



## Case Study 2 'I Am Worth More and I Deserve More'

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**Abstract:** This case highlights issues related to the worth of a job. It is a challenging task to recognise additional tasks done by employees, especially if the tasks are not stated in the job description and not evaluated; therefore results and outcomes are not compensated. Employees tend to question the employer's individual equity on them as well as the expectations of employers and the basis of compensation/recognition. Employees tend to compare their compensation with those of their internal colleagues as well as those of their external peers, that is, friends who work for other organisations. Unfair compensation packages will lead to job dissatisfaction and a loss of talent in the company concerned.

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### **KATHY'S DILEMMA**

Kathy sat down in her office and looked out to the window. It was not a bright Monday morning. The sky was bleak due to the previous day's heavy downpour. With a long sigh, she uncontrollably twitched her eyebrows trying to recall the meeting she had just had in the Mercury room. She had just finished her exit meeting with one of the technical personnel who recently resigned from her team and the company. There were altogether five technical personnel who had resigned since early 2013. Through the exit meetings she had with them, she discovered that all of them gave the same reasons for leaving the company. They complained that they had not been paid fairly because many of the tasks they had to do were beyond their job scope. They were unhappy because their salaries were very much less than what they perceived to be deserving of their work and effort.

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Once again, she let out a long sigh. Counting with her fingers, and talking silently to herself, Kathy had a worried look. There was a shortage of five employees to work on the 2013 projects. The problem was getting more complicated to recruit new employees at the moment as the company was seriously implementing the cost reduction exercise. The top management had decided to freeze new hiring until further notice. She said to herself:

*“Hmmm... I need to do something to handle this turnover issue or else those who stay will have to cover so much more tasks. If they perceive the tasks given to them as an additional burden, they might end up resigning too. I better talk to Tony about this problem.”*

Kathy rose quickly and walked to the third floor to meet her senior manager, Lawrence, to discuss this problem. She and Lawrence then met the Center’s Director, Tony, to further discuss the issue. She intended to propose hiring new replacements. As the company was in the midst of cost cutting measures, she would like to suggest hiring the technical personnel on a contract basis who could later be absorbed as permanent staff when the company was in a more stable position. Another idea rushed to her mind. She was thinking aloud on the strategy of retaining the employees and to avoid further resignations. Recently she had received negative comments from Tony due to a high rate of turnover from her team and being a manager she was urged to find the solution. If an increasing number of staff were to resign, she would be in grave trouble.

## **COMPANY BACKGROUND**

AMC is a multinational technology company that operates in more than 170 countries around the world. No other company offers a more complete technology product portfolio than AMC. AMC provides infrastructure and business services that span from hand-held devices to some of the world’s most powerful supercomputers. The company is reputed for being caring towards its employee well-being, and for compensating its employees fairly based on their performance. One of the company’s objectives is proclaimed to be ‘commitment to its employees’. AMC demonstrates this commitment by promoting and rewarding employees based on performance and creating a work environment that reflects its value and leadership capability. It develops leaders who achieve superior results, exemplify good values and contribute toward the company’s growth. In terms of compensation and benefit, AMC has the most comprehensive and outstanding compensation and benefit policy in place.

Like many other IT companies, AMC faces intense competition locally and internationally. The competition has forced AMC to make some changes in workload in order to reduce costs. The employees started experiencing mounting tasks to be accomplished resulting in long work hours, as they had to undertake tasks beyond their areas of expertise. This led to increasing competition among the employees.

## **ORGANISATION STRUCTURE OF DEVELOPMENT CENTRE**

AMC's uses a combination of a functional and geographical organisational structure. Malaysia Development Centre was part of the geographical organisational structure. Three other development centres are located in Asia and United States. The function of this centre is to support IT software development and IT infrastructure of its global IT operations. This centre is headed by Tony, the Center's Director. His responsibility includes managing the operations of all support teams in terms of all human resource management functions - human resource planning, job design, recruitment, selection and placement, training and development, compensation and benefits, performance management and employee relations. Each centre is given a specific budget.

Kathy is manager of the team, Oracle, and she reports to her Senior Manager, Lawrence. She is currently handling 27 technical personnel that manage the Oracle database project. This team supports global database development activities ranging from software installation, migration, and performance tuning. As Senior Manager to Kathy, any decision relating to HRM matters of her team requires Kathy to go through Lawrence before it is eventually approved by Tony. It is well known that the objective of each development centre is to save costs and earn more.

## **GREAT CONTRIBUTORS BUT NOT VISIBLE**

Daniel sits at his workstation each day early in the morning to start his migration work. This was his fourth year working in AMC, yet he still remained in his original position, i.e. specialist since he first joined the company. Specialist is the second of the four levels of position in his team hierarchy. These positions are entry, intermediate, specialist, and expert. He likes his job very much and gives his full commitment towards the tasks that are assigned to him. He would be the first person to come to work and the last person to leave the office every day. His job assignments included the performance of critical projects such as the SAP database migration project and other innovation projects. He had been on this project since he joined the company in the year 2009. During that time, the project was led by technical experts and he was member of a four-man team. He was very happy to be assigned a special project and accepted the challenges with the hope that he would gain knowledge and become an expert in that task. However, he had never received any proper skills training for this new project assignment. He was given on-the-job training by his leader. Daniel taught himself by studying task documentation prepared by his team leader.

Two years later, Daniel's team leader resigned. Naturally, he took over leadership of the project. Even though he was still in the specialist level, he was forced to lead the team based on his seniority and experience of the project. According to AMC organisation structure, under normal circumstances, the team leader must be someone from the expert level. However, though he accepted the responsibility obediently, he was aware that this responsibility was beyond the scope of the specialist level. Being a team leader to a critical project was not an easy task. He needed to start engaging

with customers during the early phase of the project planning. His responsibility included preparing the implementation procedure and coaching his team members. He no longer led a normal life as he had to work almost 24 hours a day and seven days a week. His wife started complaining that they never had much time for leisure and vacation anymore. He was burdened with work all the time. Though stressed out, he remained committed to his job.

In January 2011, unable to hold back his patience any longer, Daniel met with his immediate manager, Kathy, to complain about his work overloaded.

*Daniel: Good morning Kathy. May I have a word with you?*

*Kathy: Morning Daniel. Sure, how can I help you?*

*Daniel: I need to let you know that my workload is just too much. I've been doing the SAP migration project and yet I was assigned other innovation projects. This SAP migration is beyond my job scope and now I'm leading the project; but I don't mind doing it to gain knowledge and skills. All other projects are also considered critical. Is it possible to reduce the projects allocation? I have to handle too many migration projects, so I think it is unfair for you to assign me other critical innovation projects. My schedule is so tight that I have no time to take leave or even to take a break.*

*Kathy: I understand that SAP migration is not in the specialist level job scope. But do accept it as an opportunity to move to the next level. I will talk to global management team to reduce your other innovation projects workload so that you can concentrate on the SAP task and have time for a break. I will propose to the management to promote you to the next level by the end of this year.*

*Daniel: Thank you for your understanding. I appreciate it.*

By the end of the year, Daniel received EE (Exceed Expectation) award and 5 per cent increment for his performance review but no promotion. He was not pleased with the recognition because he had worked so hard, even beyond his job level and despite this he received very little increment and no promotion. He felt unfairly treated and underpaid compared to his contribution to the organisation. He compared himself with one of his colleagues, Jenny who received SE (Significant Achievement) with a 10% increment and was promoted to the next level without contributing any innovative idea or doing any significant task. Furthermore, Jenny had been working for only a year with AMC. Daniel wondered how Jenny got the promotion and a higher salary increment. As far as Daniel was concerned, Jenny had a poor work attitude and received a lot of complaints from other colleagues regarding her reckless behaviour. Apart from not doing any significant task or be involved in any significant event, she was also not contributing any innovation ideas to the team. What puzzled Daniel more was that the managers did not know about all these.

Curious to know the answer, Daniel started to investigate from someone close to Jenny. According to Jenny's friend, Jenny used her skills to manipulate the top managers by using her charm. On one occasion, Jenny was assigned a critical task but was not

able to perform it as she did not have any experience related to that project. At the commencement of the project, she did the pre-task job which was simpler and during the second day of implementation she suddenly went on medical leave for a few days and informed her manager to delegate the job to other people. The manager delegated the task to another employee as her backup and the task was successfully implemented. However, when Jenny returned from her medical leave, she immediately sent an e-mail to the second level manager in the U.S saying that she had successfully implemented the task with the help of her backup. The U.S manager then replied and recognised Jenny's job and recommended her for promotion to the next level. Her backup, Rahim was not very happy with that situation. He was the one who had performed the job but did not get any recognition at all. This situation caused dissatisfaction and frustration among the team members. They felt that the management was being unfair and did not do a thorough and fair evaluation. Even Kathy, as manager, also highlighted to the U.S management that Rahim was actually the one who had done the work for Jenny. The U.S management responded that they would consider Rahim's contribution and but at the end of the year, Rahim was not given anything.

Daniel felt sorry for Rahim but he could not help much as he was also facing a similar problem. As specialist, Daniel was expected to contribute a certain percentage to the skill weightage document. He was only required to perform 5 % of the task but had already performed beyond what was required of him. Daniel did admit that due to his tight schedule with the migration project, he missed a few important e-mails that urgently needed his response from other innovation project teams. His late engagement and response had led to complaints to his manager. His manager, Kathy had reminded him to manage his time and job responsibilities more efficiently to ensure that no further complaints reach her desk.

## **NEW INNOVATION IDEAS**

In 2012, the management suddenly broached a new idea, that is, every employee was encouraged to propose new innovative ideas. This was in line with the company's new objective of soliciting innovations from the employees to help the company grow and be competitive in the industry. Due to this new objective, some managers incorporated innovation in the performance appraisal. This new requirement resulted in much stress to employees. Daniel and his colleagues started to feel the pressure. They felt it was unfair to include innovation as the most significant factor to determine one's salary increment and promotion.

Daniel's salary as specialist was RM8000 in the year 2012. He asked his former team mate, Razi about the matter. Razi worked in another multinational company and held the same position as Daniel. While he was in AMC, he only received RM7000 as salary. He asked for RM9100 when the new company offered him the same position; the figure represented a 30% increase over the salary he was then getting. Moreover, the workload was less compared to what he was doing in AMC. In addition, Razi was given an opportunity to undergo training abroad.

At that time, Daniel also received an interview call from Oracle. In his resume, he stated his expected salary as RM 10500, which was 30% more than his current salary but added it was still negotiable. When he attended the interview, the interviewer, Franco was thoroughly impressed with his knowledge and technical skills. Daniel was able to elaborate in detail each technical question asked. He had mastered his job well. Before the interview ended, Franco offered him RM12000 to work with the company. Daniel was speechless and thrilled. He had never imagined that he would be offered a salary beyond his expectations. Franco told Daniel that he was worth more than that amount and Franco promised that if Daniel accepted the offer he would compensate him fairly. Daniel went home and was told to wait for an offer letter.

### LUNCH CHAT

One afternoon in early January 2013, Daniel and his colleagues had a discussion while they were having lunch in the restaurant near AMC's office. He could not bear the stress anymore and shared his dissatisfaction about his increment and workload to his friends.

*Daniel: Guys, I feel extremely tired and dissatisfied with my current pay.*

*Mary: Why Daniel? What's wrong?*

*Richard: Yes, why? Tell us.*

*Daniel: Do you know how long I have been doing this migration job? Five years up to now. During this time, do you know what was my salary increment each year? It was just 5 percent. Though I have received recognition for my achievement, my salary increment was so low compared to some other people who have done nothing much but have got the best KPI and higher salary increment.*

*Mary: Yes... I think you are not the only one feeling that way. I am experiencing the same situation. For your information, I am still in the entry level although I've been working here for more than 2 years. I've been doing the same task as the intermediates and the specialists. When I asked my manager for a higher salary increment, do you know what my manager said? 'Oh, we'll discuss about it at year end'. I am so frustrated. When I heard that the salary of two new entry staff was the same as my current salary, I felt even more frustrated.*

*Daniel: I don't think I can continue to work here any longer. They don't appreciate my hard work. Actually, I've been offered a job by Oracle to work as a Technical Consultant and they are willing to pay me more than 30% of my current salary plus a 5 – 10% yearly increment if I am able to complete my project successfully. The job challenge is about the same as my current job. Furthermore, they will provide me with travel and meal allowances, and if I have to work overtime, I'm allowed to claim RM 20 for 4 extra hours of overtime.*

*Richard: Wow! That's a great package. I think you should take that opportunity.*

*Mary: Yes, you should take that offer. The offer is great and much better than what you have here.*

*Daniel: Yes, much better. I sincerely told them that I didn't know much about new Oracle technology but they said they will send me for training abroad and I told them about my working experience handling the critical projects in AMC. I assured them that I will be committed to the job given.*

*Richard: Yes, you better grab that opportunity. If they have other vacancies, perhaps you can help us submit our resume too.*

They all laughed happily as they finished their meals.

### **OWN DISCOVERY**

From the conversation with his colleagues, Daniel now knew that he was not the only person being underpaid. He also heard that some of his friends who had resigned had also faced the same situation. Further he even did a search on the internet and found one site <http://www.glassdoor.com/Reviews/AMC-Reviews-E327.htm> that provided a page where the ex-employees of AMC gave updates and reviews on their company. He went through the content of the site and found many reviews on unfair treatment of the employees particularly in relation to being asked to do extra work, yet were given low salaries and no increment.

### **ACCEPTING A NEW JOB OFFER**

Daniel was thinking about the offer that he had received from Oracle. The offer was indeed irresistible. However, he admitted that the job was more challenging because his new job as a consultant required him to deal with external clients. However, looking at the compensation and benefits Oracle offered, he saw no reason not to accept it. After seeking advice from friends, colleagues and family, he finally accepted the offer.

It has been a month since Daniel started working with Oracle. The company was in the process of sending him abroad for training. He was looking forward to contribute to the company and hoped that the company would fulfill the promises made to him. Back in AMC, Kathy was still trying to find a solution to prevent her staff from leaving the company. Before Daniel left the company, Kathy tried to discourage him from leaving by promising to promote him to the next level in the next performance appraisal and that she would ensure that he would be fairly compensated based on his contribution to the company.

### **DISCUSSION QUESTIONS**

1. As a manager, what should Kathy do to avoid more people resigning from her team?
2. Do you think that Daniel made the right decision in leaving AMC? Why? Why not?

3. Suggest a theory that is related to the case above? Justify the choice of your theory.
4. What should AMC do to ensure the compensation it provides is perceived as equitable? What are your recommendations?

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