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A Study on Academic Employee's Retention in Higher Educational Institutions

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ABSTRACT

Employee motivation is a determinant to the performance of an organization in institutions of higher learning where the faculty staffs are the most crucial players in determining student performance and organizational performance. The current study examines the impact of monetary and non-monetary pay in the job satisfaction and motivation of academic employees. The sample size of the respondents was 250 participants that had participated in structured surveys and semi-structured interviews in various institutions of higher learning. Quantitative analysis of the relationships between demographic variables, types and levels of compensation, and the motivation was done using chi-square tests and ANOVA. The results suggest that monetary rewards, including salary, bonuses, and allowances, will satisfy the main economic and security needs of employees particularly among the young workers. However, non-financial rewards—including recognition, career development opportunities, autonomy, and work-life balance—are stronger long-term motivators, especially for senior academic employees. The statistical results confirm that there are really strong correlations among the compensational preferences and demographic factors (age; years of experience). Worse still, the study reveals that organizations that strike a balance between financial and non-financial incentives are better placed to be satisfied with employee commitment and retention.More so, the study indicates that comprehensive compensation plan, incorporation of both monetary and non-monetary types of reward is necessary to guarantee the maintenance of motivation and augmentation of organizational performance in higher education. This is not only a balance that produces academic excellence but also offers stability in the long-run of the workforce in the academic..

Keywords: *Financial compensation, non-financial compensation, academic motivation, higher education, job satisfaction, employee retention.*

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1. INTRODUCTION

Employee motivation is viewed as a major aspect of organizational performance especially when it comes to the field of higher learning where employees of an institution of higher learning are mandated to shape forthcoming generations to advance knowledge and ensure quality of the institution. Faculty motivation is a highly important research subject in the field of organization behavior and management as it dictates performance, satisfaction and retention of the faculty. One of the most talked motivation factors is compensation as it is both financially and non-financially as it immediately affects perceptions of fairness, recognition and career satisfaction in the employees. The need of the balance between the financial and non-financial motivators is particularly critical in the scenario of academia where intellectual growth and self-realization are held high.

Monetary rewards, such as pay rates, bonuses, allowances and fringe benefits, will meet the fundamental physiological and security needs of the employees as defined in Maslows hierarchy of needs. It is also a motivator, in itself, which offers concrete benefits to entice and keep talent in an ever tightening academic labor market. Nevertheless, it was repeatedly revealed that only financial rewards might fail to provide the necessary long-term motivation. After satisfying the basic needs, employees tend to pursue higher-order rewards of recognition, career development, and freedom. The concept of non-financial compensation, in turn, becomes a decisive factor of intrinsic motivation. Herzberg Two-Factor Theory supports this view by stating that even though salary and job security can eliminate dissatisfaction, intrinsic motivation such as achievement, recognition and advancement opportunities are what cause a person to be really satisfied with the job. In the same vein, the Expectancy Theory of Vroom emphasizes the fact that workers feel motivated when they suspect that hard work will deliver some treasured results, which are not necessarily limited to financial gains.

Although these are the theoretical understanding, a number of institutions of higher learning still insist on the use of money to something essential rather than focusing on the non-financial incentives. Such imbalance introduces a vacuum in the comprehension of how an integrated thinking on compensation could be more effective in describing the various needs of the academic personnel. The current research will seek to fill this gap by focusing on the comparative effect of both financial and non-financial reward on motivation and job satisfaction of academic staff at institutions of higher learning. It also attempts to examine the effect of demographic factors like age, gender and years of experience on compensation preferences and motivation outcomes. Certain research goals are followed: to examine the effects of financial compensation on motivation and satisfaction, to verify the impact of non-financial compensation on long-term engagement, to determine the demographic factors mediating the effects of compensation, and to offer a practical suggestion on how to design a balanced compensation strategy in institutions of higher learning.

To address these objectives, the research relies on both quantitative and qualitative research methods that combine statistical data with interpretive information of academic workers. It is hoped that the results will be useful to the theory and practice by illustrating that as much as financial incentives are important; they should be supplemented with non-financial incentives in order to ensure sustainable motivation and organizational commitment. The paper is structured in the following manner: Section 2 provides the literature review and discussion of the theoretical frameworks of compensation and motivation; Section 3 includes the description of the methodology, which encompasses information about data collection and analytic processes; the Section 4 presents the results and discussion, where empirical results are combined with theoretical points of view; and the conclusion is presented in the Section 5, where the main findings are summarized, and the recommendations are offered to the institutions of higher education.

Related Works

Compensation and motivation are two areas that have been scrutinized in the context of management and organizational research and experts have indicated that the two have a related influence on the performance of the employees. According to Adams and Hicks [1], the compensation directly affects motivation which subsequently affects the degree of employee performance. Their work forms the basis of how the system of compensation influences the outcomes of the employees. Following the same school of thought, Azman, Zaman and Valaei [2] empirically studied how monetary rewards relate to performance in academicians in Malaysia, and came into the conclusion that an adequate monetary compensation is very important in the retention of competent workforce in higher learning institutions.

Bao, Shan and Fu, [3], further the argument by suggesting optimization strategies to position allowances with the reformed compensation systems emphasizing the relevance of organizing financial incentives to exploit their motivational impact. This was reinforced by Chen, Tang, Wang, Wu, and Wang [4] who discovered new solutions to human resource management strategies in the new era where compensation policies should be re-adjusted to organizational challenges. In a master thesis, Deng [5] emphasized the motivation strategies among the new-generation employees in the Province of Shanxi where recognition and autonomy among other remunerations are important in attracting younger employees.

Dias [6] highlighted the importance of making the bonus schemes transparent, fair, and well written in the name of earning trust and maintaining motivation. To reinforce this, Güntert and Wehner [7] found in the academic setting that recognition, autonomy, and professional development are non-monetary rewards that can be more motivational than financial rewards. In his groundbreaking Two-Factor Theory, Herzberg [8] differentiated between hygiene factors such as pay, and motivators such as achievement and recognition that bring about long-term satisfaction. Hu [9] took the model further to apply the model to the case of grassroots civil servants and demonstrated how despite the difficult circumstances, non-financial aspects can be used to maintain commitment.

Considering the administrative sphere of higher education, Hua [10] used the hierarchy of needs proposed by Maslow and proved that the basic financial needs are fulfilled, then higher-order motives like recognition and professional growth determine the situation. On the same note, Kuai, Zhang, and Li [11] examined knowledge worker performance based on social exchange theory by claiming that incentive schemes involving trust and reciprocity play a key role in worker motivation. Li [12] studied performance management in universities and found out practical challenges and the use of both financial and non-financial incentives. Liu [13] explored the management of corporate compensation and offered optimization solutions that would modernize the HR systems.

Martono, Suparjo and Rochman [14] made a contribution of presenting empirical evidence that shows that motivation depends on financial and non-financial compensation, as well as the work environment. The theoretical background was previously pioneered by Maslow [15] who suggested that workers may move through the hierarchy of needs and pass through the physiological needs to the self-actualization ones, emphasizing the two-fold significance of both financial and non-financial incentives. Similarly, Osibanjo, Adeniji, Falola and Heirsmac [16] emphasised that performance and retention require compensation packages that combine both of these types of rewards in the most strategic way. This was validated by Owolabi and Makinde [17] in the Nigerian service sector where recognition and career development are more important than money in ensuring long-term commitment of the employee.

The same argument was presented by Pohlen [18], who stated that organizations must aim at achieving a balance between monetary and non-monetary rewards because employees react favorably to such holistic methods. Pritchard, Karasick, and Thompson [19] also emphasized that motivation in higher education is multidimensional and needs to be addressed on a financial, professional and institutional front at the same time. Rasheed, Aslam, and Sarwar [20] gave empirical results based on the banking industry in Pakistan, and the positive correlation between compensation and performance of employees was confirmed. Expanding upon these, Sampson, Smith and Smith [21] demonstrated that faculty mentoring is a very important factor in enhancing motivation and retention, and that relational and developmental support is also important.

Shoaib, Noor, Tirmizi, and Bashir [22] examined employee retention determinants in the telecom industry of Pakistan and established that recognition, benefits, and career opportunities were the key retention determinants. Cross country evidence that recognition, pay and benefits are important to job satisfaction was added by Tessema, Ready and Embaye [23] ensuring that these factors are universal. An explanation was provided by Vroom [24], in his expectancy theory, where he said that motivating employees means they expect that a reward they desire will follow their work, be it financial or otherwise.

Xu [25] has explored the issue of compensation and performance management in corporations, and has come up with reversal strategies in an effort to balance the performance of the organization and the motivation of the employees. Xia [26] focused on educational businesses, that is why the idea of the ability to balance pay and recognition in HR management practice is based on the two-factor theory. According to the case study, conducted by Yuan, Guo, and Sun [27] on Tsinghua University, it was discovered that opportunity of professional development was highly influential in motivating employees. In an investigation by Zhao [28], the author has compared workers who have joined the company since 1990s and found that non-monetary motivators were miracle with the younger generations. Finally, Zheng [29] highlighted new strategies to compensation management that implied dynamic compensation management strategies such as intrinsic and extrinsic rewards in contemporary enterprise.

Together, these studies indicate the same clear flow; even though financial incentives are necessary to satisfy the needs of basic needs and lure talent, non-financial incentives, such as recognition, autonomy, career development, and professional growth drive sustainably, especially in an academic and knowledge based environment. The two forms are always emphasized to be the most balanced compensation strategy that can optimize the performance and offer long term engagement to the employees.

2. PROPOSED WORK

The research design was developed to examine the problem of motivation of academic staff of higher learning institutions by use of financial and non-financial remuneration in a systematic way. The mixed-method approach was taken as the objectives of the research required both the quantitative and contextual meaning. The hypothesis regarding the level of motivation, the compensation types and the demographic factors was also tested with the help of the quantitative survey data, and the qualitative interviews provided the explanatory knowledge. Such a method of triangulaturation gave reliability and validity of findings.

A. Population and Sample

The sample consisted of institutional employees of higher education institutions and were academic employees (assistant professors, associate professors, professors and administrative staff). Purposive sampling was adopted to have a great diversity in sample respondents in terms of age, qualification, designations and experience. A total of 250 valid responses were retrieved which was considered sufficient to carry out inference testing.

B.Data Collection

Primary data were collected using a structured questionnaire. Part I dealt with demographic data of gender, age, qualification, years of experience, and designation. Part II included a scale of perceptions of financial compensation (salary, bonuses, allowances) and non-financial compensation (recognition, career advancement, autonomy, work-life balance). The answers were noted on five-point Likert scale with 1= Strongly Disagree to 5= Strongly Agree. To complement the survey results, semi-structured interviews were to be conducted with a portion of them in order to get a qualitative information.

C.Statistical Tools

Two inferential statistics were applied; the Chi-Square test of independence and the one-way Analysis of Variance (ANOVA). Some descriptive statistics were also done on sum-

tabulate demographic traits.

The Chi-Square test of independence tested whether demographic factors were related to preference of compensation. The test statistic has been defined as

$$\chi^2 = \sum_i \sum_j \frac{(O_{ij} - E_{ij})^2}{E_{ij}}, \#(1)$$

where O_{ij} is the observed frequency in the i,j-th cell and E_{ij} is the expected frequency, computed as

$$E_{ij} = \frac{(RowTotal)_i \times (ColumnTotal)_j}{GrandTotal}, \#(2)$$

The null hypothesis (H_0) stated that demographic factors and compensation preferences are independent. Rejection occurred if the calculated χ^2 exceeded the critical value at $\alpha = 0.05$.

To test for differences in motivation based on the type of financial compensation, one-way ANOVA was applied. The test statistic is defined as

$$F = \frac{MS_B}{MS_W}, \#(3)$$

where the mean squares are given by

$$MS_B = \frac{SS_B}{df_B}, MS_W = \frac{SS_W}{df_W} \#(4)$$

Here, SS_B and SS_W represent the between-groups and within-groups sums of squares, with $df_B = k - 1$ and $df_W = N - k$, where k is the number of groups and N the total sample size. The null hypothesis (H_0) assumed no significant difference between group means, and was rejected if the calculated F exceeded the critical value at the 5% significance level.

D.Qualitative Analysis

Qualitative data (thematically) were used to analyze semi-structured interviews. The patterns were identified in open coding as per recognition, autonomy, professional development and work life balance. These codes were then grouped into themes that acted as a direct complement to the quantitative results. The thematic analysis further explained how the academic employees perceived the compensation mechanisms and how the perceptions are portrayed on the motivational outcomes.

Performance Analysis

To check the relationship between the compensation processes and the employee motivation, descriptive and inferential statistics tools were employed. Descriptive statistics were used to summarize the demographic features of the sample providing the insight on the distribution of the gender, age, qualification, years of experience, and designation. These demographic patterns form the context in which it is possible to understand how the compensations preference may vary in their groups.

Inferential analysis was done using Chi-square test of independence and one-way Analysis of Variance (ANOVA). The Chi-Square test was decided in order to determine the presence of significant interactions between demographic variables (age, experience) and preferences between financial and non-financial rewards. This helped the study to establish the existence of any relationship between demographic attributes and motivation of employees. ANOVA was applied to significant differences in order to determine the differences in the motivation levels as a consequence of the different types of financial compensation (salary, bonuses, allowance) across groups. The ANOVA results provided the evidence as per whether financial incentives vary in their effectiveness or not using the means motivation scores.

Combined these tools allowed the study to be able to measure the associational and the differences in compensation and motivation. The findings are displayed in a sequence of figures and tables after which discussions are made to interpret the findings as compared to the available literature and theories of motivation.

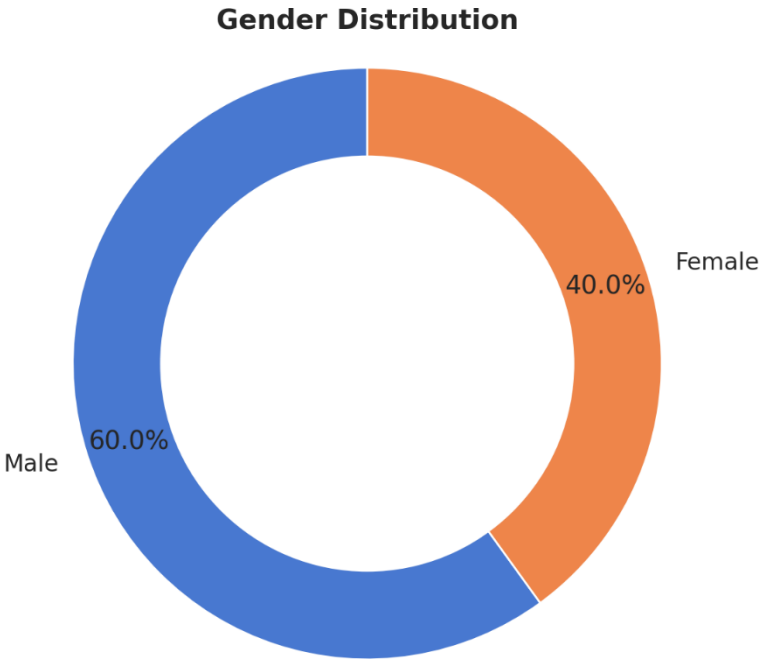

Figure 1. Gender Distribution of Respondents

This was a sample of 250 academic staff with 60 percent being males and 40 percent being females. This gender balance would imply that both groups had an equal number, only that the males were of the majority.

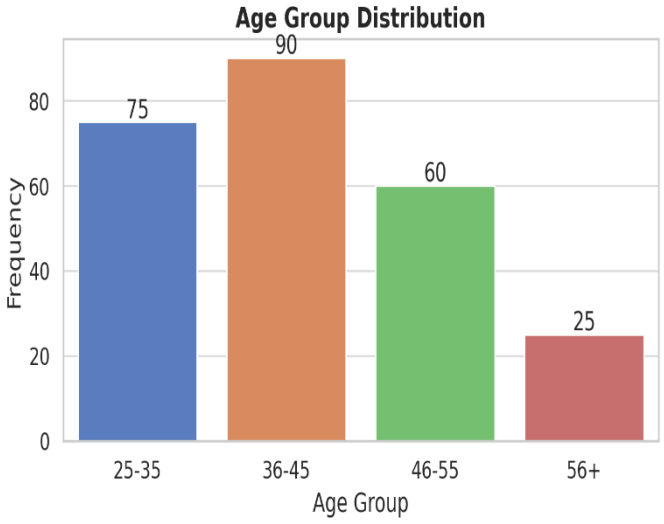

Figure 2. Age Group Distribution of Respondents

The age distribution shows that the highest age was between 36-45 years (36%), then 25-35 years (30%), 46-55 years (24%), 56+ years (10%). This means that the majority of the participants were in the middle-career level of their career where both monetary and non-monetary rewards may be significant in motivation results.

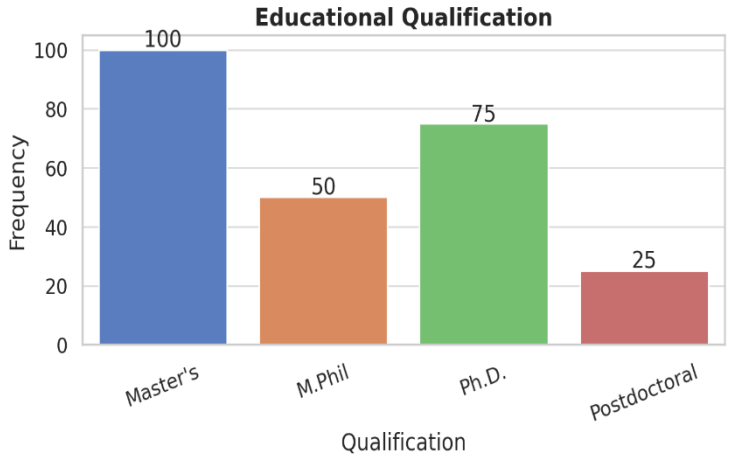

Figure 3. Educational Qualifications of Respondents

Majority of the respondents were Master holders (40%), Ph.D. (30%), M.Phil graduates (20%), with a small percentage having postdoctoral qualifications (10%). The distribution indicates that there exists a high concentration of high academic qualifications, as the workforce of higher education is diverse in terms of professions.

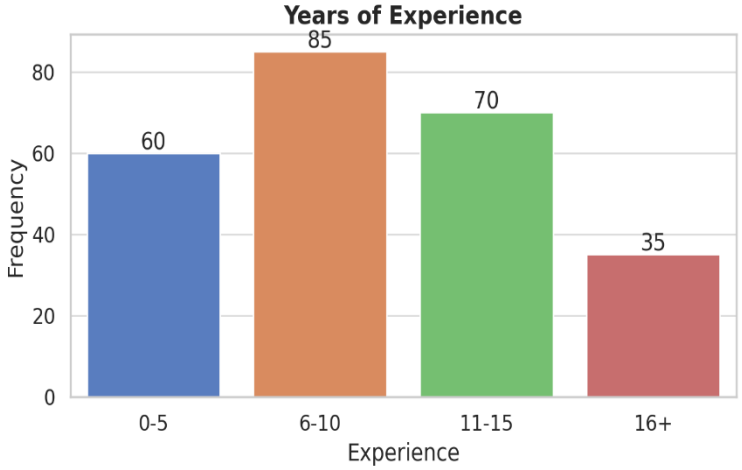

Figure 4. Years of Experience of Respondents

There was a fairly balanced distribution of work experience, with 34 percent of 6-10 years experience, 28 percent of 11-15, 24 percent of less than 5 years, and 14 percent of greater than 16 years. This implies that the sample was used to capture the view of both early-career and the highly experienced academic employees.

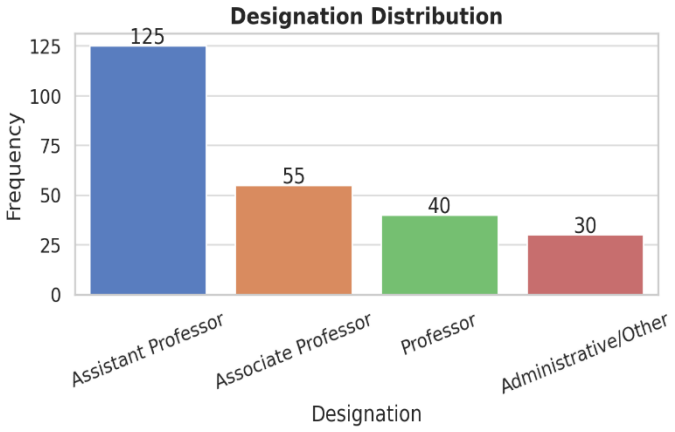

Figure 5. Designation Distribution of Respondents

The respondents were divided into two equal groups (50/50) between Assistant and Associate Professor and then Professor and Administrative/Other staff. Such career-faculty prevalence highlights the importance of examining motivation variables that influence academic career.

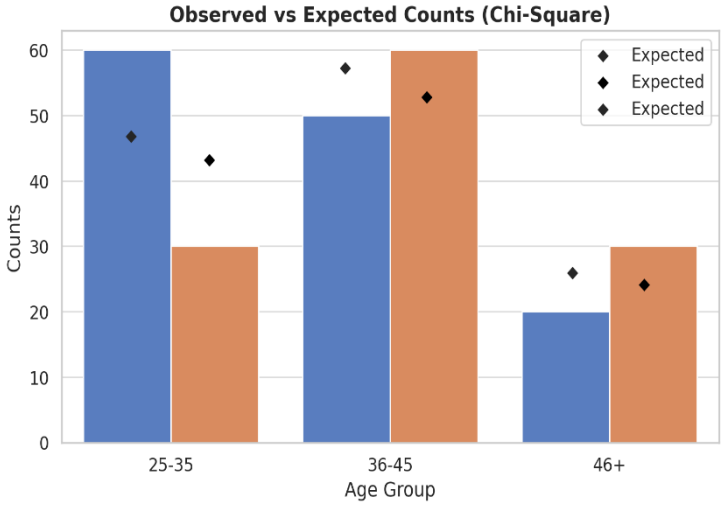

Figure 6. The Chi-Square Test observed counts or the expected counts.

To compare the observed and the expected preferences of financial and non-financial compensation of different age groups, the Chi-square test was applied. Results show that younger workers (25-35) were more inclined to financially rewarded than perceived than mid-career (36-45) and older workers who were more inclined towards non-financial reward. This picture highlights the demographic aspect in pay decisions.

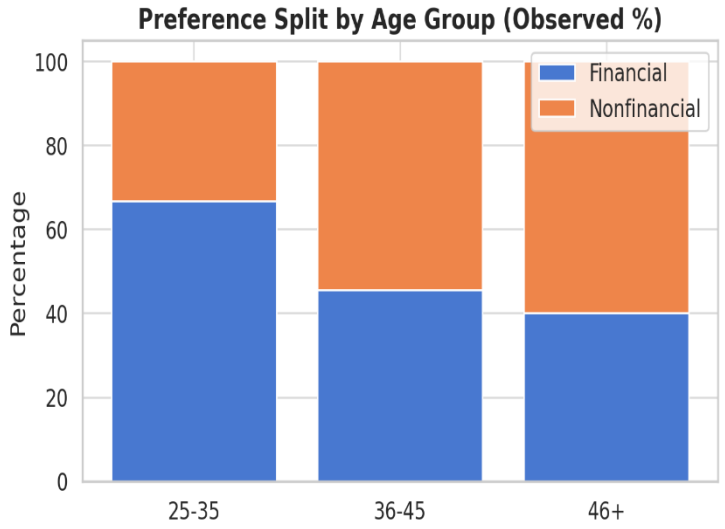

Figure 7. Preference Split by Age Group (%)

Preference shares are shown in a stacked bar chart. Employees aged 25-35 (67) were more inclined towards financial motivation and employees aged 36-45 had a slight inclination towards non-financial motivation (55). The distributions were more equal among older employees (46+) since non-financial motivators slightly surpassed financial motivation.

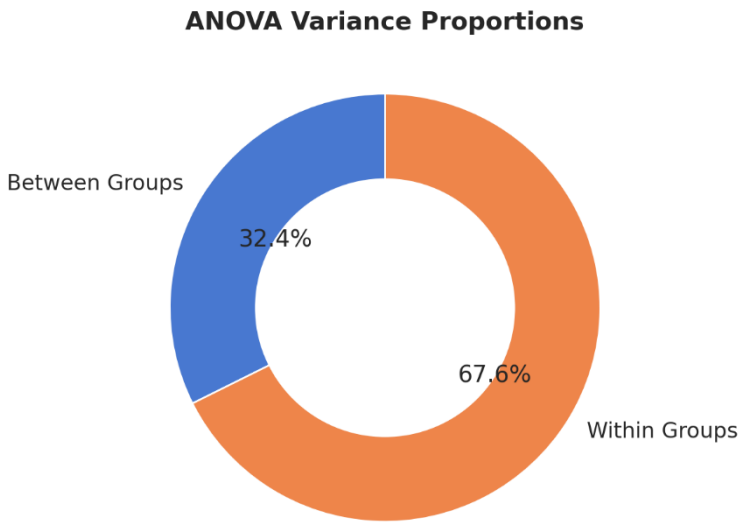

Figure 8. ANOVA Variance Proportions

The analyses of ANOVA test showed that between-group variance (32.4) accounted a significant percentage of the overall variance of motivation level, whereas the within-group variance led to the rest (67.6). This proves that the nature of financial reward has a lot of influence on motivational results.

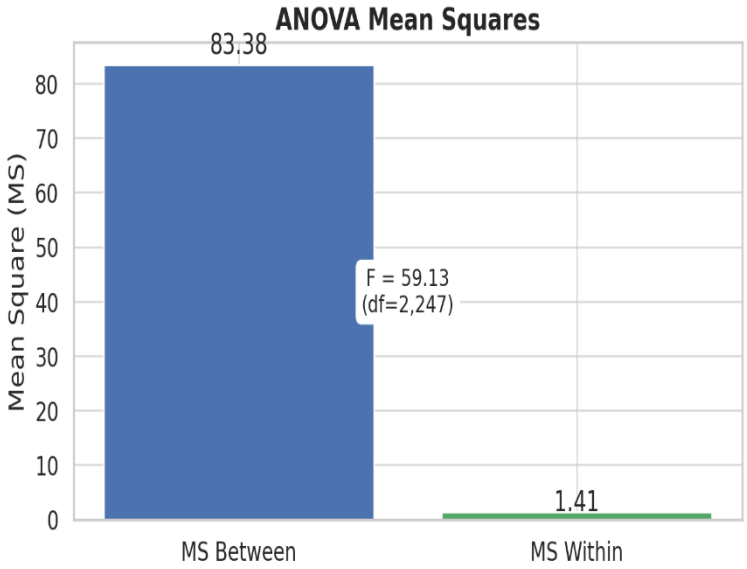

Figure 9. ANOVA Mean Squares and F-ratio

The mean square between-groups (MSB = 83.38) was significantly greater than within-group (MSW = 1.41) with an F-ratio of 59.13 at (df = 2, 247). As this was more than the critical F-value at 5% significance, the null hypothesis was rejected. This affirms that there are substantial disparities between the levels of motivation with respect to various forms of financial incentives (salary, bonus, allowances).

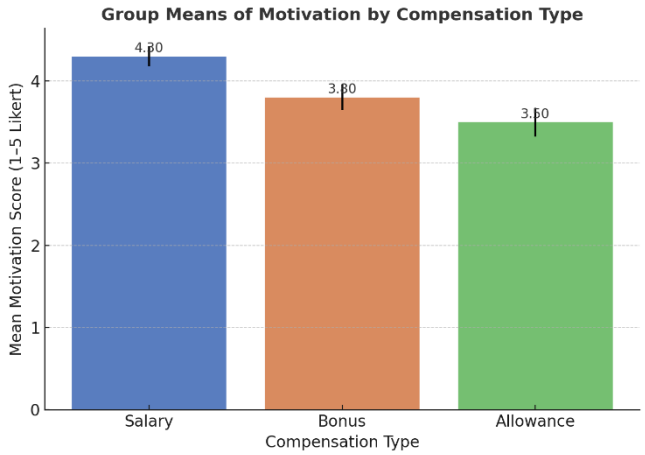

Figure 10. Group Means of Motivation by Compensation Type The scores of average motivation varied significantly according to form of financial reward. Salaries were the ones that brought about the greatest mean motivation, succeeded by bonuses and allowances. These differences were statistically significant as indicated by error bars (95% CI).

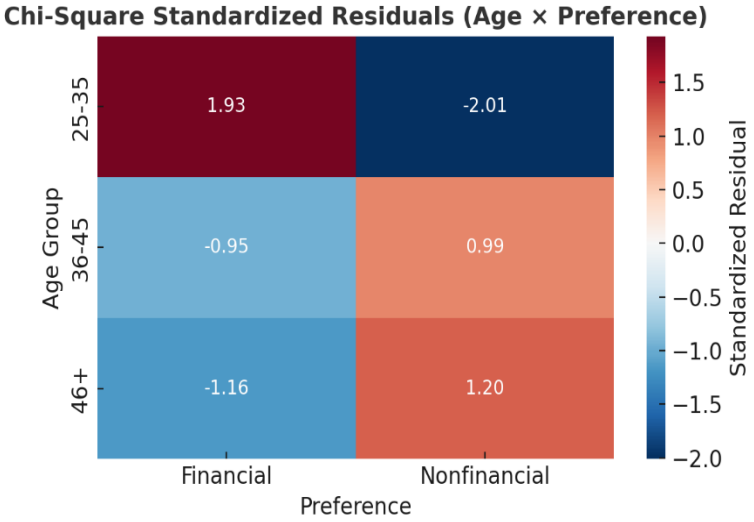

Figure 11. Chi-Square Standardized Residuals (Age × Preference) According to the residuals heatmap, the younger workers (2535) had a highly positive residual of financial preference whereas the older workers had positive residual of non-financial preference. This chart describes the contributions of the groups that gave most to χ 2 =12.21.

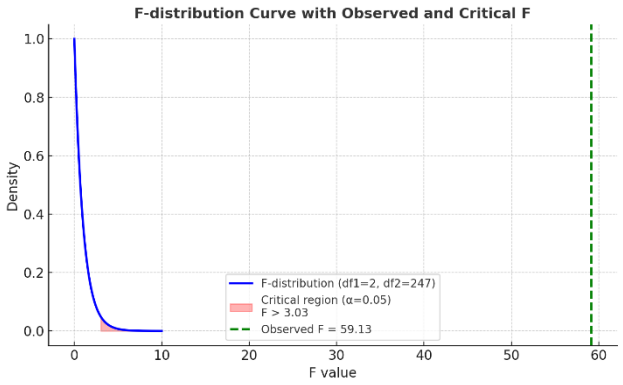

Figure 12. F-distribution Curve with Observed and Critical FThe F-distribution curve highlights the rejection

region at α = 0.05 (critical F ≈ 3.04). The observed F = 59.13 falls well to the right, obviously above the critical value and validating a highly significant ANOVA result.

3. CONCLUSION

This paper has looked into the effect of financial and non-financial remuneration with regard to motivating academic staff in institutions of higher learning. These findings give solid reasons to believe that there are meaningful differences in compensation preferences among the demographic groups and reward types. The Chi-square test ($\chi 2=12.21, p<0.05 \chi 2$

The significant relationship between age and compensation preference (=12.21,p=0.05) proved that younger employees (2535 years old) favored financial compensation (salary, allowances, bonuses) whereas mid-career and senior academics preferred non-financial rewards (recognition, autonomy and professional development opportunities). The one-way ANOVA ($F=59.13, p<0.05 F=59.13, p<0.05$) also showed that various forms of financial compensation had a dramatically different motivational effect, salaries had the most motivational effect, followed by bonuses and allowances.

The combination of results gives rise to the fact that although it would be necessary to have the financial rewards that would attract and retain employees, it cannot be done alone to be very motivated over the long run. An integrative approach would be appropriate in which both financial and non-financial rewards would be significant in stimulating employee commitment, satisfaction and organisational performance in institutions of higher learning.

Though this study has given some valuable information, it has certain weaknesses that are open to the future research. To begin with, the respondents were 250 and additional studies would be preferable with larger sample size and broader scope of the various institutions so as to enhance the degree of generalizability. Second, the demographic characteristics were examined in regards to age and designation; as a researcher in future, the researcher must consider more variables like gender, academic discipline and cultural areena which also could have a great impact on the compensation preferences. Third, the research used self-reported motivational perceptions and future research could provide further details on how higher institutional agencies can create a comprehensive compensation systems which will satisfy the economic demands of the employees and lead to a long-term engagement, career advancement and institutional excellence.

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