

IMPACT OF SALARIES AND INCENTIVES ON EMPLOYEE SATISFACTION IN AN IT COMPANY

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Abstract: This paper explores key factors influencing salary levels and incentives in the IT sector, using an analysis of statistical data segmented by categories such as age group, gender, work experience, education level, and position within the company. The aim was to determine how these demographic and professional characteristics affect employee priorities regarding compensation and incentives. The research is based on a sample of 150 employees in an IT company, selected through a purposive sampling process, with the intention of providing a deeper understanding of the impact of various factors on employee satisfaction through their compensation structure. A compensation structure in an organization includes all aspects of remuneration received by employees, including base salary, bonuses, benefits, and other forms of incentives. Based on the study of the impact of age limits and gender on employee preferences regarding salaries and incentives, it can be concluded that there is significant variation in the priorities of employees in different age groups and between genders. Younger employees, under 30, are primarily focused on salary height due to the need for financial stability in the early stage of their career. Employees aged between 30 and 40 strive to achieve a balance between salary and long-term security, with a strong focus on the quality of working life, flexibility, and the opportunity for professional development. Older employees, over 40, give priority to long-term stability and benefits, considering smaller changes in salary as less important compared to long-term security. Regarding gender, male employees tend to be more aggressive in negotiating salaries and seeking additional incentives, including bonuses and financial benefits. In contrast, female employees often strive for a balance between work and personal life, with greater interest in flexible working hours and benefits that support family needs. These findings highlight the importance of tailoring compensation packages and benefits to the needs of employees at different life stages and based on their gender, in order to maximize satisfaction and efficiency in IT companies. Based on the analysis of the impact of experience, education, and position in the company on employee preferences regarding salaries and incentives, we can conclude that there is a differentiated approach to compensation based on these factors. In terms of experience, less experienced employees (0-3 years of experience) are motivated by higher salaries and bonuses due to the desire for rapid professional advancement. Employees with 3-5 years of experience value a balance between salary and benefits, while focusing on additional perks that contribute to quality of life. Employees with more than 5 years of experience seek greater security and long-term benefits. Regarding education, employees with higher degrees (master's or doctoral) expect higher salaries and incentives. Those with vocational education may be more interested in flexible working hours and working from home, while employees with a bachelor's degree seek opportunities for advancement and training. As for the position within the company, managers expect higher salaries and bonuses due to greater responsibility, while operational staff at lower levels of the hierarchy value additional benefits and the work environment more. In conclusion, these findings indicate the importance of tailoring compensation and benefit strategies to individual employee needs, taking into account their experience, education, and position within the company, in order to maximize satisfaction and loyalty in IT companies.

Keywords: quality of work life, employee motivation, IT company, work environment, employee satisfaction.

Field: Social sciences

1. INTRODUCTION

The aim of this paper is to delve into various facets of employee satisfaction within a single IT company, focusing on the impact of salaries and incentives. Participants represented a diverse spectrum of employees, ranging from juniors to managerial levels, offering a broad array of experiences and perspectives. The objective is to explore how salary levels, work quality, job stability/security, and professional development contribute to overall employee satisfaction within IT companies. This paper represents a continuation of the study that delved into research on the quality of work life and employee motivation in an IT company (Kukolj, Deretić & Kamiš, 2023). This paper explores additional aspects pertaining to employee satisfaction, and the sample size has increased from 70 to 150 employees. Studying the impact of salaries and incentives on employee satisfaction within an IT company is crucial to

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understand the key factors shaping the work experience, enabling companies to tailor compensation and incentive policies to maintain high levels of employee motivation and engagement (Mohapatra, Satpathy, & Patnaik, 2019; Purushothaman, & Kaviya, 2020; Moro, Ramos, & Rita, 2021). This research aids in identifying elements that significantly influence employee satisfaction, providing a basis for improving working conditions and creating an environment that supports long-term productivity and employee contentment.

2. MATERIALS AND METHODS

In today's competitive landscape, effective human resource management has become pivotal in maintaining employee productivity and satisfaction, particularly in dynamic sectors like information technology (Veloso et al., 2021; Yanchovska, 2021). This research aimed to explore multiple aspects of employee contentment within a specific IT firm, concentrating specifically on the influence of salaries and incentives. The participants encompassed a wide range of employees, spanning from junior staff to managerial positions, thus presenting a diverse collection of experiences and viewpoints. The objective was to investigate the extent to which salary tiers, the quality of work life, job stability, security, and chances for career growth impact the overall satisfaction of employees within the realm of IT companies.

Beyond examining differences in employee satisfaction perceptions concerning salaries and incentives among various employee groups, the research also aimed to identify key factors exerting the most significant influence on employee satisfaction regarding remuneration and incentives. Through this study, the objective was to illustrate the complexity of factors contributing to employee satisfaction and provide a deeper understanding of how these factors collectively shape the work experience within the IT sector. These aspects are crucial not only for maintaining employee motivation and engagement but also for fostering an environment that encourages continuous professional development and long-term employee satisfaction (Šontaitė-Petkevičienė, 2022). Through the research questions posed below, the intention is to capture a broader view of the impact of salaries and incentives on employee satisfaction, considering a range of key factors that shape this multifaceted domain.

The following research questions have been posed:

Q1: Are there significant differences in employees' satisfaction perceptions regarding salaries and incentives among different employee groups?

Q2: What are the key factors that most influence employee satisfaction concerning salaries and incentives?

Q3: How do aspects such as salary levels, quality of work life, stability and security, and professional development contribute to overall employee satisfaction in IT companies?

Information was gathered through a direct survey approach, and individuals participated in the survey voluntarily. The research sample comprised specifically selected employees from a private IT company, using purposive sampling. Initially, a pilot study involved 20 participants, and subsequently, the final number of respondents tallied 150 (sample size $n = 150$). The research took place throughout October 2023. The questionnaire was structured into two distinct sections. The initial section encompassed inquiries regarding gender, age, educational attainment, length of professional experience, and current role within the company. In the subsequent segment, participants rated facets such as salary level, quality of work life, stability and security and professional development using a scale ranging from 1 (very dissatisfied) to 7 (very satisfied). To address the research inquiries, calculations of central tendency, dispersion, and symmetry measures were undertaken. Non-parametric methodologies (including the Chi-square Test, Mann-Whitney U test, and Kruskal-Wallis test) were employed to examine hypotheses. The data underwent analysis through the SPSS software package.

3. RESULTS

The findings of the study draw from the "Impact of Salaries and Incentives on Employee Satisfaction in an IT Company Survey." As previously mentioned, the research encompassed 150 participants currently employed in an IT firm, comprising 92 (61.33%) male and 58 (38.67%) female respondents. Reviewing Table 1 reveals that the largest percentage of participants falls within the age bracket of up to 30 years (48%), and the most prevalent educational attainment is a college or university degree, accounting for 42.67%. Regarding tenure within the company under investigation, the majority of employees reported a work experience spanning from 1 to 3 years (36%). Concerning positions held within the company, approximately half of the employees (50.67%) are engaged as project designers (further details provided

in Table 1). This respondent data facilitates an in-depth analysis and comparison across various groups, enabling an assessment of their quality of work life and motivation.

The results from the Chi-square test of independence revealed no substantial correlation between respondents' gender and their educational achievement, $\chi^2(df = 2, n = 150) = 0.551, p = 0.759$, nor between respondents' gender and their work experience, $\chi^2(df = 3, n = 150) = 6.333, p = 0.096$, or between respondents' gender and their job positions, $\chi^2(df = 3, n = 150) = 2.562, p = 0.464$. A slightly higher percentage of male respondents (64.2%) have a college or university degree or a Master of Science degree compared to 63.8% of female respondents. The table 2 presents satisfaction levels with individual elements of job satisfaction.

Table 1. Socio-demographic structure of sample of employees (sample size 150)

Socio-demographic variable	Response	Frequency	Percent (%)
Gender	Male	92	61.33
	Female	58	38.67
Age group	Younger than 31 years old	72	48.00
	Between 31 and 40 years old	53	35.33
	Older than 40 years old	25	16.67
Level of Education	High School degree	54	36.00
	College or university degree	64	42.67
	Master of Science degree	32	21.33
Experience of working in a company	< 1 year	32	21.33
	1 year – 3 years	54	36.00
	3 years – 5 years	43	28.67
	> 5 years	21	14.00
Position in the company	Manager	21	14.00
	Document specialist	41	27.33
	Project designer	76	50.67
	Direct manager	12	8.00

The majority of employees rated the salary level as excellent, showcasing their satisfaction (Mean = 6.53; Me = 7; Mo = 7; StDev = 0.60). The level of salary holds immense importance within an IT company, acting as a fundamental incentive that draws and retains top-tier talent, while also symbolizing the recognition of employees' skills and contributions. Additionally, employees expressed contentment with the quality of their work life (Mean = 6.03; Me = 6; Mo = 6; StDev = 0.85). The quality of work life is pivotal in an IT company as it directly impacts employee well-being, productivity, and overall job satisfaction, fostering a conducive environment for innovation and sustained performance. Employees indicated a marginally reduced level of contentment regarding the stability and security within the work environment (Mean = 5.62; Me = 6; Mo = 6; StDev = 0.96).

Stability and security within the work environment are vital in an IT company to cultivate a sense of assurance and continuity, fostering an atmosphere conducive to innovation and focused productivity among employees. The assessment of professional development generally received positive feedback, though with the lowest average score (Mean = 4.88; Me = 5; Mo = 5; StDev = 1.09). Professional development within the work environment is crucial in an IT company as it nurtures skill enhancement, fosters innovation, and ensures employees remain abreast of technological advancements, contributing to overall company growth and competitiveness (for more detailed information on the researched factors, see Table 2).

Table 2. Descriptive measures of satisfaction with individual factors in the workspace

Factor of workspace	Mean	StDev	CV (%)	Me	Mo	Skewness
Salary level	6.53	0.60	9.16	7	7	-0.892
Quality of work life	6.03	0.85	14.11	6	6	-0.382
Stability and security	5.62	0.96	17.08	6	6	-0.555
Professional development	4.88	1.09	22.40	5	5	-0.228

The Mann-Whitney U test revealed a statistically significant difference in satisfaction with quality of work life in relation to gender, specifically for men (Me = 6.0; n = 92) and women (Me = 6.0; n = 58), $U = 2,117, Z = -2.253, p < 0.05, r = 0.18$. Differences in the quality of work life based on gender may stem from varying priorities among female employees, who might prioritize work-life balance, seeking flexible

working hours, and additional benefits that support family obligations. These factors often hold greater sway in shaping perceptions of the work environment quality among female employees.

The results indicated a lack of statistical significance in the Mann-Whitney U test concerning salary level, stability and security, as well as professional development between males and females. The absence of statistical significance suggests that observed differences between males and females in these aspects may not be pronounced enough to be considered statistically meaningful (for more details, see Table 3).

Table 3. The results of the Mann-Whitney U test based on participants' gender

Results	Salary level	Quality of work life	Stability and security	Professional development
Mann-Whitney U	2,565	2,117	2,439.5	2,628
Wilcoxon W	6,843	6,395	6,717.5	4,339
Z	-0.459	-2.253	-0.932	-0.161
p value	0.647	0.024*	0.351	0.872

Note: * p-value is less than the usual significance threshold of 0.05, hence there is sufficient evidence to reject the null hypothesis.

The application of the Kruskal-Wallis Test revealed notable distinctions in the perceived satisfaction across three distinct age brackets (Group 1: <31 years old, n = 72; Group 2: 31-40 years old, n = 53; Group 3: >40 years old, n = 25) concerning various facets of work life quality. The analysis revealed statistically significant disparities in three crucial domains: quality of work life ($\chi^2(2, n = 150) = 6.056, p < 0.05$), stability and security ($\chi^2(2, n = 150) = 11.5, p < 0.01$), and professional development ($\chi^2(2, n = 150) = 6.978, p < 0.05$). The results indicated a lack of statistically significant findings in the Kruskal-Wallis Test when considering the salary levels among three separate age groups (for more details, see Table 4).

Table 4. The results of the Kruskal Wallis test based on participants' age group

Results	Salary level	Quality of work life	Stability and security	Professional development
Chi-Square	2.086	6.056	11.5	6.978
df	2	2	2	2
p value	0.352	0.048*	0.003**	0.031*

Note: * p-value is less than the usual significance threshold of 0.05, hence there is sufficient evidence to reject the null hypothesis. ** p-value is less than 0.01.

The Kruskal-Wallis Test indicated a significant statistical variance in the satisfaction levels regarding professional development among three distinct education-based groups of respondents (Group 1, n = 54: high school degree; Group 2, n = 64: college or university degree; Group 3, n = 32: master of science degree), $\chi^2(2, n = 150) = 9.863, p < 0.01$. The outcomes revealed no statistically significant findings in the Kruskal-Wallis Test when examining salary levels, quality of work life, and stability/security among three distinct educational groups (for more details, see Table 5).

Table 5. The results of the Kruskal Wallis test based on participants' level of education

Results	Salary level	Quality of work life	Stability and security	Professional development
Chi-Square	1.294	4.284	2.478	9.863
df	2	2	2	2
p value	0.523	0.117	0.29	0.007**

Note: ** p-value is less than 0.01.

The results showed no statistically significant results in the Kruskal-Wallis Test when investigating salary levels, quality of work life, stability/security, and professional development among four distinct groups based on company work experience ($p > 0.05$ for all factors, for more details, see Table 6).

Table 6. The results of the Kruskal Wallis test based on participants' experience of working in a company

Results	Salary level	Quality of work life	Stability and security	Professional development
Chi-Square	0.891	5.173	3.433	0.705
df	3	3	3	3
p value	0.828	0.16	0.33	0.872

The Kruskal-Wallis Test showed a statistically significant variance in the satisfaction levels regarding stability and security among four groups of respondents categorized by their position within the company (Group 1, n = 21: manager; Group 2, n = 41: document specialist; Group 3, n = 76: project designer; Group 4, n = 12: direct manager), $\chi^2(2, n = 150) = 13.902, p < 0.001$. The results indicated no statistically significant differences in salary levels, quality of work life, and professional development among four distinct groups categorized by their positions within the company, as determined by the Kruskal-Wallis Test (for more details, see Table 7).

Table 7. The results of the Kruskal Wallis test based on participants' position in the company

Results	Salary level	Quality of work life	Stability and security	Professional development
Chi-Square	3.8	2.995	13.902	0.619
df	3	3	3	3
p value	0.284	0.392	0.003**	0.892

Note: ** p-value is less than 0.01.

4. DISCUSSIONS

The research has uncovered significant differences in the satisfaction with the quality of work life between men and women. These disparities can stem from societal norms, stereotypes, and expectations related to gender roles in the work environment. For instance, women often strive for a work-life balance, while men frequently emphasize career advancement. Moreover, distinct roles and responsibilities within organizations can shape the perception of the quality of work life. Additionally, workplace inequality, including disparities in pay or opportunities for advancement, may result in lower job satisfaction among women. Finally, policies supporting various aspects of work life can have different impacts on men and women, leading to divergent perceptions of the quality of the work environment. Understanding these differences is crucial for developing practices that promote equality and support diversity, enhancing job satisfaction among all employees.

The research has unveiled significant variations in the perception of quality of work life across different age groups. These differences can be interpreted through several factors shaping the attitudes and priorities of employees in various life stages. Younger workers, below the age of 31, may prioritize career advancement and value aspects such as professional development or opportunities for growth within the organization. Conversely, older employees, aged above 40, may prioritize job stability, security, and a work-life balance. These differing expectations can result in divergent views on the quality of work life among different age brackets. Generational differences also play a significant role. Younger generations may seek work that offers greater flexibility, dynamism, and reward through job satisfaction, whereas older generations may value stability, long-term benefits, and a sense of security more. Moreover, different experiences in the workplace and length of tenure can influence perceptions of various aspects of the work environment. Older employees, with more years of experience, may have a different perspective and prioritize different aspects essential for job satisfaction. In summary, variations in the perception of quality of work life among different age groups can be the result of a combination of factors, including life stage, generational differences, and varying experiences in the work environment. These findings could be crucial in tailoring human resource management policies and creating a work environment that caters to the diverse needs of different generations of employees.

The research has shown a statistically significant variation in satisfaction levels regarding professional development among three distinct groups of respondents based on their educational level. Individuals with a high school education might perceive or approach professional development differently compared to those who have completed college or master's studies. Different educational levels offer varying opportunities for advancement, specialization, or acquisition of specific skills, which can lead to variations in satisfaction levels regarding professional development among these groups. These statistical variations

suggest the likelihood that these differences are not random but represent genuine tendencies among groups with diverse educational backgrounds. This implies that the observed differences in satisfaction levels regarding professional development are likely influenced by the respondents' educational level, indicating the impact of education on their perceptions and experiences in professional growth.

The research findings did not demonstrate measurable differences in key aspects of the work environment among various groups of employees categorized by their work experience within the company. The absence of statistically significant results suggests that there isn't a difference substantial enough to be considered relevant or meaningful between these groups concerning salary levels, quality of work life, stability/security, and professional development.

The results of the conducted Kruskal-Wallis test revealed a statistically significant variation in satisfaction levels regarding stability and security among four groups of respondents categorized by their positions within the company. However, concerning salary levels, quality of work life and professional development, the analysis did not demonstrate statistically significant differences among the four distinct groups encompassing positions such as Manager, Document Specialist, Project Designer and Direct Manager. This suggests that although there is variation in the perception of stability and security among these groups, other key areas of work experience do not exhibit significant differences among these specific positions within the company's organizational structure.

5. CONCLUSIONS

The study reveals notable distinctions in work-life satisfaction concerning gender and age groups. Gender-related disparities stem from entrenched societal norms and expectations, with women emphasizing work-life balance while men prioritize career advancement. These differences in priorities and societal roles influence perceptions within the work environment. Moreover, age-related variations in work-life perceptions manifest through distinct career priorities among different age brackets. Younger employees prioritize career growth and development, contrasting with older individuals who value stability and work-life equilibrium. Generational disparities further contribute to divergent workplace expectations, with younger generations seeking flexibility and fulfillment while older generations prioritize security and longevity. Furthermore, workplace experiences and tenure influence these perceptions, shaping individual viewpoints on various work environment facets. Understanding these multifaceted factors—gender roles, age-related priorities, and tenure impact—highlights the complexity of work-life satisfaction across demographics. Ultimately, recognizing and addressing these differences are pivotal in designing inclusive human resource strategies and fostering work environments that accommodate diverse needs, enhancing overall job satisfaction across different gender and age groups. The study highlighted significant variations in professional development satisfaction among three educational groups. Diverse educational levels offer distinct advancement opportunities, influencing satisfaction levels. However, regarding work experience categories, no substantial differences were observed in salary, work quality, stability/security, and professional development. Similarly, while positions within the company varied in stability/security satisfaction, no significant disparities were noted in salary, work quality, or professional development among Manager, Document Specialist, Project Designer, and Direct Manager roles.

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