THE RELATIONSHIP BETWEEN JOB SATISFACTION AND JOB PERFORMANCE AMONG EMPLOYEES IN TRADEWINDS GROUP OF COMPANIES

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A Master’s Project submitted in partial fulfillment of the requirements for the degree of Master of Human Resource Management

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2011
DECLARATION

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I hereby declare that this Master’s Project is the result of my own work, except for quotations & summaries which have been duly acknowledged.

Signature:                     Date:
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ABSTRACT

This study tries to determine the level of job satisfaction & job performance and to identify the relationship between job satisfaction components (which are pay, promotion, the work itself, supervision, & co-workers) and job performance among employees of Tradewinds Group of Companies. The study was conducted among 115 respondents in Tradewinds Group of Companies in Klang Valley. In this study, the whole population method was used. The study revealed that there was a positive relationship between job satisfaction components which were promotion, work itself, supervision and co-workers except for pay towards employee job performance. There was a significant difference between position and job performance. It proved that job satisfaction dimensions (pay, promotion, work itself, supervision and co-workers) can contribute to 17.8 percent (%) to increase the job performance in the organization.

Keywords: job satisfaction, job performance, relationship, component
HUBUNGAN DI ANTARA KEPUASAN KERJA DAN PRESTASI KERJA DI KALANGAN PEKERJA-PEKERJA DI KUMPULAN SYARIKAT-SYARIKAT TRADEWINDS

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ABSTRAK


Kata Kunci: kepuasan kerja, prestasi kerja, hubungan, komponen
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CHAPTER 1
INTRODUCTION

1.1 Introduction

The globalization trend, technology changes and development as well as new business practices continuously influence organizations in Malaysia. Many companies are facing intensive challenge in improving the employee’s job satisfaction and thus, their organizational commitment to gain competitive advantage and at the same time retention of their key employees. Successful organizations realize that employee retention is important to sustain their leaderships and growth in the marketplace.

Normally employees will be more satisfied when they feel that they are rewarded fairly for the work they have done by making sure rewards for them are genuine contributions to the organization and consistent with the reward policies. The rewards include a variety of benefits and perquisites other than monetary gains. Employees with higher job satisfaction are important since they believe that the organization would have a tremendous future in the long run and the employer gives credits to the quality of their work, hence those employees are more committed to the organization, have higher retention rates and tend to have higher productivity.
1.2 **Background of the Study**

Committed employees are more likely to perform beyond the call of duty to meet customers’ needs and are highly motivated to work to the best of their ability. These traits are crucial for continued customer commitment and ongoing revenue and growth for an organization. Committed employees remained in the employment of the company longer, resisted competitive job offers, did not actively look for other employment and recommend the company to others as a best place to work. The longer the companies kept their employees; there would be no need for additional expenditure to train new employees (Saker, 2003).

People are the most important resources of any organization. Employees are a company's livelihood. How they feel about the work they are doing and the results received from that work directly impact an organization's performance and ultimately its stability (Milliman et al., 2008). For instance, if the organization employees are highly motivated and pro-active, they will do whatever is necessary to achieve the goals of the organization as well as keep track of industry to achieve the goals of the organization performance to address any potential challenges.
The success of any business depends largely on the motivation of the employees. An organization with low employee motivation is completely vulnerable to both internal and external challenges because its employees are not giving the extra mile to maintain the organization's stability. As we know, an unstable organization ultimately underperforms.

Employee motivation is essential to the success of any company regardless big or small. In the modern workplace, human resources are valued above all others. Motivated employees are productive, happy and committed (Coleman, 2010). The spin off of this includes reduced employee turnover, results driven employees, company loyalty and workplace harmony.
1.3 Company Background

Tradewinds took shape on 19th June 1974 when the company Tradewinds (M) Sdn Bhd was incorporated in Malaysia as an investment holding company. Over the period of time, the company expanded and later on 28th September 1987 transformed from a private limited company to a public company. At present, the subsidiary companies of Tradewinds are involved in manufacturing, trading, plantation management, cultivation of oil palm and the production of crude palm oil, sugar refining as well as importing and distribution of rice. Tradewinds (M) Berhad is the holding company for four (4) subsidiary companies which are Tradewinds Plantation Berhad, Padi Beras Nasional Berhad also known as BERNAS, Central Sugars Refinery Sdn Bhd and Gula Padang Terap Sdn Bhd.

1.4 Problem Statement

Every organization could not last without their employees. Employees are the main reason an organization could exist for a long time. Similarly to Tradewinds Group, employees are the ones who play the major roles and make significant contributions to the organizations. Hence, the organization should pay attention to them in order to keep them in the organization. This will also influence the productivity of the organizations which eventually will lead to achieving the organizations’ visions and goals. Highly satisfied and committed employees will deliver high quality of job performance. Undeniably, every company tries to
retain and motivate its staff. At Tradewinds Group of Companies there are some issues related to job satisfaction and performance which affect the employee satisfaction and performance in the organization (HR Report 2009). Although the number is rather small but tackling poor performance is a challenge for all managers in the organization. According to the sources and data collected from the Human Resource Department of the subsidiary companies, there are continuous issues of job satisfaction as well as job performance in the organization (HR Report 2010).

The organization motivates their employee to perform effectively by offering some training & developmental programmes and offering various benefits for satisfactory performance. The turnover rate for the past two years was recorded between 2 to 5 percent (%) for the subsidiary companies and 4 percent (%) for the holding Company. Majority or most of the subsidiary employees shows an average score between 50 to 60 percent (%) in their job performance where staff met their job expectation conducted during the year end assessment.

Although the Companies had provided some incentives and developmental programmes in order to motivate the employees, job satisfaction issues still exist. Thus, this study tries to determine the relationship between job satisfactions which lead to job performance in Tradewinds Group of Companies.
1.5 Objectives of the study

1) To determine the level of job satisfaction and job performance among employees in Tradewinds Group of Companies.

2) To identify the relationship between job satisfaction dimensions (pay, promotion, the work itself, supervision and co-workers) and employee job performance.

3) To determine the influence of job satisfaction dimension on employee job performance.

4) To determine the differences in position and gender on employee job performance.

5) To propose or recommend suggestions from the finding of the study.

1.6 Research Questions

A fundamental research problem that this study seeks to investigate is whether job satisfaction has relationship with job performance as per below questions:-

1) What is the level of job satisfaction among employees in Tradewinds Group of Companies?

2) What is the relationship between job satisfaction dimension and employee job performance?
3) What is the most important factor influencing employee job performance?
4) Is there any difference on employee job performance between position as well as gender?

1.7 Research Hypothesis

H1: There is positive relationship between job satisfaction dimensions which are a) pay b) promotion c) work itself d) supervision and e) co-workers on employee job performance.

H2: There is positive influence of job satisfaction dimensions which are a) pay b) promotion c) work itself d) supervision and e) co-workers on employee job performance.

H3: There is positive difference of job satisfaction between a) gender and b) position on employee job performance.
1.8 Study Gap

Job satisfaction is important to an organization’s success. Much research have been conducted into ways of improving job satisfaction of employees in various sectors of the Malaysian economy, including the education sector, hotel, non-profit sector, naval sector as well as the automobile manufacturing sector (Tan & Amna, 2011). Previously there were many studies on job satisfaction as well as studies on job satisfaction towards job performance, however the researcher had found that there is lack of study or relatively little research conducted on investigating the relationship between job satisfaction components (which are pay, promotion, the work itself, supervision and co-workers) towards employee job performance in Tradewinds Group of Companies.

Therefore, the study of the relationship between job satisfaction and job performance is conducted in Tradewinds Group to address the gap in the research for different industries. Furthermore, until present, there is no research has been conducted in the organization itself to investigate the relationship between job satisfaction towards job performance among the employees.
1.8.1 Significance of the Study

The researcher hopes that this study will contribute to numerous benefits in terms of theoretical, management as well as academic perspectives.

a. Theoretical perspective:-

In terms of theoretical, this research would help other individual to prove the theory and also support the future research, generates good ideas and also provides better understanding.

b. Management perspective:-

This study could support the management to improve the employee job performance in the future as well as to increase employee job satisfaction.

c. Academic perspective:-

This research will benefit other student to understand the relationship between job satisfaction and job performance better and could be a reference or guideline for other researcher who is interested to study the relationship between job satisfaction and job performance in other organization.
1.9 Limitation of the Study

The finding of this study was limited in the following aspect:-

(i) The scope of the study

In this study, the respondents have been classified into four (4) categories of staff which were Non-Executive, Executive, Manager and Senior Management. The study was only conducted in Klang Valley which were in Kuala Lumpur and Shah Alam.

Employee participation was based on voluntarily basis and only conducted in Klang Valley. Therefore, the respondent selected did not represent all employees of Tradewinds Group of Companies in total. Other limitation encountered was related to work environment where distraction factors will take place such as work stress and also job burnout which could influence the employee feelings as well as the emotions besides biasness that could affect the entire result of this research.
1.9.1 Definitions of Terms

1.9.1.1 Employee Satisfaction

According to Ilham (2009), employee satisfaction refers to the positive or negative aspects of employee’s attitude towards their jobs or some features of the job. Employee satisfaction is the terminology used to describe whether employees are happy and contented and fulfilling their desires and needs at work. Many measures purport that employee satisfaction is a factor in employee motivation, employee goal achievement and positive employee morale in the workplace. Employee satisfaction while generally a positive in our organization can also be a downer if mediocre employees stay because they are satisfied with our work environment.

Job satisfaction plays a vital role in life of man, because it affects positively on the personal and social adjustment of the individual. On the contrary, job dissatisfaction adversely affects on the physical and mental health of the individual. The relationship between job satisfaction and employee's performance has always been discussed in organizational behavior and human resource management literature. A highly satisfied employee need not necessarily be a profound performer. However, an employee, who is dissatisfied can cause irrepairable damage to the organizational effectiveness.
Job satisfaction can be defined as an emotional state of mind that reflects an affective reaction to the job and work situation (Dipboye et al., 1994; Farkas & Tetrick, 1989, Lance 1991, Russel & Price, 1988). An employee tends to react negatively towards their job which caused withdrawal of behavior and feeling demotivated towards their work function. In the context of this study, the job satisfaction components studied were pay, promotion, work itself, supervision and co-workers as stated in the questionnaire as attached in Appendix 1.

1.9.1.2 Pay

For the purpose of this study, pay is defined as the employee pay which is adequate for their normal expenses. The employee is satisfied with the pay and pay is paid according to the working experiences and equal to the work done as stated in the questionnaire as attached in Appendix 1.

1.9.1.3 Promotion

In the context of this study, promotion is defined as the fair chances for the employee to get promoted. Promotion in the organization is good, fixed, frequent and the promotion is depending on the length of service of the employee. Promotion is also based on the employee job performance. The questionnaire is attached in Appendix 1.
1.9.1.4 The Work Itself

Oxford Advance Learner’s Dictionary (1995), defines the work as “what is done by somebody”. The work itself also refers to the working environment of the workers and their perception about the job itself that they are responsible for. The definition of the work itself for this study is how the employee perceives their current work whether as fun, comfortable, challenging or respected by others. The job or work will give the employee a sense of achievement. The survey questionnaire is attached in Appendix 1.

1.9.1.5 Supervision

For the context of this study, supervision can be defined as how the supervisor treat the employee in terms of praises, the employee good work, seeking the advice from the employee, understanding the nature of the employee’s work as well as giving the employee enough supervision and at the same time portraying good example to the workers. The questionnaire is attached in Appendix 1.

1.9.1.6 Co-workers

In this study, the co-worker is defined as someone who is sympathetic, understanding and concern to the employees, sometimes they give helpful information, advice and gives practical assistance. The co-workers are friendly,
supportive and easy to participate in a discussion The definition by Longman Dictionary of Contemporary English 3rd Edition (2000), defines co-workers as someone who works with you and has a similar position. The survey questionnaire is attached in Appendix 1.

1.9.1.7 Performance

The act of performing: of doing something successfully; using knowledge as distinguished from merely possessing it; a performance comprises an event in which generally one group of people (the performer or performers) behaves in particular way for another group of people (Ilham, 2009).

Job performance consists of the observable behaviors that people do in their jobs that are relevant to the goals of the organization (Campbell, McHenry, & Wise, 1990). Job performance is of interest to organizations because of the importance of high productivity in the workplace (Hunter & Hunter, 1984). Performance definitions should focus on behaviors rather than outcomes (Murphy 1989), because a focus on outcomes could lead employee to find the easiest way to achieve the desired results, which is likely to be detrimental to the organization because other important behaviors will not be performed.

Campbell, McCloy, Oppler, and Sager (1993), explained that performance was not the consequence of behaviors, but rather the behaviors themselves. In other
words, performance consists of the behaviors that employees actually engage in which can be observed.

In this context of study, the job performance is defined as how work is important to the employee, how employees mastered the important skills in their job and if the employees have the authority in determining the way his or her work. The survey questionnaire is attached in Appendix 1.

Besides that, the job performance is also defined as the employee is capable of influencing other employees, can make decision in performing their job and the job they do is valuable to themselves.
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