

Exploring The Effect Of Pay Satisfaction On The Productivity Of Permanent Employees At Tarlac Agricultural University

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ABSTRACT

This study explored the effect of pay satisfaction on the productivity of permanent employees at Tarlac Agricultural University, encompassing both teaching and non-teaching staff. Pay satisfaction reflects an individual's contentment with their compensation, while employee productivity denotes the output and performance levels exhibited by employees. Understanding the effect between these variables is crucial for organizations and institutions aiming to enhance motivation and performance.

Data were collected from 171 university employees, and the study analyzed their demographic profiles, including age, gender, legal status, highest educational attainment, department, and length of employment. The overall level of pay satisfaction among permanent employees was measured with a weighted mean of 3.08, indicating general satisfaction with their income. Similarly, employee productivity had a weighted mean of 3.94, suggesting that employees are performing their roles satisfactorily.

The Pearson Coefficient Correlation was employed to assess the relationship between pay satisfaction and productivity. The results revealed a slight positive correlation, indicating a small but notable link between higher pay satisfaction and increased productivity. This suggests that employees who are content with their compensation tend to exhibit better performance in their roles.

The findings highlight the importance of pay satisfaction as a significant factor in enhancing employee productivity. Institutions and organizations can leverage these insights to design policies and practices that ensure competitive and fair compensation, ultimately fostering a more motivated and effective workforce. By addressing pay satisfaction, Tarlac Agricultural University and similar institutions can potentially improve employee performance and satisfaction, contributing to overall institutional success.

Keywords: Pay satisfaction, employee productivity, permanent, university

Introduction

Employment creates a formal relationship between two parties: the employer and the employee. Employers can include businesses, cooperatives, non-profit organizations, or government entities. Employment is typically governed by a framework of laws, regulations, or contractual agreements.

In the Philippines, the Labor Code categorizes employees based on their roles and work nature. Permanent employees are those whose duties are integral to the company's core business. Their status as permanent employees depends on job nature and tenure rather than employment type or hiring reason.

Employees receive compensation in various forms, including hourly wages, piece rates, or fixed salaries. Some professions offer additional rewards such as bonuses, stock options, or benefits like medical insurance, sick leave, and vacation leave. Permanent employees, in contrast to temporary or contract workers, have ongoing employment without a fixed end date, typically accompanied by a comprehensive benefits package.

In the government sector, the Civil Service Commission defines a permanent appointment as one granted to candidates who meet all qualifications for the position, including eligibility standards. This study focuses exclusively on permanent employees at Tarlac Agricultural University (TAU).

Reward systems are designed to motivate employees by providing compensation that meets their financial needs and supports their families. Effective reward structures can enhance organizational performance by aligning employee efforts with organizational goals. Rewards such as salaries, bonuses, and advancement opportunities are crucial for motivating employees and fostering long-term relationships within the organization. However, abuse of reward systems can lead to problems such as decreased efficiency and productivity, as noted in various studies (Amadi et al., 2021; Igudia, 2021; Samuel, 2021).

Pay satisfaction, a critical factor in employee motivation and productivity, refers to employees' subjective assessment of their compensation packages. This includes wages, bonuses, benefits, and the fairness of these elements. Pay satisfaction is influenced by factors such as internal equity (fairness relative to colleagues), external equity (fairness compared to market standards), procedural justice (fairness in pay determination processes), and distributive justice (fairness in pay distribution).

Fair compensation is guaranteed for government employees based on qualifications and duties, leading to standardized salary grades under Republic Act No. 11466 or the Salary Standardization Law. This act ensures equitable compensation by classifying job roles into uniform salary grades, with adjustments made annually to reflect inflation and cost of living changes. Salary adjustments are typically made through presidential orders or congressional legislation following the national budget appropriation.

Employee productivity, the process of converting inputs into outputs, is critical for organizational success. It is influenced by various factors including educational background (Sheehan & Shi, 2019), gender (Tsuo & Yang, 2019), and external environment (Lasende et al., 2020). Productivity is a key metric for assessing organizational success, with increased productivity leading to better efficiency and competitive advantage.

Studies have shown mixed results regarding the relationship between pay satisfaction and employee productivity. Some research highlights a positive correlation, where fair and competitive pay enhances employee motivation and productivity (Johnson et al., 2019; Thompson et al., 2020). Employees who perceive their pay as equitable are more likely to be motivated and committed, fostering a positive work environment. Conversely, other studies suggest a negative relationship between pay satisfaction and productivity (Meng et al., 2019). Perceived unfairness in compensation can lead to decreased motivation, job dissatisfaction, and lower productivity. Employees who feel underpaid may seek better opportunities elsewhere, resulting in higher turnover rates and disruptions to organizational stability.

Several moderating factors influence the pay satisfaction-productivity relationship. Job characteristics, individual differences, and organizational culture can either amplify or weaken this relationship. When employees feel valued and recognized through adequate compensation, they are more likely to be engaged and motivated, leading to increased productivity and performance.

Tarlac Agricultural University (TAU), situated on a 70.5-hectare campus in Camiling, Tarlac, offers a range of higher education and technical training programs. This study aims to explore the relationship between pay satisfaction and productivity among permanent employees at TAU. The focus will be on 171 permanent employees, comprising 41 teaching staff and 130 non-teaching staff.

This research is an exploratory investigation into how pay satisfaction affects productivity among TAU's permanent employees. By examining this relationship, the study seeks to provide insights that could inform policy and improve understanding of the factors that drive employee productivity in academic institutions. If a significant relationship is found, it could highlight the importance of fair compensation in enhancing employee productivity and overall institutional performance.

This study aims to explore the effect of pay satisfaction on the productivity of permanent employees at Tarlac Agricultural University. Specifically, the research seeks to address the following sub-questions:

1. How can the respondents' profile be characterized in terms of:
 - 1.1 Age;
 - 1.2 Gender;
 - 1.3 Employment status;
 - 1.4 Highest educational attainment;
 - 1.5 Department or unit;
 - 1.6 Length of employment?
2. What is the level of pay satisfaction among permanent employees at Tarlac Agricultural University?
3. What is the level of productivity among permanent employees at Tarlac Agricultural University?
4. Is there a significant relationship between pay satisfaction and the productivity of permanent employees at Tarlac Agricultural University?

The study is guided by the hypothesis that explores the significant association between pay satisfaction and employee productivity at TAU. The hypotheses to be tested are:

Null Hypothesis (H₀): There is no significant relationship between pay satisfaction and the productivity of permanent employees at Tarlac Agricultural University.

Alternative Hypothesis (H₁): There is a significant relationship between pay satisfaction and the productivity of permanent employees at Tarlac Agricultural University.

By investigating these aspects, the study aims to provide valuable insights into how pay satisfaction impacts employee productivity, which could inform future policies and practices at TAU.

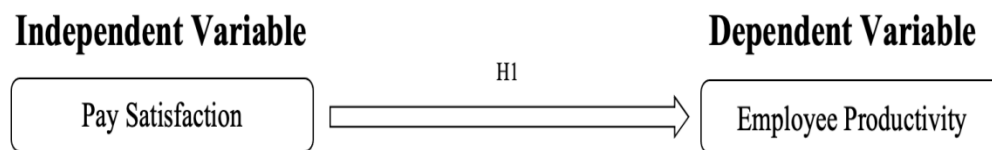
A conceptual framework provides a structured approach to understanding the relationship between variables and solving specific problems. In this study, the framework illustrates the connection between pay satisfaction and employee productivity among permanent employees at Tarlac Agricultural University (TAU).

Independent Variable: Pay Satisfaction - This represents employees' overall contentment with their compensation, including wages, benefits, and pay structure. Higher pay satisfaction is expected to enhance employees' motivation and quality of work.

Dependent Variable: Employee Productivity - This measures the efficiency and output of employees, assessed by the quantity and quality of work produced relative to time spent.

Figure 1 outlines the framework, aiming to reveal whether pay satisfaction positively or negatively influences employee productivity. The insights derived may lead to actionable recommendations for improving both compensation strategies and productivity at TAU.

Figure 1. Paradigm of the Study



Pay Satisfaction

According to Eziokwu and Onuoha (2021), rewards—whether monetary or non-monetary—are incentives provided to employees for their performance. A well-structured reward system can enhance productivity by motivating employees to perform at their best. Pay is a significant motivator, and effective remuneration strategies are crucial for encouraging adherence to organizational standards and high performance (Olafsen et al., 2019).

Pay satisfaction plays a critical role in both employee well-being and institutional performance. It reflects employees' subjective evaluation of the fairness and adequacy of their compensation. Research by Brown and Benson (2019) indicates that perceptions of distributive fairness, procedural fairness, and interactional fairness greatly influence pay satisfaction. Furthermore, Johnson and Garcia (2021) found that performance-based compensation typically yields higher levels of pay satisfaction compared to fixed salaries.

Historically, theories such as Reinforcement Theory and Expectancy Theory have been used to explain how compensation affects employee behavior. Skinner's Reinforcement Theory posits that money acts as a general reinforcer, meeting basic needs such as food and shelter. Expectancy Theory, on the other hand, suggests that employees are motivated to perform well if they believe that their efforts will lead to desirable rewards, fulfilling their personal goals. Effective management of this connection between personal goals and workplace rewards can significantly enhance job performance.

A key objective of any human resources department is to attract and retain highly skilled and talented employees. Offering a competitive salary package is a strategic approach to securing top talent. According to the Society for Human Resource Management, 63% of U.S. employees prioritize salary and benefits in their job satisfaction (SHRM).

Salary and benefits are critical to employee motivation, satisfaction, and performance. The HR department plays a vital role in ensuring that compensation packages are both appealing and competitive. By providing attractive remuneration and benefits, organizations can demonstrate their value for employees' contributions, thereby fostering a positive work environment and maintaining high levels of morale. Ultimately, employees are a company's most valuable asset, and recognizing their efforts through adequate compensation is essential for sustaining organizational success.

Employee Productivity

Productivity, a concept with historical roots extending over two centuries, refers to the ratio of output to input in the production process. According to the International Labor Organization, productivity is the measure of output generated per unit of input resources used in production.

From a business perspective, productivity focuses on how effectively individual employees apply this concept within their roles. It is commonly defined as a measure of production efficiency, reflecting an employee's ability to generate the products and services necessary to meet organizational goals. Iqbal, Ahmed, and Allen (2019) further explain that employee productivity can be influenced by factors such as interpersonal trust; a lack of trust between employees and employers can detrimentally affect productivity and, in turn, organizational performance.

High levels of employee productivity are crucial for companies to navigate competitive markets successfully and expand their operations both locally and globally. It directly affects an organization's revenues and profitability, as increased efficiency often leads to higher profits and reflects the effectiveness of corporate policies and procedures.

Thus, employee productivity is a central topic of interest and debate within business circles. It is a critical determinant of a company's overall growth, efficiency, and success. Addressing productivity issues effectively is essential for sustaining competitive advantage and fostering organizational development.

Methodology

Research Design

This study utilized a mixed-method approach, combining descriptive and correlational research designs. The descriptive design facilitated the collection and analysis of quantitative data from a sample, providing detailed insights into demographic characteristics. The correlational design, employing the Pearson correlation coefficient, was used to examine the relationship between pay satisfaction and employee productivity at Tarlac Agricultural University.

Respondents and Sample

The study targeted both teaching and non-teaching staff at Tarlac Agricultural University, which, as of July 25, 2022, employed 492 individuals, including 268 permanent staff (150 non-teaching and 118 faculty). Using Rao Soft for sample size determination, the study aimed for 216 respondents. However, 171 permanent employees participated. Purposive sampling was employed to ensure that the data collected were relevant and representative, allowing for meaningful insights into the research context.

Instrument

The study employed survey questionnaires to collect data from permanent employees at Tarlac Agricultural University, including both teaching and non-teaching staff. The questionnaire was divided into three sections:

1. Demographic Information: Six questions regarding age, gender, department, highest educational attainment, legal status, and length of employment.

2. Pay Satisfaction: Based on Heneman and Schwab's (1985) instrument, respondents rated their satisfaction with their salary on a 5-point scale from "not satisfied" (1) to "very satisfied" (5). The tool demonstrated high reliability with a Cronbach's alpha coefficient of 0.9156.

3. Employee Productivity: Utilizing Buuri's (2015) framework, respondents assessed their productivity on a 5-point scale ranging from "strongly disagree" (1) to "strongly agree" (5). This instrument also showed strong reliability with a Cronbach's alpha coefficient of 0.9125.

These validated tools ensure accurate and reliable measurement of pay satisfaction and employee productivity.

Table 1. Reliability test (post-test) (n = 50)

Constructs	Items	Cronbach's Alpha	Interpretation
Pay Satisfaction Questionnaires	4	.9156	Excellent
Employee Productivity Questionnaires.	11	.9125	Excellent

Data Collection

Data collection for this study was conducted using a structured online survey administered via Google Forms. A formal letter, facilitated by the Human Resource Management Office, assured Tarlac Agricultural University that the research posed no threat and was solely for academic purposes.

The survey, which was distributed through private email, comprised three sections: demographics, pay satisfaction, and productivity. Respondents were informed that the survey would take 5–10 minutes to complete. To ensure anonymity and reliability, data were aggregated and analyzed using spreadsheet tools.

Ethical considerations were prioritized, with consent forms provided at the beginning and end of the Google Form to protect respondent rights. The study employed appropriate statistical methods to examine the relationship between pay satisfaction and employee productivity

Data Analysis

Data analysis involved several key steps:

1. Descriptive Statistics: Frequency counts and percentage distributions were used to describe respondents' socio-demographic profiles, including age, gender, department, education, legal status, and length of employment.

2. Quantitative Measurement: Pay satisfaction and employee productivity were assessed using Likert scales. Weighted means were calculated to gauge overall attitudes and opinions.

3. Correlation Analysis: Pearson's correlation coefficient was employed to examine the relationship between pay satisfaction and productivity. This coefficient, based on covariance, quantifies both the strength and direction of the relationship.

The relative frequency distributions, weighted mean, and Pearson's correlation coefficient are computed using the format below to aid the proponent's interpretation:

1. Percentage Distribution

$$P = (f \times 100)/N$$

Where;

P stands for percentage

f = frequency, or the number of instances in each given category;

N denotes the total number of responders, and

100 denotes a constant value.

2. Weighted Mean

$$W = \sum_{i=1}^n (x_i \cdot w_i) / \sum_{i=1}^n w_i = 1w_i$$

Where;

W stands for weighted average;

ni = denotes the number of terms to be averaged;

wi = the weights given to the x values

xi = the averaged data values

Table 2. Likert Scale Level of Pay Satisfaction

SCALE	RANGE	INTERPRETATION
1	1.00 – 1.79	Not Satisfied
2	1.80 – 2.59	Somewhat Satisfied
3	2.60 – 3.39	Satisfies
4	3.40 – 4.19	Very Satisfied
5	4.20 – 5.00	Extremely Satisfied

Table 3. Likert Scale Level of Employee Productivity

SCALE	RANGE	INTERPRETATION
1	1.00 – 1.79	Strongly Disagree
2	1.80 – 2.59	Disagree
3	2.60 – 3.39	Neutral
4	3.40 – 4.19	Agree
5	4.20 – 5.00	Strongly Agree

3. Pearson's Correlation Coefficient

$$r = \frac{\sum (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum (x_i - \bar{x})^2 \sum (y_i - \bar{y})^2}}$$

Where:

r denotes the correlation coefficient;

xi = the x-variable values in a sample;

x = the mean of the x-variable values;

yi = the y-variable values in a sample

y = the mean of the y-variable's values

4. Hypothesis Testing: Hypotheses were tested using significance values, with $p < 0.05$ indicating a significant relationship.

5. Validation: Data were validated through normality tests and expert review to ensure accurate statistical analysis.

Cross-tabulations and frequency tables were used to present the results, providing a clear picture of the relationship between pay satisfaction and employee productivity at Tarlac Agricultural University.

Results

The study's findings are categorized into four main sections: demographic profile, level of pay satisfaction among permanent employees, level of productivity among permanent employees, and correlation analysis.

This study involved 171 permanent employees at Tarlac Agricultural University, encompassing both teaching and non-teaching staff. The data was analyzed using tables to elucidate the relationship between pay satisfaction and employee productivity.

I. Demographic Profile

The demographic profile of the respondents is detailed in terms of age, gender, marital status, educational attainment, college/department unit, and length of employment.

Table 4 shows that the majority of respondents are between the ages of 41 and 50 years (35%), followed by those aged 31 to 40 years (29%). The age groups of 21 to 30 years and 51 years and above each constitute 18% of the respondents. This age distribution indicates that most permanent employees at Tarlac Agricultural University are middle-aged, contrasting with Asio (2021), who reported a younger median age for employees in higher education.

Table 4. Age (n=171)

Age	Frequency	Percentage%
1-30 years old	31	18
31-40 years old	49	29
41-50 years old	60	35
51 years old and above	31	18

Table 5 reveals that 63% of the respondents are male and 37% are female. This gender distribution is notably different from the broader trend reported by the Statistics Research Department (2022), which indicates a higher number of female government personnel. This discrepancy highlights a gender imbalance at Tarlac Agricultural University.

Table 5. Gender

Gender	Frequency	Percentage%
Male	107	63
Female	64	37

Table 6 shows that 74% of the respondents are married, 25% are single, and 1% are widowed. This is contrary to Asio's (2022) findings, which suggested a higher proportion of single employees in higher education settings. The predominance of married employees at Tarlac Agricultural University may reflect differing demographic trends or institutional characteristics.

Table 6. Legal Status

Legal Status	Frequency	Percentage%
Single	43	25
Married	126	74
Widow	2	1

Table 7 details the educational backgrounds of the respondents. Seven percent are high school graduates, nine percent are vocational graduates, ten percent are college undergraduates, 29% hold a bachelor's degree, another 29% have a master's degree, and 16% possess a doctorate. These findings align with Lumina (2022), indicating a strong emphasis on higher educational qualifications within the institution.

Table 7. Highest Educational Attainment

Highest Educational Attainment	Frequency	Percentage%
High School Graduate	12	7
Vocational Graduate	15	9
College Undergraduate	16	10
College/Bachelor's Degree	50	29
Master's Degree	50	29
Doctorate Degree	28	16

According to Table 8, the majority of employees are in non-teaching roles, with significant representation from various university offices and colleges. For instance, General Services accounts for 8%, Planning and Development for 9%, and Business and Auxiliary Services for 10%. This distribution contrasts with Jason (2019), who noted a higher proportion of teaching staff in similar institutions.

Table 8. Department Unit

Department Unit	Frequency	Percentage%
College of Agriculture and Forestry (CAF)	4	2
College of Arts and Sciences (CAS)	12	7
College of Business and Management (CBM)	10	5
College of Education (CED)	11	6
College of Engineering and Technology (CET)	6	4
Office of Student Services and Development (OSSD)	3	2
Vice President for Finance and Administration (VPFA)	2	1
Vice President of Research, Extension and Training (VPRET)	2	1
Accounting Office	3	2
Gender and Development (GAD)	3	2
Finance Office	2	1
Cashiering and Treasury Office	2	1
Admission and Registration Services (ARS)	5	3
General Services	13	8
Planning and Development (PDO)	14	9
Human Resource Management Office (HRMO)	5	3
Business and Auxiliary Services	17	10
Department of Research and Development (DRD)	7	4
Motorpool Services	11	6
Security Services	9	5
Others	29	18

Table 9 indicates that 33% of respondents have been employed for more than 12 years, with the remaining employees distributed across other tenure brackets. This is inconsistent with Asio's (2022) observation that most tertiary-level employees have shorter tenures of 1 to 5 years. The longer service duration at Tarlac Agricultural University suggests a more experienced workforce.

Table 9. Length of Employment

Length of Employment	Frequency	Percentage%
0-3 years	20	12
4-6 years	36	21
7-9 years	33	19
10-12 years	26	15
More than 12 years	56	33

II. Level of Pay Satisfaction of Permanent Employees

Table 10 presents the level of pay satisfaction among permanent employees, measured on a five-point Likert scale. The overall weighted mean is 3.08, indicating that employees are generally "satisfied" with their pay. Item number 2 had the highest mean score of 3.41, while item number 3 had the lowest mean score of 2.82, yet still falls within the "satisfied" range. This finding contrasts with Sarah Likoko and Jane Barasa (2022), who found that employees in Kenyan public universities reported dissatisfaction with their salaries. At Tarlac Agricultural University, employees generally perceive their pay as adequate to meet their needs.

Table 10. Level of Pay Satisfaction

Statements	Weighted Mean	Interpretation
How satisfied are you with your take home pay?	2.99	Satisfied
How satisfied are you with your benefits package?	3.41	Satisfied
How satisfied are you with your recent increase?	2.82	Satisfied
How satisfied are you with your overall pay structure?	3.08	Satisfied
Overall Weighted Mean	3.08	Satisfied

III. Level of Permanent Employees' Productivity

Table 11 shows that the level of productivity among employees, with a weighted mean of 3.94, is generally rated as "agree." Statement 11 had the highest mean score of 4.16, while Statement 5 had the lowest mean score of 3.66, both indicating positive perceptions of productivity. These results align with Asio's (2021) findings, demonstrating that employees at Tarlac Agricultural University are perceived as productive.

Table 11. Level of Employee Productivity

Statements	Weighted Mean	Interpretation
Employees' quality of work improves over time.	3.86	Agree
Employees can deliver within the set deadlines.	4	Agree
Employees have steadily increased their output.	3.88	Agree
Employees can deliver under less-than-perfect conditions.	3.66	Agree
Over time, we have been able to reduce service cycle time.	3.63	Agree
Employees provide suggestions to enhance their service delivery.		Agree
Employees are eager to learn ways of making themselves more productive.	3.99	Agree
Over time, we have increased customer satisfaction with the quality of service delivered.	4.13	Agree
Employees can generate more than an hours' worth of productivity each hour.	4.02	Agree
Employees have a sense of what to do and when to do it.	3.86	Agree
Employees can identify and give more attention to top priorities.	4.15	Agree
Overall Weighted Mean	4.16	Agree
	3.94	

IV. Correlation Analysis

Pearson Coefficient correlation was used to examine the relationship between pay satisfaction and productivity. Table 13 reveals a Pearson correlation coefficient of 0.309, indicating a slight positive correlation between pay satisfaction and employee productivity. This suggests that while the relationship is not strong, there is a tendency for higher pay satisfaction to be associated with slightly higher productivity levels. These findings support the acceptance of the alternative hypothesis (H1) and rejection of the null hypothesis (Ho). The results are consistent with Peter Arockiam et al. (2020), who emphasized the importance of pay satisfaction in enhancing employee productivity.

Table 13. Correlation

Variables	Pearson Coefficient	p-value	Interpretation
			Hypothesis Accept/Reject
Pay patsfaction X	.309309863	0.0000385	Slight Positive Correlation; H1 Accepted (Significant)
Employee Productivity			

Discussion

This section provides an in-depth analysis of the study's findings, organized into key areas: demographic profile, level of pay satisfaction, level of productivity, and the correlation between pay satisfaction and productivity.

The analysis of the demographic profile of the respondents reveals that a significant proportion, 35%, of the 171 employees surveyed, fall within the age bracket of 41 to 50 years. This is a noteworthy finding, particularly in comparison to the median age of the Philippine workforce, which is around 23 years old, as reported by Ganeshkumar (2023). The older age profile of the permanent employees at Tarlac Agricultural University contrasts with the younger demographic prevalent in the broader workforce, suggesting a more experienced and potentially stable workforce at the university.

Regarding gender distribution, Table 5 indicates a predominance of male employees, with 107 males compared to 64 females. This finding diverges from broader trends in the Philippine government workforce, where females significantly outnumber males, as noted by the Statistica Research Department (2022). This gender disparity at Tarlac Agricultural University may reflect specific institutional or sectoral characteristics that warrant further investigation.

Marital status data, shown in Table 6, demonstrates that a majority of employees (126 out of 171) are married, which aligns with the findings of Awoniyi, C.I. et al. (2022), who also observed that married employees constitute a significant portion of the workforce. This demographic characteristic could influence various

aspects of job satisfaction and performance, as married individuals may have different work-life balance needs compared to their single counterparts.

Educational attainment among employees, as presented in Table 7, reveals that most respondents hold a college or master's degree, with 29% of employees achieving this level of education. This is consistent with Santos (2023), who found that a majority of employees in similar settings possess higher educational qualifications. The relatively low representation of high school graduates (12%) underscores the emphasis on advanced education within the university's workforce.

Table 8 indicates that 76% of the respondents are non-teaching staff, while 24% are teaching professionals. This distribution contrasts with Sagayno et al. (2023), who argued that teaching staff generally form the majority in university settings. The predominance of non-teaching staff at Tarlac Agricultural University highlights the significant role that administrative and support roles play in the institution's operations.

The tenure of employees, as shown in Table 9, reveals that a substantial number (56 out of 171) have over 12 years of service, beginning their employment at the university in 2010 or earlier. This finding contrasts with the study by Awoniyi, C.I. et al. (2022), which reported a shorter average length of service. The longer tenure of employees at Tarlac Agricultural University may indicate a stable workforce with significant institutional knowledge and experience.

Table 10 shows that the overall level of pay satisfaction among permanent employees is 3.08, suggesting a general sense of contentment with their compensation. This finding aligns with the principles of Equity Theory (Adams, 1963) and Expectancy Theory (Vroom, 1964). Equity Theory posits that employees assess fairness by comparing their input-output ratios with others, while Expectancy Theory focuses on the alignment of effort with rewards. Both theories highlight the importance of perceived fairness and reward expectations in determining pay satisfaction.

Several factors influence pay satisfaction, as identified by Ali Tatar (2020), including the amount of pay, fairness of the pay system, and job performance recognition. Employees' perception of how their compensation compares with industry standards plays a crucial role in their satisfaction. Competitive pay scales can positively impact employee satisfaction and, consequently, productivity.

Table 11 indicates that the level of productivity among permanent employees, with a weighted average of 3.94, is generally perceived as high. This suggests that employees are seen as effective in their roles and contribute significantly to the university's goals. This finding is consistent with Research Group IBON (2023), which reported high productivity levels among Filipino employees. The high productivity levels at Tarlac Agricultural University reflect the effective performance of employees and their contribution to the institution's success.

The correlation analysis, as detailed in Table 13, reveals a significant but slight positive correlation between pay satisfaction and employee productivity. This indicates that while there is a positive relationship between the two variables, it is not particularly strong. The finding supports the work of Francis, Zirra, and Mambula (2020), who argued that pay satisfaction positively influences productivity. Similarly, Ngwa, Adeleke, Agbaeze, Ghasi, and Imhanrenialena (2019) identified a correlation between pay satisfaction and employee productivity, suggesting that satisfactory compensation can act as a motivational factor.

The study's results confirm that pay satisfaction has a notable impact on productivity, supporting the acceptance of the alternative hypothesis. This finding underscores the importance of addressing pay satisfaction to enhance employee productivity. While the correlation is modest, it is nonetheless significant, indicating that improvements in pay satisfaction could lead to better employee performance.

In summary, this study provides valuable insights into the relationship between pay satisfaction and employee productivity at Tarlac Agricultural University. The findings highlight a generally satisfied and productive workforce, with significant but modest correlations between pay satisfaction and productivity. These insights can guide university administrators in developing strategies to enhance employee satisfaction and performance, ultimately contributing to the institution's success. Future research should continue to explore this relationship, considering additional factors and longer-term impacts to deepen our understanding and inform effective practices.

Conclusion

This study explored the effect of pay satisfaction on the productivity of permanent employees at Tarlac Agricultural University, encompassing both teaching and non-teaching staff. The investigation led to several key conclusions:

1. **Demographic Profile:** The majority of respondents were between 41 and 50 years old, with a predominance of males. Most employees were married, held a bachelor's or master's degree, and had over 12 years of service at the university. These demographic factors provide context for understanding the employees' perspectives on pay satisfaction and productivity.
2. **Pay Satisfaction:** The average pay satisfaction among employees was measured at 3.08 on a Likert scale, indicating a general level of satisfaction. This suggests that employees are reasonably content with their monthly salaries. Pay satisfaction is critical as it impacts employee motivation and overall performance. Ensuring that employees feel adequately compensated is essential for maintaining high levels of satisfaction and productivity.

3. **Employee Productivity:** The overall productivity level, with a weighted average of 3.94, indicates that employees are performing effectively. However, there is always room for improvement. Regular performance evaluations and feedback can help identify strengths and areas for development, contributing to continuous improvement within the institution.

4. **Correlation Between Pay Satisfaction and Productivity:** A moderate positive correlation (0.309) was found between pay satisfaction and productivity. This significant correlation suggests that as pay satisfaction increases, so does employee productivity. Consequently, the null hypothesis that there is no substantial relationship between salary satisfaction and productivity is rejected. This implies that better pay satisfaction is associated with higher productivity levels among employees.

Recommendations

Based on the findings, several recommendations are proposed to enhance both pay satisfaction and productivity:

1. **Establish Clear Goals and Expectations:** It is crucial for employees to understand their roles, tasks, and performance standards. Setting SMART (Specific, Measurable, Achievable, Relevant, Time-bound) goals aligned with the university's strategic objectives can help employees focus their efforts and achieve better outcomes.
2. **Provide Adequate Resources and Tools:** Ensuring that staff have the necessary tools, resources, and technology is vital for efficient job performance. Regularly updating equipment and software, coupled with investing in training programs, can help employees use these resources effectively and enhance their productivity.
3. **Foster a Positive Work Culture:** Cultivating an environment of cooperation, open communication, and teamwork is essential. Supervisors should offer regular feedback and recognition to acknowledge employees' efforts. An inclusive and supportive work culture can lead to increased creativity, innovation, and overall productivity.
4. **Promote Work-Life Balance:** Supporting work-life balance through flexible work arrangements and encouraging time off is important for employee well-being. When employees are able to balance their professional and personal lives, they are more focused and productive during work hours.
5. **Empower Employees:** Involving employees in decision-making processes and providing autonomy can enhance their engagement and productivity. Allowing employees to contribute ideas and take ownership of their work fosters a sense of respect and empowerment.
6. **Offer Professional Development:** Investing in employees' professional growth through training, certifications, and educational opportunities is beneficial. Continuous learning and skill development not only improve employees' capabilities but also their productivity and job satisfaction.
7. **Recognize and Reward Achievements:** Implementing an effective recognition and rewards program can motivate employees to perform at their best. Recognition can include incentives, bonuses, and public acknowledgment, which reinforces a culture of excellence and encourages higher productivity.
8. **Encourage Collaboration and Knowledge Sharing:** Creating platforms for employees to share ideas and collaborate can enhance efficiency and reduce duplication of efforts. Tools like intranets and collaboration software can facilitate better communication and knowledge exchange.

Future Research Recommendations

To further understand and enhance the effect between of pay satisfaction on the productivity of permanent employee, future research should consider the following areas:

1. **Longitudinal Studies:** Future research could focus on longitudinal studies to assess how changes in pay satisfaction over time impact productivity. Tracking individuals over extended periods can help identify causal relationships and the long-term sustainability of the correlation.
2. **Mediating and Moderating Factors:** Investigating factors that mediate or moderate the relationship between pay satisfaction and productivity, such as job characteristics, organizational culture, and leadership styles, can provide a more comprehensive understanding. Examining individual differences, like personality traits, could also offer insights into how these factors influence the relationship.
3. **Cross-Cultural Research:** Conducting research across different cultural contexts can reveal how cultural differences impact perceptions of pay satisfaction and its effects on productivity. Understanding cultural-specific factors can help in designing better compensation and management practices.
4. **Non-Monetary Factors:** Future studies should explore non-monetary factors, such as job autonomy, recognition, and career development opportunities, and their impact on employee satisfaction and productivity. Investigating how these non-monetary factors interact with pay satisfaction can provide a more nuanced understanding of their effects.
5. **Intervention and Experimental Studies:** Designing intervention studies to manipulate pay satisfaction levels and measure resulting changes in productivity can establish stronger causal links. Evaluating the effectiveness of specific interventions, such as performance-based incentives or pay transparency initiatives, can help in developing strategies to enhance employee productivity.

6. Administrative Staff Competency: Research could investigate how administrative staff job competency affects job satisfaction. Dividing job satisfaction into categories such as contentment with the job field, workplace, and specific tasks can provide deeper insights into the factors affecting job satisfaction.
 7. Demographic Profile Correlation: Exploring the relationship between employees' demographic profiles and their pay satisfaction and productivity can reveal significant patterns. Understanding how demographics influence satisfaction and performance can help tailor compensation and management practices.
 8. Differentiated Instruction: Research on differentiated instruction methods in education can help meet the needs of diverse student groups. Evaluating how these methods impact student satisfaction and performance can offer valuable insights into effective teaching strategies.
 9. Average Monthly Income: Future studies could investigate the correlation between average monthly income and pay satisfaction, examining thresholds at which income levels significantly impact satisfaction. Understanding these relationships can help in setting appropriate compensation levels.
- In conclusion, this study contributes to a better understanding of how pay satisfaction influences employee productivity at Tarlac Agricultural University. The findings highlight the importance of ensuring employee satisfaction with compensation to foster high performance. By implementing the recommended strategies and pursuing further research, universities can optimize pay satisfaction and enhance overall productivity.

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