

AN EMPIRICAL STUDY OF EMPLOYEE
ATTRIBUTES AND JOB PERFORMANCE IN
MALAYSIA

BY

MOHAMMAD BIN HUSAIN

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الجامعة الإسلامية العالمية ماليزيا
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA
بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

**AN EMPIRICAL STUDY OF EMPLOYEE ATTRIBUTES
AND JOB PERFORMANCE IN MALAYSIA**

BY

NORAIZA BT ISMAIL

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ABSTRACT

Today's managers are experimenting with a number of applications in order to increase their employees' job performance. Employee participation is one of the participative management approaches that uses the entire capacity of employees and is designed to encourage increased commitment to the organisation's success.

This study will attempt to find the relationship between participation and job performance among non-managerial employees in selected organisations in Malaysia. Other related variables such as demographic and individual variables will also be taken into account.

Results indicated that the level of perceived participation among non-managerial employees was high and participation was found to have positive relationship with job performance. The findings support similar study that was conducted in 1997 on managerial employees of Malaysia Public Service Department by a local researcher and those conducted in the West. This suggests employee participation is important in organisation performance irrespective of cultures. Employee participation could be better managed if certain contextual factors were taken into account. These include job abilities, greater need for achievement and substantial amount of motivation. In order to generate effective participative programs, non-managerial employees must be assigned to jobs for which they are trained and they are capable in performing the job.

It is hoped that this study will indicate to practicing managers the importance of certain individual characteristics as predictors of employee participation. The absence of these characteristics gives a signal to managers to monitor the participative programs in future.


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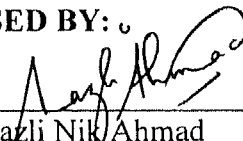
The undersigned certify that the above candidate has fulfilled the condition of the project paper prepared in partial fulfillment for the degree of Master of Management

SUPERVISOR

Signature: 

Name : Dr. Nordin Mohd Zain
Date : 30th November 1999

ENDORSED BY: .



Dr. Nik Nazli Nik Ahmad
Head, Master of Management Program
Date: 30th November 1999

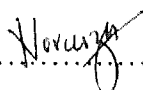


Dr. Obiyathulla Ismath Bacha
Executive Director of Management Center
Date: 30th November 1999

DECLARATION

I hereby declare that this project paper is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by reference notes and a bibliography is appended.

Date: 30th November 1999

Signature:.....

Name: NORAIZA BT ISMAIL

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CHAPTER 1

INTRODUCTION

Participative management is one of the important aspects of today's management. This study will attempt to find the relationship between participation and job performance among non-managerial employees in selected organisations in Malaysia. Other related variables such as demographic and individual variables will also be taken into account.

This study is divided into six main chapters. The first chapter emphasises on the relationship between employee participation and their job performance by incorporating studies done in Western countries as a benchmark. The result of the study can help employers to determine the policy that can encourage employees to participate in decision making process. The second chapter provides a comprehensive literature on studies done on this subject through the years since 1950s until now. This chapter elaborates on dimensions of participative decision making, theories that relates motivation to participation and how participation contribute in uplifting the level of performance and also the implication of participation.

Chapter three outlines the problem statement, methodology used to derive the sample and the instruments used in testing the hypothesis. Chapter four focuses on the analysis of the data, interpretation of the result and the significant of the finding as they relate to the objectives of the study. Chapter five highlights the findings as well as

proving each of the hypothesis mentioned in chapter 4. Finally chapter 6 discusses the conclusion, implication and suggests recommendation for future research.

1.1 Background

Most organisations that were set up before the early 1980s were designed around the notion that there should be a clear division of work and responsibility between management and employees. Managers were to do the planning and thinking and workers were just do what they were told. This approach made good sense at the turn of the century, but it doesn't work too well anymore. Most organisations today are redesigning work and jobs so as to let workers make many of the job related decisions that previously were made exclusively by managers.

Now that the world has become a globalised society, new challenges have to be met and employees have to adapt to it. New concepts and approaches have been implemented to improve the work performance. Today's employees are far better educated and trained than before. In fact, because of the complexity of many jobs, today's workers are often considerably more knowledgeable than their managers about how best to do their jobs. Companies must be able to make decisions and implement changes quickly. When the people who actually do the work are allowed to make their own job related decisions, both the speed and quality of those decisions often improve.

Organisations also have flattened their structures in order to cut costs and improve responsiveness. This process has left many lower-level managers with a lot more people to supervised. A manager who had only six or eight employees to oversee could closely monitor each person's work and activities. Now manager is likely to have twenty or thirty people to oversee and could not possibly know everything that is going on. So managers have been forced to let go of some of their authority.

The above changes lead to employees involvement as a participative process that uses the entire capacity of employees and is designed to encourage increased commitment to the organisation's success. Participative decision making refers to the involvement of subordinates in decisions that are ordinarily the prerogative or responsibility of a manager (Hespe & Wall, 1976). By involving workers in those decisions that affect them and by increasing their autonomy and control over their work lives, employees will become more motivated, more committed to the organisations, more productive and more satisfied with their job (Robbins, 1997)

Based on a meta-analysis of 47 studies, Miller and Monge (1986) report that participative decision making is positively related to both satisfaction and productivity of workers, controlling for several statistical artifacts and methodological moderators. These results suggest that knowledge of individuals' participative tendency could contribute to decisions in managerial training, selection and promotion.

Many organisations are interested in employees participation because the “push” of increased competition and the “pull” of new opportunities, both very much driven by advanced technology, make full utilisation of human resources necessary. Employees must be encouraged to take the initiative to decide, act and learn in “real time”. This means embracing shared values as a guide to behaviour (Coleman Jr, 1996). The employee ultimately acts like one who is self-employed, with responsibility for both result and career (Bridgrs, 1994).

Generally it is not enough to understand only the level of employee participation. Employers also have to identify what are the predictors or factors that would influence these non-managerial employees to be involved in the decision making process that affect their job. From the identify factors, management would be able to design appropriate policies that can motivate employees to contribute in decision making process.

1.2. Statement of the Problem

There are only a few studies on employee's participation in decision making that have been conducted in Malaysian organisations. One study has been conducted by Razali (1997), that focuses on Malaysia Public Works Department and another study by Varatharajan (1997), that focuses on Malaysia Public Service Department. These two studies are more towards public organisation.

The purpose of this study is to find whether the same result that was derived from the previous study on government managerial employees can be applied on non-managerial employees.

Furthermore the study on employee participation in decision making and its relation to employees performance has been intensely researched in the Western countries. The research on employee participation has been fairly consistent in reporting beneficial outcomes and these outcomes seem have been confirmed over time and in a variety of settings.

As indicated by Cole and Belohlav (1995), positive findings have been reported, for example, for groups of various size (French, Kay & Meyer, 1966; Pennington, Haravey & Bass, 1958), in service-oriented organisations (Lawler and Hackman, 1969; Neider, 1980), and in manufacturing organisations (French, Israel & As, 1960; Safizadeh, 1991). Hence, this study also try to address whether the study that were carried out in the Western countries can be applied in Malaysia context with a different culture and organisation environment.

1.3. Objectives of the Study

The overall objective of the study is to examine the relationship between level of participation with employee performance. This study also identify the relationship of selected individual variables with employee participation in decision making and also the

extent to which employee participation was related to job performance. More specifically, the study attempted to determine:

1. The nature of relationship between the level of participation with job performance
2. The nature of relationship between job abilities (knowledge and skills) and participation.
3. The nature of relationship between the level of participation with selected individual variables in the company setting (maturity in age, years-holding current position and total working experience).
4. The nature of relationship between motivation to participate and the level of participation.

1.4 Significance of the Study

The study would help to advance our understanding on the significance of relationship between employee participation with job performance. It will enlighten us whether the higher the level of participation in decision-making will lead to the higher level of job performance. Participation could therefore be seen as a tool improving important issues in organisations.

The study would indicate to practising managers the importance of certain individual characteristics as predictors of employee participation. The absences of these characteristics give a signal to managers to formulate participative programs differently in future.

It would also contribute towards a better understanding on implications of participation. A decision requiring people to take a certain course of action is likely to be more acceptable if they have been involved in that decision making process.

Finally, this study would also be able to provide an understanding concerning the extent to which participation as a motivational tool would be able to satisfy the various motivational needs associated with the outcomes of participation. Similarly, it could provide a greater understanding regarding the perception of employees concerning participation as being instrumental in obtaining the desired outcome of participation.

1.5. Scope and Limitation of the Study

The scope of the study is limited to the non-managerial employees in selected organisation in Malaysia. The generalisation of the findings would therefore be limited only to this level.

Furthermore, the study has identified only a few predictors or factors that influences employees to participate. There were many other factors that influence the participation process. It is beyond the scope of the study to investigate other factors although they might be equally important in determining the participation level.

CHAPTER 2

LITERATURE REVIEW

This chapter provides a comprehensive elaboration on participative definitions from various theorists, five dimensions of participative decision making, theories that relates motivation to participation and how participation contribute in uplifting the level of performance. The chapter also elaborates on the performance outcome of participation, predictors of participation and the implication of participation.

2.1. Introduction

Participative decision making (PDM) has been a topic of great interest for organisational researchers and practitioners since Tannenbaum's (1956) work more than three decades ago. The management literature has offered participative management as a significant break-through to improve the productivity of organisation and enhance the quality of the work environment for employees.

Research conducted on participative decision making (PDM) in organisations has generally found that PDM improves the attitude of the employees (Connor, 1992; Locke & Schweiger, 1979; Miller & Monge, 1986, Sagie, Elizur & Koslowsky, 1990; Sagie & Koslowsky, 1994; Smith & Brannick, 1990). Specifically PDM increases organisational commitment and job satisfaction. Positive relationship, as cited by Crandall (1994), have been found between participative decision making and the constructs of satisfaction, self

esteem, loyalty, productivity and positive manager subordinates relations (Alexander, 1983; Haganaes and Hales, 1983; Osborne, 1989).

2.2 Definition of Participation

While employee participation is relatively a common concept, not every writer views it the same way. To the early writers, participation was seen as a process in which people influence each other in making plan, decisions and others. Guest and Fatchett (1974) on the other hand, argued that participation occurs only if there is an opportunity or potential for employees to exert some element of control or sharing in the decision making process.

Anthony (1978) argued that participation must include two elements, the concept of “share authority” as well as the involvement of subordinates in important decision process of the organisation. A more practical approach to participation was taken by Sashkin (1984), who viewed participation as involving employees in four basic areas, namely in goal-setting, making decision, solving problems and “organisational development”.

The concept of employee participation, which appears to suit the purpose of this study, is the one that combines the views of Vroom (1964), Anthony (1978) and Sashkin (1984). Employees participation is defined as the degree to which employee perceived they have involvement and/or influence in the decision-making processes in

their organisations that have an impact on their jobs, whether such impacts may be direct or indirect. Such decision process could include goal-setting, evaluating alternatives, which leads to making the final choice, solving problems, “organisational developments” and other similar kinds of decisions in organisations. The focus of this study is therefore limited to perceived participation of employees in their organisations.

2.3. Dimensions of PDM

Recent reviews of PDM (Cotton et al., 1988; Dachler & Wilpert, 1978; Miller & Monge, 1986; Locke & Schweiger, 1979; Wagner & Gooding, 1987a,b) have identified collectively six specific dimensions of PDM (i.e., rationale, structure, form, issues, decision processes, and degree of involvement). Although multiple dimensions have been identified, little has been theorised systematically about the impact of these dimensions on outcomes.

2.3.1 Rationale

Both Dachler and Wilpert (1978) and Dickson (1982) discuss the important of identifying the underlying rationale of PDM. This dimension of PDM essentially responds to the questions, "What is the justification for PDM?" Based on the initial notions of Dachler and Wilpert (1978) and Locke and Schweiger (1979), Margulies and Black (1987) describe two basic rationales for PDM. The first rationale might be label the "humanistic" or "democratic" rationale.

Essentially, this rationale argues that people have the right to participate in decisions that effects their lives. This rationale assumes that individuals have the ability or at least the potential, to participate intelligently. The second major rationale they labeled the "pragmatic" or "human relations" rationale. This rationale contends that participative decision making is an instrumental way to achieve higher productivity, efficiency, profits, or other valued organisational results. Some researchers have found that rationale can influence other dimensions such as the extent to which participation is formally structured (e.g., IDE, 1979).

2.3.2 Structure

In addition to PDM rationale, several researchers (e.g., Cotton et al., 1988; Dachler & Wilpert, 1978) have argued that PDM can range from a formal to an informal structure. Formally structured PDM systems or programs have explicit rules and procedures concerning who participates, what decisions are open to participation, how the participation occurs, and so on. Conversely, PDM may be informally structured, involving very few explicit rules concerning who participates, what decisions are open to participation, or how participation is to occur. Some evidences suggested that formal structures tend to be more common when the rationale for participation is democratic in nature (IDE, 1979; Strauss, 1982).