



## PERFORMANCE, HUMAN RESOURCE MANAGEMENT AND JOB SATISFACTION AT CIVIL CONSTRUCTION FIELD IN MALAYSIA

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### Abstract:

As we know that “productivity is connectivity and connectivity is productivity”. This research paper will examine the relationship between Human resource management with the job satisfaction, Motivation, Training and Development, Absenteeism and turnover, Team work and employee’s participation and compensation. Human resource is the vital of all the elements of an organization. There are six elements in an organization like man, materials, machine, money, method and markets. Among them man is the important element of all. How are you conducting the human resources of an organization is the important issue of the organization. Human resources are the working in the organization with a view to accomplishing the organizational objectives and end results. Motivation is firmly related with job performance of the organization, we know when motivation is more, productivity is higher and when motivation is low, the productivity is lower. Job performance is dependent on the team work and compensation and fair treatment should be done in determine the workers capability. Team work is collaboration between two or more persons, it is important issue to get the proper job and when team work is properly done it is become more possible to attain the goal of the organization, When an employees are satisfied with their basic needs then the employees will be satisfied more and the productivity will be higher and ultimate goal will be achieved and organizational discipline will be maintained. Performance-management reforms in Malaysia have resulted in improving efficiency at the bureaucratic and public service delivery systems. Within many policies and frameworks, numerous standards of practice have been introduced since 1970s until the recent Public Service New Scheme in 2012. Numerous attempts have been made by the government in its continual effort to refine the strategies in enhancing public administration in the country. This paper details the various policy standards and administrative devices in transforming better performance among public servants with the various schemes and changes including the challenges involved in implementations. This paper also highlights the results of a recent survey among public administrators on their performance management scheme and their views on the HRM strategies in their agencies.

**Keywords.** performance management, public sector, Malaysia, Performance appraisal, Job Satisfaction, Absenteeism and turnover, Training and Motivation, Compensation.

### 1. INTRODUCTION

Human resources are the manpower of an organization that utilizes material resources to achieve stated goals. According to Barney (1995), human resources include all the experience, skills, judgment, abilities, knowledge, contacts, risk- taking and wisdom of individuals and associates within an organization. Easily recognized as the most important of the resources required for the production of goods and services, human resources are the key to rapid socio economic development and efficient service delivery. They combine all other factors of production to produce goods and or services which are of benefits to mankind. Thus, the role of human resources is fundamental to any productive organization or service organization. Without an adequate, skilled and well motivated workforce operating within a sound human resource management programme, production is not possible. An administrator or manager, whether in the public or private sector who, underrates the crucial role and under plays the importance of people in goal achievement, can neither be effective nor efficient. This is purely because, the

efficiency with which an organization operates depends on how effective its human resources are managed and utilized. The civil service is a typical organization or body in the public sector and a very distinctive part of the economy. In most cases the normal process of producing goods and services do not apply. Public services are not generally run to make profits and there is no competition in the sense of firms trying to entice customers away from their competitors as in the case of the civil service. Since these basic features of a market are absent, many of the principles of management which apply in the private sector are absent. Other principles such as equitable treatment and allocation of resources according to need, pervade the process of decision making and management.

Woodrow Wilson argued that civil service reform should be concerned with both improving personnel systems as well as the performance of the organization as a whole. Recent efforts to improve government performance in making the organizations and the public employees more accountable to the public for results embody these tenets of Wilson’s arguments.

The conventional wisdom was that stability contributes to public administration performance, “change”, “development”, and “reforms” seem necessary to keep bureaucracy effective (Osborne and Plastrik 1997; O’Toole and Meier, 2003). Numerous attempts have been made by the government in its continual effort to refine the strategies in enhancing public administration in the country. This paper details the various policy standards and administrative devices in transforming better performance among public servants with the various schemes and changes including challenges involved in implementations.

The interest in reforming public sector human resource management has been associated with politicians and management reformers seeking to implement aspects of new public management (NPM) and public choice theory. In an effort to enhance efficiency, public management reformers have advocated decentralizing and deregulating decision making in public HRM (Battaglio Jr & Condrey, 2006; 2009). Performance management reforms in Malaysia have resulted in improving efficiency at the bureaucratic and public service delivery systems. Civil service systems have employed market-like mechanisms (e.g. pay-for-performance and outsourcing) to facilitate efficiency in the public sector (Kellough and Nigro, 2006). This paper also highlights the results of a recent survey among public administrators on their performance management scheme and their views on the HRM strategies in their agencies.

### **1.1. Reforms and Performance of Civil Servants**

The Malaysian civil service formed the largest employment with 1.4 million including the strategic military, navy and police officers. The number of public servants at federal level stands at 1.03 million whilst there are 181,287 at state level and 173, 459 at statutory bodies. Malaysia’s civil service is much influenced by its colonial past of the British. The main central agency in the Malaysian civil service is the Public Service Department (PSD). Reforms in the Malaysian civil service were largely initiated during the 1980s with “The Look East Policy” introduced in 1982 to emulate work ethics from Japan and South Korea. “Malaysia Incorporated” was implemented a year later which saw a closer cooperation between the public and private sectors where the public sector provide the infrastructure and environment for Malaysian businesses resulting in the setup of Malaysian Business Council (MBC) and the Malaysia Incorporated Officials Committee (MIOC). The MBC is the highest forum platform for consultation of both the public and private sectors. The implementation of the Malaysian Incorporated strategy was associated with two major policies for public sector reform: privatization and total quality management.

### **1.2. Pay-for-performance and HRM Strategies**

The powerful role that financial incentives can play in influencing behavior has been widely

acknowledged. Traditional pay systems such as in the old remuneration scheme may experience the following problems: pay becomes an entitlement, benefits are given for tenure, base pay is a function of levels and not performance, merit increases do not differentiate performance sufficiently and even bonuses become an entitlement. Recent research has examined a variety of ways in which pay-for-performance (PFP) impact individuals, groups, and organizations (Stajkovic and Luthans, 2001). Motivation theories such as expectancy theory of Vroom 1964 and goal setting theory (Chun & Rainey, 2005) where goals that are clearly specified and accepted by employees can improve their performance have demonstrated much appeal and enjoy considerable empirical support. Performance improves in approximately two out of three programs. There has been a growing interest in group pay-for-performance systems and the conditions under which they are most effective (Gomez-Mejia, Welbourne, & Wiseman, 2000). Success or failure in performance management depends on organizational philosophies and the attitudes and skills of those responsible for its implementation and administration, together with the acceptance, commitment and ownership of appraisers and appraisees. The HRM strategies in this paper are employee empowerment (EE) and in-role behavior (IRB) which are expected to be aligned where pay-for-performance are achieved. The strong link between performance pay and EE and IRB is presumed to produce a greater incentive to work hard and achieve greater rewards. Proponents of reform assume that pay-for-performance will increase productivity, accountability, responsiveness, and so on among civil servants though some limitations occur. When an employee feels empowered, it is expected to have a direct and positive impact on the IRB. This article aims to contribute to the literature by studying the link between pay-for-performance and employee empowerment and in-role behavior among civil servants in Malaysia.

### **1.3. Job Satisfaction, Absenteeism and turnover**

Human resource management is the vital part of production sector of any organization. Without human resource, the vehicle of production will not run in the organization. So without any confusion we can easily confess that HR is the best resource among the all resources (Man, Machine, Money, Method, materials and market) of the organization. Every human being is derived by the nature who intends to do in his profession or career. Moreover, Job satisfaction and production are goes in a one way, when the production is high; it means that satisfaction level is high. So production is dependable variable where the job satisfaction is independent variable job satisfaction is generally believed a higher job satisfaction is associated with increased productivity, lower absenteeism, and lower employee turnover (Hackman & Oldham, 1975). Now a days the number of people of turnover is increasing daby by day because of employee job dissatisfaction and

raising the job competition among the various companies and the organization. If the employee is not satisfied with what they are want from their job but they are not getting it easily so finally they will leave the organization and absenteeism rate will be increased in the organization. Rewards play a vital role in determining the significant performance in job and it is positively associated with the process of motivation. Lawler (2003) argued that there are two factors which determine how much a reward is attractive, first is the amount of reward which is given and the second is the weightage an individual gives to a certain reward. Deeprose (1994, p. 3) is of the view that "Good managers recognize people by doing things that acknowledge their accomplishments and they reward people by giving them something tangible."

#### 1.4. Human resource development

Enhancing the quality of an organization's human resources involves many activities. After the employee has been recruited, selected and inducted, he/she must next be developed to better fit the job and the organization. This is because no one is a perfect fit at the time of hiring; they must be trained to perform their jobs. Current employees must regularly have their skills updated and must learn new skills. Developing employee skills is thus, a key managerial responsibility as no organization has a choice of whether to develop employees or not. The only choice is that of method.

According to Nwachukwu (1988) human resource development deals with the activities undertaken to expose an employee to perform additional duties and assume position of importance in the organizational hierarchy. It involves the long term systematic educational or organizational process and procedure by which employees gain more conception and practical knowledge about his work place.

Accordingly, human resource development can be conceptualized as organized learning activities arranged within an organization in order to improve performance and or personal growth for the purpose of improving the job, the individual and or the organization (Nwachukwu, 2007). This is hinged on the realization that the achievement of the objectives of any organization is possible when and only if human resources are empowered through training and development so that they can be more strategic, creative and innovative.

## 2. METHODOLOGY AND MEASUREMENT

Six federal agencies were selected where the head of the agency identified a contact person which is a senior person in the HR division of the agency. Paper-pencil survey was used in which 242 government employees were approached and 205 responded representing a response rate of approximately 85 per cent. The respondents' in-role behavior (IRB) was measured using Williams and Anderson (1991). The four items were measured on a scale ranging from 1 (never)

to 5 (always). Reliability (Cronbach's alpha) of this scale was 0.86. The pay-for-performance scale was measured with three items with a reliability scale of 0.88. In addition, the employees' empowerment was measured using the scale by Spreitzer (1995) of 8 items, with a reliability of 0.83.

### 2.1. Theoretical Investigation of HRM

#### Concept of Human Resource Management

Human resource management is the process of acquiring, training, appraising & compensating employees & of attending to their labor relations, health & safety & fairness concerns. Human resource management can be defined as a set of interrelated and integrated functions, processes and systems that focus on the effective utilization of people working in an organization with strategic, coherent and unified approaches to achieve the goal of the organization as well as the goals and needs of its individual employee. Human resources are the assets of an organization. They run the organization properly. They are the key factors of the organization. Human Resource Management is concerned with the 'people' dimension in management, skill, motivation them to high levels of performance and ensuring that they continue to maintain their commitment to the organization are essential to a achieving organizational objectives.

#### Job analysis and Job design

Job analysis is the systematic method of investigating. The tasks, duties, skills and knowledge required for performing jobs in the organization and Job design is the process of determining and systematically arranging the tasks, roles and other processes into work that are required to perform a specific job.

#### Recruitment

Recruitment is the process of finding and attracting qualified individual in sufficient numbers and encouraging them to apply for job position within the organization. It refers the process of locating and encouraging potential applicants to apply for existing or anticipated job opening. Recruiting encompasses decisions about choosing (1) Communication methods, (2) Recruiters, (3) Recruitment messages, and (4) Required applicant qualifications. Obviously, recruiting takes place both when employers search for candidates outside the organization (external recruiting) and inside the organization internal recruiting.

#### Employee Effectiveness and Efficiency

The effectiveness and efficiency of the HR policy determines the morale of the employees. Morale is the sate of mental health morale is high that is why ICB is happy with his work, his surroundings and his fellow-beings. High morale indicates the efficiency and effectiveness of human resource personnel administration.

**Management Development:** Management Development is the process of systematic process of developing the experience, skills, knowledge, attitude and abilities required to become or become an effective manager.

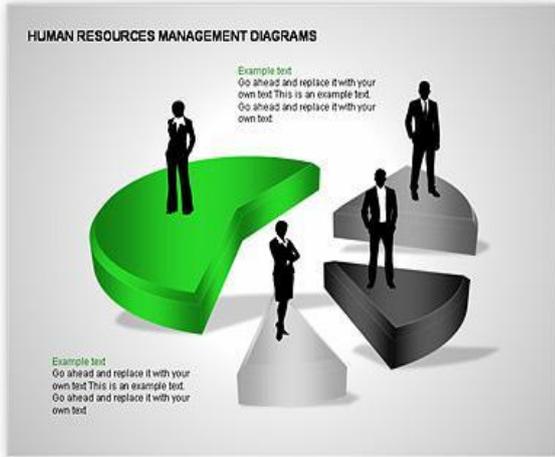


Figure 1  
HRM diagram

## 2.2. METHODOLOGY:

The present study is an exploratory research seeks to examine and analyze the impact of human resource management practices on job satisfaction of specialized public sector banking employees. For the present study ICB an autonomous Investment Bank a leading public

sector is taken as case study. The sample units include executives, middle level managers and managers of ICB Investment Bank. For the study 40 respondents were contacted for obtaining the information regarding HRM practices. But due to busy time schedules of bank employee and their engagement in various activities the numbers of respondents were restricted up to 30. For obtaining the required information interview method is used and structured schedule is filled by the researcher.

## 3. Findings and Discussion

Table 1 summarizes the demographic profile of respondents with the variables gender, age, education, income, type of employment, length of service in the particular agency and in civil service, and the percentage of those civil servants holding supervisory positions. Table 2 shows that the respondents experienced pay-for-performance, employee empowerment and in-role behavior (IRB) in their work. A big majority receive a higher pay than the base pay for higher than satisfactory performance. Further training and development needs are identified for the employees who do not perform that well. It was also found that the employees engaged in formal and prescribed activities (IRB) where favorable perceptions of pay-for-performance were found to be positively related to employee empowerment. The correlation was found to be significant at 0.46 (p-level at 0.01) for employee empowerment and pay-for-performance.

Table 1  
Demographic profile of respondents

Variable	Categories	Response Percent
		(N =205 )
Gender	Male	53.7%
	Female	46.3%
Age	Under 35	52.7%
	35-44	33.7%
	45-54	12.2%
	over 54	1.5%
Education	high school	12.2%
	vocational education	4.9%
	university degree	82.9%
Annual income (in the country's currency)	\$30,000 and below	29.3%
	\$30,001 - \$50,000	41.0%
	\$50,001 - \$70,000	16.6%
	\$70,001 - \$90,000	8.8%
	\$90,001 - \$110,000	3.4%
	\$110,001 - \$130,000	0.5%

Table 2  
T-test

Item	Mean (SD)
Pay-for-performance (PFP)	5.19 (1.65)
Employee empowerment	5.45 (0.76)
IRB	4.25 (0.57)

Major observations from the derived tables and analysis are given below:

#### Descriptive table

From the descriptive table we conclude that our respondent is 30 and no missing value and the minimum number is 1, 2,3,4,5 (strongly disagree and strongly agree) that means maximum number is 5 and mean is the average of all numbers that is shown in the previous and standard deviation is mostly .0000 so from the discussion we may reach a decision that is the our performance level is good and there is no standard deviation. This table is applicable for the measuring the productivity of an organization.

#### T-test Table

Table-1 (One simple statistics), Here number is 30 and no missing value and mean is acceptable and outcome of standard deviation is zero for that it cannot be calculated. T- test table-2(one sample test), From the description, we may easily that our lower and higher test value is(1.795 to 55.931), df is 29 and significance two tailed is .0000 and mean difference is average the 3.000 with the 95% confidence level of the upper and lower difference. The literature and various studies concluded that factors: empowerment and recognition have positive effect on employee motivation. More the empowerment and recognition of employees in an organization is increased, more will their motivation to work will enhance. Also there exists a positive relationship between employee motivation and organizational effectiveness. The more the employees are motive to tasks accomplishment higher will the organizational performance and success. The implications of this study suggest the importance of pay-for-performance and employee empowerment but the IRB was not significantly affected by the positive perceptions of the PFP schemes. Despite the positive views of the respondents, the scheme even though capable of distinguishing employees who perform and those who do not, which offer monetary rewards to those who are motivational to perform but it still lack the desirable effect on their behavior (in-role behavior) in contrast to being able to effectively impact upon empowerment strategy. Empowerment serves as an important tool in public service as public servants feel the power and self-efficacy to act in their job (Forrester, 2000).

#### 4. FUTURE STUDY OF THE RESEARCH

The importance of effective "Human Resource Department" are increasing gradually, Efficient HRD system of management is being demanded now in the investment sector in Bangladesh. It can be said that with

a view to fulfilling the desire of the investment and of the society in ever changing environment, ICB has got to be remodeled to work efficiently. It needs capable human resources and enabling culture for efficient work. The study focuses on the practice and observance of the two central factors, Job satisfaction, Job performances and reducing the employee turnover for enhancing employee motivation which leads to organizational effectiveness. The organizations should design their rules, policies and organizational structures that give space to the employee to work well and appreciate them on their tasks fulfillment and achievements. This will surely lead to organizational growth.

#### 4.1. Suggestion and improvement

As the human resource is the vital part of any organization so we should give the more attention to them. We believe in the modern civilization. The civilization is full of competition with each other. If human resource gets the proper treatment from the side of employer he or she decides to stay in the organization more. Our production system is on the basis of manual or labor. We should take care of them. The employee should get the proper cooperation from the employer and suggestion from the work unit. There should have the research and development department in the every organization. The employee should receive the proper training and development from their work unit and employer. If the employer gives the employee more opportunities and give the active part of decision making regarding the business decision and business opportunities that will be very helpful to the employees and it will retain them to the organization and it will reduce he absenteeism and turnover. When the employee will receive these facilities than they easily stay in the factory or organization whenever he likes it will improve them very much.

#### 5. CONCLUSION

Performance management scheme arguably benefit both organizations and employees which can provide feedback for HR planning and remuneration schemes, career training and development programs and retention of good personnel. There has been an enormous research conducted on performance management, making it one of the most praised and debated HRM practices. No doubt the potential of performance management and pay-for-performance contribute to the motivation of individual employees and groups in their ongoing pursuit of competitive goals and it serves as a

tool and evidence for success or otherwise especially among public servants. The current study focused on two features of the PFP scheme in the public sector in Malaysia. Naturally there are other important characteristics that could affect employees' performance (Bowman, 2010). For instance, every pay performance that is envisaged has to be considered, in part, in terms of whether it is fair or unfair. The HR manager or leader or supervisor in the public agency must be sensitive to the fairness of the proposed pay performance because, if mistakes are made in this respect, employees do get illusion, enter a grievance mode of action or leave the organization which could undermine productivity and would risk bringing negative publicity, common to public service agencies. An important question to address is what type of high-performance HR strategies are most effective and more in-depth studies to uncover how to implement HR practices and the impact they may have on organizational performance. The downside is that we are less than well informed on any new developments in detail in selection and recruitment practices in the civil service, rewards, performance management, employee empowerment and involvement and so forth.

Motivation is very essential elements and without motivation the success of the organization is impossible and production and productivity is related with the motivation. The organization is try to make a relationship between the motivation and job performances. We have try to make a relationship of job performances to the job satisfaction of the employees and employees who are the main resources of the organization and organization converts the resources into the assets and assets are the long term resources in the organization. We have tried to show the impacts on the performances appraisal on the job performances and what factors are considered in the organization that evaluates the job performances. Training and development is also impacts the job performances and training is directly or indirectly related with job satisfaction. Without training employee development will not possible. The top level management should maintain the level faire treatment for the employees. Our study also tried to show the contribution of recruitment and selection for the development of the employee attitude and morale. Compensation packages should be provided fairly and cleanly. We have the made the study whether the employee are satisfied or not with the reasonable compensation packages or not. Our study explores the connection of the employee satisfaction to other factors of the production. There are various research study shows the findings of the research.

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