RELATIONSHIPS BETWEEN ORGANIZATIONAL CAPITAL AND EMPLOYEE WORK PERFORMANCE IN MALAYSIAN PUBLIC ORGANIZATIONS

THOMAS KATHIRAVELOO

FPP 2013 29
RELATIONSHIPS BETWEEN ORGANIZATIONAL CAPITAL AND EMPLOYEE WORK PERFORMANCE IN MALAYSIAN PUBLIC ORGANIZATIONS

THOMAS KATHIRAVELOO

DOCTOR OF PHILOSOPHY
UNIVERSITI PUTRA MALAYSIA
2013
RELATIONSHIPS BETWEEN ORGANIZATIONAL CAPITAL AND EMPLOYEE WORK PERFORMANCE IN MALAYSIAN PUBLIC ORGANIZATIONS

By

THOMAS KATHIRAVELOO

Thesis Submitted to the School of Graduate Studies, Universiti Putra Malaysia, in Fulfillment of the Requirements for the Degree of Doctor of Philosophy

May 2013
COPYRIGHT

All material contained within the thesis, including without limitation text, logos, icons, photographs and all other artwork, is copyright material of Universiti Putra Malaysia unless otherwise stated. Use may be made of any material contained within the thesis for non-commercial purposes from the copyright holder. Commercial use of material may only be made with the express, prior, written permission of Universiti Putra Malaysia.

Copyright © Universiti Putra Malaysia
RELATIONSHIPS BETWEEN ORGANIZATIONAL CAPITAL
AND EMPLOYEE WORK PERFORMANCE IN
MALAYSIAN PUBLIC ORGANIZATIONS

By

THOMAS KATHIRAVELOO

May 2013

Chairman : Professor. Jegak Uli, PhD

Faculty : Faculty of Educational Studies

The main purpose of this research was to determine the factors that help to explain
the variation of work performance among employees in Malaysian public sector
organizations. The specific objectives of the study were to: (1) Determine the
relationship between physical and financial, human, social, natural capital and work
performance, (2) Assess the proposed four-factor regression model to explain the
variation of work performance among employees in Malaysian public sector
organizations, and (3) Determine whether gender and job category moderate the
relationship between physical and financial, human, social, natural capital and work
performance.
The dependent variable for this study was work performance. There were four independent variables in this study namely physical and financial capitals (PFC), human capital (HC), social capital (SC), and natural capital (NC). The basis of the theoretical foundation of this study were based on the Harwell (1979) job performance model and expanded model of ecological economic system described by Costanza, Cumberland, Daly, Goodland, and Norgaard (1997). The core of this models was the set of four basic types of capital: natural, human, social and manufactured. A balance among these four capitals is necessary for excellent work performance. This study hypothesized that physical and financial, human, social, and natural capitals are positively correlated to work performance and the contribution level of four capitals towards variance in work performance and finally the moderation effect of gender and job category. A positive relationship suggests that work performance is more apt to increase when the physical and financial, human, social, and natural capital increase.

This study used a two-stage of cluster sampling described by Scheaffer, Mendenhall and Ott (1990, p. 224). The first task in the two-stage cluster sampling was to specify appropriate clusters, in this study, all the 25 federal ministries were selected as the survey clusters. Subsequently, from this sampling frame, 6 ministries were selected using a simple random sampling procedure. The second task in the two-stage cluster sampling involved selecting 90 employees from the selected survey clusters by using simple random sampling. A total of 540 employees were selected for the survey. All the 540 employees responded fully. Thus, this figure represents the final number used for the confirmatory data analyses of this study.
The findings revealed, all the four capitals positively correlated with work performance. In addition, only human capital and social capital were significantly support the proposed model. The human capital made the strongest contribution in explaining variation of work performance and followed by social capital. Job category and gender only moderated the relationship between social capital and work performance. Therefore, the relationship between physical & financial, human, and natural capitals with work performance can be generalized for all levels of job category and irrespective of difference in gender.

Based on the findings and conclusion of this study, the following recommendation is offered. An organization should provide necessary and adequate capitals referred to current needs and importance for continuous development. Furthermore, all the capitals must be organized wisely to capture optimal output in the public sector organizations.
Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk ijazah Doktor Falsafah

HUBUNGAN ANTARA MODAL ORGANISASI DAN PRESTASI KERJA PEKERJA DI ORGANISASI PERKHIDMATAN AWAM MALAYSIA.

Oleh

THOMAS KATHIRAVELOO

Mei 2013

Pengerusi : Profesor Jegak Uli, PhD
Fakulti : Pengajian Pendidikan

Kajian ini dijalankan untuk meningkatkan tahap pengetahuan dan menentukan faktor-faktor yang membantu menjelaskan variasi prestasi kerja pekerja di semua organisasi Perkhidmatan Awam Malaysia. Objektif-obektif khusus bagi kajian ini ialah: (1) Menentukan hubungan di antara modal fizikal dan kewangan, insan, sosial, alam semula jadi serta prestasi kerja, (2) Menilai empat faktor yang dicadangkan dalam model regresi untuk menjelaskan variasi prestasi kerja antara pekerja di organisasi sektor awam di Malaysia, dan (3) Menentukan sejauh mana jantina dan kategori pekerjaan sebagai moderator dapat mempengaruhi hubungan di antara modal fizikal dan kewangan, insan, sosial, alam semula jadi dengan prestasi kerja.
Pembolehubah tetap bagi kajian ini ialah prestasi kerja. Manakala, pembolehubah berubah ialah empat jenis sumber modal yang dikenali sebagai modal fizikal dan kewangan (PFC), modal insan (HC), modal sosial (SC) dan modal alam semula jadi (NC). Kajian ini dilaksanakan berasaskan Model Prestasi Kerja (Harwell, 1979) dan “expanded model of ecological economic system” seperti yang dinyatakan oleh (Costanza, Cumberland, Daly, Goodland, & Norgaard, 1997). Kedua-dua model ini focus pada asas penggabungan empat jenis modal seperti fizikal dan kewangan, insan, sosial dan alam semula jadi yang mana penggantian di antaranya adalah terhad. Penggunaan empat jenis modal ini secara seimbang adalah penting dan wajar untuk meningkatkan kecemerlangan prestasi kerja. Kajian ini mengandaikan bahawa modal fizikal dan kewangan, insan, sosial dan alam semula jadi mempunyai hubungan positif dengan prestasi kerja. Kempat-empat modal ini juga menyumbang secara positif variasi prestasi kerja. Bahkan juga, dua moderator iaitu jantina dan kategori pekerjaan dapat mempengaruhi hubungan di antara modal (PFC, HC, SC and NC) dengan prestasi kerja.

Keputusan kajian ini menggambarkan bahawa semua modal (PFC, HC, SC and NC) dapat menunjukkan hubungan positif dengan prestasi kerja. Tambah pula, hanya dua modal (HC and SC) sahaja dapat menyumbang kepada variasi prestasi kerja secara signifikan. Modal insan mendahului senarai sebagai penyumbang yang terbesar diikuti dengan modal social untuk menjelaskan variasi prestasi kerja. Moderator jantina dan kategori kerja dapat mempengaruhi hubungan di antara modal sosial dengan prestasi kerja sahaja. Hakikatnya, hubungan di antara PFC, HC dan NC dengan prestasi kerja boleh dirujuk sebagai pengukur umum bagi perbezaan jantina dan semua kategori jawatan.

Berdasarkan penemuan dan rumusan daripada kajian ini, sokongan digalurkan seperti berikut: Sesebuah organisasi mestilah menawarkan sumber modal yang perlu secara mencukupi mengikut tahap kepentingan semasa supaya memastikan peningkatan prestasi kerja berlaku secara berterusan dan optima. Bahkan juga, pengagihan modal haruslah diuruskan secara bijaksana demi meningkatkan tahap pengeluaran di organisasi sektor awam.
ACKNOWLEDGEMENTS

This research has provided me with great challenges and opportunities to gain indepth knowledge of work performance and unexpected insights into public sector operations. Nevertheless, I have faced up to the challenges of this academic project and thank the good Lord for the strength he has given me to bring this project to conclusion.

I would especially wish to convey my sincere thanks and special appreciation to my supervisory committee chairman, Professor Dr. Jegak Uli for his encouragement, comments and guidance. His patience and supportiveness really guided me to complete this research successfully. I also like to thank my committee members Associate Professor Dr. Khairuddin Idris and Dr. Jamilah Othman for their valuable comments, suggestions and motivations throughout this research.

My thanks also go to Professor Dr. Md. Salleh Hj. Hassan, Associate Professor Dr. Bahaman Abu Samah, Associate Professor Dr. Noor Azman Ali and Pn. Hashimah Hashim who have helped me in so many ways.

Finally, my heartfelt thanks are due to my beloved wife, Pilomina, for shouldering most of the family responsibilities during the year of my postgraduate study, and for her constant inspiration and support. My special thanks also go to my daughter, Shaleen Grace and son Alfred Joachiym, for their love, understanding and tolerance. Similar appreciation is also extended to my loving mother, aunt and all my family members.
Lastly, I would like to dedicate this important milestone in my life to the Almighty.

With gratitude and appreciation to all.

K. Thomas.

MAY 2013
I certify that an Examination Committee met on 30 May 2013 to conduct the final examination of Thomas Kathiraveloo on his Doctor of Philosophy thesis entitled “Relationships between Organizational Capital and Employee Work Performance in Malaysian Public Organizations” in accordance with Universities and Colleges Act 1971 and the Constitution of the Universiti Putra Malaysia [P.U.(A) 106] 15 March 1998. The Committee recommends that the student be awarded the Doctor of Philosophy.

Members of the Thesis Examination Committee were as follows:

**Aminah Binti Ahmad, PhD**  
Professor  
Department of Professional Development and Extensional Education  
Faculty of Educational Studies  
Universiti Putra Malaysia  
(Chairman)

**Bahaman Bin Abu Samah, PhD**  
Associate Professor  
Institute for Social Science Studies  
Universiti Putra Malaysia  
(Internal Examiner)

**Shamsuddin Bin Ahmad, PhD**  
Lecturer  
Department of Professional Development and Extensional Education  
Faculty of Educational Studies  
Universiti Putra Malaysia  
(Internal Examiner)

**Robert Rowden, PhD**  
Professor  
University of Capella  
United States of America  
(External Examiner)

---

**NORITAH BINTI OMAR, PhD**  
Associate Professor and Deputy Dean  
School of Graduate Studies  
Universiti Putra Malaysia

Date:
This thesis was submitted to the Senate of Universiti Putra Malaysia and has been accepted as fulfillment of the requirement for the degree of Doctor of Philosophy. The members of the Supervisory Committee were as follows:

**Jegak Uli, PhD**
Professor  
Faculty of Defence Management and Studies  
National Defence University of Malaysia  
(Chairman)

**Khairuddin Idris, PhD**
Associate Professor  
Faculty of educational Studies  
Universiti Putra Malaysia  
(member)

**Jamilah Othman, PhD**
Lecturer  
Faculty of Educational Studies  
Universiti Putra Malaysia  
(member)

---

**BUJANG BIN KIM HUAT, PhD**
Professor and Dean  
School of Graduate Studies  
Universiti Putra Malaysia

Date:
DECLARATION

I declare that the thesis is my original work except for quotation and citation which have been duly acknowledged. I also declare that it has not been previously, and is not concurrently, submitted for any other degree at University Putra Malaysia or at any other institution.

__________________________
THOMAS KATHIRAVELOO

Date : 30 May 2013
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>ii</td>
</tr>
<tr>
<td>ABSTRAK</td>
<td>v</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>viii</td>
</tr>
<tr>
<td>APPROVAL</td>
<td>x</td>
</tr>
<tr>
<td>DECLARATION</td>
<td>xii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>xvi</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>xviii</td>
</tr>
<tr>
<td>LIST OF ABBREVIATIONS</td>
<td>xx</td>
</tr>
</tbody>
</table>

## CHAPTER

### 1 Introduction

- Focus of the Study: 1
- Importance of Performance: 2
- Background of the Study: 4
- Statement of problem: 14
- Research questions: 16
- Objective of the Study: 16
- Research Hypotheses: 17
- Significance of the Study: 19
- Limitation of the Study: 20
- Operational Definition: 21
- Summary: 22

### 2 Literature Review

- Work performance
  - Definition of Work Performance: 24
  - Performance Drivers: 27
  - Work Performance Theory: 29
  - Dimension of Work Performance: 31
- Type of Capitals
  - Physical and Financial Capital: 33
  - Theory of Physical and Financial Capital: 34
  - Human Capital: 39
  - Theory of Human capital: 41
  - Social Capital: 45
  - Theory Of Social Capital: 47
  - Natural Capital: 51

---

xiii
III. RESEARCH METHODOLOGY

Introduction 69
Research Design 69
Research Framework 70
Research Instrument Development 71
  The First Phase 72
  The Second Phase 76
Instrument Reliability 78
Population, Samples Size and Power Analysis 82
Data Preparation 85
Construct Validity of Study Instrument 85
Data Analysis 113
  Objective 1 113
  Objective 2 113
  Objective 3 114
  Objective 4 116
Summary 118

IV FINDING AND DISCUSSION

Demographic Profile of Respondents 119
Level of Organizational Capitals’ Items 120
  Physical and Financial capital 121
  Human Capital 124
  Social Capital 134
  Natural Capital 138
  Work Performance 140
Correlation Analyses 148
Contribution of Organizational Capitals towards WP 152
Moderating effect: Gender & Job Category 156
Summary of Hypotheses Testing 160
V SUMMARY, CONCLUSION, IMPLICATION AND RECOMMENDATIONS

Summary 162
Hypothesis of the study 164
Methodology 165
Summary of major findings 166
Conclusion 167

Implication of the Study 169
Theoretical implication 169
Practical implication 170

Practical Recommendation 175
Recommendation for Future Research 179

BIBLIOGRAPHY 181
APPENDICES 208
BIODATA OF STUDENT 218