

Impact of Education Level on Firm Performance: Examination of Job Satisfaction

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ABSTRACT

This study focused on employees who work in the service industry where there are no specific assigned tasks or duties. The respondents of the study comprised of 210 employees of Malaysian Alliance Assurance Berhad (MAA), and Perodua Malaysia Berhad. They were 89 males; 55 school-leavers and 34 graduates, and 121 females; 60 school-leavers and 61 graduates. They were randomly selected to answer the questionnaire to get high response rate. These companies are chosen because they are well-established with population of at least 2000 employees of each company with different educational background. It is believed that the turnover rate is very low. This study used Minnesota Satisfaction Questionnaire (MSQ) as a data gathering tool. The MSQ is offered in a long form, and a short form, which measure on a five-point Likert scale. The format of MSQ is a paper and pencil inventory, which measures vocational needs and social values based on job satisfaction.

Introduction

It is clear that education has an important effect on job performance. It is not clear, however, whether higher education would lead to job satisfaction. According to Wise (1975), there is a difference in job performance between persons with different level of education. He further mentioned that having a higher education level would be an advantage in terms of intelligence, supervisory ability, initiative, self-assurance, and perceived occupational level. Another finding suggested that graduates who believed to have higher cognitive abilities than school-leavers, tend to perform better since they have the ability to learn faster on the factual information and concepts relevant to the tasks (Miller & Rosse, 1984) and that they have more organizational citizenship behavior than school-leavers (Beatty, 1998). Ritter and Anker (2002) postulate that highly educated

workers are more likely to report high job satisfaction level. However, Mora, Aracil and Vila (2007) on the other hand found that the courses taken by the graduates in the college must match with the current job in order for them to be satisfied in their jobs, since the academic background would be the important prediction of organizational citizenship behavior and organizational-specific success (Beatty, 1998).

Along with this, job satisfaction for the graduates is also linked with the knowledge and skills acquired during the study and the match between educational level and job level (Mora, Aracil & Vila 2007; Battu, Belfield, & Sloane, 1999; Verhaest & Omey, 2006). Likewise, Bowden and Marton (1999) found that job satisfaction is essential to college graduates. They believe that when it comes to searching for jobs, college graduates are not motivated for money but rather they prefer jobs which will give them access to senior people in companies, and they favor large companies over small organizations. Studies done by Winefield, Tiggemann and Goldney (1988) suggest that school-leavers feel satisfied in their employment resulting in improved psychological well-being. Nonetheless, they also found that recent school-leavers who cannot find job were far less well psychologically than their employed counterparts, and minority of unemployed school-leavers may be preferable to work, plus they would ideally like to stay in the current organization for senior positions (Callear, 1992). However, Griin, Hauser, and Rhein (2010) found that school leavers who are taking up a new job out of employment are, on average, more satisfied with life than those remaining unemployed.

Goodwin and O'Connor (2003) also believe that those young people who were living school then might also gradually realize that education and qualifications are far more important for better living than they ever expected when they were at school. Although the certainty of bringing home the wages, many of these school-leavers expressed a perceptible sense of regret at leaving school. The idea of leaving school and entering labor market was due to the need to be at freedom but this had seemed to be forsaken by them. They were reported, even during their first year of work, to already have the nostalgic feeling about the shorter school days, the school holidays and the breaks, and realizing the betterment of staying on at school in order to obtain as many qualifications as possible. This is supported by the findings of Callear (1992) which states that the school-leavers in her study also believed that education is relevant in preparing for adult working life. In her study, she investigated the attitudes to education among school leavers and found that it was positive.

The majority of them were found to consider they had learned useful things during school years. The majority disagree that school had done little to prepare them for work and they felt that school had prepared them well particularly for the transition between school and work. There was a fairly balanced opinion that their school had concentrated too much on getting people through examinations at the expense of other curriculum areas. In addition, Callear (1992) also uncovers that the school-leavers held positive views about their current job and hoped to be working in the same company in another five-year time, often to seek for a more senior position. Job satisfaction has been studied extensively. The question such as "Are you satisfied with your job or is it a

question that you would not want to be asked?” may be asked to know the answer. Job satisfaction is typically defined as positive or negative attitudes held by individuals toward their job (Greenberg & Baron, 2008), and the feelings a person has about his or her job (Balzer, Kihm, Smith, Irwin, Bachiochi, Robie, Sinar, & Parra, 1997). It is also related to an emotional state reflecting an effective response to the job situation.

It measures by internal construct, such as commitment, loyalty, and intention, as well as with observable construct, such as turnover, absence, tardiness, and voice, that the current job satisfaction may influence future performance (Ross, 1991). Mora, Aracil and Vila (2007) suggest that job satisfaction indicates how people value the whole package of both monetary and non-monetary returns to their jobs according to their own personal tastes, preferences and expectations. Their finding suggests that job satisfaction, as a personal perception, and individual expectations, physical and psychological needs, is a relative issue closely related to comparison and expectation. Individuals compare their own current situation with the situation of comparable people around them and draw conclusions depending on their expectations and relative personal position, and there is a positive relationship between job satisfaction and life satisfaction. Moreover, job satisfaction is conceptualized as the difference between what a worker experiences on the job and what he or she expects to find (Lichtenstein, 1984). Job satisfaction is also viewed as an important output or outcome of organization and labor-markets which are direct measures of well-being (Clark, 1998), at the same time it also plays a dual role as both an important determinant of organizational commitment, and as an intervening variable between structural and individual determinants and commitments (Currihan, 1999).

Furthermore, Griin, Hauser, and Rhein (2010) compare those unemployed and employed people; found that employed people are more satisfied with their lives than those unemployed whether or not they are satisfied with their jobs. Job satisfaction was also found to be in relation to the supervisor’s performance. Favara (2009) suggests that the relationship between the supervisors and subordinates is related to job satisfaction, which is if the supervisor or the individual demonstrates an exemplary leadership styles, it will lead to greater level of job satisfaction and job performance. Finally research is lacking in understanding whether education may lead to job satisfaction. In one study, Bowden and Marton (1999) found supporting evidence that graduates are satisfied with their jobs, and they are not motivating for money when it comes to looking for jobs. In some studies, job satisfaction was substituted by organizational commitment and job involvement (Lee, 1988), and dissatisfaction may lead to turnover (Price, 1999). However, neither study compares the job satisfaction between school-leavers and school-leavers and college students, the following research questions are asked:

RQ1: Are school-leavers satisfied with their jobs?

RQ2. Are college graduates satisfied with their jobs?

RQ3: Are the college graduates more satisfied with their jobs than the school-leavers?

Research Methodology

This study focused on employees who work in the service industry where there are no specific assigned tasks or duties. The respondents of the study comprised of 210

employees of Malaysian Alliance Assurance Berhad (MAA), Tenaga Nasional Berhad (TNB), and Perodua Malaysia Berhad. They were 89 males; 55 school-leavers and 34 graduates, and 121 females; 60 School-leavers and 61 graduates. They were randomly selected to answer the questionnaire to get high response rate. These companies are chosen because they are well-established with population of at least 2000 employees of each company with different educational background. It is believed that the turnover rate is very low. This study used Minnesota Satisfaction Questionnaire (MSQ) as a data gathering tool. The MSQ is offered in a long form, and a short form, which measure on a five-point Likert scale. The format of MSQ is a paper and pencil inventory, which measures vocational needs and social values based on job satisfaction. The MSQ is administered in a self-report style and required participants to read at the minimum ability of a fifth grade level (Weiss, Davis, England & Lofquist, 1967).

Developed by Weiss, Davis, England and Lofquist (1967), the MSQ is a five-dimension tool for measuring job satisfaction. The items include the job itself, pay, promotion opportunity, supervision, and coworkers. The short form of MSQ is preferred in view of the fact that it contained only 20 questions, which is easier to be answered by the school-leavers, who may have some difficulties in answering the 100-questions-version long version MSQ questionnaire.. A cover letter explaining the study was attached to the MSQ. The following table itemized the MSQ variables that relate to job satisfaction through the job itself, pay, promotion opportunity, supervisor and coworkers. The MSQ utilizes a five-point Likert rating: 1=Very Dissatisfied, 2=Dissatisfied, 3=Neutral, 4=Satisfied and 5=Very Satisfied. The Statistical Package for Social Sciences (SPSS) was employed as a tool to conduct, Pearson correlations, and descriptive statistical analysis which involved frequency count, and percentage distribution. The scoring method followed the prescribed method that accompanies the MSQ format and the methodology developed by Weiss et al (1967). Furthermore, independent t-test will be employed to analyze the research questions.

Results

Participation in this study was completely voluntary. The researcher went to TNB, MAA, and Perodua to distribute the questionnaires and collected them back after 2-weeks. Although each company was given a total number of 100 Minnesota Satisfaction Questionnaires (MSQ), but since participation was quite difficult, therefore only 210 were returned as a total, which represents a 70% participation rate. The samples were from all the companies added together. The male participants were 89 respondents (42.4%), whereas female respondents were 121 (57.6%). Their ages ranged from 17 to 53 years old. The samples were from all the companies added together and they were classified into 2 categories which are school-leavers and college graduate. The male respondents who are school-leavers were 55 (47.8%) and 34 graduates (35.8%), whereas female school-leavers respondents were 60 (52.2%) and 61 (64.2%) graduates. Their ages ranged from 17 to 53 years old. The school-leavers who participated in this research were 115 (54.8%) and there were 95 (45.2%) college graduates. Their incomes ranged from

below RM 1000 which consisted of 11.4%, 69.5% between RM1000-RM3000, 15.7% between RM3000-RM5000, and 3.3% above RM5000.

Among 210 respondents, 120 (57.1%) participants were from administrative positions, 81 (38.6%) were from non-administrative positions, 6 (2.9%) from customer service and 3 (1.4%) were from the department of Information and Technology (IT), with 15 (7.2%) have been working for less than one year, 48 (22.8%) have been working between one to three years, 49 (23.3%) have been working between three to five years and 98 (46.7%) for more than five years. Since this research is to compare between school-leavers and college graduates, Table 3 simplified the respondents into the two variables categories. The results above shows that, in comparing the age aspect, there is no graduates participant aged below 20 and above 50. The respondents are majority, (school-leavers=48.7%, graduates=64.2%) from the age of 20 to 29 for both school leavers and college graduates. Furthermore, looking at the income aspect, the result proves that having the income from RM1000 to RM3000 is the highest for school-leavers (76%) as well as graduates (61.1%). The type of job of administration is also highest for both that is 54.8% of total school-leavers and 60% for graduates. Finally, 51.3% of school-leavers have been working for more than five years and less than 50% that is only 41.1% of graduates participants have been working for more than five years.

School-leavers and Job Satisfaction

The 20 items of MSQ is listed to find the frequency percentage of the level of job satisfaction of school-leavers. The scale of five-Likert points were recorded to only three-Likert scale, where the scale of 'very satisfied' was recorded under 'satisfied' and 'very dissatisfied' was recorded under 'dissatisfied'. Table 4 demonstrates the job satisfaction level of school-leavers. It is found that the percentages of satisfied scale are the highest followed by neutral and dissatisfied. According to the analysis, school-leavers are most satisfied with coworkers (77.4%), followed by being able to keep busy (72.2%) and steady employment (72.2%). Conversely, school-leavers are least satisfied with advancement (56.6%) followed by boss handles workers (60.0%) and to be somebody with percentage of 60.9%. The school-leavers are found to be the most dissatisfied with pay and job with percentage of 17.4%.

College Graduates and Job Satisfaction

To investigate the job satisfaction on college graduates, the scale of five-Likert points were recorded to only three-Likert scale, where the scale of 'very satisfied' was recorded under 'satisfied' and 'very dissatisfied' was recorded under 'dissatisfied'. Table 5 demonstrates the job satisfaction level of college graduates. Table 5 illustrates the findings that suggested college graduates are most satisfied with steady employment with percentage of 64.2%, followed by coworkers (63.2%) and chance to work alone at the percentage of 61.1%. On the other hand, college graduates are least satisfied with advancement (47.4%), followed by tell others what to do (47.4%), and to be somebody (48.4%). College graduates are also found to be the most dissatisfied with pay and job with percentage of 22.1%.

Comparison between School-leavers and College Graduates in Job Satisfaction

RQ3 hypothesized that college graduates are more satisfied in their job compared to school-leavers, which is found to be not true. Independent t-test was administered to answer the RQ3. Table 6 below shows the 20 items of MSQ classified into 5 items, work, pay, promote, supervisor, and coworker. When the means are compared, the school-leavers' mean scores were higher than the mean scores of college graduates suggesting that the school-leavers were more satisfied with their jobs than the college graduates. However, Table 6 also shows that, for work, $t = 1.685$, $p = .093$, pay, $t = 1.424$, $p = .156$, promote $t = 1.357$, $p = .176$, superior $t = .928$, $p = .354$, and coworker $t = 1.609$, $p = .109$ which indicate $p > 0.05$, all are statistically insignificant suggesting that there was no statistical significant difference between the school-leavers and the college graduates.

Conclusions and Discussion

Although there were not much differences in terms of demographic background, it was expected that female respondents will be in higher number (57.6%) compared to male respondents, higher rate of respondents between the age of 20- 29 years old (43.3%), higher rate of respondents of school leavers (54.8%), and admin workers (57.1%) to be the respondents since these group of people are believed to be in higher number in many work sectors and approachable compared to others. In answering the research questions, the result of RQ1 verifies that school-leavers were satisfied with their jobs. The percentages of satisfied measures of MSQ was higher than the dissatisfied measures with all score above 50% indicating that school-leavers were satisfied with their current jobs. This finding corresponds with the study done by Griin, Hauser, and Rhein (2010) who found that school-leavers who are taking up a new job out of employment are, on average, more satisfied with life than those remaining in unemployment.

Moreover, Furnham (1985) suggested that school-leavers develop aspirations about the types of jobs that they would like which can and do affect their job satisfaction and adjustment. The findings also suggested that school-leavers were most satisfied with their coworkers and most dissatisfied with their pay and jobs. The finding showed that college graduates were satisfied with their job as well as the answer for RQ2 by looking at the frequency distribution of percentages of satisfied measures which were higher than dissatisfied measures. This is in agreement with Wise (1975) who suggested that education is the key to better employment and better job performance. He also found that different quality of same levels of education, and different levels of education would lead to different job performance, which he specified as salary and grade levels. He further mentioned that being in higher education level would advantage in intelligence, supervisory ability, initiative, self assurance, and perceived occupational level. Likewise, Bowden and Marton (1999) found that job satisfaction is essential to college graduates. They believed that, college graduates are not motivated for money but rather they prefer jobs which will give them access to the senior people in the companies.

They also added that the college graduates favored large companies over small organizations when it comes to searching for a job. College graduates are also found to be

most satisfied with steady employment, and most dissatisfied with their pay and job. The result of independent t-test for RQ3 showed that levels of education have no significant relationship with job satisfaction. This is incongruent with a study by Ritter, & Anker (2002) which postulate that highly educated workers are more likely to report high job satisfaction level. Moreover, Mora, Aracil, and Vila (2007) found that graduates' satisfaction was related to some education-related variables such as fringe benefits; the working conditions; consumption benefits. On the other hand, Winefield, Tiggemann and Goldney (1988) who suggested that school-leavers feel satisfied in their employment which in turn, resulted in improved psychological well-being, seemed to be in concurrence with the finding. These researchers also found that recent school-leavers who could not find jobs were far less well psychologically than their employed counterparts, and the minority of unemployed people preferred to work.

Therefore, this may conclude that school-leavers are more satisfied with their jobs because they do not have many expectations from the job and they would feel that they are satisfied as long as they are being employed. The unexpected results, however, is believed by the researcher that the independency between level of education and job satisfaction is overlapping with the study by Boucher and Maslach (2009) which suggested that the members of Asian cultures are less likely to be engaged in behavior that makes them appear distinctive. It is crucial however, to emphasize that the researcher has not yet come across any research done on comparing the job satisfaction between school-leavers and college graduates in Malaysia. Therefore it is somehow difficult to compare findings. In addition, the researcher believed that the unexpected findings can be compared to the study by Farag and Allen (2007) which they found that Asians have less expectation on their jobs. The Asians were also found to be less successful in realizing these expectations at work which leads to insignificant difference between school-leavers and college graduates.

Since these school-leavers and college graduates are working mostly in local environment, they are unable to compare their expectations with other people from other cultures. In addition, job satisfaction between school-leavers and college graduates was found to be insignificantly different at $p > 0.05$. This finding is in agreement with many job satisfaction measures in the literature, as Bhosale (2004) listed down nine criteria in which she believed that followed by job satisfactions, which are growth aspect, money talks, responsibility and accountability, job security, recognition, enjoyment, people to work with, working hours and conditions, and perks. Another study by Carlson (2009) states that job satisfaction is outwardly affected by employees' work environment, position within the organization, status, and interactions with coworkers, supervisors, leaders, or others within the organization as well as outside individuals such as customers and vendors.

Furthermore a study by Van de Velde, Feij, and Taris (1995) suggest that age plays a role in one's job satisfaction as they expanded that when young adults grow older they become more satisfied with life and value intrinsic instead of extrinsic factors for life, because people prefer an environment which fulfill their needs and wishes, and thus

they will have better satisfaction in their jobs. Claes and van de Ven (2008) however found that older workers are more satisfied with their jobs when they perceived low insecurity and both young and old workers are more satisfied if they have high skill discretion and high organizational fairness. As a result of the reviews of these literatures, it is found that education itself is not the major determinant of job satisfaction since there are a variety of other factors which could lead to job satisfaction.

Limitation and Recommendations

Some limitations are found throughout the study and recommendations for future researches are as follows to better outcomes. Firstly, the few numbers of respondents is believed to be the major issue of the unexpected and insignificant result of job satisfaction between school-leavers and college graduates. Therefore it is suggested that for future researches, more respondents to be obtained in order to gain better results. Secondly, the diversity of the selection of the companies may also be another reason. It is known that MAA is an insurance company, TNB is responsible for the electricity supply in Malaysia and Perodua is a vehicle company, which are not in the same industry, so in future researches, the selection of the companies should be less varied. Thirdly, it is clear that the respondents were from various positions, such as administrative, non admin, customer service, and IT.

The same work background of respondents, such as only from Human Resource department, or all the respondents from IT department should be obtained in order to increase the reliability of the job satisfaction. Fourthly, the respondents were not equally distributed especially for the male and female respondents. Better control of the selection of equally distributed respondents is encouraged. Finally, the causal effect of each satisfaction measurement should be studied in depth with more literature reviews so that future research will have more evidences on the outcomes. The adding of the literature reviews would make a better understanding of the results.

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