

**INFLUENCE OF KEY PERFORMANCE INDEX TOWARD JOB
SATISFACTION, JOB STRESS AND JOB TURNOVER:
A CASE OF ACADEMIC STAFF AT UNIVERSITI TUNKU
ABDUL RAHMAN, PERAK, MALAYSIA**

KONG CHAN LEONG

**MASTER OF SCIENCE
UNIVERSITI UTARA MALAYSIA
MAY 2013**

KONG CHAN LEONG

**INFLUENCE OF KEY PERFORMANCE INDEX TOWARD JOB
SATISFACTION, JOB STRESS AND JOB TURNOVER**

**M.Sc
(MNGT)
2013**

INFLUENCE OF KEY PERFORMANCE INDEX TOWARD JOB SATISFACTION,
JOB STRESS AND JOB TURNOVER:

A CASE OF ACADEMIC STAFF AT UNIVERSITI TUNKU ABDUL RAHMAN,
PERAK, MALAYSIA

By

KONG CHAN LEONG

Thesis Submitted to
Othman Yeop Abdullah Graduate School of Business,
Universiti Utara Malaysia,
in Fulfillment of the Requirement for the Master of Science

PERMISSION TO USE

In presenting this research paper in partial fulfillment of the requirements for a postgraduate degree from Universiti Utara Malaysia, I agree that the University Library make a freely available for inspection. I further agree that permission for copying of this research paper in any manner, in whole or in part, for scholarly purpose may be granted by my supervisor(s) or, in their absence by the Dean of Othman Yeop Abdullah Graduate School of Business. It is understood that any copying or publication or use of this research paper or parts thereof for financial gain shall not be given to me and to Universiti Utara Malaysia for any scholarly use which may be made of any material from my research paper.

Request for permission to copy or make other use of materials in this research paper, in whole or in part should be addressed to:

Dean of Othman Yeop Abdullah Graduate School of Business
Universiti Utara Malaysia
06010 UUM Sintok
Kedah Darul Aman

DISCLAIMER

The author is responsible for the accuracy of all opinion, technical comment, factual report, data, figures, illustrations and photographs in this research paper. The author bears full responsibility for the checking whether material submitted is subject to copyright or ownership right. Universiti Utara Malaysia (UUM) does not accept any liability for the accuracy of such comment, report and other technical and factual information and the copyright or ownership rights claims

The author declares that this research paper is original and his own except those literatures, quotations, explanations and summarizations which are duly identified and recognized. The author hereby granted the copyright of this research paper to College of Business, Universiti Utara Malaysia (UUM) for publishing if necessary.

Date: _____

Student Signature: _____

ABSTRAK

Kajian ini bertujuan untuk mengenalpasti pengaruh pada indeks kunci performansi terhadap kepuasan kerja, tekanan kerja dan tukaran kerja. Pada masa kini, polisi akademik Malaysia menekankan pencapaian performansi pada staf supaya meningkatkan kualiti pembelajaran. Maka, kajian ini akan mengkaji tingkahlaku pada akademik staf terhadap indeks kunci performansi. Manakala, staf-staf dari Universiti Tunku Abdul Rahman, Kampus Perak, Malaysia telah dipilih untuk kajian ini disebabkan institusi ini masih baru didirikan pada tahun 2001, dan suasana yang baru ini akan menghasilkan pendapat staf-staf yang lebih asli. Soal selidik yang digunakan untuk kajian ini akan mengandungi 4 bahagian iaitu soal peribadi, dan jumlah 41 soalan-soalan untuk selidik yang terdiri daripada semua pembolehubah (Indeks kunci performansi, kepuasan kerja, tekanan kerja dan tukaran kerja). Soal selidik akan dihantar secara emel dan kertas untuk responden-responden. Data-data yang terkumpul itu akan dianalisis melalui “Statistical Package for Social Science” (SPSS Window) Versi 19.0. Korrelasi dan regresi akan dipakai untuk menganalisis data-data yang dikumpul. Pencarian kajian ini menunjukkan mempunyai hubungan signifikansi antara pembolehubah bebas (indeks kunci performansi) dan pembolehubah bersandar (kepuasan kerja dan tekanan kerja). Walaupun begitu, indeks kunci performansi telah dijumpai tiada sebarang pengaruh pada tukaran kerja. Manakala, pencarian melalui analisis regresi antara pembolehubah bersandar menunjukkan hubungan signifikansi antara tekanan kerja dan kepuasan kerja. Pencarian dari kajian ini dipercayai akan membantu pentabiran UTAR untuk menyempurnakan sistem penilaian performansi yang sedia ada. Selain itu, pencarian dari kajian ini juga akan dapat dijadikan sebagai sumber rujukan untuk institusi-institusi akademik lain terutamanya untuk menghasilkan rancangan sumber manusia yang lebih baik.

Katakunci: Indeks kunci performansi, kepuasan kerja, tekanan kerja, tukaran kerja, Universiti Tunku Abdul Rahman, Perak.

ABSTRACT

The purpose of this study is to identify the influence of key performance index toward job satisfaction, job stress and job turnover. Nowadays, Malaysian academic policy is emphasizing the performance achievement of staff to enhance the quality of education. Thus this study was conducted to measure the academic staff regarding their response toward key performance index. Meanwhile, the academic staff of Universiti Tunku Abdul Rahman, Perak campus were selected for this study because it is merely new founded Malaysian University since year 2001, and this fledgling environment assure that staff's response is primitive. The questionnaire that used for this study consists of 4 main parts which were demographic survey, and total 41 survey items for variables of key performance index, job satisfaction, job stress and intention to leave (job turnover). Moreover, the distribution of questionnaire was conducted through sending email and hardcopy paper to respondent. The data were analyzed by the "Statistical Package for Social Science" (SPSS Window) Version 19.0. Correlation and multiple regression analysis were used to analyze the data. The findings showed that there is significant relationship between the independent variables (key performance index) and the dependent variable (job satisfaction and job stress). However, key performance index was found has no influence on job turnover for the staff in UTAR. Meanwhile, the multiple regression between dependent variables showed that the job stress and job satisfaction has significant relationship. The findings for this study will help the UTAR management to look further improvement and consideration of their performance evaluation system. Indeed, the findings from this study also can be the reference source for other academic institution especially to enhance its human resource practice.

Keywords: Key performance index, job satisfaction, job stress, job turnover, Universiti Tunku Abdul Rahman, Perak.

ACKNOWLEDGEMENT

Million of thanks for my parent and family members, because of them that bring the completion to this research paper. Nevertheless, it is important source of my spiritual that came from my beloved family for their moral support and encouragement throughout this study.

I would like to express my deepest appreciation to my project supervisor, Professor Dr. Ruswiati Surya Saputra for her invaluable efforts and time in providing proper guidance, assistance and effortless support throughout the entire process. With her understanding, consideration and untiring advice, I am able to complete the project paper. Meanwhile, I would giving sincere thankful for Dr. Martino regarding his patience and helpfulness to review my project, and also he gave tremendous support to this project. Once again, this project won't complete if there is without their involvement.

My sincere appreciation to the management of UUM, by granting the permission for me to carry out this study, the dedication goes to management team in Othman Yeop Abdullah Graduate School of Business, for their understanding, support and patience during the completion of my study and special thanks to the respondents in UTAR, Perak campus who have contributed significantly by participating in the study and answering questionnaires.

TABLE OF CONTENTS

	Page
PERMISSION TO USE	ii
DISCLAIMER	iii
ABSTRAK	iv
ABSTRACT	v
ACKNOWLEDGEMENT	vi
LISTS OF TABLES	xii
LISTS OF FIGURES	xiii
CHAPTER 1 INTRODUCTION	
1.1 Introduction	1-3
1.2 Problem Statement	4-7
1.3 Research Question	8
1.4 Research Objectives	8-9
1.5 Significance of Study	9-11
1.6 Limitation	11-12
1.7 Organization of Thesis	12-14
1.8 Conclusion	14
CHAPTER 2 LITERATURE REVIEW	
2.1 Introduction	15

2.2	Gender	15-18
2.3	Equality and validity	18-19
2.4	Job evaluation for performance	19-20
2.5	Key performance index for organization	20-23
2.6	Importance of key performance index	23-26
2.7	Negative effect of key performance index	26-28
2.7.1	Job stress	28-30
2.7.2	Job dissatisfaction	30-32
2.7.3	Deviant behavior	32-33
2.8	Positive impact of key performance index	33-35
2.8.1	Job satisfaction	35-36
2.8.2	Job motivation	36-38
2.8.3	Job fairness	38
2.9	Job turnover	39-41
2.10	Impact of turnover	42-44
2.11	Performance index and job turnover	44-46
2.12	Key performance index in higher educational institution	46-48
2.13	UTAR and key performance index	48-49
2.14	Key performance index variable review	49-50
2.15	Job satisfaction variable review	50-52
2.16	Job stress variable review	52-54
2.17	Job turnover variable review	54-55
2.18	Conclusion	56

CHAPTER 3 METHODOLOGY

3.1	Introduction	57-58
3.2	Research framework	58-59
3.3	Hypotheses	59-60
3.4	Research design	60-61
3.5	Measurement of variable	61-62
3.5.1	Key performance index	62-63
3.5.2	Job satisfaction	63-65
3.5.3	Job stress	65-67
3.5.4	Job turnover	67-68
3.6	Data collection	68-69
3.7	Sampling	70
3.8	Data collection procedures	70-71
3.9	Data analysis	71-72
3.10	Conclusion	72

CHAPTER 4 RESULTS AND DISCUSSION

4.1	Introduction	73
4.2	Responses rate	73-74
4.3	Reliability test	74-75
4.4	Pearson correlation analyses	75-77
4.5	Multiple Regression Analysis	77-78

4.5.1	Multiple regressions between the key performance index and job satisfaction	78
4.5.2	Multiple regressions between the key performance index and job stress	79
4.6	Discussions of the research findings	79-80
4.6.1	Research objective one: To investigate the relationship between key performance index and job satisfaction	80-81
4.6.2	Research objective two: To investigate the relationship between key performance index and job stress	81-82
4.6.3	Research objective three: To investigate the relationship between key performance index and job turnover	82
4.6.4	Hypothesis 1: The key performance index brings the effect which will reduce the employee's job satisfaction	83
4.6.5	Hypothesis 2: The key performance index brings the effect on inducing job stress among employee	84
4.6.6	Hypothesis 3: The key performance index brings the effect which is causing the employee's intention to leave their job	85
4.6.7	Hypothesis 4: The key performance index brings the effect which is increasing the employee's job satisfaction	85-86
4.6.8	Hypothesis 5: The key performance index brings the effect which does not induce job stress among employee	86
4.6.9	Hypothesis 6: The key performance index brings the effect which is not causing the employee's intention to leaving their job	86
4.7	Summary of hypotheses significant result	87

CHAPTER 5 CONCLUSION AND RECOMMENDATION

5.1 Conclusion 88-90

5.2 Recommendation for future research 90

REFERENCES 91-95

APPENDICES

Appendix 1 (Survey Questionnaire) 96-102

Appendix 2 (SPSS Result) 103-106

LIST OF TABLES

	Page
Table 2.1: Key performance variable	50
Table 2.2: Job satisfaction variable	51-52
Table 2.3: Job stress variable	53-54
Table 2.4: Job turnover variable	55
Table 3.1: Key performance index variable items	63
Table 3.2: Job satisfaction variable items	64-65
Table 3.3: Job stress variable items	67
Table 3.4: Job turnover variable items	68
Table 3.5: UTAR staffs information	70
Table 4.1: Survey responses result	74
Table 4.2 Reliability Test on Instruments Results of the Variables	75
Table 4.3: Inter correlations of the Major Variables	77
Table 4.4: Results of regression analysis of key performance index on job satisfaction.	78
Table 4.5: Results of regression analysis of key performance index on job stress.	79
Table 4.6: Results of significant hypotheses	87

LIST OF FIGURES

	Page
Figure 3.1: Research framework	59
Figure 3.2: Data collection procedures	71

CHAPTER 1

INTRODUCTION

1.1 Introduction

Key performance index or also known as key performance indicator (KPI) is a tool to assist organization in term of defines and measures its employee performance which is link to the progress of organizational goal. Moreover, the key performance index is generally used for evaluating and measuring employee's performance as well as important for every organizational activity. Furthermore, the key performance index is a quantifiable measurement tool and it can identify the critical success key for an organization. Many organizations have adapting the key performance index instead of adopt due to inconsistency nature of its variety modus operandi (Reh, 2007). On the other hand, key performance index is play important role in strategy management especially for evaluation and control stage (Thompson and Strickland, 2007).

Hence, every organization is developing the contingency performance evaluation system to success its goal (Reh, 2007). In fact, either government or private organizations also rely on key performance index to monitor their employee performance that needed for match to its organizational goal. For academic organization, the key performance index is common including scoring of attendance, suggestion giving, task completion and active involvement (Cave, 2006). Although key performance index is different weight and content for every organization, but the core function is to reflect the track of organization's goal (Reh, 2007) and evaluate

The contents of
the thesis is for
internal user
only

REFERENCE

- Azis, A.M. & Wibisono, D. (2010). *Proposed key performance indicators in managing higher education: Case study in Indonesian higher education*. Paper presented at the 2nd International Conference on Technology and Operations Management (ICTOM), 5 - 7 July 2010 , Bayview Hotel, Langkawi, Malaysia (Unpublished).
- Barry, M. S. (1980). The consequences of turnover. *Journal of Occupational Behaviour*, Vol. 1, No. 4. pp. 253-273.
- Bashayreh, A. M. K. (2009). *Organizational culture and job satisfaction: A case of academic staffs at universiti utara Malaysia (UUM)*. (Unpublished master's thesis). Universiti Utara Malaysia, Sintok, Kedah.
- Bird, S. M., Sir David, C., Farewell, V. T., Harvey, G., Tim, H. & Peter C. S. (2005). Performance indicators: good, bad, and ugly. *Journal of Royal Statistical Society*. pp. 1–27.
- Bishop, J. H. (1990). Job performance, turnover, and wage growth. *Journal of Labor Economics*, Vol. 8, No. 3. pp. 363-386.
- Boachie-Mensah, F. & Seidu, P. A. (2012). Employees' perception of performance Appraisal system: A case study. *Journal of International Business and Management*, Vol. 7, No. 2. pp. 73-82.
- Calisir, F., Gumussoy, C. A. & Iskin, I. (2011). Factors affecting intention to quit among IT professionals in Turkey. *Personnel Review*, Vol. 40, Iss: 4. pp. 514 – 533.
- Carley, K. (1992). Organizational learning and personnel turnover. *Journal of Organization Science*, Vol. 3, No. 1. pp. 20-46.
- Cavana, R. Y., Delahaye, B. L. & Sekaran, U. (2001). *Applied business research quantitative and quantitative methods*. New York: John Willey & Sons.
- Cave, M. (1997). *The use of performance indicator in higher education: The challenge of the quality movement (3rd edition)*. London: Jessica Kingsley Publisher.
- Chae, B. K. (2009). Developing key performance indicators for supply chain: an Industry perspective. *International Journal of Supply Chain Management*, Vol. 14 Iss: 6 pp. 422 – 428.
- Chan, A. P. C. & Chan, A. P.L. (2004). Key performance indicators for measuring construction success. *International Journal of Benchmarking*, Vol. 11 Iss: 2, pp. 203 – 221.
- David, J. A. (1994). Relationship of job stressor to job performance: Linear or an inverted-U?. *Psychological Reports*: Vol. 75. pp. 547-558.

- Elangovan, A. R. (2001). Causal ordering of stress, satisfaction and commitment, and Intention to quit: A structural equations analysis. *Journal of Leadership & Organization Development*, Vol. 22 Iss: 4. pp. 159 – 165.
- Engellandt, A. & Riphahn, R. T. (2011). Evidence on incentive effects of subjective performance evaluations. *Industrial and Labor Relations Review*, Vol. 64, No. 2. pp. 241-256.
- Fisher, C. D. (1998). Mood and emotions while working: Missing pieces of job satisfaction. *Journal of Organizational Behavior*, Vol. 21, No. 2. pp. 185-202.
- Gan, S. H. (2011). *HRM practices, job satisfaction and intention to stay: A study of a private college in Penang*. (Unpublished master's thesis). Universiti Utara Malaysia, Sintok, Kedah.
- Greenberg, J. (2009). *Managing behavior in organization* (5th edition). New Jersey: Prentice Hall.
- Hajji, MA. EL. (2011a). Job evaluation by committees: An analytical study. *Journal of International Management*, Vol. 28 No. 3. pp. 730-738.
- Hajji, MA. EL. (2011b). An analytical approach to the unequivocal need of organizations for job evaluation. *Journal of International Business and Social Science*, Vol. 2, No. 18. pp. 9-12.
- Hamdiah, O. (1996). *Correlates of stress among secondary school teachers in Penang*. (Unpublished master's thesis). Universiti Utara Malaysia, Sintok, Kedah
- Hom, P. W. & Kinicki, A. J. (2001). Toward a greater understanding of how Dissatisfaction drives employee turnover. *Journal of the Academy Management*. Vol. 44, No. 5. pp. 975-987.
- Hopenhayn, H. & Rogerson, R. (1993). Job turnover and policy evaluation: A general Equilibrium analysis. *Journal of Political Economy* , Vol. 101, No. 5. pp. 915-938.
- Humborstad, S. I. W. & Perry, C. (2011). Employee empowerment, job satisfaction and organizational commitment: An in-depth empirical investigation. *Journal of Chinese Management Studies*, Vol. 5 Iss: 3. pp. 325 – 344.
- Igbaria, M. & Baroudi, J. J. (1995). The impact of job performance evaluations on career advancement prospects: An examination of gender differences in the IS workplace. *Journal of MIS Quarterly*, Vol. 19, No. 1. pp. 107-123.
- Jackofsky, E. F. (1984). Turnover and job performance: An integrated process model . *The Academy of Management Review*, Vol. 9, No. 1. pp. 74-83.

- Joo, B. K., Jeung, C. W. & Yoon, H. J. (2010). Investigating the influences of core Self-evaluations, job autonomy, and intrinsic motivation on in-role job performance. *Journal of Human Resource Development*, Vol. 21, No. 4. pp. 353-367.
- Jusoh, R. & Parnell, J. A. (2008). Competitive strategy and performance measurement in the Malaysian context: An exploratory study. *Journal of Management Decision*, Vol. 46, Iss: 1. pp. 5 – 31.
- Kelloway, E. K., Francis, L., Prosser, M. & Cameron, J. E. (2010). Counterproductive work behavior as protest. *Journal of Human Resource Review*. pp. 20-23.
- Kreitner, R. & Kinicki, A. (2010). *Organizational behavior* (9th edition). New York: McGraw-Hill Irwin.
- Lay, Y. F. & Khoo, C. H. (2009). *Introduction to computer data analysis with SPSS for window*. Malaysia: Venton Publishing (M) Sdn. Bhd.
- Locke, E. A. & Latham, G. P. (2002). Building a practically useful theory of goal setting and task motivation. *Journal of American Psychologist*, Vol. 57 No. 9, pp. 705-15.
- Malek, M. H. (2010). *The impact of job stress on job satisfaction among university staff: Case study at Jabatan Pembangunan, University Sains Malaysia (USM), Pulau Pinang*. (Unpublished master's thesis). Universiti Utara Malaysia, Sintok, Kedah.
- Manolopoulos, D. (2008). An evaluation of employee motivation in the extended public sector in Greece. *Journal of Employee Relations*, Vol. 30 Iss: 1 pp. 63 – 85.
- Mcshane, S. L. & Glinow, M. A. V. (2008). *Organizational behavior* (4th edition). New York: McGraw-Hill Irwin.
- Mohamed, W. A. (2008). *The relationship between job satisfaction and organizational commitment on turnover intentions*. (Unpublished master's thesis). Universiti Utara Malaysia, Sintok, Kedah.
- Pan, J. N., Kuo, T. C. & Bretholt, A. (2010). Developing a new key performance index for measuring service quality. *Journal of Industrial Management & Data Systems*, Vol. 110 Iss: 6. pp. 823 – 840.
- Pangil & Salleh, M. S. (2008). A conceptual framework for examining the relationship between high performance system and organizational citizenship behavior. In *Book of readings issues on Quality of Work Life* (pp. 259-280). Penerbit Universiti Utara Malaysia, Sintok, Kedah.
- Parmenter, D. (2010). *Key performance indicator: Developing, implementing, and using winning KPIs* (2nd edition). New York: John Wiley and Sons.

- Reh, F. J. (2010). *Key Performance Indicators (KPI): How an organization defines And measures progress toward its goals*. Retrieved from <http://nworksmallbusiness.westernsydneyinstitute.wikispaces.net/file/view/Key+Performance+Indicators.doc>
- Safdar, R., Waheed, A. & Rafiq, K. H. (2010). Impact of job analysis on job performance: Analysis of a hypothesized model. *Journal of Diversity Management*, Vol. 5, No. 2. pp. 17-32.
- Salami, S. O. (2010). Job stress and counterproductive behavior: Negative affective as a moderator. *Journal of Social science*. pp. 489.
- Sekaran, U. (2003). *Research method for business: A skill-building approach*. New York: John Wiley and Sons.
- Shahin, A. & Mahbod, M. A. (2007). Prioritization of key performance indicators: An integration of analytical hierarchy process and goal setting. *International Journal of Productivity and Performance Management*, Vol. 56 Iss: 3. pp. 226 – 240.
- Sheridan, J. E & Abelson, M. A. (1983). Cusp catastrophe model of employee turnover. *Journal of the Academy of Management*, Vol. 26, No. 3. pp. 418-436.
- Smith, P. (1990). The use of performance indicators in the public sector. *Journal of the Royal Statistical Society*, Vol. 153, No. 1. pp. 53-72.
- Ssesanga, K. & Garrett, R. M. (2005). Job Satisfaction of university academics: Perspectives from Uganda. *Journal of Higher Education*, Vol. 50, No. 1. pp. 33-56.
- Suchi, H. (2010). *The relationship between job satisfaction with intention to leave job among academic staffs in UUM*. (Unpublished master's thesis). Universiti Utara Malaysia, Sintok, Kedah
- Sumathi, G. (2010). *Job satisfaction and turnover intention among private sector employees in Kedah, Malaysia*. (Unpublished master's thesis). Universiti Utara Malaysia, Sintok, Kedah
- Steel, R. P. (2002). Turnover theory at the empirical interface: Problems of fit and function. *The Academy of Management Review*, Vol. 27, No. 3. pp. 346-360.
- Thamendren, M. (2011). *Organizational justice in performance appraisal system: Its Effect on performance appraisal satisfaction and work performance*. (Unpublished master's thesis). Universiti Utara Malaysia, Sintok, Kedah.
- Thompson, J. A. & Strickland, A. J. (2007). *Crafting executive strategy: Text and cases* (19th edition). New York: McGraw-Hill.
- Tompkins, J. (1987). Comparable worth and job evaluation validity. *Public Administration Review*, Vol. 47, No. 3. pp. 254-258.

- Wheelen, T. & Hunger, J. D. (2008). *Strategic management and business policy* (11th edition). New Jersey: Prentice Hall.
- Wiersema, M. F. & Bantel, K. A. (1993). Top management team turnover as an Adaptation mechanism: The role of the environment. *Journal of Strategic Management*, Vol. 14, No. 7. pp. 485-504.
- Wright, A. (2011). "Modernising" away gender pay inequality? Some evidence from the local government sector on using job evaluation. *Journal of Employee Relations*, Vol. 33 Iss: 2. pp. 159 – 178.
- Wu, C. H. & Griffin, M. A. (2012). Longitudinal relationships between core self-evaluations and job satisfaction. *Journal of Applied Psychology*, Vol. 97, No. 2. pp. 331–342.
- www.utar.edu.my. Retrieved March 29th, 2012, from <http://www.utar.edu.my/contentPage1.jsp?contentid=35&catid=1>
- www.mohe.gov.my Retrieved December 12th, 2012, from <http://www.mohe.gov.my/educationmsia/search.php#institution>