

Islam Hadhari's Principles and Reward Management Practices: A study in Malaysian private organizations.

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Abstract

This study is an attempt to provide further insights into the theory and practice of reward management in the local context as Malaysia is implementing Islam Hadhari's principles in the country. This study also further investigates the relationship between Islam Hadhari's principles and perceptions of non-monetary and monetary rewards toward the reward program influences. The study adopts a quantitative approach using Partial Least Square (PLS) based Structural Equation Modeling (SEM) approach. The study will benefit the human resource practitioners theoretically and practically by providing direction and suggestions in designing and implementing the non-monetary and monetary rewards for Malaysian private organizations from Islamic perspectives.

Keywords: Reward management, Islam Hadhari, monetary and non-monetary rewards.

1. Introduction

This paper expounds a study on the impact of rewards on individuals who live and work in Islam Hadhari's principles. The execution of Islam Hadhari took place as a model for the rest of Islamic world. Islam Hadhari gives importance to excellence in living, enabling Malaysia to be a model Islamic state with its community which is progress-oriented, highly skilled, noble, and well-disciplined (Pandian, 2008). He affirms that the approach of Islam Hadhari seeks to balance man's responsibility in the here and the hereafter, that is this life and the next. Adding to this, the multi-cultural groups in Malaysia share the Islamic ethical value and this study needs to examine and discuss human resource management, specifically on reward management practices which are more culture-specific to Malaysia. Therefore, the reward management practices in countries where Islam plays a dominant role in governing the peoples' lives needs to reflect Islamic values held by their people.

Reward refers as the total amount of monetary and non-monetary rewards and benefits provided to an employee by an employer in return for work performed as required and as part of an employment relationship (Armstrong and Murlis, 2007; Milkovich, Newman & Gerhart, 2010). Concerning rewards, theories such as the 'Two factor' theory identified by Herzberg, Mausner, & Snyderman (1959), containing, as a motivational factor, elements of recognition, responsibility, advancement, achievement and growth as well as others were developed within the western, secular business environment. In contrast, this study is conducted in a predominantly Islamic cultural context. Nonetheless, Herzberg et al. (1959) believed that compensation (which is Americanized term for rewards) is what he described as a hygiene factor. Rewards are what employees receive for performance. However, in order to achieve

improvements in performance, different reward programs must be applied by the respective organizations in line with their organizational cultures and values.

A number of studies have been conducted by researchers and Islamic scholars on specific matters in Muslim countries, such as economics or banking and finance issues, but none is related to the non-monetary and monetary rewards, cultural orientation and internal/external environment factors from an Islamic perspective (Khan, 1991; Tayeb, 1997; Loqman, 1991; Heim, 2004; Ramadan, 2005). Furthermore, the studies conducted on the impact of Islam on human resource management (HRM) matters are very few (Tayeb, 1997). To fill the gap, this research will study Islam Hadhari's principles and its relationship with perceptions of non-monetary and monetary rewards among the exempt employees in Malaysian private organizations.

Hence, this study examines the relationship between Islam Hadhari's principles and perceptions of non-monetary and monetary rewards and also reward program influences among the exempt employees in Malaysian private organizations as illustrated in Figure 1.

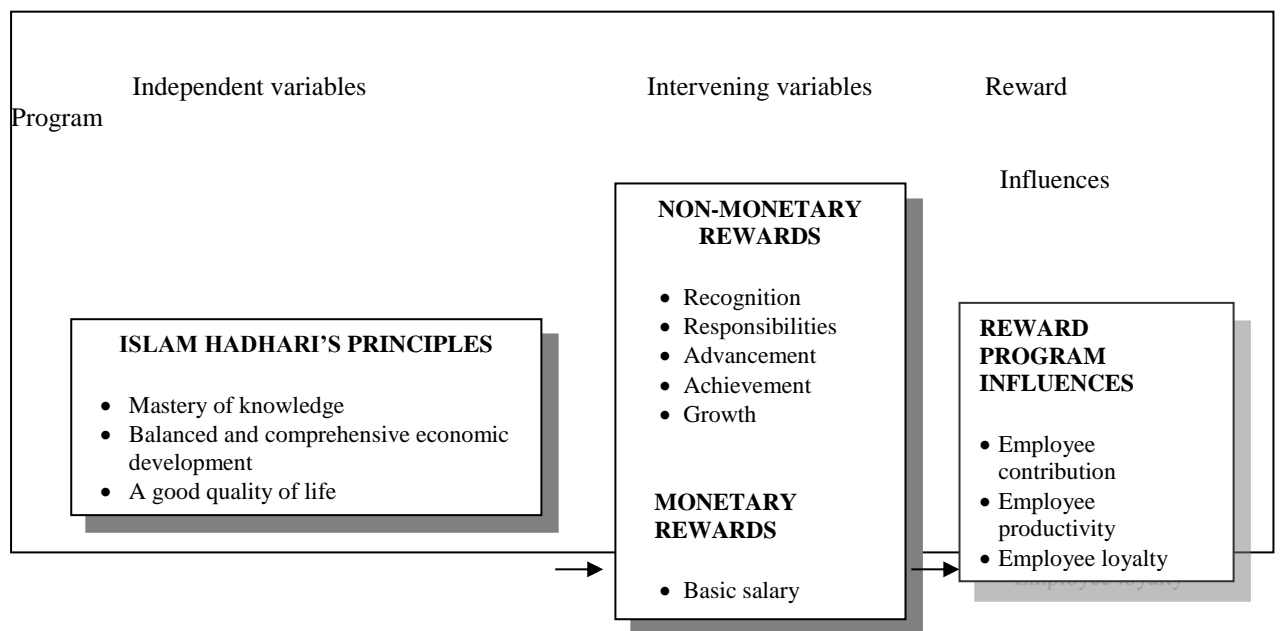


Figure 1: Research Model of Reward Program Influences

1.1 Islam Hadhari's Principles

Religion and faith do not play a prescriptive role in societal and organizational life in some western countries. In spite of this, Malaysia is 60.4 percent Islamic faith. Additionally the faith permeates all facets of social and organizational interaction. Islam Hadhari is introduced and promoted as a modern, progressive, tolerant and multicultural Islam where Muslims are encouraged to learn from interaction with other communities. It could well be a paradigm of how Malaysian Muslims should see Islam in the context of a multi-racial Malaysia facing a changing world and also considering the sensitivity of non-Muslims community towards the increasing 'Islamization' of Malaysia. Bashir (2005) augments that these principles have been formulated to ensure that the implementation and approach do not cause anxiety among any

group in Malaysia. Moreover, the government has to make sure its religious departments and officers are well-versed in the principles of Islam Hadhari.

Tayeb (1997) points out that Islam is an all-encompassing creed, governing every aspect of life, public and private, political and economic, and as such is relevant to business activities. The Quran advocates a system based on individual enterprise and individual reward. Tayeb (1997) argues that the cross-national research is required to investigate the implications of Islam on organizations which operate in Muslim countries with regard to human resource management practices. Therefore, given the pervasiveness of Islam and its influence on various spheres of material as well as spiritual life in most Muslim countries, it is possible to discern certain patterns in Muslim workplaces which are compatible with their Islamic origins. In this sense, as well as utilizing western Human Resource Management (HRM) concepts and studies, the Malaysian findings may inform and sensitize leaders and managers who have Muslim staff. It is proposed in the study that elements of Herzberg's Two-Factor Theory resonates with the ten Hadhari's principles where economic development is balanced with values such as quality of life and likewise 'responsibilities- work itself' (motivator/growth factor) resonates with Islam Hadhari's Principles such as 'mastery of knowledge'. Therefore, this study focuses on four Islam Hadhari's principles:

Mastery of knowledge

With regard to an Islamic point of view, Khan, Farooq and Hussain (2010) note that any discussion of knowledge and the importance of acquiring knowledge need to begin with a consideration of what its meant by the term knowledge. As a learned scholar of Islam has recently written, the text of the Quran is replete with verses inviting man to use his intellect, to ponder, to think and to know. According to Prophet (peace upon him), 'seeking knowledge is an obligation for every Muslim man and woman' and Islam also repeatedly instructs man to use his powers of intelligence and observation (Surah Al-Alaq: 1-5).

Balanced and comprehensive economic development

An approach which combines the efforts to establish ethical economic practices and the ability to conduct economic activities effectively in tandem with local and international economic developments (Sūra 62: Jumu'a, Section 2 [10]). Khan et al. (2010) emphasizes that the basic concept of Islam is the basic ownership of everything that belongs to God alone in the economic field (Surah Al-Baqarah 2: 108; Surah Al-'Imran 3: 190). The economic life of Islam is also based upon solid foundation and divine instructions. Earning one's living through decent labor is not only a duty but a great virtue as well (Abdalati, 1981). He also asserts that as long as there is no indecency or wrong involved, Islam respects all kinds of work towards earning one's livelihood. Islam also provides guidance to its adherents in all phases and activities of life, in matters, material as well as spiritual (Hamidullah, 1973).

A good quality of life

Generally, quality of life is either how well human needs are met (fulfilment) or the extent to which individuals or groups perceive satisfaction or dissatisfaction in various life domains (Costanza, Fisher, Ali, Beer, Bond, Boumans, Danigelis, Dickinson, Elliott, Farley, Gayer, Glenn, Hudspeth, Mahoney, McCahill, McIntosh, Reed, Rizvi, Rizzo, Simpatico & Snapp, 2007; Twenge and King, 2005). Typical quality of working life factors are physical work environment, reward systems, institutional rights and decisions, job content, internal and external social relations, and career development (Ingelgard and Norrgren, 2001). Ingelgard and Norrgren (2001) assert the notion of quality of working life has been developed to increase satisfaction and higher productivity has proved to be more complex. It can be achieved if the country especially Malaysia succeeds in fulfilling the basic needs of life such as preserving religion, improving the status of education of its people, providing a peaceful

life, ensuring the right to own property and make providence to the generation of the future (Department of Islamic Development Malaysia Putrajaya, 2005: p.33).

Cultural and moral integrity

Kohlberg (1969) stated that morality deals with the reasons, considerations, and judgments which underly an individual's decisions about matters that are good or bad, or right or wrong (cited by Setiono, 2001). Hence, among the key civilization principles of a nation and country is the existence of cultural and moral integrity as the identity of the said nation and country. In spite of this, there are non-western moral principles that differ from the western concept with regard to the Islamic principles. Among the main differences between Islamic and western morality are the emphasis on several key factors such as timeless religious principles, the role of the law in enforcing morality, the different understanding of rights, the rejection of moral autonomy as a goal of moral education and the stress on reward in the Hereafter as a motivator of moral behaviour (Halstead, 2007). It is important that cultural and religious diversity must be protected based on a value and moral system which is strong, lofty and honourable in order to enhance the development of Malaysia (Department of Islamic Development Malaysia Putrajaya, 2005: p.39).

1.2 Non-Monetary and Monetary Rewards

Chiang and Birtch (2005) found that reward preference is tied to a reward ability to satisfy employee's needs and fit with cultural-bound values. Financial rewards are important to most individuals and have shown a strong desire for individual achievement and for self-interest in masculine countries such as United States and most other Western countries (Hofstede 2001, 1991, 1980a, 1980b). Furthermore, Ger and Belk (1996) claim that the consumption-based orientation to 'happiness-seeking' that is commonly labelled materialism has generally been seen as a Western trait. Materialism now seems to have diffused to ever more of the world's people (Ger and Belk, 1996). With the overall aim of material gain on the other hand, feminine cultures such as Malaysia which are characterized as having strong social needs, quality of life and moral integrity focus on non-financial rewards. In such cultural environments, non-monetary rewards of recognition and praise (Chiang and Birtch, 2005; Mendonca and Kanungo, 1994; Vance, McClaine, Boje, and Stage, 1992) are appreciated.

Of particular interest to the notion of non-monetary rewards is Herzberg et al. (1959)'s two factor theory of motivation. An important aspect of this theory was that monetary and other tangible rewards serve the purpose of helping to prevent job dissatisfaction. These were labeled as 'hygiene' factors including supervisory effectiveness, co-worker relationships, pay, fringe benefits and physical work conditions. They were less effective as other more enriching job design factors such as recognition, responsibility, achievement, advancement, feedback and the work itself (Hackman and Oldham, 1976). Several studies using Herzberg et al.'s Two-Factor Theory have been adapted to better suit the specific context studied (Lundberg et al, 2009).

As study by Islam and Ismail (2008) discovered that money is perceived a good motivator by US and Malaysia, and it is expected that promotion will receive higher priority. Indeed, promotion has been continuously pushed to higher priority over the years in US. The same case happened to Malaysia in 2004 where the job security has maintained stability in its ranking. Islam and Ismail (2008) enlighten that contrary to Malaysia, US is more concerned with job security over promotion matters. However, 'interesting work' has maintained middle ranking among factors in all surveys conducted in Malaysia and US. Malaysian employees are not much concerned about the appreciation of their work compared to the other factors. Conversely, the 'full appreciation of work done' has been favored by the US

employees (Islam and Ismail, 2008). It is observed that monetary reward plays a major role in motivating Malaysian employees compared to US employees are more preferred to appreciation and recognition. This concludes that money has been a predominantly preferred motivator amongst Malaysia employees (Islam and Ismail, 2008).

1.3 Reward Program Influences

As discussed by Gilley and Maycunich (2000), an effective development of compensation and rewards philosophy reflects the importance of change and remaining flexible in adapting to the demands and constraints of a dynamic, ever-shifting business environment. They found that pay and rewards in most organizations have not evolved to effectively compensate individuals for their increased effort, employee contribution and learning and development. Important to this study would also be the effect on employee productivity. Huang, Lu, Tang, and Huang (2004) also indicated that human resource executives have been focusing on effective ways to increase employees' commitment and satisfaction and which will be able to reduce the cost related to recruitment and turnover. Furthermore, practicing fairness in reward as one to which employees is most sensitive is important in order to improve individual commitment and job performance (Huang et al., 2004). Therefore, a well-designed development of compensation and reward program exhibits attribute rewards which are linked to business strategy in-order that employees know what is being rewarded and why rewards support the organization's culture (Gilley & Maycunich, 2000). (Only one attribute here will be needed to be extended and put to the 'Hadhari' test). However, the truth about employee reward perception is more complex than the assumption that employees view each reward element in isolation from all others (Davenport & Roberts, 2005). The authors also mentioned that social scientists who studied employee attitudes have observed that employees view their reward portfolios holistically; forming generalized impressions about how much the organization values their contributions and cares about their well-being. In the Malaysian setting, this holism will, to the majority of employees following Hadhari's principles, include moral issues and obligations.

Appelbaum and Kamal (2000) also found that there was a clear positive relation between employee loyalty/retention and compensation. Dutton (1998) noted that lack of employee recognition is cited as a major and recurring source of employee turnover (cited in Appelbaum and Kamal, 2000) and this has resulted in firms losing disenchanted innovators as well as experiencing lower levels of effort and even sabotage and espionage. However, Appelbaum and Kamal (2000) explained that employee motivation through non-monetary rewards may be accomplished by decision makers paying closer attention to the needs of their employees, in particular to relevant factors discussed before, and this may ultimately result in improved revenues through greater productivity, increased employee satisfaction or higher output, reduced employee absenteeism, lower employee turnover rates and a greater overall synergy in increasing the firm's efficiency and bottom line.

2. Objectives

2.1 Research Objectives

The most meaningful contribution of this study is to fill the gap in Islamic management literature as the representativeness and applicability of earlier research concerning non-monetary and monetary rewards is limited. Little recent research specifically examines Islamic principles towards the area of human resource management (Aycan, Al-Hamadi, Davis, and Budhwar, 2007; Hashim, 2007; Tayeb, 1997) and distinctively focused on reward

systems. Therefore, given the above limitations, the present study of Islam Hadhari principles in relation to reward systems is potentially useful for both academicians and practitioners alike. From an academician perspective, this study is expected to enhance understanding of the role of the Islamic Hadhari's principles towards the reward systems in the non-Western context of Malaysia, thus hopefully stimulating further research in this area. In addition, it is expected that the present study would also be of some benefit for those who teach Islamic Human Resource Management and related topics.

In the other hand, from a practical standpoint, as nowadays, Muslim employees represent a significant percentage of total workforces in Malaysia (Hashim, 2009), this study could provide practitioners, especially managers in Malaysian private organizations information on managing their employees in Islamic ways. Furthermore, this move would be also in line with the nation's mission to implement an 'Islamization' process and promote Islam Hadhari in Malaysia. Hence, the following key research objectives have been developed:

1. To analyze the relationship of Islam Hadhari's principles and on perceptions of non-monetary and monetary rewards among exempt employees in Malaysian private organizations.
2. To examine the role of perceptions of non-monetary and monetary rewards on reward programs influences (i.e. employee contribution, employee productivity, employee loyalty and employee turnover) among the exempt employees in Malaysian private organizations.

2.2 Hypothesis

The following hypotheses were developed in Figure 2:-

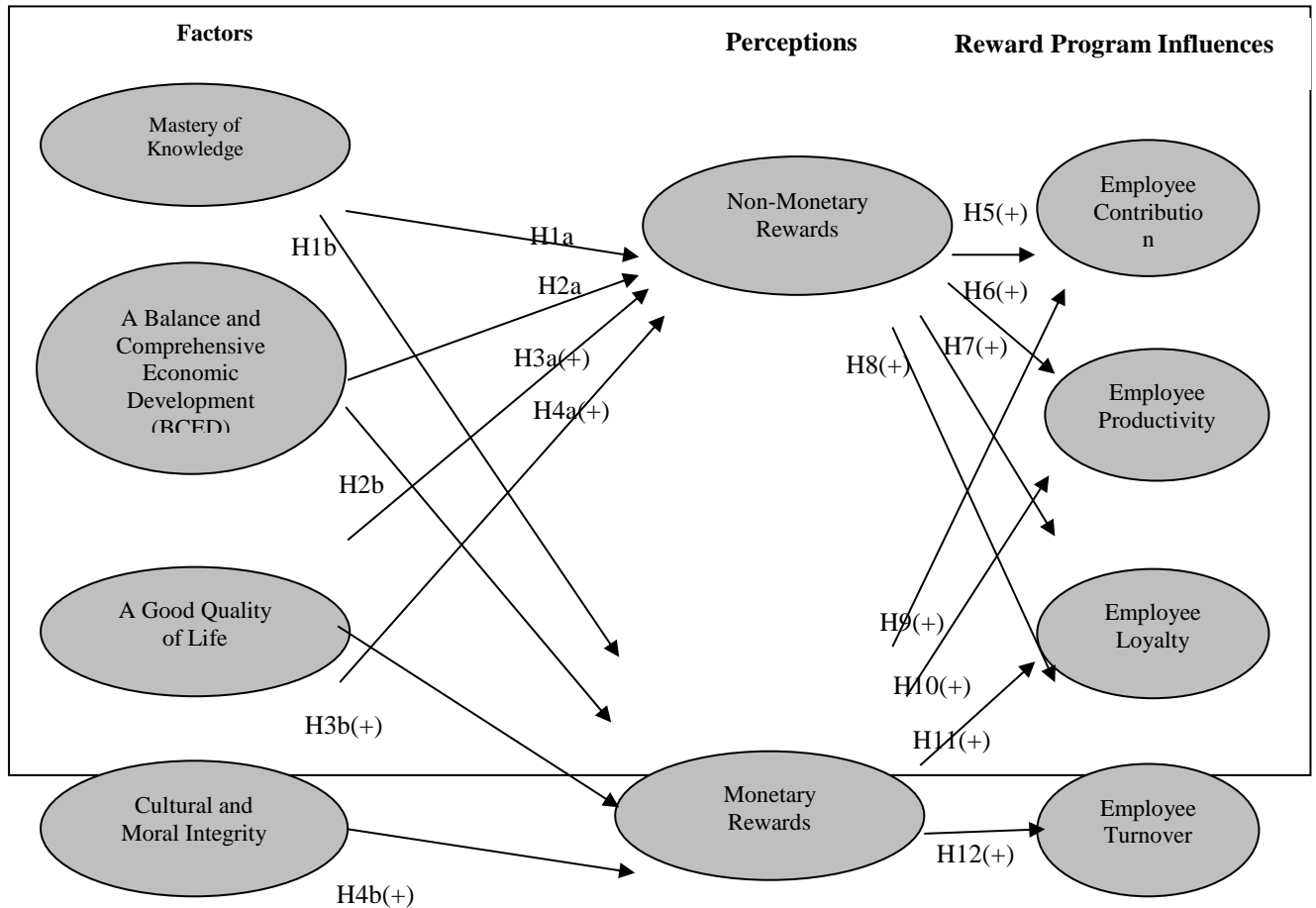


Figure 2: PLS Model for Hypothesis Testing

3. Method

3.1 Participants

The group members selected for the study were named 'exempt' employees (exempt from the minimum wage and overtime under Fair Labor Standard Act (FLSA)). As to generate the sample frame, a detailed listing of private organizations in Malaysia was obtained from The Federation of Malaysian Manufacturers (FMM) 2003.

A questionnaire was sent out and distributed to 1000 employees working in private organizations. Overall, 329 returned surveys were returned that translated to an effective response rate of approximately 32.9 percent. The overall response rate was low but not unusual, given that Malaysian managers and executives were typically reluctant to participate in surveys (Jusoh and Pernell, 2008; Jusoh, Ibrahim and Zainuddin, 2008; Jusoh, Ibrahim and Zainuddin, 2006).

3.2 Instrument and Materials

A questionnaire developed was aimed at capturing the data and information required to establish the parameters of the model and the relationship between the independent and dependent variables.

3.3 Procedure

Structural Equation Modeling (SEM) – Partial Least Square (PLS) was used for the quantitative field study data analysis in this study. The two stages in PLS are assessment of the measurement model and assessment of the structural model. The individual item reliability, internal consistency and discriminant validity is examined in assessing the measurement model. On the other hand, the significance of the path loading is tested and the variance for each dependent construct is explained in assessing the structural model.

4. Findings and Results

Table 1: Results of Hypothesis Testing based on the Hypothesized Model

<i>329 Respondents</i>		
<i>Path</i>	<i>Path Coeff.</i>	<i>t-value</i>
H1a (+) : (MKW → PNMR)	0.2050	3.3639***
H2a (+) : (BCED → PNMR)	0.0900	1.5148
H3a (+) : (GQL → PNMR)	0.1820	2.4248**
H4a (+) : (CMI → PNMR)	0.0590	1.1314
H1b (+) : (MKW → PMR)	0.0780	1.7555*
H2b (+) : (BCED → PMR)	0.0840	1.8615*
H3b (+) : (GQL → PMR)	0.2290	4.3148***

H4b (+) : (CMI → PMR)	0.1360	2.8089**
H5(+) : (PNMR → EmPyCON)	0.3690	6.1361***
H6(+) : (PMR → EmPyCON)	0.4360	7.4366***
H7(+) : (PNMR → EmPyPRD)	0.2380	3.8665***
H8(+) : (PMR → EmPyPRD)	0.5530	8.8006***
H9(+) : (PNMR → EmPyLOY)	0.2680	2.9936**
H10 (+) : (PMR → EmPyLOY)	0.3800	4.5868***
H11(+) : (PNMR → EmPyTOV)	0.1180	1.5297
H12(+) : (PMR → EmPyTOV)	0.4460	6.0623***

Note:

- * Indicates significance at $t_{0.05} > 1.645$
- ** Indicates significance at $t_{0.01} > 2.326$

A balanced and comprehensive economic development construct which was derived from different dimension is considered as formative indicators in this study. The remaining constructs are therefore considered to be reflective indicators that measure the identical dimensions to reflect their corresponding latent construct.

The path coefficients and t-statistic results of the bootstrapping technique are summarized according to the moderating variable which is the organizational size in Table 1 for the large and small and medium private organizations. The researcher calculated a pooled error term t-test to determine statistical significance of the different path coefficients by size of the private organizations in Malaysia. Most loadings, composite reliabilities, and average variances extracted for each sub-sample pass the required thresholds described earlier (Table 1). For instance, the result supported this proposition of H1a. The standardized structural coefficient for the path (β) from Mastery of Knowledge (MKW) to Perception of Non-Monetary Rewards (PNMR) was 0.205 with the t-value of 3.3639 ($p < 0.001$) (see H1a, Table 1), which indicates that Mastery of Knowledge has high positive impact on the Perception of Non-Monetary Rewards. This hypothesis was statistically significant in this study. The result supported this proposition for the Malaysian private organizations.

On the other hand, the standardized structural coefficient (β) for the path from Mastery of Knowledge (MKW) to Perception of Non-Monetary Rewards (PNMR) was 0.078 with the t-value of 1.7555 ($p < 0.05$) (see Table 1), which indicates that Mastery of Knowledge has positive impact on the Perception Monetary Rewards. This hypothesis was also statistically significant in this study.

5. Research Implications

5.1 Theoretical Implication

Past studies tested the Herzberg's Two-factor Theory but they did not investigate the cultural orientation that will affect the perceptions of non-monetary and monetary rewards. Researchers have examined the certain variables to test the Herzberg's Hygiene-Motivation Theory in different environment. (Carrigan, 2010; Lundberg et al., 2009; Udechukwu, 2009; Bassett-Jones and Lloyd, 2005; Miller et al., 2005; Halepota, 2005; Ruthankoon and Ogunlana, 2003; Hendriks, 1999; Utley et al., 1997; Rainey, 1997; Lawler, 1994; Brislin et al., 2005). Adding this dimension will enhance knowledge and give a better understanding of cultural orientation and non-monetary and monetary rewards that will, in turn, affect the employees' perceptions of reward systems in Malaysian environment

5.2 Managerial Implication

The results of this study would be able to help organizations, which are currently practicing non-monetary and monetary reward programs or are planning to embark the knowledge of Islam Hadhari's principles, via enhancing their understanding of Islam Hadhari's principles towards the non-monetary and monetary reward programs, and also providing them a checklist by referring to the important variables in reward program influences. The results of this research also provide suggestions, guidelines and considerations aimed at successful implementation of non-monetary and monetary reward programs and strategies in Malaysian private organizations

6. Discussions

Among the 16 hypotheses proposed in this study, 13 were supported, while there were no statistical evidence to infer the significance of the remaining eight hypotheses, namely, H2a, H4a, and H11. However, the research model was still considered valid. Though, it is not possible to make develop conclusions on the validity of any research model based on only one empirical study. Nevertheless, it is believed that the Reward Program Influences model developed in this study needs to be further tested in different contexts across various circumstances.

It is observed that perception of non-monetary and monetary rewards influences employee contribution (Herzberg et al., 1959; De Grip and Sieben, 2005), employee productivity (Herzberg et al., 1959; Takeuchi, 1981; Fein, 1983; Kanungo and Mendonca, 1988; Utley et al., 1997) and employee loyalty (Herzberg, et al., 1959, Hale and Bailey, 1998; LeBlanc and Mulvey, 1998; Sujansky, 2007) in Malaysian private organizations. Employers are able to motivate and engage employees with monetary rewards for performance and individuals who go above and beyond are recognized for their contributions, but the entire group is also rewarded when it meets certain targets (Zenger and Marshall, 2000) and non-monetary rewards during difficult economic times. Nevertheless, it is also discovered that perception of monetary rewards influences employee turnover (Gross and Nalbantian, 2002; Luna-Arocas and Camps, 2008; Trahan and Yearout, 2005; Lanigan, 2008). Surprisingly, it is found that non-monetary rewards are not positively associated with employee turnover; the possible explanation is perhaps employees in private organizations valued more monetary rewards rather than non-monetary rewards to fulfill their needs

Malaysia has always placed Islam at the centre of its foreign policy (Li, 2011). Besides, Malaysian foreign policy, either under Mahathir or Badawi, would always continue to be Islam oriented, not espousing conservative views, but having a moderate and realistic base (Li, 2011). Malaysia is recognized in the Muslim world for its economic growth and social stability (Gatsiounis, 2006). Many Western countries had allowed their foreign policies to be flawed by the misinterpretation of Islam (Badawi, 2006). A balanced and comprehensive development is one of Islam Hadhari's principles which is uniquely Malaysian. It is interesting to find out that a balanced and comprehensive economic development is delivered in the Islamic economic system in order to have significant impact on personal living and material wealth (monetary rewards) as to lead the society for the wealth and economic stability. Though, a balanced and comprehensive economic development is meant for the local context of Malaysian society, foreign private organizations may not perceive it as an initiative as linking to their non-monetary structure. The criteria of individual success are based on materialistic accomplishment in the western value system. Conversely, Islam encourages its adherents to seek holistic growth in both the physical and spiritual domain (Jafari, 1992). Jafari (1992) also asserts that spiritualism and materialistic activities are not compartmentalized as Islam urges its followers to pattern their activities after the concept of 'ibadah' (worship).

Perhaps, for local private organizations in Malaysia earning 'profits' is not only focus on monetary rewards (money). They also emphasize non-monetary rewards such as a good quality of life. This is due to Islam Hadhari's principles which aim to promote a good quality of life for the employees in real working life in organizations to balance quality of time at work as well as with the family. Quality of work-life initiatives that are developed in response to employee surveys often result in non-monetary rewards such as increasing employee engagement, better working arrangements and conditions, and also comprehensive training programs which facilitate greater manager and employee understanding of the benefits of flexibility (Harrington and Ladge, 2009).

It is true that Malaysian government emphasized moral knowledge to educate noble values and high morale which contribute towards the high culture of its people. Basically Muslims, stress more non-monetary rewards in the Hereafter as a motivator of moral behaviour. However, there was no statistical significance found in this study for the proposed positive relationship between cultural and moral integrity and perception of non-monetary rewards. This is not in agreement with past studies such as Levine, 1998; Koys, 2001; Martinez, 2005; Lublin, 2006; Halstead, 2007; Michealson, 2008 and Malaysian prominent personalities/researchers such as Zin, 2005, Badawi, 2005; Hassan, 2004, and Bashir, 2005, among many others. The proposition was not supported across large, medium and small organization. The result also indicated there was also no positive and significant relationship between cultural and moral integrity and perception of non-monetary rewards in local and foreign private organizations, suggests the need for further research in this area.

7. Conclusion

Malaysian private organizations can gain a competitive advantage over their market rivals by aligning their compensation and performance management programs (base pay, perquisites, short-term and long-term incentives) with their business objectives. The private organizations need to design a low-risk, cost-effective rewards system that will help them remain competitive and attract skilled employees in both local and foreign organizations. Thus, Armstrong and Murlis, (2007, p.12) define total rewards is "*all of the employer's available tools that may be used to attract, retain, motivate and satisfy employees*". Considering that most of the Malaysian private organizations comprise Muslim employees as their workers; it is suggested that they should offer the Umrah or Haj package to be one of the monetary

rewards package. In Arabic, Umrah means "to visit a populated place" (*is a pilgrimage to Mecca, Saudi Arabia, performed by Muslims that can be undertaken at any time of the year*). It is sometimes called the 'minor pilgrimage' or 'lesser pilgrimage', the Hajj being the 'major' pilgrimage and which is compulsory for every able-bodied Muslim who can afford it. The Umrah is not compulsory but highly recommended in Islam. This somehow will make Muslims feel recognized and definitely will boost their morale. As for non-Muslims, a good vacation package such as 'ziarah' (visit) to certain places that chosen by the organizations is equivalent to Umrah/Haj. Therefore, the 'right' total mix comprises non-monetary and monetary rewards as suggested above need to be designed and developed fit with the private organizations

8. Limitation of Study And Future Direction

The results discussed in this study are exploratory given that the number of participants who were willing to participate in this study was relatively small. Small number of participants would raise concerns about sample bias. The small number of respondents also prohibited splitting of the sample to analyze the data along other dimensions. Bigger sample size would permit a more high level of analysis for future research.

Another limitation of this study is that data provided is only one category of employees from a specific sector. Thus, the findings cannot be generalized to other category of employees and sectors. In future research, it would be desirable to have more participants from other categories and sectors. Furthermore, those who participated in the survey were only from the exempt employees (executive levels) in the organizations, thus having more experience in the rewards practices field. This may probably restrict the generalization of the findings. The use of respondents who were in charge of the non-monetary and monetary rewards or are most relevant to the reward management area can bring in the pro-rewards bias in the research. At the same time, the uses of exempt employees (executives) in the research can also cause potential limitation of over-reporting or under-reporting of the rewards practices phenomenon as a result of their job satisfaction or personal and role characteristics (Gold et al., 2001).

Given the findings and acknowledging the limitation of present studies, several of potential future research exists. Since the study tested only reward components, perhaps in the future research, it may be worth investigating other variables such as culture, leadership style and others which are not being considered in this study.

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