCKIFLEE DAUD

Tandatangan

(Signature)

05 MAY 2010

Tarikh (Date)

# **PERMISSION TO USE**

In representing this thesis in partial fulfilment of the post graduate degree from Universiti Utara Malaysia, I agree that the University Library make it freely available for inspection. I further agree that permission of copying of this thesis in any manner, in whole or in part, for scholarly purposes may be granted by my supervisors or, in their absence, by the Dean of Research and Postgraduate Studies Office. It is understood that any copying or publication or use of this thesis or part thereof for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to Universiti Utara Malaysia for any scholarly use which may be made of any material from my thesis.

Requests for permission to copy or to make other use of materials in this thesis, in whole or in part should be addressed to:

Dean of Research and Postgraduate Studies Office
College of Business (COB)
Universiti Utara Malaysia
06010 Sintok
Kedah Darul Aman

### **ABSTRAK**

Diskriminasi perorangan (interpersonal discrimination) merupakan salah satu jenis diskriminasi yang selalu berlaku di dalam organisasi. Ia akan melibatkan perhubungan di antara pekerja dan majikan di dalam organisasi. Kajian ini memfokus kepada pengaruh faktor kepuasan faedah terhadap diskriminasi perorangan di dalam organisasi. Data dikumpul melalui pengedaran soal selidik kepada pekerja operasi di dua jabatan iaitu persekitaran kebersihan and persekitaran lanskap. Analisis kolerasi dan regresi dilakukan untuk menguji perhubungan antara pembolehubah. Keputusan menunjukkan kepuasan faedah mempengaruhi secara negatif terhadap diskriminasi perorangan. Melalui faktor analisis, didapati bahawa terdapat tiga dimensi diskriminasi perorangan iaitu diskriminasi komunikasi lisan, diskriminasi komunikasi separuh lisan dan diskriminasi komunikasi bukan lisan. Melalui analisis korelasi, ketiga-tiga dimensi ini mempunyai hubungan yang negatif kepada kepuasan faedah. Akhir sekali, segala keputusan yang didapati dalam kajian ini akan dibincangkan dan cadangan diberikan kepada pihak pengurusan bagi tujuan meningkatkan kualiti pengurusan pekerja dalam usaha mengurangkan berlakunya diskriminasi perorangan. Kajian ini diharap akan menjadi asas kepada pengkajipengkaji masa hadapan yang berminat untuk melakukan kajian berkenaan diskriminasi pekerja.

# **ABSTRACT**

Interpersonal discrimination is one of discrimination that always occurred in organization. It involves relationship between employer and employees. This research is focused to examine the influence of benefit satisfaction on interpersonal discrimination in organization. Data gathered through questionnaire distributed to operation employee from two departments including Hygiene Environment Department and Landscape Environment Department. Correlation and Regression Analysis were carried out to test relationship between variables. The results showed that benefit satisfaction influence negatively on interpersonal discrimination. In this research, from factor analysis, the researcher has found that there were three interpersonal discrimination dimensions, namely verbal interpersonal discrimination, semi-verbal interpersonal discrimination and non-verbal interpersonal discrimination. From the Correlation analysis, all of these three dimensions were negatively correlated with benefit satisfaction. Lastly, results from data analysis were discussed and recommendations were given to the management to improve the quality of managing employees in organization in order to reduce the occurrence of interpersonal discrimination. Hopefully, this research will become a basis to future researcher who interested to perform research about employees discrimination.

# TABLE OF CONTENT

PERMISSION TO USE	I	
ABSTRACT (BAHASA MALAYSIA)		
ABSTRACT (ENGLISH)		
ACKNOWLEDGEMENTS	IV	
TABLE OF CONTENT	v	
LIST OF TABLE	IX	
LIST OF FIGURE	X	
CHAPTER 1: INTRODUCTION		
1.1 Introduction	1	
1.2 Problem Statement		
1.3 Research Questions	7	
1.4 Research Objectives	7	
1.5 Significance of Study		
1.6 Scope of The Study		
1.7 Organization of Study		
1.8 Conclusion	11	
CHAPTER 2: LITERATURE REVIEW		
2.0 Introduction	12	
2.1 Definition of terms	12	
2.1.1 Discrimination	12	
2.1.2 Interpersonal Discrimination	13	
2.2 Interpersonal Discrimination in Workforce		
2.2.1 Verbal Communication	18	
2.2.2 Non-verbal Communication	19	
2.3 Benefit in the workplace		

2.4 Benefit Satisfaction	25
2.5 Relationships between benefit satisfaction and interpersonal	
Discrimination	27
2.6 Conclusion	29
CHAPTER 3: RESEARCH METHODOLOGY	
3.0 Introduction	30
3.1 Research Design	30
3.1.1 Type of research	30
3.1.2 Data Collection Method	31
3.2 Source of Data	32
3.2.1 Population	32
3.2.2 Samples	32
3.2.3 Unit Analysis	33
3.3 Research Framework	
3.4 Design of Questionnaire	
3.5 Research Instruments	
3.5.1 Benefit Satisfaction	35
3.5.2 Interpersonal Discrimination	37
3.6 Translation of Questionnaire	
3.7 Data Collection Procedure	41
3.8 Pilot Study	41
3.8.1 Reliability Test	42
3.8.2 Validity Test	42
3.8.2.1 Construct Validity	43
3.8.2.2 Discriminant Validity	43
3.8.2.3 Convergent Validity	43
3.10 Data Screening	
3.10.1 Normality	44

3.10.2 Linearity	44
3.10.3 Transformation	45
3.11 Data Analysis	
3.11.1 Descriptive	45
3.11.1.1 Cross-Tabulation	45
3.11.2 Inferential Analysis	47
3.11.2.1 Factor Analysis	47
3.11.2.2 Correlation Analysis	49
3.11.2.3 Regression Analysis	49
3.12 Conclusion	50
CHAPTER 4: FINDINGS	
4.0 Introduction	51
4.1 Survey Responses	
4.2 Personal Description of Respondent Personal Demographics	
4.3 Pilot Study	53
4.4 Data Screening	54
4.4.1 Linearity	54
4.4.2 Normality	57
4.5 Factor Analysis	58
4.5.1 Anti-Image Correlation	58
4.5.2 Factor Analysis	61
4.5.3.1 Benefit Satisfaction	61
4.5.3.2 Interpersonal Discrimination	62
4.6 Descriptive Analysis	
4.7 Correlations	66
4.7.1 Correlation between Benefit Satisfaction and Interpersonal	
Discrimination	66
4.8 Regression	67

4.8.1 Regression Analysis of Benefit Satisfaction on Interpersonal	
Discrimination	68
4.9 Conclusion	69
CHAPTER 5: DISCUSSIONS	
5.0 Introduction	70
5.1 To determine the dimension of interpersonal discrimination	70
5.2 To identify the level of perception among gender on	
the existence of interpersonal discrimination.	72
5.3 To identify the level of perception among workers base on	
their age on the existence of interpersonal discrimination.	73
5.4 To identify the level of perception among workers base on race on the existence of interpersonal discrimination.	74
5.5 To find out the influence between benefit satisfaction and	
interpersonal discrimination.	75
5.6 Conclusion	77
CHAPTER 6: LIMITATIONS, RECOMENDATIONS AND CONLUSION	
6.1 Introduction	79
6.2 Limitation of the study	79
6.3 Recommendations	<b>79</b>
6.3.1 Recommendations for future researchers	80
6.3.2 Recommendations for practitioner	81
6.4 Conclusion	82
REFERENCES	84
APPENDICES	
Appendix 1: The Questionnaires	89

# **TABLE OF LIST**

		Pages
Table 3.1:	The questionnaire designs	35
Table 3.2:	Operational definition and items for Benefit Satisfaction	37
<b>Table 3.3</b> :	Operational definition and items for Interpersonal Discrimination	39
<b>Table 3.4</b> :	Level of agreement	47
<b>Table 4.1</b> :	Survey Responses	51
<b>Table 4.2</b> :	Demographic Profile of the Respondents	52
<b>Table 4.3</b> :	Age * Education Cross-tabulation	53
Table 4.4:	Reliability of Dimensions	54
Table 4.5:	Anti-image Matrices	58
Table 4.6:	Anti-image Matrices	60
Table 4.7:	Varimax Rotated Factor of Benefit Satisfaction.	62
Table 4.8:	Varimax Rotated Factor of Interpersonal Discrimination.	64
Table 4.9:	Mean of variables	65
<b>Table 4.10</b> :	Correlation of Variables	67
<b>Table 4.11</b> :	Coefficient table for Interpersonal Discrimination.	68

# LIST OF FIGURE

		Pages
Figure 3.1:	Research Framework	34
Figure 4.1:	The Scatter plot between Interpersonal discrimination	
	and benefit satisfaction.	55
Figure 4.2:	The Scatter plot of Interpersonal discrimination and	
	benefit satisfaction after transformation.	56
Figure 4.3:	The Normal Q-Q plot of Interpersonal discrimination	
	and benefit satisfaction.	57

## **CHAPTER 1**

### INTRODUCTION

### 1.0 Introduction

Top management will plan, develop and construct a set of statement from time to time concerning company objectives, policies, responsibilities and obligations. As mentioned by Rynes and Gerhant (2000), salary and benefit policies serve as a set of guidelines that keep the administration working towards established objectives. As other functions in management, Human Resource also developed its policies in order to achieve the corporate objectives. Among the functions in Human Resource Management is benefit administration. In explaining salary and benefit policies, the management should ensure clarity and uniformity, promote effective administration and improve organizational morale and motivation (Rajkumar, 1985).

Also known as compensation, the contribution of remuneration or pay as well as salary and benefit are the factors in managing employees' rewards in return for their contributions to the organization (Rajkumar, 1985). Rajkumar (1985) also mentioned that the definition of the compensation and benefit involve planning, establishing and controlling salary and benefit programmes, including direct and indirect rewards established by the organization which are consistent with its objectives and policies. Phillips and Fox (2003) have defined the major objectives of compensation and benefit programme are to attract and retain employees working in organization, to facilitate hiring, transfer and demotion and motivate employees to improve their performance in workforces. However, Sinclair and Botten (1995) mentioned that

# The contents of the thesis is for internal user only

# REFERENCES

- Amuedo-Dorantes, C. & Mach, T. (2003). Performance pay and fringe benefits: work incentives or compensating wage differentials? *International Journal of Manpower*. Vol.24 No. 6, pp. 672-698.
- Blau, G. Merriman, K., Tatum, D. S. & Rudmann S. (2001). Antecedents and consequences of basic versus career enrichment benefit satisfaction. *Journal of Organizational behaviour*. 22, 669-688.
- Blau, G. & Tatum, D. S. (2002). Further distinguishing basic versus career enrichment benefit satisfaction. *Benefit Quarterly*. Third Quarter
- Boice, D. F., & Kleiner, B. H. (1997). Designing effective performance appraisal systems. Work Study of Journal. Vol. 46 No. 6, pp. 197-201.
- Burke, R. J. & Mikkelsen, A. (2005). Gender differences in policing: sign of progress? *Employee Relation*. Vol. 27 No.4.
- Coakes, S. J., Steed, L., & Ong, C. (2010). SPSS version 17.0 for Windows: Analysis without Anguish. Australia: John Wiley A Sons.
- Cook, M. (1995). Performance appraisal and true performance. *Journal of Managerial Psychology*. Vol. 10 No. 7, pp. 3-7.
- Costello, A.B. & Osbome, J.W. (2005). Best Practice in Exploratory Factor Analysis:

  Four Recommendations for Getting the most from your analysis. *Practical Assessment, Research & Evaluation*, Vol.10 (7).

- Peyton, D. (1997). Sex & Race discrimination law. Great Britain: Blackstone Press Limited.
- DeCoster, J. (1998). Overview of factor analysis. Retrieved January 19, 2007 from http://www.stat-help.com/notes.html
- Doll, W. J. Hendrickson, A. & X. Deng (1998). Using Davis perceived usefulness and ease of use instrument for decision-making: A confirmatory and multi-group invariance analysis, Decision Sciences, 29, 839-870.
- Dong, N. T. & Kleiner B. H. (1999). Asian Discrimination in the workplace. *Equal Opportunities International*, Vol. 18 No. 5/6.
- Dovidio, J. F., & Gaertner, S. L. (1991). Changes in the expression and assessment of racial prejudice. In H. J. Knopke, R. J. Norrell, & R. W. Rogers (Eds.), *Opening doors: Perspectives on race relations in contemporary America* (pp. 119-148). Tuscaloosa, AL: University of Alabama Press.
- Dovidio, J. F., & Gaertner, S. L. (1998). On the nature of contemporary prejudice: the causes, consequences, and challenges of Aversive Racism. In J. L. Eberhardt, & S. T. Fiske (Eds.), Confronting Racism: the problem and the responses (pp. 3-32). California: SAGE Publications.
- Dovidio, J. F., Gaertner, S. L., Kawakami, K., & Hodson, G. (2002). Why can't we just get along? Interpersonal biases and interracial distrust. *Cultural Diversity* & *Ethnic Minority Psychology*, 8, 88-102.

- Dovidio, J. F., Kawakami, K., Johnson, C, Johnson, B., & Howard, A. (1997). On the nature of prejudice: Automatic and controlled processes. *Journal of Experimental Social*Psychology, 33, 510-540.
- Dutta, S. & Kleiner, B. H. (2000). How to reduce your workers' compensation costs.

  Management Research News. Vol. 23 No. 7/8.
- Edmonstone, J. (1996). Appraising the state of performance appraisal. *Health Manpower Management*. Vol. 22 No. 6, pp. 9-13.
- Fatt, J. P. T. (1998). Nonverbal communication and business success. *Management research News*. Vol.21 No. 4/5.
- Gabbott, M., & Hogg, G. (2000). An empirical investigation of the impact of non-verbal communication on service evaluation. *European Journal of Marketing*. Vol. 34 No.3/4, pp. 384-398.
- Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W.C. (1998). Multivariate data analysis. Upper Saddle River, NJ, Prentice Hall.
- Hair, J. F., Jr. Anderson, R.E., Tatham, R. L., & Black, W. C. (1998). Multivariate

  Data Analysis (5<sup>th</sup> ed.) New Jersey, USA: Prentice Hall.
- Helb, M. R., Foster, J. B., Mannix, L. M., & Dovido, J. F. (2002). Formal and interpersonal discrimination: a field study of bias toward homosexual applicants. *Personality and social psychology bulletin*. Vol. 28 No. 6, 815-825.

- Helb, M. R., King, E. B., Glick, P., Singletary, S. L. & Kazama, S. (2007). Hostile and benevolent reactions toward pregnant women: complementary interpersonal discrimination punishment and rewards that maintain traditional roles. *Journal of Applied Psychology*. Vol. 92 No. 6, 1499-1511.
- Helb, M. R., Singletary, S. L., & Turner, S. (2006). The stigma of obesity in customer service: a mechanism for remediation and bottom-line consequences of interpersonal discrimination. *Journal of Applied Psychology*. Vol.91 No.3 579-593.
- Heneman III, H. G. & Schwab, D. P. (1985). Pay satisfaction: its multidimensional nature and measurement. *International Journal of Psychology*. 20, 129-141.
- Hollman, W. A., & Kleiner, B. H. (1997). Establishing rapport: the secret business tools to success. *Managing Service Quality*. Vol.7No.4, pp. 194-197.
- Judge, T. A. (1993). Validity of the dimensions of the pay satisfaction questionnaire: evidence of differential prediction. *Personnel Psychology*. Vol.46.
- Judge, T. A., & Welbourne, T. M. (1994). A confirmatory investigation of the dimensionality of the pay satisfaction questionnaire. *Journal of Applied Psychology*. Vol. 79 No. 3, 461-466.
- Kara, O. (2006). Occupational gender wage discrimination in Turkey. *Journal of Economic Studies*, vol. 2, pp. 130-143.
- Larson, J., & Kleiner, B. H. (2004). How to read non verbal communication in organisations. *Management Research News*. Vol.27 No.4/5.

- Loureiro, P. R. A., Carneiro, F. G., & Sachsida, A. (2004). Race and gender discrimination in the labor market: an uban and rural sector analysis for Brazil.

  Journal of Economic Studies. Vol. 31 No. 2.
- Mulvey, P. W., Miceli, M. P., & Near, J. P. (2001). The pay satisfaction questionnaire: a confirmatory factor analysis. *The Journal of Social Psychology*, 132(1), 139-141.
- Neuman, S. & Weisberg, J. (1998). Gender wage differentials and discrimination among Israeli managers. *International Journal of Manpower*. Vol. 19 No. 3, pp. 161-170.
- Phillips, L. & Fox, M. A. (2003). Compensation strategy in transnational corporations. *Management Decision*. 41/5, 465-476.
- Scarpello, V., Vandenberg, R. J., and Huber, V. (1988). Compensation satisfaction: its measurement and dimensionality. *Journal of Applied Psychology*. Vol. 73 No. 2, 163-171.
- Sekaran, U., Delahaye, B. L., & Cavana, R. Y. (2001). Applied business research: qualitative and quantitative methods. Australia: Wiley & Sons.
- Snell, S., & Bohlander, G. (2007). Human Resource Management. United Kingdom: Thomson Higher Education.
- Spivey, Ellen, S. (1994). Modelling gender discrimination: social perceptions and pay differentials as measures to discrimination. University of Virginia: U.M.I.
- Takeyama, D. & Kleiner, B. H. (1998). How to investigate and prove discrimination based on race/colour. Equal Opportunities International. Vol. 17 No.2.