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### An analysis of the role of pay among low-income earners

Yu Pun LEUNG

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**LINGNAN UNIVERSITY**  
**BUS 331**  
**BUSINESS REPORT**

**AN ANALYSIS OF THE ROLE OF  
PAY AMONG LOW-INCOME  
EARNERS**

**LEUNG Yu-pun (1038171)**

## **Abstract**

The project aims to investigate the relationship between pay and motivation in a low-income group in Hong Kong.

The low-income earners from different industries in Hong Kong were selected, as they comprise a large amount of workers in Hong Kong. Much of the work that has examined the relationship between pay and motivation tends to focus on middle and higher income groups. However, since much of the work force in Hong Kong falls into the low-income category, it is hoped that this study is of some significance.

In carrying out the study, a survey will be carried out with the different kinds of income earners at different places and via physical and electronic form of questionnaire. This method should enable an exploration of any possible relationship between pay and motivation among the low-income level.

## Content

	<b>PAGE</b>
<b>1. Abstract</b>	<b>P.2</b>
<b>2. Table of Content</b>	<b>P.3</b>
<b>3. Acknowledgments</b>	<b>P.4</b>
<b>4. Introduction</b>	<b>P.5</b>
<b>5. Objective</b>	<b>P.6</b>
<b>6. Rationale</b>	<b>P.7-P.10</b>
<b>7. Literature Review</b>	
-- Management Motivation in Hong Kong (Graham and Leung, 1987)	<b>P.11-P.17</b>
-- Two-factor Theory of Motivation (Frederick Herzberg, 1959)	<b>P.18-P.20</b>
-- Hierarchy of Needs Theory (Abraham Maslow, 1954)	<b>P.21-P.24</b>
<b>8. Methodology and Limitation</b>	<b>P.25-P.26</b>
<b>7. Data Collection</b>	<b>P.27-P.29</b>
<b>9. Analysis and Findings</b>	<b>P.30-P.40</b>
<b>10. Conclusion</b>	<b>P.41-P.47</b>
<b>11. Recommendation</b>	<b>P.48</b>
<b>12. Bibliography</b>	<b>P.59-P.50</b>
<b>13. Appendix 1 (Questionnaire)</b>	<b>P.51-P.52</b>
<b>14. Appendix 2 (Questionnaire, Chinese Version)</b>	<b>P.53-P.54</b>

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I appreciate all of the respondents completed my questionnaire, and finally, I would like to extend the sincere gratitude to my good friends who have helped me so much on distributing and collecting the questionnaires.

## Introduction

Currently, the Hong Kong economy is experiencing a recession and pay (financial reward) is likely to be viewed as particularly important for workers, especially the low-income earners. According to the data from the Census and Statistics Department in Hong Kong, nearly 24% of the Hong Kong population is the low-income earner category<sup>1</sup>. This study is significant because, unlike most studies examining the relationship between pay and motivation, this study will focus on that relationship at the low-income level. As a by-product of this study, there will be some implications for the applicability of Western based motivational theories to the Hong Kong situation.

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<sup>1</sup> [http://www.info.gov.hk/censtatd/eng/hkstat/fas/01c/01c\\_index.html](http://www.info.gov.hk/censtatd/eng/hkstat/fas/01c/01c_index.html) Domestic Households by

Monthly Domestic Household Income, 1991, 1996 and 2001

## Objectives

- To evaluate the ranking of pay amongst a list of potential job motivators.
- Through this study, to make an initial exploration of the extent to which Western based motivation theories apply in a Hong Kong context.
- Through this study, to examine the applicability of Graham and Leung's findings (1987) that focused on the managerial level, to low-income earners.
- From a practical standpoint, to give recommendations, if any, to the readers on pay structure.

## **Rationale**

Employees are motivated by many factors, such as financial reward, advancement, challenging work and job security. However, most of the motivation theories have been developed in a Western context, for example, Maslow's Needs Hierarchy (1954) and Herzberg's two-Factor Theory (1959). However, the question remains as to whether these Western based motivation concepts and theories apply to Hong Kong, especially to low-income level employees? This study is important because the population of the low-income level is large in Hong Kong and, in this sense; low-income earners make a significant contribution to the Hong Kong economy. This question of the role of pay in determining levels of motivation was originally raised by Graham and Leung (1987), in their study of management motivation in Hong Kong. One of their conclusions was that pay is a significant motivational factor at the managerial level in Hong Kong. They also asserted that, 'more local research is clearly needed before foreign concepts and techniques are applied in Hong Kong' (Graham & Leung, 1987).

This research is designed to investigate the role of pay as a motivator to the low-income earner in Hong Kong. The research has been stimulated by the work of



Graham and Leung who in 1987 found that, contrary to some Western theories which tend to downplay the importance of pay as a motivator (e.g., Herzberg, 1959), Hong Kong managers rank pay very highly as a motivating factor.

### **The Low-income Earner Setting**

Since little research has been carried out that examines the connection between pay and motivation in Hong Kong, this study will be viewed as making a contribution to research on the influence of pay on motivation outside of the Western context. The use of a low-income earners setting has many different advantages. Firstly, it enables a study of exclusively Chinese employees to be carried out because most of the population and low-income earners in Hong Kong are traditional Chinese. Thus, the study will examine a selection of the Western based theories of the relationship between pay and motivation that have traditionally managers as their subjects and audience, in a non-Western, low income group context.

### **Motivation**

The motivation level of a workforce is very significant for the effectiveness of an

organization. Motivation is a complex phenomenon and can be affected by many things (Westwood, 1992). In Western countries, such as in the United States and Australia, challenging work and advancement are viewed as priority motivational factors (Graham & Leung, 1987). However, this may not be the case in the East. There is evidence that the Hong Kong manager may be more concerned about financial rewards as a major motivator than Western theories acknowledge (Graham & Leung, 1987). In the two-factor theory of motivation (1959), Frederick Herzberg labeled two groups of factors affecting motivation, namely intrinsic factors and hygiene factors. In the hierarchy of needs theory by Abraham Maslow (1954), Maslow identified human needs in the form of hierarchy, starting in an ascending order from the lowest to the highest needs. Thus, when one set of needs was satisfied, these kinds of needs ceased to be motivators.

## **Pay**

Basic pay, according to Pitts (1995), is defined as the rate for the job. This signifies the relative value of the job with respect to others within the organization and to the external local market. In the two-factor theory of motivation (Herzberg, 1959), pay is assigned as a hygiene factor, that is a factor preventing dissatisfaction.

In the hierarchy of needs theory by Abraham Maslow (1954), pay is grouped into the level of the security needs. According to Maslow's theory, pay will cease to function as a motivator when individuals feel secure in their jobs and are reasonably assured that their retirement income will be adequate.

As a conclusion, in this research, the focus is on the priority given to pay (financial reward) in a list of possible job related motivational factors amongst low-income earners. In order to investigate the significance of pay as a motivational factor in a Hong Kong low income environment, workers from different fields will be asked to rank pay amongst a the list of possible job motivators identified by Graham and Leung (1987). The results will then be compared with Graham and Leung's findings.

## Literature Review

Nowadays, many textbooks which consider the topic of motivation are American. Besides, many seminars and in-house training programs use American literature. One of the exceptions are Graham and Leung (1987) who have conducted a study of management motivation in Hong Kong in order to investigate the relationship between motivation and compensation amongst mid-level managers in a Hong Kong context.

### Management Motivation in Hong Kong (Graham and Leung, 1987)

In this study, Graham and Leung categorized nine jobs dimensions from different conceptual statements as follows:

Table 1 Job Dimensions
<b>1. Financial Reward</b>  A good financial reward and pay system

## **2. Benefits**

A good benefits program

## **3. Advancement**

Opportunity for advancement

## **4. Challenging Work**

An interesting challenging job assignment  
An opportunity to fully use all one's skills  
A great deal of freedom to act on one's own  
An optimal level of responsibility  
Ample learning and growth experiences

## **5. Recognition**

Recognition for good work  
Appropriate status and prestige symbols

## **6. Co-workers**

Support and help from fellow workers  
Strong feeling of belonging to a team

## **7. Supervision**

Helpful and supportive supervision  
Effective boss-subordinate communications  
Continuous, direct feedback on performance  
Effective administrative practices and policies  
Specific performance goals  
Fair supervisory practices

## **8. Job Security**

A strong feeling of security
<b>9. Working Conditions</b>
Good working conditions

The above table gives simple explanations of the nine dimensions. These are further elaborated below:

**1. Financial reward**

Financial rewards include different kinds of rewards related to money. In other words, all non-monetary rewards are excluded. Financial rewards include pay, bonus (in money form) and other monetary rewards. They are always tangible and, in the economics senses, they are labour's major revenue. Financial rewards include such factors as pay for performance for example, piece rates and time rates.

Pay is the element of financial reward that is at the centre of this study.

**2. Benefits**

Benefits, in this study, refer to non-monetary rewards. A good benefits program can include many factors such as holidays, insurances, Mandatory Provident Fund Scheme and maternity leave.

### 3. **Advancement**

Advancement is promotion in the job or to a higher social class (Collins, 1995). For employees, it is the opportunity for them to advance to a higher organizational level. For example, a salesperson in the retailing store may want to be promoted to be a senior salesperson. Hence, the chance of such promotion is an opportunity for advancement.

### 4. **Challenging Work**

Challenging work depends on the job nature and the perspective of the worker. An interesting challenging job assignment is a subjective notion depending on the character of the person experiencing the work. Hence, what constitutes a challenging job is largely in the 'eyes of the beholder'.

## **5. Recognition**

An important reward for most employees is that of recognition (Herzberg et al, 1959; Locke, 1976). Recognition is the act of recognizing and identifying achievement in the job. Employee-of-the-month, key-contributor awards, and special-achiever programs abound as ways to recognize the contributions of individuals above and beyond traditional pay or promotion rewards (Wilson, 1994).

## **6. Co-workers**

The term co-workers measure the extent to which fellow workers are supportive and helpful to the feeling of belongingness to a team. In some senses, it is related to the relationship between co-workers, supervisors and subordinates. If the employee can establish a good relationship with his co-workers, supervisors and subordinates, he will have a strong feeling of belongingness to the team, and will gain support and help from the team.

## **7. Supervision**



Having helpful and supportive supervision, employees may perform their task well. Supervision can be treated as associated with the task, in that the supervisor provides, for example, continuous and direct feedback on performance, to the employees as assistance for them. It may be that, in the case of a positive supervisor-subordinate relationship, the greater the degree of supervisor involvement and control, the better the work produced (Pfeffer, 1998)

#### **8. Job security**

The typical example of a non-contingent reward is job security. It is as much a feeling as a fact i.e., it includes the feeling of not being in danger of being fired.

#### **9. Working conditions**

Working conditions refer to the working environment; it includes the safety of the environment, the suitability of the working environment etc. For example, in a restaurant environment, this would include the extent to which the kitchen area is safe, the working hours of the employees (is it too long without any break?), and the facilities that are used by the employees etc.

Graham and Leung (1987) drew a conclusion that American motivation concepts and theories may not be applicable in Hong Kong because their study indicated that Hong Kong managers regard financial reward as more important than challenging work whereas American managers regard challenging work as the prime motivator. This finding may reflect Hong Kong materialistic values and it has some human resource management implications. For example, job enrichment programs designed and used in the U.S. may have limited impact in Hong Kong if Hong Kong managers generally regard challenging work as less important than do their American counterparts.

## **Two-factor Theory of Motivation (Frederick Herzberg, 1959)**

The two-factor theory of motivation introduced by Frederick Herzberg (1959) is relevant to this study. Herzberg has labeled pay as a hygiene factor in motivation, which prevents job dissatisfaction. Is it applicable in Hong Kong? Does the Hong Kong low-income level treat pay as a hygiene factor in motivation? Or does pay have a more direct effect on motivation? Hence, the two-factor theory of motivation is applied in this study in order to assess the extent to which Western based motivational theories are applicable or not in Hong Kong.

In the two-factor theory of motivation (1959), Frederick Herzberg identified two sets of items that he called motivation (or intrinsic) factors and hygiene (or extrinsic) factors. He labeled the factors that prevent dissatisfaction as hygiene factors and those that bring about satisfaction as motivators (Hodgetts, 1986).

Intrinsic factors lead to high levels of job satisfaction and goal-oriented behaviour. These factors are related to the job itself and they can result in increased output and have a positive effect on job satisfaction. Intrinsic factors include

achievement, recognition, responsibility, advancement, the possibility of growth and the work itself.

Extrinsic factors (hygiene factors) prevent job dissatisfaction. It is because their effect on the worker resembles that of physical hygiene. They take a negative condition and bring it back to its original position. Conversely, if hygiene intervention is withheld, things can go from bad to worse. Hygiene factors will not improve things beyond the original state, but prevent deterioration by returning the person to an original state. These factors do not motivate people but merely prevent dissatisfaction. They produce no growth in worker output, but they prevent loss in performance caused by work restriction. They maintain motivation at zero-level, preventing a negative type of motivation from occurring (Hodgetts, 1986). Hygiene factors include pay, technical supervision, interpersonal relations, company policy and administration, working conditions, job security and status.

Herzberg suggested that management's role is to build jobs or tasks that bring about a sense of accomplishment and appreciation rather than to construct motivation efforts solely on the traditional tools of pay, fear, and so on (Hodge & Anthony, 1988).

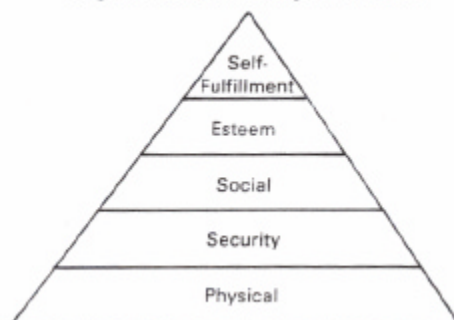
In this study, the intrinsic factors and the extrinsic factors will be used as a means of measuring the job dimensions in Graham and Leung's study (1987). Further, there is an argument between the different publishers about whether Pay should be defined as an intrinsic factor or extrinsic factor. As a result, this study, hopefully, can help to clarify whether pay is an intrinsic factor or extrinsic factor according to the two-factor theory of motivation (1959).

## **Hierarchy of Needs Theory (Abraham Maslow, 1954)**

Beside the two-factor theory of motivation, hierarchy of needs theory introduced by Abraham Maslow, 1954 is also relevant to this study to further test the applicability of the Western based motivation theories in the Hong Kong context, especially at the low-income level.

In 1954, Maslow published his 'Hierarchy of Needs' theory to explain what motivates people (Maslow A. H., 1970). Human needs are in the form of a hierarchy, starting in an ascending order from the lowest to the highest needs, and concluded that when one set of needs was satisfied, this kind of need ceased to be a motivator. Maslow's hierarchy consists of five levels of needs as follows: Physiological needs, Security/ Safety needs, Affiliation/ Social needs, Esteem needs, Self-actualization/ Self-Fulfillment.

**Figure 1. Hierarchy of Needs.**



Physical needs are the only needs that are innate and include the need for food, water, and shelter.

The security need ceases to function as a motivator when individuals feel secure in their jobs and are reasonably assured that their retirement income will be adequate.

The social need relates to a striving for acceptance, to belong, to be a part a group. It includes loving and being loved, and the quest for companionship and friendly relationships with others.

The need for esteem includes both self-esteem and esteem from others, or self-respect and the respect given by subordinates, peers, or a boss.

Self-fulfillment or self-actualization reflects the individual's desire to grow and develop to his fullest potential. When the need for self-fulfillment motivates an individual, he seeks to improve himself not for the purpose of making more money (physical and security needs), not to have more friends (social need), not to be respected and admired (esteem need), but because he wants to fulfill his human

potential. Because it is impossible for any individual to ever reach a state of perfect human achievement, Maslow saw the filling of this need as a self-perpetuating process, one that is ongoing and never-ending. The individual driven by the need for self-fulfillment is constantly searching for new goals, new challenges and new ways to reach higher levels of achievement (Harwell, 1986).

The implications of the Hierarchy of Needs theory are that, firstly, people have different needs, which should be satisfied accordingly. For example, what motivates a manager may not motivate his or her employees. Secondly, motivators should change because needs will change. For example, motivators will change vertically when physical needs are satisfied, and there is movement to the next higher level of need, which is security. On the other hand, motivators should also change as needs change in the same hierarchy. For instance, motivators will be changed if the social need changes from the need for friendly relationships with others to the need to be loved. Finally, an individual can be motivated by more than one need at any given time. For example, a person may feel a need for security and self-fulfillment simultaneously.

In the Graham and Leung's study (1987), Graham and Leung have stated nine major job dimensions, and according to the hierarchy of needs theory (1954), these



job dimensions can be classified into several needs. In this study, the job dimensions in the Graham and Leung's model are examined in the context of the hierarchy of needs theory (1954).

## **Methodology and Limitation**

### **A. Methodology**

The method employed in this study was the questionnaire survey. It was aimed at evaluating the relationship between pay and motivation of low-income earners.

The questionnaire was divided into two parts. The first part was concerned with the relationship between job dimensions and motivation. The other part is concerned with general information such as gender, ages and the educational attainment of the interviewees.

In order to give some validity to the questionnaire responses, the questions were designed to be independent and the wordings of the questions simple and clear to avoid misunderstandings. Additionally, two students who are studying in translation in Lingnan University were asked to use backward translation in translating the questionnaire from English version to Chinese version. In order to make the Chinese version of the questionnaire more accurate, the format and questions in the questionnaire are based on the Graham and Leung's study, 1987, again in order to

attain some degree of validity in relation to the questionnaire.

**B. Limitation**

Most of the potential respondents to the questionnaire claimed to be too busy to complete an administered questionnaire. Additionally, there were several technical problems in the construction of a website for online completion of the questionnaire.

Furthermore, some of the questionnaires were discarded because they were incomplete. The final response rate was 221 from 250 questionnaires, i.e., an 88.4% percent response rate.

## **Data Collection**

### **A. Questionnaire Layout**

As previously stated, the questionnaire was divided into two main parts. The first part was concerned with the perception and attitudes towards several job dimensions. These included the fields of the candidates (10 items); the positions (4 items) and the salary range (5 items). In addition, there were several dimensions for the candidates to rank (1 – 10, where 10 are the most important).

The other part aimed at collecting the general background of the candidates, such as gender, age and the educational attainment.

Before the distribution of the questionnaire, backward translation was used in translating the questionnaires from English version to Chinese version.

### **B. Subject**

The survey was conducted through various channels. First, there is a website for

the posting the questionnaire to the Internet<sup>2</sup>. Additionally, softcopy of the questionnaires were distributed to friends through ICQ. Finally, self-administered questionnaires were sent to Hong Kong employees in various districts such as the industrial area in Tuen Mun, the Nathan Road in Mongkok, the shopping mall in Causeway Bay and the commercial centre in Central. The employees were randomly chosen in the above listed districts.

### C. Procedure

Two professors and two students in Lingnan University were invited to pre-test the questionnaire, several amendments were made to improve the face validity of the questionnaire, the purpose being to ensure the wordings and meaning in the questionnaire were clear and accurate.

After that, the finalized questionnaire was posted on the Internet, and 230 questionnaires hardcopy were printed for the potential respondents.

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<sup>2</sup> <http://hk.geocities.com/jacarjacarjacar/>

#### **D. Questionnaire Distribution and Collection**

Questionnaires were distributed to various districts (listed above) in person. All the employees from different fields were asked to participate in the survey. The respondents were randomly chosen in the above districts. After the collection of the questionnaire, most of the low-income earner respondents are came from the industrial area in Tuen Mun and the Nathan Road in Mongkok. Not surprisingly, the earners who work in the industrial estate probably earn less than those who work in the commercial centre in Central. On the other hands, there are also some of the respondents in the commercial centre in Central earn little and classified as the low-income earners.

#### **E. Response**

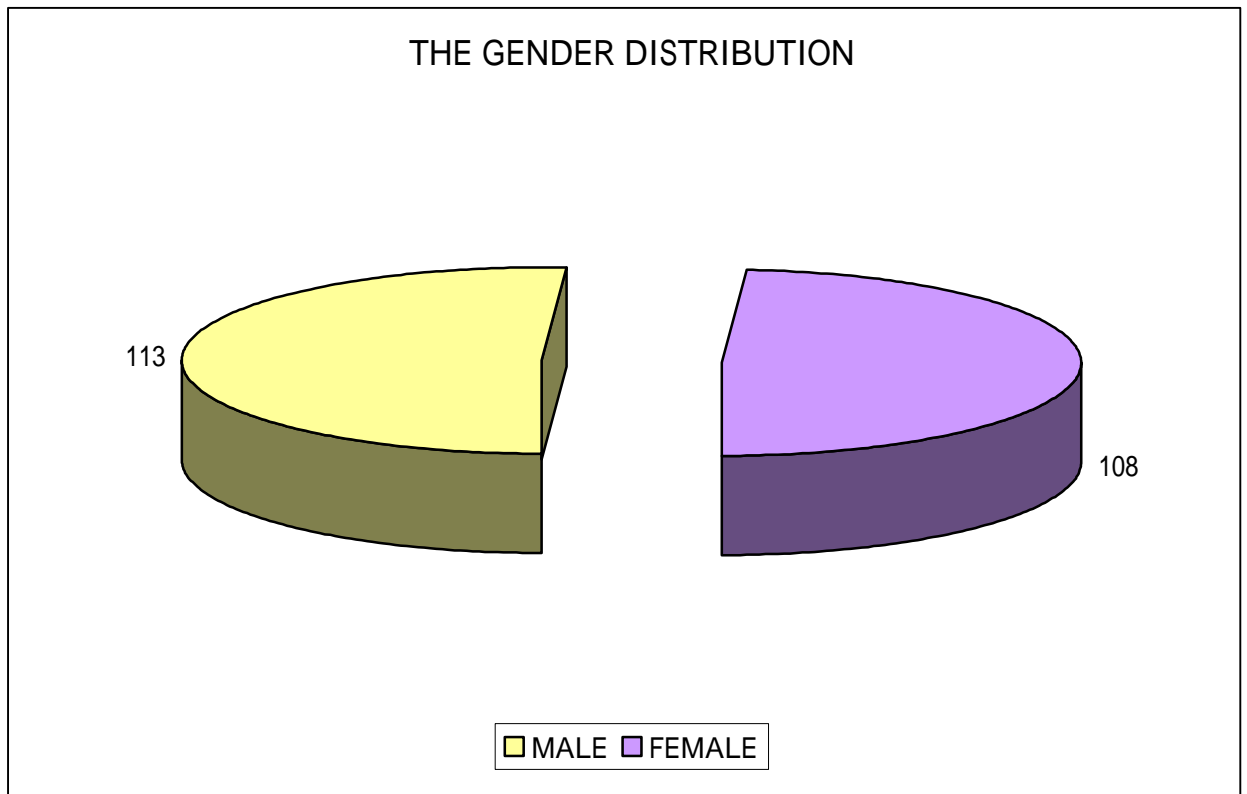
230 questionnaires were distributed and 201 received back. 20 questionnaires were sent returned via ICQ and the website. 29 were rejected because they were incomplete. The overall response rate was 88.4% and 221 questionnaires were fully usable and with complete data.

# Analysis and Findings

## A. Background Information of the Respondents

### 1. Gender

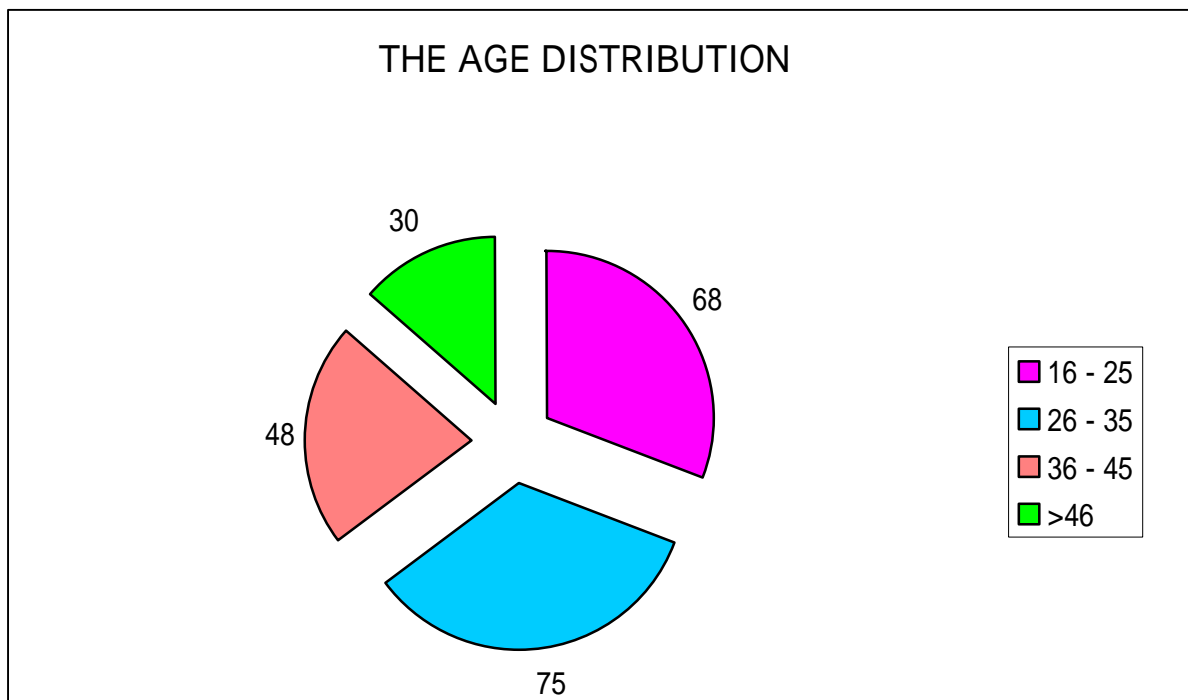
OF the 221 respondents, 51% were male and 49% female (Figure 2). The even distribution between male and female ensured minimal gender bias.



**FIGURE 2**

## 2. Age Group

305 of the respondents were aged between 16 and 25. About 34% of them were aged from 26 to 35. Those who were aged 36 to 45 comprised 22% of the respondent. Finally, 14% of the respondent were aged 46 or above (Figure 3). This distribution is consistent with the age distribution of the Hong Kong working population where the active work force in Hong Kong is mainly comprised of adults who are between 26 and 35.

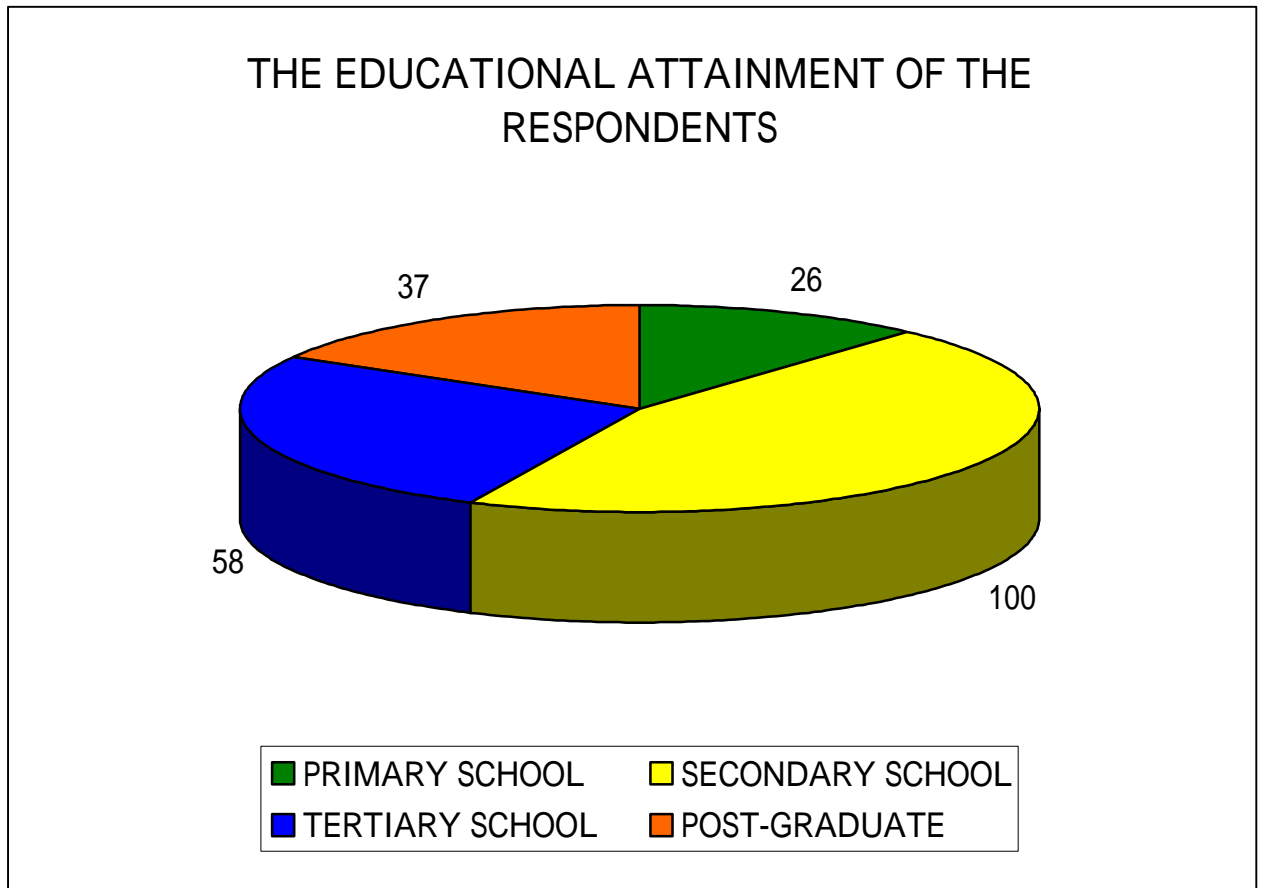


**FIGURE 3**



### 3. Educational Attainment

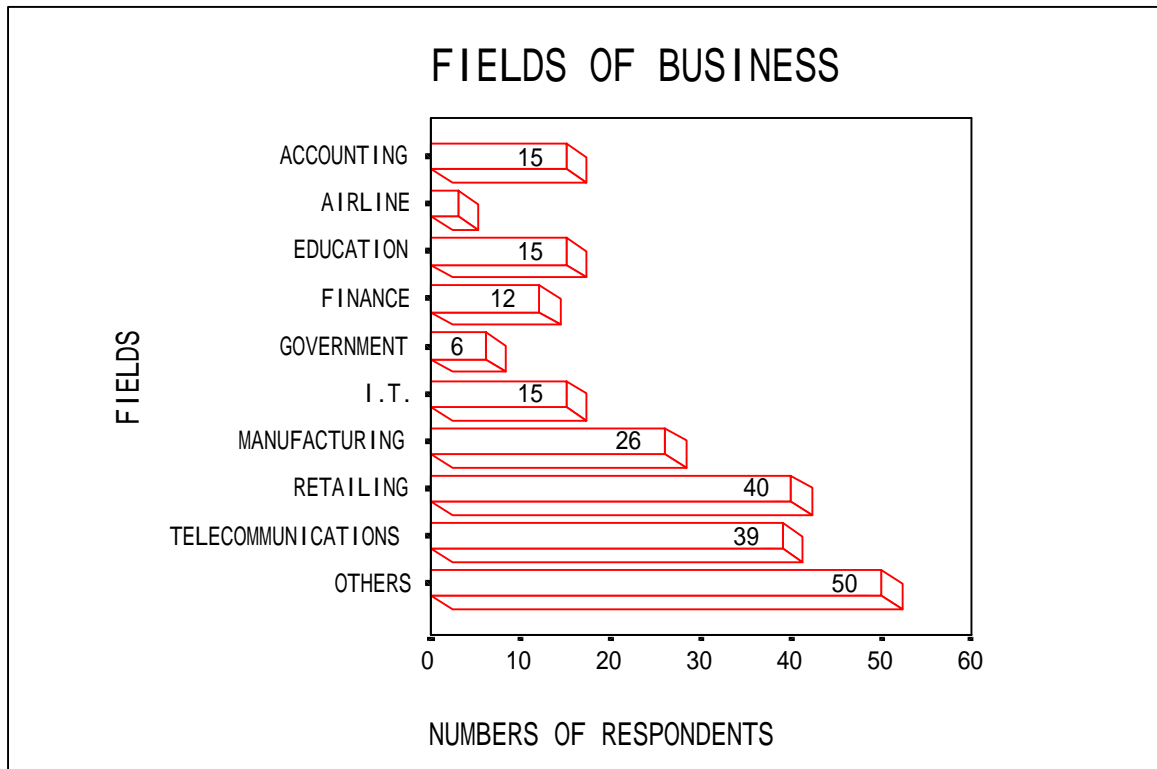
21% of the respondent had just attained primary education. 45% of the respondent has completed secondary education. Approximately 26% of respondents had achieved the tertiary level of education and there were 17% of the respondent who had finished post-graduate study (Figure 4).



**FIGURE 4**

#### 4. Field of Business

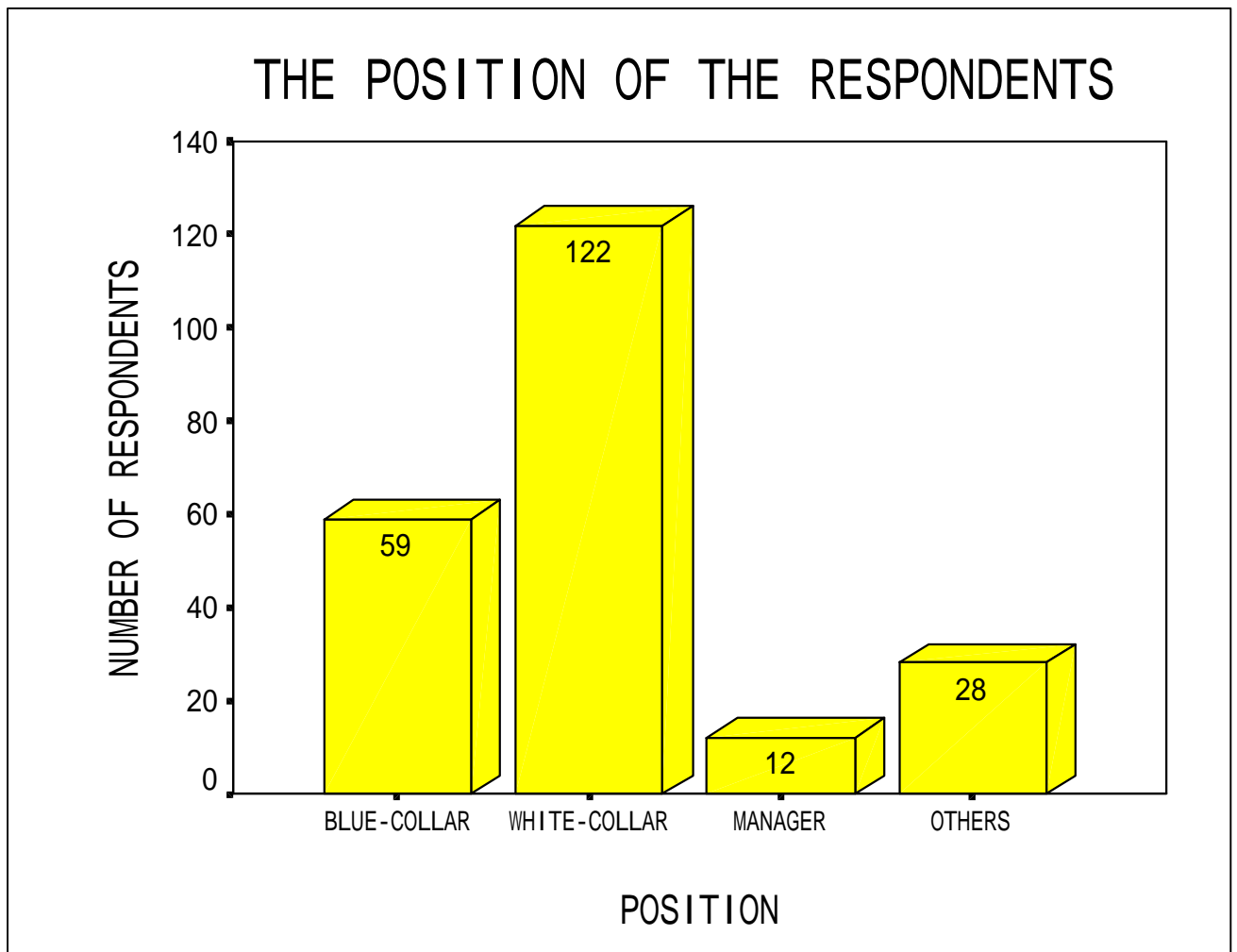
Most Of the respondents came from the business sector. There were 15 respondents in accounting, 12 in financial industrial, 39 in telecommunications, 15 in I.T. sector, and 40 in retailing. The second largest group came from secondary industry, which is manufacturing i.e., 26 respondents fell in this category. The remaining were from the civil service (6 respondents), education (15 respondents), 3 from the Airline industry, and 50 from others field such as social work, catering and hospitals (Figure 5).



**FIGURE 5**

## 5. Position

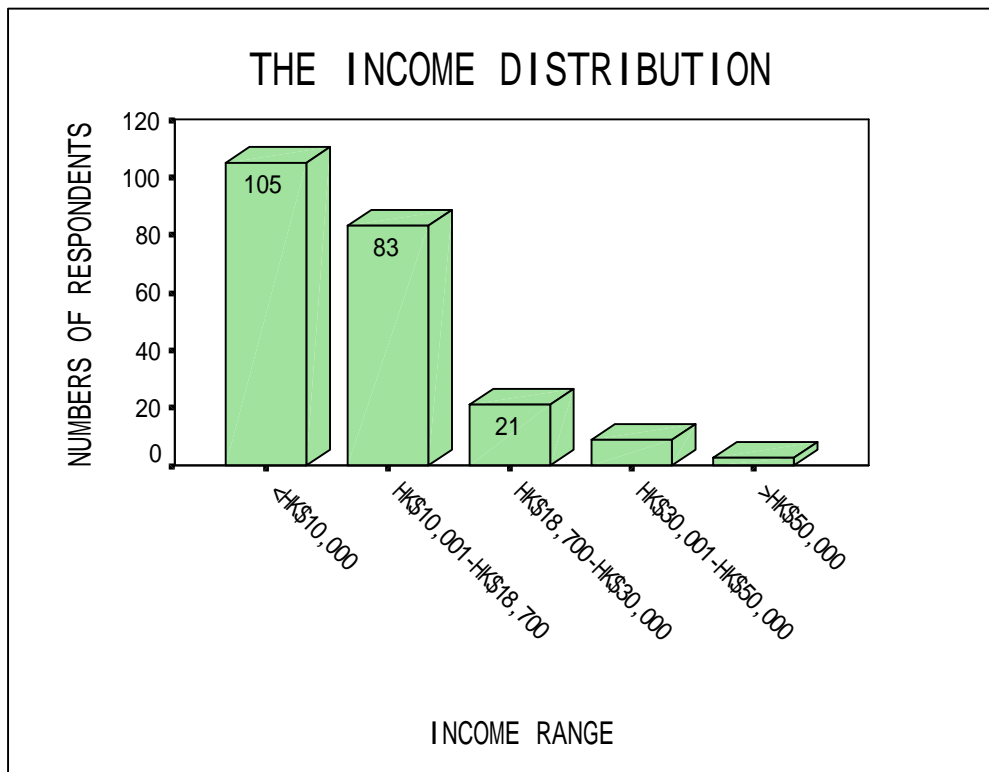
More than half of the respondents were white-collar workers (55%). 26% of the respondents were blue-collar workers. The remaining was 6% managerial level and there were 13% in other position that could not be classified into one specific category (Figure 6).



**FIGURE 6**

## **B. Income Classification**

The questionnaire divided the income earned per month into 5 categories, which were 'BELOW HK\$10,000', 'FROM HK\$10,000 TO HK \$18,700', 'FROM HK\$18,700 TO HK\$30,000', 'FROM HK\$30,000 TO HK\$50,000' and 'ABOVE HK\$50,000'. Above half of the workers fell into the category 'BELOW HK\$10,000' (47.5%), and are described as the low-income earners. 37.5% of the respondent were earning HK\$10,000 to HK\$18,7000 per month, and in this study have been named middle-income earners. 9.5% of respondents stated they were earning 'FROM HK\$18,700 TO HK\$30,000' with 4% earning 'FROM HK\$30,000 TO HK\$50,000'. 1.5% of respondents were earning more than HK\$50,000 per month. These latter 3 categories were grouped together and called high-income earners (Figure 7).

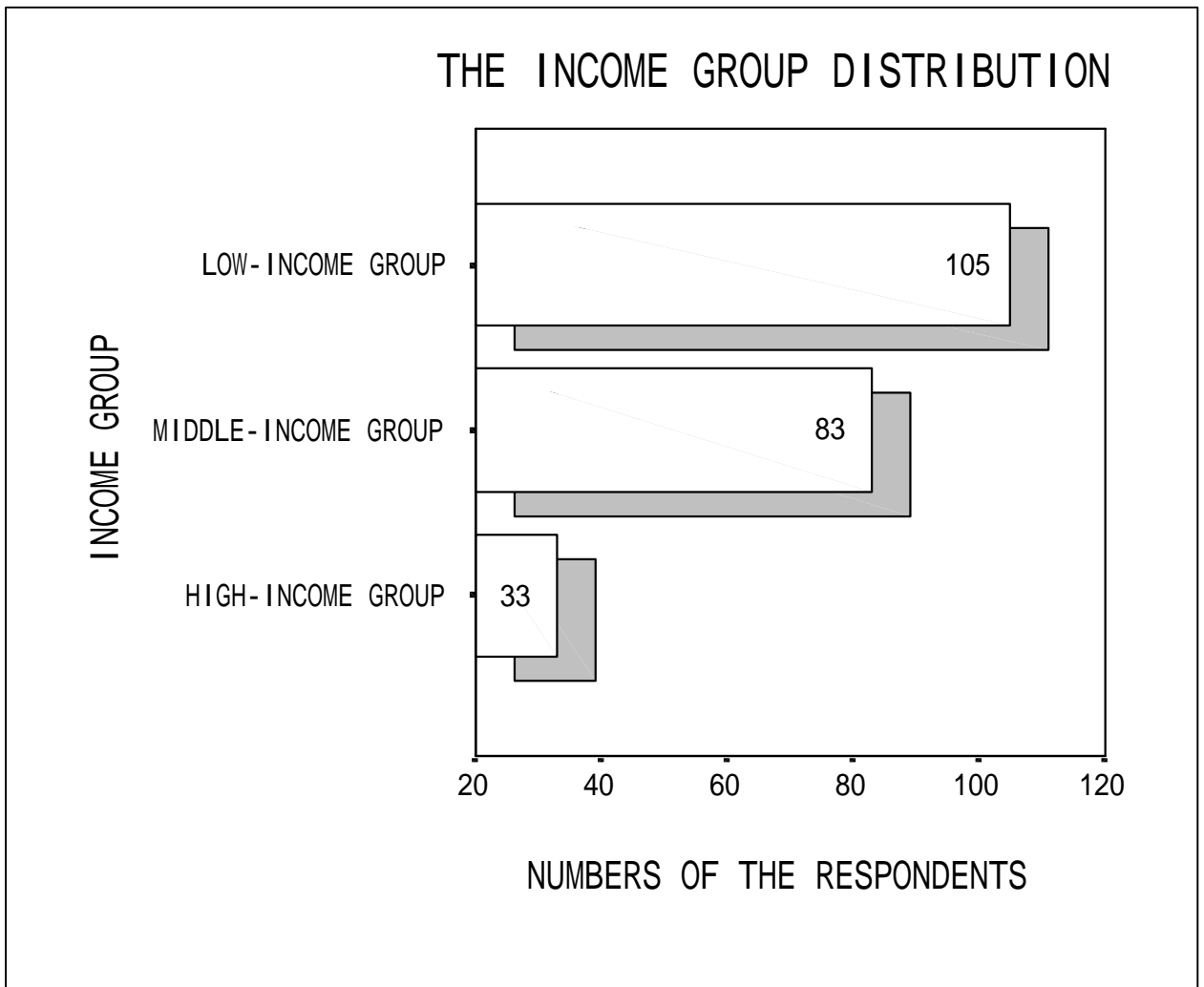


**FIGURE 7**

The above classification (below HK\$10,000 the low-income earners, from HK\$10,000 to HK\$18,700 the middle-income earners; and those who earn more than HK\$18,700 the high-income earners) is based on the publication material from the SAR Government. According to the SAR Government website<sup>3</sup>, ‘the median monthly income from main employment of the working population was \$10,000 in 2001.’ Hence, those employees earned below HK\$10,000 were categorized as the low-income earners in this study. On the other hands, ‘the median monthly income of

<sup>3</sup> <http://www.info.gov.hk/censtatd/>, The Summary Results of 2001 Population Census, Friday, October 26, 2001

domestic households was \$18,700.’<sup>4</sup>, therefore, those who earned between HK\$10,000 and HK\$18,700 were grouped as the middle-income earners in this project. From the remaining, those who earned more than HK\$18,700 were categorized as high-income earners (Figure 8)



**FIGURE 8**

<sup>4</sup> <http://www.info.gov.hk/censtatd/>, The Summary Results of 2001 Population Census, Friday, October 26, 2001

### C. Job Dimension

Mean and Ranks of the Nine Job Dimensions among Different Income Groups						
	LOW-INCOME		MIDDLE-INCOME		HIGH-INCOME	
	MEAN	RANK	MEAN	RANK	MEAN	RANK
1. Financial Reward	8.30	1	8.41	1	8.64	1
2. Benefits	7.62	2	7.66	2	5.36	8
3. Advancement	6.70	7	7.64	3	5.36	8
4. Challenging Work	6.00	8	7.04	7	5.82	7
5. Recognition	7.13	4	6.99	8	6.18	5
6. Co-workers	7.04	5	7.29	4	7.18	4
7. Supervision	5.81	9	5.82	9	5.91	6
8. Job Security	6.89	6	7.23	5	7.45	2
9. Working Conditions	7.22	3	7.07	6	7.36	3

\*The higher the mean rank, the higher the perceived importance.

**TABLE 2**

Financial rewards include different kinds of rewards related to money. Pay is the element of financial reward, hence, in this study; the focus on Pay is the same as the *financial reward* stated in the Graham and Leung’s study (1987), and in this study, the terminology ‘*Financial Reward*’ in the Graham and Leung’s study (1987) will be used in referring to the term “Pay”, as the central element in this paper.

The above table listed the mean point of the importance of the job characteristics among different income earners. The Financial Reward was the most important

among all the different income earners. All of the three different income earners rank Financial Reward as their most important job dimension.

Benefits and Working Conditions were also ranked as important elements by low-income earners. It is also important for the middle-income earners and high-income earners.

For low-income earners, Supervision, Challenging Work and Advancement were ranked as the least important job dimension.

Mean Ranks of the Nine Job Dimensions for middle managers	
<b>Job Characteristics</b>	<b>Mean Ranks</b>
1. Financial Reward	5.8*
2. Benefits	6.3
3. Advancement	8.1
4. Challenging Work	9
5. Recognition	11.9
6. Co-workers	12.3
7. Supervision	13.1
8. Job Security	13.3
9. Working Conditions	13.6

\*The lower the mean rank, the higher the received importance.  
(This table is adapted from Graham and Leung, 1987)

**TABLE 3**



Table 3 shows the result of the mean ranks of the nine job dimensions from middle managers by Graham and Leung, 1987. Comparing this table with the low-income earners in table 2 indicates that financial reward was ranked as most important by both the middle managers and the low-income earners.

## Conclusion

It seems that pay, *a form of financial reward*, is the most important job related factor for all the income groups surveyed in this study. They think that the extrinsic rewards, such as pay, or benefit (non-financial reward), are important elements for their job (Although the high-income earners ranked it as number 8, the low-income earners and middle-income earners, about 85% of the respondents, ranked it as high as the Financial Reward). On the other hands, those intrinsic rewards such as advancement and recognition are less important for the Hong Kong employees. As the Hong Kong employees put money as the most important and Pay is the one and only one factor to give them the sense of safety. Hence, those intrinsic rewards are less important. It is consistent with the Graham and Leung's study (1987), which found out that the Hong Kong middle managers ranked the intrinsic rewards such as advancement and recognition as the less important.

All categories of earners placed heavy emphasis on pay, this phenomenon can be explained by the recession period in Hong Kong. It is consistent with the Hierarchy of Needs Theory (Maslow, 1954), i.e., when recession takes place lower level safety needs begin to become important. Comparing with other job dimensions, such as the

Job Security and Recognition, Pay is the most important element in this poor economic period. Many in Hong Kong have suffered in the Asian financial crisis, they lost a lot in the stock market, and hence, pay is important for the middle manager. For those low-income earners, pay, as their permanent income, that is the income persists into the future, is the most important. It is because their salary can be directly financed for their life expenditures and savings.

According to the Hierarchy of Needs Theory introduced by Abraham Maslow (1954) pay may be classified in the physiological needs or security needs categories. In this study, it showed that pay can be classified in the physiological needs or security needs categories especially for the low-income earners. Salary is the major income for all earners, if there is absence of pay; the low-income earners are lack of resources to support and finance their need for food and water. Since Hong Kong is a city in China, the Chinese culture affecting the Hong Kong employees' attitude towards Pay. Money is the most important in the Chinese society. Besides, the Chinese always satisfy their want step by step, just like the Hierarchy of Needs Theory introduced by Abraham Maslow (1954); they want to satisfy the basic needs such as the Physiological needs, Security/ Safety needs, by earning money from working. The Chinese with just want to gain satisfaction from the higher level of

needs if and only if after satisfied those lower level of needs. Since the effect from the Chinese culture, all Hong Kong employees place *financial reward* that is Pay, at the top of their preference.

Besides, pay can also be classified, as security needs. It is because pay can be the motivator when individuals feel secure in their jobs and are reasonably assured that their retirement income will be adequate.

On the other hands, the elements such as Recognition and Co-workers can be classified as the social needs in the Hierarchy of Needs Theory. The social need relates to a striving for acceptance, to belong, to be a part of a group, which is capture in the term Recognition (Maslow A. H., 1970); and the quest for companionship and friendly relationships with, which has been termed Co-workers (Maslow A. H., 1970).

With the references of the hierarchy of Needs Theory, Abraham Maslow, 1954, motivators should change because needs will change. For the low-income earners, when physical needs are satisfied, and there is movement to next higher level of need, which is security. At this moment, the low-income earners are seeking to satisfy the physical and security needs, that is pay, so they will rank the social needs such as

Recognition and Co-workers as less important, when they are satisfied by the physical needs and security needs, for examples, they may have a certain amount of money in their bank, or become middle-income earners, they will seek for a higher level of need, such as social needs. They will think that the pay will not be as important as they have gained a lot from this, from an economics view point, that is the law of diminishing returns. Hence, the middle-income earners, or even the high-income earners may want to receive other more rather than pay, such as recognition from others and the social needs.

The other phenomenon reflected by this study is that Working Conditions is relatively important. This may be explained by the followings, the low-income earners are working in an environment that they may perceive to be not so safe. For example, there will be common for us to find that unsafe working environment in the factories or the manufacturing workplace. Furthermore, most of the low-income earners in the survey concluded for this study were from the telecommunication sector. In this sector, long working hours and overtime working are very common. All of the above can be classified as poor working conditions. Since it is more common for the low-income earners to face poor working conditions, low-income earners are likely to rank Working Conditions as more important.

Furthermore, Challenging Work is ranked as less important than for whom for the low-income earners. It may be because of the poor educational level of the low-income earners. Since most of the low-income earners have just achieved primary or secondary education, they may think that challenging work is referring to difficult task and heavy task. They know that challenging work depends on the job nature and the perspective of the worker in a theoretical sense. However, they cannot realize this explanation. What they have learnt in their working experience is that, 'a challenging work is referring to difficult task and heavy task in my experience.' told by one of the respondents. It just constitutes a challenging job is largely in the 'eyes of the beholder'. Hence, an interesting challenging job assignment is a subjective notion depending on the character of the person experiencing the work. As a result, most of the low-income earners do not want to receive challenging work.

On the other hands, we can use Hierarchy of Needs Theory (Maslow A. H., 1970) to explain this phenomenon. Challenging Work can be classified as the need of self-actualization, which is reflecting the individuals desire to grow and develop to his fullest potential. By experiencing challenging work, the workers can fulfill his human potential during. Since the low-income earners are trying to satisfy their physical

needs and security needs, that is Pay; they cannot jump and try to satisfy the higher level of needs without satisfying the lower hierarchy of needs. As a result, the low-income earners are not trying to satisfy the need of self-actualization, which is Challenging Work and ranked this job dimension as less important.

Last but not least, the Two-factor Theory of Motivation introduced by Frederick Herzberg, 1959, can explain the importance of pay. For the low-income earners, pay can be classified as a hygiene factor. Hygiene factors can prevent job dissatisfaction; and take a negative condition and bring it back to its original position.

For some Western publications (Herzberg, 1959; Hodge & Anthony, 1988; Milkovich & Newman, 1999), pay is a special factor that can be defined as intrinsic factors and can also be considered extrinsic factors. Since pay can have a positive effect on job satisfaction, and on the other hands, it can prevent job dissatisfaction. During the conversation and discussion with respondents, they responded that although pay can have a positive effect on both job satisfaction and prevent job dissatisfaction, the effects from extrinsic factor is larger than the effects from intrinsic factor. One of the respondents claimed that the higher pay will encourage him to perform his job better in a small extent; however, the same amount of pay deduction

will discourage good performance to a far greater extent. As a conclusion, although pay can be considered to be an intrinsic factor and extrinsic factor in the same time, the effect from pay as the extrinsic factor seems to be larger. Hence, we can classify pay as an extrinsic factor for the low-income earners to a large extent.



## Recommendation

As mentioned in the Findings, the pay is the most important for all income groups in Hong Kong, the low-income earners, the middle-income earners and the high-income earners, the management level in the companies and the employers should be very careful in adjusting the wages.

Additionally, when Human Resources managers decide to set up a reward package to their staff, it is advisable for them to put more emphasis on the salary or pay (*financial reward*), and relatively reduce the other rewards such as insurance. As it have mentioned before, pay is the element of *financial reward*, hence, and in here, the terminology 'Financial Reward' in the Graham and Leung's study (1987) will be used in referring to the term "Pay", as the central element in this paper.

On the other hands, for the low-income earners, recognition program such as employee-of-the-month do not motivate them a lot. In order to enhance motivation it is likely that improving poor working conditions will be more productive.

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## Appendix 1 (Questionnaire)

### Perceptions of Hong Kong Employees towards the Job Dimensions

The purpose of this survey is to access Hong Kong Employee opinions about several job dimensions. We would appreciate it if you could spend about 5 minutes of your time to complete this questionnaire. All information provided will be kept confidential. Thank you for participating in this survey.

---

#### Part 1: Perception and Attitudes towards Several Job Dimensions

1. You are working in:

- |   |  |
|---|--|
| <input type="checkbox"/> Accounting         | <input type="checkbox"/> Airline                     |
| <input type="checkbox"/> Finance            | <input type="checkbox"/> Education                   |
| <input type="checkbox"/> Government         | <input type="checkbox"/> I.T.                        |
| <input type="checkbox"/> Manufacturing      | <input type="checkbox"/> Retailing                   |
| <input type="checkbox"/> Telecommunications | <input type="checkbox"/> Other (please specify.....) |

2. You are

- |   |  |
|---|--|
| <input type="checkbox"/> Blue-collar, e.g. worker     | <input type="checkbox"/> Manager                     |
| <input type="checkbox"/> White-collar, e.g. executive | <input type="checkbox"/> Other (please specify.....) |

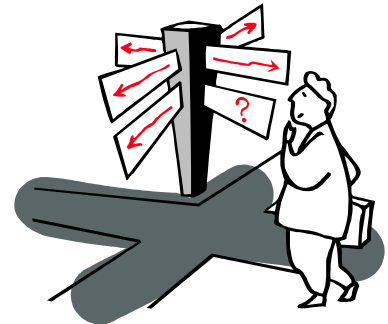
3. Your salary is about (per month)

- |   |   |
|---|---|
| <input type="checkbox"/> Below HK\$ 10,000          | <input type="checkbox"/> HK\$ 10,001 to HK\$ 18,700 |
| <input type="checkbox"/> HK\$ 18,701 to HK\$ 30,000 | <input type="checkbox"/> HK\$ 30,001 to HK\$ 50,000 |
| <input type="checkbox"/> Above HK\$ 50,000          |   |

4. Please circle to what extent you think the followings are important to you in making you feel like doing your best in your job:

	Least Important									Most Important
a. Financial Reward	1	2	3	4	5	6	7	8	9	10
b. Benefit	1	2	3	4	5	6	7	8	9	10
c. Advancement	1	2	3	4	5	6	7	8	9	10
d. Challenging work	1	2	3	4	5	6	7	8	9	10
e. Recognition	1	2	3	4	5	6	7	8	9	10
f. Co-workers	1	2	3	4	5	6	7	8	9	10
g. Supervision	1	2	3	4	5	6	7	8	9	10
h. Job Security	1	2	3	4	5	6	7	8	9	10
i. Working conditions	1	2	3	4	5	6	7	8	9	10

**Part 2: Personal Information**



1. You are

( ) Male

( ) Female

2. You are aged at

( ) 16 - 25

( ) 26 - 35

( ) 36 - 45

( ) 46 or above

3. You have finished

( ) Primary school

( ) Secondary school

( ) Tertiary School

( ) Post-graduate

( ) Other (please specify.....)

~ End~

Thank you for your time and cooperation

## Appendix 2 (Questionnaire, Chinese Version)

### 香港僱員對各種工作因素的看法

此問卷的目的乃訪問香港僱員對各種工作因素的意見和感覺。請抽出約五分鐘時間來完成此問卷，所有內容將絕對保密。多謝！

---

#### 第一部份： 對各種工作因素的看法及態度

3. 您在以下哪一個行業工作：

- |                                   |  |
|-----------------------------------|--|
| <input type="checkbox"/> 會計       | <input type="checkbox"/> 航空            |
| <input type="checkbox"/> 財務       | <input type="checkbox"/> 教育/導師         |
| <input type="checkbox"/> 政府公務員    | <input type="checkbox"/> 資訊科技/電腦       |
| <input type="checkbox"/> 製造/貿易/成衣 | <input type="checkbox"/> 銷售/市場推廣       |
| <input type="checkbox"/> 電訊/客戶服務  | <input type="checkbox"/> 其他 (請註明.....) |

4. 您的職位是：

- |                                     |  |
|-------------------------------------|--|
| <input type="checkbox"/> 藍領，例如：工人   | <input type="checkbox"/> 經理            |
| <input type="checkbox"/> 白領，例如：行政人員 | <input type="checkbox"/> 其他 (請註明.....) |

5. 您的月薪大約是：

- |   |   |
|---|---|
| <input type="checkbox"/> HK\$ 10,000 或以下            | <input type="checkbox"/> HK\$ 10,001 to HK\$ 18,700 |
| <input type="checkbox"/> HK\$ 18,701 to HK\$ 30,000 | <input type="checkbox"/> HK\$ 30,001 to HK\$ 50,000 |
| <input type="checkbox"/> HK\$ 50,000 以上             |   |

6. 就以下各種因素，請圈出可以推動您的工作表現達致最好的重要性：

(由 1 到 10, 1 為最不重要, 10 為最重要)

	最不重要									最重要
j. 薪金	1	2	3	4	5	6	7	8	9	10
k. 非現金福利，如醫療保險	1	2	3	4	5	6	7	8	9	10
l. 晉升機會	1	2	3	4	5	6	7	8	9	10
m. 工作的挑戰性	1	2	3	4	5	6	7	8	9	10
n. 對工作的認同	1	2	3	4	5	6	7	8	9	10
o. 同事間的關係	1	2	3	4	5	6	7	8	9	10
p. 上司的監督	1	2	3	4	5	6	7	8	9	10
q. 工作給予的保障	1	2	3	4	5	6	7	8	9	10
r. 工作環境	1	2	3	4	5	6	7	8	9	10

第二部份： 個人資料



4. 性別

( ) 男性

( ) 女性

5. 年齡

( ) 16 - 25

( ) 26 - 35

( ) 36 - 45

( ) 46 或以上

6. 教育程度

( ) 小學程度

( ) 中學程度

( ) 大專程度

( ) 大學程度以上

( ) 其他 (請註明.....)

~ 全卷完 ~  
多謝