



UNIVERSITI PUTRA MALAYSIA

**PREDICTIVE ABILITY OF SELECTED INDIVIDUAL AND
ORGANISATIONAL VARIABLES ON JOB PERFORMANCE OF
SELECTED EMPLOYEES IN A JAPANESE MULTINATIONAL
COMPANY IN MALAYSIA**

INDRA DEVI SUBRAMANIAM

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By

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for the Degree of Doctor of Philosophy in the
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TABLE OF CONTENTS

	Page
ACKNOWLEDGEMENTS	ii
LIST OF TABLES	viii
LIST OF FIGURES	x
ABSTRACT	xi
ABSTRAK	xiii
CHAPTER	
I INTRODUCTION	1
Background	1
Statement of the Problem	5
Objectives of the Study	7
Significance of the Study	8
Scope and Limitations of the Study	9
Definition of the Terms	10
II REVIEW OF LITERATURE	19
Motivation and Job Performance	24
Need Theories of Motivation	25
Herzberg's Motivation - Hygiene Theory	29



Cognitive Theories of Motivation	30
Reinforcement and Social Learning Theories of Motivation	35
Leadership and Job Performance	39
Human Capital Theory and Job Performance	48
Job Characteristic Theory and Job Performance	50
Personality and Job Performance	52
The Five Robust Dimensions of Personality and Job Performance	53
Type A and Type B Behaviour Pattern and Job Performance	56
Locus of Control and Job Performance	59
Self Efficacy and Job Performance	60
Job Satisfaction and Job Performance	61
Organisational Commitment and Job Performance	64
Role Conflict, Role Ambiguity, Job Stress and Job Performance	65
Review of the Major Theories	68
Review of Major Variables Affecting Job Performance	72
Hypotheses	74
III RESEARCH METHODOLOGY	74
Research Framework	77



Measurement of the Research Variables	78
Dependent Variable	78
Predictor Variables	80
The Questionnaire Format	85
The Study Setting and Sources of Data	86
Procedures for Sample Selection	87
Procedures for Data Collection	89
Reliability Tests of the Scales	92
Statistical Techniques and Data Analysis	93
Tests of Significant Relationships	95
IV RESULTS AND INTERPRETATIONS	96
Demographic Characteristics : Sex, Academic Qualification and Job Titles	96
Demographic Characteristics : Age, Total Working Experience, Years Served in Current Organisation and Years Holding Current Post	99
Job Ability, Traits, Commitment, Job Satisfaction and Motivation of the Respondents	102
Respondents' Perception of Selected Organizational Variables	105
Job Performance of the Respondents	108
Relationship of Research Variables with Job Performance	109
Discussion of Hypotheses Testing	119

Predictors of Job Performance	122
Summary of Findings	127
V SUMMARY, CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS	129
Summary	129
Conclusions	135
Discussion and Implications	137
Recommendations	141
Managing Retention	142
Techniques for Managing Job Ability	142
Conscientiousness	143
Locus of Control	144
Self Efficacy	144
Needs for Affiliation and Achievement	145
Commitment	146
Expectancy Theory and Motivation	147
Job Characteristic Theory	148
Job Ambiguity	149
Job Satisfaction	149
Suggestions for Further Research	155
BIBLIOGRAPHY	157



APPENDICES

A	Questionnaire in English	170
B	Questionnaire in Bahasa Malaysia	186
	BIOGRAPHICAL SKETCH	205



LIST OF TABLES

Table	Page
1. The Number of Respondents and their Organizations	90
2. Sample Size and Response Rates from Selected Organizations	91
3. A t-test to Compare the Job Performance of Respondents and Non-Respondents	92
4. Pre-tests and Final Reliability Statistics of Research Variables	94
5. Respondents' Highest Academic Qualification by Sex	97
6. Respondents' Job Titles by Sex	98
7. Distribution and Summary Statistics of Selected Demographic Variables	100
8. Summary Statistics for Job Ability, Personality, Commitment and Motivation to Work	104
9. Respondents' Perception of Selected Organisational Variables	106
10. Summary Statistics for Level of Job Performance	109
11. Correlation Coefficient of Job Performance with Selected Individual Variables	111
12. Correlation Coefficient of Job Performance with Personality Characteristics	113



13.	Correlation Coefficient of Job Performance with Commitment, Job Satisfaction and Motivation	116
14.	Correlation Coefficient of Respondents' Perception of Selected Organizational Variables with Job Performance	118
15.	Simple Multiple Regression Analysis : Predictors of Job Performance	123
16.	Stepwise Multiple Regression Analysis : Predictors of Job Performance	126



LIST OF FIGURES

Figure	Page
1. Vroom's VIE Model of Job Motivation and Performance	33
2. Porter and Lawler's Expanded Expectancy Model	35
3. Relationship between Measures of the Five Robust Dimensions of Personality and Job Performance	57
4. Research Framework	79
5. Matsushita Group of Companies	88
6. Continuous Enhancement Cycle	154



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INDRA DEVI SUBRAMANIAM

April 1996

**Chairman : Associate Professor Abu Daud Silong, Ph. D.
Faculty : Centre for Extension and Continuing Education**

This study was designed to identify the variables that determine job performance of selected employees in a Japanese multinational company in Malaysia. More specifically, the study sought to identify the significant predictors of job performance of the selected employees in this company.

A total of 124 employees from executive to clerical level were selected at random as respondents. A structured questionnaire was used as the research instrument.

The study found that using the conceptual framework of a direct relationship between the predictor variables and job performance to be reasonable since the model with the selected predictor variables was able to explain about 36 percent of the variation in job performance.



Most of the predictor variables of job performance as suggested by previous researchers were found to be significantly related to job performance of employees in the company studied. These included both the individual and organisational variables. Among the individual variables that were found to be significantly related to job performance were years of service in current organization, job ability, conscientiousness, need for achievement, need for affiliation, internal locus of control, self-efficacy, commitment, job satisfaction and motivation. The organisational variables that were significantly related to job performance were task identity, task autonomy and role ambiguity.

Three variables were found to be significant predictors of job performance. They were job satisfaction, task identity and need for achievement. Of these, job satisfaction was the strongest predictor of job performance explaining nearly 20 percent of the variance in job performance.

Abstrak disertasi dikemukakan kepada Senat Universiti Pertanian Malaysia untuk memenuhi sebahagian daripada keperluan untuk ijazah Doktor Falsafah.

KEBOLEHAN PEMBOLEHUBAH-PEMBOLEHUBAH INDIVIDU DAN ORGANISASI YANG TERPILIH DALAM PENENTUAN PRESTASI KERJA PEKERJA-PEKERJA TERPILIH DALAM SEBUAH SYARIKAT MULTINASIONAL JEPUN DI MALAYSIA

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Kajian ini direkabentuk untuk mengenalpasti pembolehubah-pembolehubah yang menentukan prestasi kerja pekerja-pekerja terpilih dalam sebuah syarikat multinasional Jepun di Malaysia. Lebih khusus lagi, kajian ini bertujuan untuk mengenalpasti penentu-penentu prestasi kerja yang signifikan untuk pekerja-pekerja tersebut.

Seramai 124 orang pekerja daripada kumpulan eksekutif hingga kumpulan kerani di syarikat itu, telah dipilih secara rawak sebagai responden. Soal-selidik berstruktur telah digunakan sebagai instrumen kajian.

Keputusan kajian ini menunjukkan bahawa kerangka konseptual yang pembolehubah-pembolehubah penentunya berhubung terus dengan prestasi kerja, adalah munasabah. Hal ini adalah kerana model yang menggandungi pembolehubah-

pembolehubah penentu yang terpilih dapat menerangkan kurang lebih 36 peratus variasi prestasi kerja responden kajian ini.

Di antara pembolehubah-pembolehubah peribadi yang mempunyai hubungan yang signifikan dengan prestasi kerja ialah tempoh berkhidmat dalam organisasi semasa, kebolehan bekerja, kerajinan, kepuasan pencapaian, kepuasan keanggotaan, penentu kawalan dalaman, kepercayaan atas kebolehan diri, iltizam, kepuasan kerja dan motivasi.

Pembolehubah-pembolehubah organisasi yang mempunyai hubungan yang signifikan dengan prestasi kerja adalah tugas yang memberi identiti kepada pekerja, kebebasan menjalankan tugas, dan tugas yang menjelaskan peranan pekerja. Terdapat tiga pembolehubah yang merupakan penentu signifikan kepada prestasi kerja iaitu kepuasan kerja, tugas yang memberi identiti kepada pekerja, dan kepuasan pencapaian. Daripada tiga angkuabah tersebut, kepuasan kerja merupakan penentu prestasi kerja yang menerangkan hampir 20 peratus daripada variasi prestasi kerja responden dalam kajian ini.

CHAPTER I

INTRODUCTION

Background

One of the abiding concerns of senior management and organisations has been the understanding and prediction of human performance. Several factors have made this topic a focal point of interest among both practising managers and organisational researchers. To begin with, managers and organisational researchers cannot avoid a concern with the behavioural requirements of an organisation. Besides the necessity to find financial and physical resources, every organisation needs people to function (Steers and Porter, 1987)

According to Katz and Kahn (1978) organisations have three behavioural requirements in this regard (1) people must be attracted not only to join the organisation but also to remain in it, (2) people must perform the task for which they have been hired, and must do so in a dependable manner and (3) people must go beyond this dependable role performance and engage in some form of creative, spontaneous and innovative behaviour. In other words, for organisations to be effective, they must address the problem of how to get optimum job performance from their employees

A second and related reason for looking at human performance in organisations is that human performance affects and is affected by a multitude of factors in the organisational milieu. Before we can understand how an organisation functions, we



need to understand why people behave as they do on the job (that is the determinant of employee work behaviour and the ramifications of such behaviour for an organisation).

Thirdly, with ever-increasing constraints placed on organisations by unions, government agencies, increased foreign and domestic competition, management has to look for new mechanisms to increase and in some cases just maintain its level of organisational effectiveness and efficiency. Thus organisation effectiveness has become to some degree a question of the management's ability to motivate its employees' efforts towards the goals of the organisation (Steers and Porter, 1987)

A fourth reason for the study of human performance in organisations can be found in the nature of present and future technology required for production. With rapid technological advancement taking place daily, it has become necessary for organisations to ensure that they have employees who are both capable of using and willing to use the advanced technology to achieve organisational objectives.

Another reason for looking at factors influencing job performance of employees in organisations wishing to remain competitive in the emerging trend in organisations to view their employees from a long term perspective. Many organisations are now beginning to pay increasing attention to developing their employees as future resources upon which they can draw as they grow and develop. Evidence of such concern can be seen in the increased popularity of performance appraisal, increased attention to personnel planning and in the stimulation of employees to enhance their job skills through training (Steers and Porter, 1987)

Thus the need to identify factors that can predict job performance of employees in an organisation is a universal management problem. In Malaysia this problem is further

exacerbated by the plans to transform the Malaysian economy from one that is agriculture-based to one that will be based on industry as spelled out in Vision 2020 (Mahathir Mohamad, 1991). With increasing global competition and rising customer expectations, the private sector organisation in Malaysia would need an efficient work force, if Malaysia is to continue its economic superiority over other countries.

More and more organisations and senior managers are realising that if Malaysia wants to carve a niche for its products in the international market then she has to increase productivity and improve the quality of its products and services. As the latter increases, market share, profitability and return on investment will also increase. To accomplish this, an efficient and effective work force would be required.

Recognising that people are a nation's ultimate resources, Mahathir Mohamad (1991) stresses in Vision 2020 that Malaysia must give its fullest emphasis towards human resource development (HRD). The same theme of HRD is strongly emphasised in the Second Perspective Plan period 1991 - 2000 (OPP2). In addition to this, the introduction of Total Quality Management and the imposition of the Human Resource Development Levy for the purpose of promoting training of employees in the private sectors are all efforts to improve the quality of the work force in the private sector organisations. For human resource development to be carried out effectively, factors that influence job performance need to be identified.

Since multinational corporations are among the biggest employers in the Malaysian private sector, this study is carried out in one such corporation, that is, the Matsushita Group of Companies. This Japanese multinational corporation is made up of 14 companies and employs more than 18,000 workers in Malaysia.

Studies to identify the factors that shape work behaviour and performance of individuals in organisations have confirmed the validity of certain individual and organisational factors as predictors of job performance. Barrick and Mount (1991) and Hough *et al.* (1990) found that certain personality characteristics are consistently predictive of important job-related criteria. Joyce and Slocum (1984) found that organisational climate exerts potent influence on individual performance. Other factors that have been found to have direct influence on job performance are cognitive ability (Schmidt *et al.* 1981), situational constraints (Philips and Freedman, 1984), individual role perception (Greenberg and Baron, 1993), motivation (Vroom, 1964) and the power position of the department to which the employee belongs (Pfeffer and Salancik, 1978).

Traditionally, research on job performance has used one of two perspectives, with some arguing that human performance is primarily the function of certain enduring characteristics of the individual (Gordon and Cohen, 1973, Schmidt *et al.* 1981) and others arguing it is primarily the function of situational influences (Peters and O'Conner, 1980). Because of this, while many studies have demonstrated direct effect of certain individual characteristics like personality and cognitive ability on job performance within organisations, researchers have had much less success in identifying dimensions that generalise across organisations (Hunter and Hunter, 1984; Day and Silverman, 1989, Mathieu *et al.*, 1992,) A plausible reason for lack of significant findings may be the existence of organisational characteristics that interact with individual characteristics in determining performance. This reason has been found to hold true in researches carried out by Day and Bodein (1991) and Barrick and Mount (1993) where the inclusion of certain organisational variables has been found to have moderating effect on the predictive ability of personality characteristics on job performance.

In recent years researchers have become more receptive to the view that ultimately, human performance is likely to be a dynamic interchange between a number of individual and situational attributes (Schneider, 1975; Owen and Shoenfieldt, 1979; Terborg *et al.*, 1980 ; Colarelli *et al.*, 1987). This implies that optimal prediction is likely to be attained only when a multivariate approach capable of capturing the complex interaction between individual and situational attributes is used. In this study this approach is used to study the factors that influence job performance of employees in a Japanese multinational company.

Focus on individual and situational variables is important for two reasons. First, it furthers our understanding of the comparative influence of individual and situational characteristics on job performance. Second, it focuses attention on how different interventions might be substituted to improve job performance.

Statement of the Problem

Several theories have been proposed to explain behaviour of individuals in organisations. Among these are the leadership theories, theories of motivation, human capital theory , job characteristic theory, role theory and theories to explain job satisfaction. These theories have given rise to possible predictor variables of job performance. There are no known studies that have been carried out to determine the validity of using these variables to predict job performance of employees in a Japanese multinational company in Malaysia.

Most studies on job performance have tended to focus on the influence of either individual or situational characteristics on job performance (Guzzo *et al.*, 1985 ; Tan, 1992 and Doraisamy , 1993). Tan studied the relationship between human capital and

job performance while Doraisamy's (1993) study, focused on the influence of organisational climate on job performance. Since according to Terborg *et al.*(1980), situations vary in cues and constraints and people vary in their personal characteristics, the behaviour and performance of a particular person in a particular situation is a result of the joint characteristics of both. There is a need therefore to use both individual and organisational variables to determine the predictors of job performance in order to obtain a more accurate picture.

Most known studies on job performance in Malaysia have been confined to public sector organisations. No published study on job performance of individuals in private sector setting in Malaysia has been encountered. Among the studies that have been carried out in public sector organisations in Malaysia are those by Zakaria and Abdul Aziz (1989) ; Tan (1992) ; Doraisamy (1993) ; Lunjew (1994) and Hamid Salleh (1995). Since public sector organisations are mainly non-profit organisations while private sector organisations are profit motivated, there is a possibility that the predictors of job performance of employees in these two types of organisations may differ.

According to Day and Silverman (1989), a critical factor in the study of relationship between individual and situational factors and job performance is individually selecting dimensions that are theoretically appropriate for occupations and organisations. Most studies on the relationships between predictor variables and job performance have tended to follow this principle and selected respondents from a single job type. In this respect there has not been any study carried out, to determine the common factors that influence the job performance of employees for all job types, in a Japanese multinational organisation in Malaysia.

Another difference between prior studies and the current study on job performance is that in most of the previous studies of job performance in Malaysia, the dependent variable job performance, was measured using self-rating by the respondents. This may have led to a lenient measurement of the job performance score (Landy and Farr, 1980; Thornton, 1980). In this study objective measurement of job performance, that is the job appraisal scores given to the respondents by their superiors are used.

In relation to the gaps identified in past studies pertaining to job performance, as well as to determine the validity of the predictor variables used, this study will attempt to address the following questions:

1. What is the nature of the relationships between selected individual and organisational variables and job performance?
2. What are the predictors of job performance of employees in a selected Japanese multinational organisation in Malaysia?

Objectives of the Study

The overall objective of this study is to examine the nature of relationship between selected predictor variables with job performance of employees in a selected multi-national organisation. The study attempts to determine the validity of using selected

individual and organisational variables as predictors of job performance. More specifically the study attempts to determine the following:

1. The level of job performance among employees in a selected Japanese multinational company in Malaysia
2. The relationship between the selected individual variables of (a) age (b) academic qualification (c) total working experience (d) years working in current organisation (e) years holding current job (f) job ability (g) personality traits (h) commitment (i) job satisfaction (j) motivation and job performance.
3. The relationship between the selected organisational characteristics of (a) perceived job characteristics [skill variety, task identity, task significance, autonomy and feedback] (b) role conflict (c) role ambiguity (d) role stress (e) perceived superior behaviour and job performance.
4. The predictors of job performance of employees in a selected Japanese multinational company in Malaysia.

Significance of the Study

This study would contribute to the emerging stream of management literature on the predictors of job performance of employees in the private sectors. The study would also help to advance the understanding of the extent to which research findings in the

west is generalisable across cultures. The knowledge of predictors of job performance can help practising managers increase the productivity of the organisation through better management of the workforce. The managers and supervisors would find this knowledge useful when carrying out job design, job enrichment, job enlargement, job rotation, staff recruitment and placement and also when planning staff development programs.

Scope and Limitation of the Study

Certain limitations of the study should be noted that suggest possible future research directions. One limitation is that this study is carried out with employees obtained from a selected Japanese multinational company in Malaysia. The generalisability of the findings would therefore be limited to similar type of companies. The study would not be able to generalise its findings to other types of companies.

In studying predictors of job performance, the variables used were selected from many possible variables. It is therefore recognised in this study that there could be other predictors of job performance that might be equally important which have not been included in this study due to constraints of time and money.

Definition of Terms

The following terms are frequently mentioned in the study because they represent the variables used in this study. A brief definition of these terms are given below to facilitate references.

Job performance : This refers to the degree to which the employees in the company under study execute their job task assignments and responsibilities effectively. In this study, job performance is the performance appraisal score of the respondents resulting from the superiors rating of their performance.

Job ability : This refers to the respondents' level of relevant job knowledge, skills and experience and adequacy of this knowledge, skills and experience to carry out their job well. This was measured by determining the respondents' responses to nine statements pertaining to suitability of knowledge and skill, appropriateness of past experiences and educational qualification, degree of understanding about the nature of job, coping with job expectations and adequacy of knowledge, skills and experience to carry out the job well. The responses were obtained on a five-point Likert scale ranging from "strongly agree" to "strongly disagree".

Five robust dimensions of personality : Also known as the Big Five, this comprises the five personality dimensions of extraversion, agreeableness, conscientiousness, emotional stability and openness to experience. The five robust dimensions were measured by summing the scores for items measuring each of the five constructs of extraversion, agreeableness, conscientiousness, openness to experience and emotional stability.