

**THE INFLUENCE OF HUMAN RESOURCE MANAGEMENT PRACTICES
AND PROACTIVE PERSONALITY ON JOB PERFORMANCE AMONG
COMMERCIAL BANK EMPLOYEES**

BY

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ABSTRAK

Kajian ini adalah untuk mengenalpasti pengaruh tiga dimensi amalan pengurusan sumber manusia dan personaliti proaktif terhadap prestasi kerja dalam kalangan pekerja-pekerja di bank komersial di Kuala Lumpur. Tiga dimensi amalan pengurusan sumber manusia yang digunakan dalam kajian ini adalah ganjaran dan faedah, latihan dan pembangunan dan penilaian dan pencapaian prestasi. Prestasi kerja diukur dengan menggabungkan prestasi tugas dan gelagat kewarganegaraan organisasi. Tujuan kajian ini menggabungkan dimensi amalan pengurusan sumber manusia dan personaliti terhadap prestasi kerja adalah untuk mengesahkan Modal Prestasi Kerja. Secara keseluruhan, seramai 120 orang pekerja bank komersial telah terlibat dalam kajian ini. Analisis regresi telah digunakan untuk menguji hipotesis kajian. Keputusan kajian ini menunjukkan bahawa dua dimensi pengurusan sumber manusia iaitu latihan dan pengurusan prestasi dan ekuiti dalaman dan luaran tidak mempunyai pengaruh signifikan terhadap prestasi kerja. Walau bagaimanapun, ganjaran dan faedah serta personaliti proaktif dikenalpasti sebagai faktor yang mempunyai pengaruh signifikan terhadap prestasi kerja. Kajian ini juga memberi implikasi dari segi theoretikal dan praktikal.

ABSTRACT

This study examined the influence of three dimensions of human resource management practices which are compensation and benefits, training and development and performance appraisal and achievement together with proactive personality on job performance among the commercial bank employees in Kuala Lumpur, Malaysia. Job performance was measured by combining task performance and organizational citizenship behavior. The researcher's intention of merging dimensions of human resource management practices and proactive personality on job performance is to validate the Determinants of Job Performance Model by Cardy and Dobbins and Waldman (1994). A total of 120 commercial bank employees participated in this study. Regression analysis was performed to test the research hypotheses. The results of this findings revealed that the two dimensions of human resource management practices (i.e. training and performance management and internal and external equity) did not have a significant influence on job performance. However, compensation and benefits were found to have impacted job performance significantly. Similarly, proactive personality was found to have significant influence on job performance. This study provided theoretical and practical implications.

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TABLE OF CONTENTS

| | |
|-------------------|------|
| Permission to use | i |
| Abstrak | ii |
| Abstract | iii |
| Acknowledgement | iv |
| Table of Content | v |
| List of Tables | viii |
| List of Figures | ix |

CHAPTER ONE :INTRODUCTION

| | |
|---|----|
| 1.0 Introduction | 1 |
| 1.1 Background of Study | 1 |
| 1.2 Problem Statement | 5 |
| 1.3 Research Questions | 13 |
| 1.4 Research Objectives | 13 |
| 1.5 Scope of Study | 13 |
| 1.6 Significance of Study | 14 |
| 1.7 Definition of Key Terms | 16 |
| 1.7.1 Dependent Variable | 16 |
| Job Performance | |
| • Task Performance | 16 |
| • Organizational Citizenship Behavior | 16 |
| 1.7.2 Independent Variable | 16 |
| 1.7.2.1 Human Resource Management Practices | 16 |
| • Compensation and Benefits | 17 |
| • Training and Development | 17 |
| • Performance Appraisal and Achievement | 17 |
| 1.7.2.2 Proactive Personality | 17 |
| 1.8 Organization of the Study | 17 |

CHAPTER TWO: LITERATURE REVIEW

| | |
|---|----|
| 2.0 Introduction | 19 |
| 2.1 The conceptual background of job performance | 19 |
| 2.2 Concept of Human Resource Management Practices | 22 |
| 2.2.1 Concept of Compensation and Benefits | 24 |
| 2.2.2 Concept of Training and Development | 26 |
| 2.2.3 Concept of Performance Appraisal and Achievement | 28 |
| 2.3 Concept of Proactive Personality | 31 |
| 2.4 Underlying Theories | 32 |
| 2.4.1 Social Exchange Theory | 33 |
| 2.4.2 Self-Determination Theory | 34 |
| 2.4.3 Determinants of Job Performance Model | 35 |
| 2.5 Hypotheses Development | 37 |
| 2.5.1 Compensation and benefits and job performance | 37 |
| 2.5.2 Training and development and job performance | 39 |
| 2.5.3 Performance appraisal and achievement and job performance. | 41 |
| 2.5.4 Proactive personality on job performance | 42 |
| 2.6 Theoretical Framework | 43 |
| 2.7 Summary of the chapter | 44 |

CHAPTER THREE: METHODOLOGY

| | |
|--|----|
| 3.0 Introduction | 45 |
| 3.1 Research design and Unit of Analysis | 45 |
| 3.3 Measurement and Questionnaire Design | 46 |
| 3.4 Population and Sample | 53 |
| 3.5 Data Collection Method | 54 |
| 3.6 Pre-testing of Instrument and Pilot Test | 56 |
| 3.7 Analysis Techniques | 56 |
| 3.8 Summary of the Chapter | 59 |

CHAPTER FOUR: DATA ANALYSES AND FINDINGS

| | |
|---------------------------------------|----|
| 4.0 Introduction | 60 |
| 4.1 Data Screening | 60 |
| 4.2 Respondent's Demographic Profile | 61 |
| 4.3 Exploratory Factor Analysis (EFA) | 64 |
| 4.4 Re-statement of hypotheses | 68 |
| 4.5 Reliability Analysis | 69 |
| 4.6 Descriptive Statistic | 70 |
| 4.7 Pearson Correlation Analysis | 71 |
| 4.8 Multiple Regression Analysis | 72 |
| 4.9 Summary of the Chapter | 74 |

CHAPTER FIVE: DISCUSSION

| | |
|--|----|
| 5.0 Introduction | 75 |
| 5.1 Restatement of hypotheses and recapitulation of the research results | 75 |
| 5.2 Theoretical and Practical Implications | 81 |
| 5.3 Limitations of the Study | 83 |
| 5.4 Recommendations for Future Researchers | 84 |
| 5.5 Conclusion | 85 |

| | |
|------------|----|
| References | 87 |
|------------|----|

| | |
|------------|----|
| Appendices | 98 |
|------------|----|

Appendix A Questionnaire

Appendix B Frequency Distribution of Respondent's Profile

Appendix C Descriptive Statistic of Variables (Reliability, Mean and Standard Deviation)

Appendix D Pearson Correlation Result

Appendix E Multiple Regression Result

| | LIST OF TABLE | PAGE |
|-----------|---|------|
| Table 3.1 | Items and Sources of Items for Each Variable | 47 |
| Table 3.2 | Total number of distributed and received questionnaires | 54 |
| Table 3.3 | Reliability of Each Variable | 57 |
| Table 4.1 | Frequencies Distribution of Respondent's Demographic Profile | 63 |
| Table 4.2 | Factor Loadings based on Exploratory Factor Analysis for Independent Variable | 67 |
| Table 4.3 | Factor Loadings based on Exploratory Factor Analysis for Dependent Variable | 68 |
| Table 4.4 | Reliability Coefficients Results | 70 |
| Table 4.5 | Descriptive Statistic Output | 71 |
| Table 4.6 | Results of Correlation Analysis | 72 |
| Table 4.7 | Results of Multiple Regression Analysis | 73 |

LIST OF FIGURE

PAGE

| | | |
|------------|------------------------------------|----|
| Figure 2.1 | Hypothesized Theoretical Framework | 44 |
|------------|------------------------------------|----|

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents the background of study, the problem statement, research questions, research objectives, significance of the study and also the operational definition of the key terms used in this study.

1.1 Background of study

According to the Association of Banks in Malaysia (2015), the financial system in Malaysia is segregated into two categories which are financial institution and financial market. Banking sector is one of the strongest sectors in the service industry which, falls under the financial institution category. Based on the report of Central Bank of Malaysia (2014), banking sectors are licensed institutes under the Banking and Financial Institutions Act 1989 (BAFIA) that supervised by Central Bank of Malaysia. Banking sector in Malaysia is divided into finance companies, merchant banks, Islamic banks and commercial banks.

The banking sector in Malaysia was first established in Penang and Malacca in 1867 by the British merchant communities (Association of Banks in Malaysia, 2015). In those

early days, bankers were providing the banking services manually. In 1960s, Malaysia had gradually implemented computerized banking services. The sector marked its big leap with the advancement of technology when the first Automated Teller Machine (ATM) was launched in Ampang Park Branch by Maybank in 1981 (The Association of Banks in Malaysia, 2015). In response to the rapid technology advancement in the 21st Century, banking sector had introduced mobile and internet banking (The Association of Banks in Malaysia, 2015). These transformations reflect the evolution of banking sector in Malaysia.

Commercial banks are the banks that provide retail banking services for their customers. Based on the report of Central Bank of Malaysia (2014), there are about 27 commercial banks including the local banks and locally incorporated foreign banks. The Association of Banks in Malaysia indicated that by the end of 2014 the number of commercial banks in Malaysia had risen up to 2004 banks which includes headquarters and branches. In addition, based on the statistic from the annual report of Association of Banks in Malaysia, the quantity of banking employees who are servicing in these 2004 commercial bank branches in Malaysia is 138, 172 people. The commercial banks in Malaysia are also the members of Malayan Commercial Banks' Association (MCBA). This association was formed in 1963 and it is registered under the Trade Union Act 1959 (Malayan Commercial Banks' Association, 2014). Based on the report published by Malayan Commercial Banks' Association (2014), currently there are 21 commercial banks registered as members of Malayan Commercial Banks' Association which comprises of 12 foreign banks, seven local banks and two Islamic banks.

Banking sector is continuously being the most essential source of finance for the domestic economy growth in forthcoming (The Star, 2014). In similar vein, Leng (2012) concurred that banking sector is the service industry that highly contributes for Malaysia's flourishing economy. The importance of banking sector in Malaysia as the main player in the service sector demands for sustainable performance of all banks. The demand had cause massive expansion in the banking sector, particularly commercial banks which had increased the workloads of employees. According to Rizwan et al. (2014), workloads among the bank employees increased due to globalization that increased competition among banks. This pressurizes the employees in banks to perform multiple tasks in order to be more competitive in the banking field. In light of this, it has become the major responsibility of the employers in the banking sector to motivate and retain their employees' job performance in an excellent manner. This is because the banking employees' job performance is being a determinant for customer's satisfaction. Most importantly, customer's satisfaction will determine the overall performance of commercial banks.

Employee job performance is identified as one of the major issues that any organization would face (Iqbal, Ahmad, Haider, Batool & Ul-Ain, 2013). It has been a major challenge for most of the organization to influence employee's job performance, which is considered as a very critical issue for the growth of an organization (Wambugu & Ombui, 2013). Qureshi (2015) specified that researchers are continuously trying to examine for the best variables that can explain about job performance. Due to this circumstance, most of the organizations are exploring the factors that might influence

job performance because it is proven that job performance will determine the level of productivity and performance of the organization.

Excellent job performance cannot be achieved without looking into several aspects that can help employees to enhance their performance (Saeed, Nayyab & Lodhi, 2013). It is clear that the changes in the business world had increased the dependency of an organization towards the employee's job performance because employees are the main asset of an organization who can draw positive or negative image on the growth of the organization (Fareed, Abidan, Shahzad, e-Amen & Lodhi, 2013). An organization should always take the measures to ensure employees perform at the best. Likewise the statement of Williams (2002) job performance is attributed based on the system factors of an organization and also the person factors. In essence, job performance is influenced by the factors related to the organization as well as the attributes of employees themselves.

Besides analyzing the dimensions of human resource management practices which are compensation and benefits, training and development and performance appraisal and achievement, this study also will equally focus on proactive personality. The study will be conducted among the employees in the commercial banks in Kuala Lumpur, Malaysia. Additionally, the initial idea to use the dimensions of human resource management practices which are compensation and benefits, training and development plus performance appraisal and achievement as the independent variables for this study is because these variables are identified as most important factors that can highly

motivate employees to produce better job performance which also enhance the competitive advantage of the organization (Uen & Chien, 2004; Minbaeva, 2008).

1.2 Problem Statement

Employees are the focal resources of an organization. It is proven that employees are also one of the foremost determinants of an organization's development and overall performance. If the employees' needs are not fulfilled by the organization then the motivation and satisfaction of employee will reduce which will directly decrease the job performance and the organization's performance as well (Qureshi, 2015). Shaffril (2010) stated that employees' job performance is the most important factor for any organization to achieve competitive advantage and productivity beyond the expectation. Cropanzano and Mitchell (2007) asserted that the productivity and performance of employees will be effective if they feel satisfied with their job and organization.

In this borderless world, banks are operating with more complex demands due to the changes in the global economy (Central Banks of Malaysia Report, 2014). Due to this, the job scope of the employees in banking sector also had meet changes and they need to perform their job to satisfy their customer's needs and demands. Even though, banking sector is highly contributing for the economy of Malaysia yet there are several problems that rise among the banking sector employees. Bank employees had revealed few issues to the nation through National Union of Bank Employees (NUBE) because they could not obtain satisfactory solution for the issues internally.

National Union of Bank Employees (NUBE) which is a legal entity established under the Trade Union Act 1959 will take place to voice out the issues raised by the bank employees (National Union of Bank Employees, 2015). Currently there are about 28 000 members registered with NUBE and majorly bank employees will join hand together to fight for their rights such as for better salary, job security and conducive working environment (National Union of Bank Employees, 2015).

One of the reasons that may influence job performance among banking sector employees is due to dissatisfaction on the practices in banks, particularly the human resource management practices. For example, in November 2013, 300 bank employees along with National Union of Bank Employees (NUBE) participated in the picket which was held in front of Wisma Hong Leong, Kuala Lumpur. The picket was held to oppose the decision made by the top management with regard to the human resource practices especially in terms of compensation and benefits and training. (Free Malaysia Today, November 16, 2013). It was a point to be noted that during the picketing time, the participants placed a casket in front of the bank entrance as a symbol of conveying unhappiness which may results in poor performance. It was noteworthy that unhappy employees will produce low job performance (Leblebici, 2012).

As well, the awareness on the importance of training is lacking among the managers as managers are more concern about the cost reduction and this attitude may decrease employee's job performance since they did not get opportunity to enhance work-related

knowledge, skills and abilities (Kum, Cowden & Karodia, 2014; Elnaga & Imran, 2013). Furthermore, Saeed et al. (2013) reported that employee will not do much work or take effort to improve their performance if there is no proper performance management practice in the organization. In essence, there will be less intention among employees to engage in high performance behavior if their performance is not evaluated. Importantly, Qureshi (2015) asserted that the job performance of banking sector employees will directly affect the overall performance of the respective bank due to the nature of work is dealing with customers.

According to the Williams (2002), Determinants of Job Performance Model had been developed by Cardy and Dobbins and Waldman (1994) that incorporates two factors, which are system factors and person factors. System factors are refers to the environment and practices of the organization such as human resource practices, leadership, and organizational culture that may influence employee job performance. Person factors are identified as the capabilities and personalities of employees to influence their job performance (Williams, 2002). Based on the Determinants of Job Performance Model, system factors and person factors equally contribute to achieve high job performance. Therefore, to enhance the understanding on job performance and its predictors, this research will focus on the influence of system factors which are compensation and benefits, training and development and performance appraisal and achievement as well as person factor which is proactive personality on job performance.

This study incorporates one dependent variable and four independent variables. The dependent variable of this study is job performance which integrates task performance and organizational citizenship behavior. Task performance is the basic knowledge, skills, and abilities required for an employee to perform the preliminary duties, meanwhile organizational citizenship behavior is referred to behaviors that are not directly related to the job and it is the employees' effort to support the organization. According to Motowidlo (2000) the holistic measure of job performance should incorporate task performance and organizational citizenship behavior because it combines the abilities of employees to perform the duties stated in the job descriptions and to get involved in activities beyond what was stated in the job description. Edwards, Bell, Arthur and Decuir (2008) pointed out that if employees are happy with the job and the organization, the employees will perform well to accomplish the initial tasks and the employee's most likely will voluntarily assist their colleagues. This study will measure the job performance of employees by merging task performance and organizational citizenship behavior to obtain comprehensive results relating to the job performance.

Human resource management practices are a set of planned practices implemented by an organization to lead and manage human capital to achieve the organizational goals. Example of the dimensions of human resource management practices are such as compensation and benefits, training and development, and performance appraisal (Dessler, 2010). In this study, three dimensions of human resource practices will be incorporated as the independent variable, which are compensation and benefits, training and development and performance appraisal and achievement. Even though, there are

several dimensions of human resource management practices but this study focuses on the compensation and benefits, training and development plus performance appraisal and achievement as the independent variables because these three dimensions of human resource management practices had been identified as most important factors that can highly motivate employees to produce better and high job performance (Uen & Chien, 2004; Minbaeva, 2008). Importantly, previous researchers found that compensation and benefits, training and development, performance appraisal and achievement are greatly associated with job performance. These dimensions of human resource management practices were reported to be crucial especially in determining behavioral outcomes among employees (Uen & Chien, 2004; Minbaeva, 2008).

Based on Determinants of Job Performance Model, the system factors such as the dimensions of human resource management practices solely cannot influence employee job performance but the person factors such as employees' self-management skills, cognitive skills and interpersonal skills also plays a major role in determining their job performance. In light to this proposition, the other independent variable that will be analyzed in this research is proactive personality. Proactive personality is the self-initiative that an employee takes to perform a task more effectively. The intention of merging the dimensions of human resource management practices and personality factor on job performance is by referring to Determinants of Job Performance Model.

Based on the Social Exchange Theory, any relationship or situation requires exchange and it is the most basic form of exchange. In organizations, positive exchanges are originated from human resource management practices and employee will respond for it with positive behavior and attitudes (Cropanzano & Mitchell, 2007). Qureshi (2015) asserted that if an employee is satisfied with the organization human resource practices and the job, the level of performance will increase which will also upgrade the organization's performance. This displays the exchange process whereby, the organization and the employee are equally maximizing their benefits. Commonly employee will reciprocate based on the benefits that they obtained from the organization.

Nevertheless, there are some employees who are self-motivated. These kinds of employees will proactively get involved to perform the task and tries to improvise themselves from time to time without any instructions or supervision. According to the Self-Determination Theory, proactive employees' proficiencies better sense of self-determination. Parker, Bindl and Strauss (2010) indicated that proactive employees will take control of the circumstances compared to waiting and watching things to happen. Actually, the traditional theories such as equity theory and goal setting theory suit the passive and reactive employees only (Parker, Bindl and Strauss, 2010).

Lam and Gurland (2008) stated that based on Self-Determination Theory, a proactive employee can perform work better as their behavior is more focused on self-motivation and self-development. Those employees with proactive personality will intrinsically

motivate themselves and they will focus on self-improvisation to upgrade their performance without considering the external factors and they believe that no other factors can influence their performance except their self-initiative and self-determination (Lam and Gurland, 2008). In the same way, the purpose of this research is also to identify if the influence of the dimensions of human resource management practices which are compensation and benefits, training and development, performance appraisal and achievement and the proactive personality on job performance of banking sector employees.

This study is conducted to further validate the influence of human resource management practices, namely compensation and benefits, training and development performance appraisal and achievement and proactive personality on job performance. Former researchers have examined the relationship between these variables with other variables and in the presence of other variables as mediator to support the relationship of these variables with job performance. Previous researchers focused on analyzing the compensation and benefits, training and development, performance appraisal and achievement and proactive personality variables individually on job performance (Edirisooriya, 2014; Hameed, Ramzan, Zubair, & Arslan, 2014; Tahir, Yousafzai, Jan & Hashim, 2014; Purohit, 2014; Bakker, Tims & Derks, 2012). Therefore, the present study aims to further validate the influence of compensation and benefits, training and development, performance appraisal and achievement as well as proactive personality on job performance. Nonetheless, numerous previous researchers found that compensation and benefits, training and development performance appraisal and achievement are

greatly associated with job performance and most of the researchers have been conducted in-depth in countries such as Pakistan, Kenya, Nigeria, Sri Lanka, and India (Amin, Saeed & Lodhi, 2013; Bhat, 2013; Hanif & Ameerq, 2013; Javaid, Ahmad & Iqbal, 2013; Onyango, 2014; Ojokuku, 2013).

Even though, there is a lot of research had been done to experiment the factors that influence employees' job performance but the studies were in other countries such as mentioned above yet the findings of these studies may not reflect the influence of the dimensions of human resource management practices and proactive personality on job performance in Malaysia setting. Therefore, the main intention to conduct this study in Malaysia context is because people in different background will practice differ cultural value which may produce different result.

In addition, this study was carried out due to very limited amount of studies conducted on the influence of human resource management practices and proactive personality on job performance in local context. Moreover, this study combines four independent variables to assess their influence on job performance. In essence, this study will focus equally on the influence of compensation and benefits, training and development performance appraisal and achievement and proactive personality on job performance. Furthermore, most of the studies in Malaysia were conducted in various industries such as insurance company, private higher institution, manufacturing companies, and Islamic financial institution (San, Theen & Heng, 2012; Nadarajah, Kadiresan, Kumar, Kamil, &

Yusoff, 2012; Ong & Teh, 2012; Mansoor, Noor & Hassan, 2012). Drawing on the theoretical and practical issues with regard to job performance, the following research questions will be addressed in this study.

1.3 Research Questions

- i. Do compensation and benefits influence job performance?
- ii. Does training and development influence job performance?
- iii. Does performance appraisal and achievement influence job performance?
- iv. Does proactive personality influence job performance?

In line with the research questions, the following research objectives are formulated.

1.4 Research Objectives

- i. To identify the influence of compensation and benefits on job performance.
- ii. To identify the influence of training and development on job performance.
- iii. To identify the influence of performance appraisal and achievement on job performance.
- iv. To identify the influence of proactive personality on job performance.

1.5 Scope of Study

This study examines the influence of job performance of employees in commercial banks in Kuala Lumpur. The commercial banks are service-oriented industry and high

job performance of banking employees is needed as the job performance determines the customer's satisfaction. The job performance of employees in banking sector is identified as factor that may influence customer satisfaction and the overall performance of the respective bank based on the nature of work is dealing directly with customers (Qureshi, 2015). Due to the changes in global economy, banks started to operate in more complex demands and the job scope of employees in banking sector had meet changes which makes the employees to perform multiple task to be more competent (Central Bank of Malaysia, 2014).

Banking sector in Malaysia is identified as one of the strongest sector in service industry because banking sector is the important source of finance to the growth of domestic economy (Central Bank of Malaysia, 2014). Since, banking sector have very crucial role towards the economic development of Malaysia, the employees are expected to engage in high job performance in order to retain its contribution to the nation. Hence, this study will focus on the factors that may influence job performance among commercial bank employees.

1.6 Significance of Study

This research paper is essential in terms of finding the main factors that influence job performance among the commercial bank employees in Kuala Lumpur, Malaysia. Upon analyzing the data that were obtained from the respondents, the researcher will be able to obtain the insight information of the employee's standpoint on job performance. This

study also will help other researchers to recognize the factors that are influencing the job performance, particularly among the banking sector employees in Kuala Lumpur, Malaysia.

Upon completing this study, the researcher believes that this study will provide theoretical and practical implication. As a theoretical implication, this study will validate Determinants of Job Performance Model. In addition, this study will contribute additional empirical evidence in the domain of Social Exchange Theory and Self-Determination Theory. Further, in terms of practical implication, the result of the study will assist the banking sector to identify the factors that really influence the commercial bank employees' job performance as this study will give exposure to the employer on the factors that need to be given more attention to increase employee performance and retain the excellent talents. This is because, the results of this study is found based on the responses obtained from their respected employees and the commercial banks will be able to identify the actual factors that influence job performance eventually can be used by the commercial banks to zoom into and to be taken into account. This will support expanding the relationship between the employee and employer, hence will increase job performance. Also, this study contributes input for the Human Resource Department in developing the policies that may influence job performance of the employees. The research paper is expected to be as a reference for future researchers on job performance.

1.7 Definitions of Key Terms

1.7.1 Dependent Variables

Job Performance

Job performance is the behavioral elements of task performance and organizational citizenship behavior (Motowidlo et al., 1997).

Task Performance

The basic knowledge, skills, and abilities required for an employee to perform the preliminary duties (Kiker & Motowidlo, 1999).

Organizational Citizenship Behavior (OCB)

The behaviors that are not directly related to the job and it are the employees' effort to support and enhance organizational effectiveness (Borman, 2004).

1.7.2 Independent Variables

1.7.2.1 Human Resource Management Practices

Human resource management practices are a set of planned practices implemented by an organization to lead and manage human capital to achieve the organizational goals. Example of the dimensions of human resource management practices are such as compensation and benefits, training and development and performance appraisal (Dessler, 2010).

Compensation and Benefits

Extrinsic and intrinsic rewards that can influence employee performance (Mehta, 2014).

Training and Development

The learning process that needs to be identified and provided to the employees to enhance their knowledge, skills, and abilities of employees in order to achieve progressive improvement to perform better (Dermol & Cater, 2013).

Performance Appraisal and Achievement

A gradual process used to review and evaluate employee job performance to identify the achievement and accomplishment of task of employees for the purpose of improvisation, rewarding and acknowledging them accordingly (Gibbons & Kleiner, 1994).

1.7.2.2 Proactive Personality

Proactive personality is defined as self-initiative that an employee takes to perform a task with perfection (Li, Liang & Crant, 2010).

1.8 Organization of the study

This study is conducted to gather better understanding on the influence of compensation and benefits, training and development, performance appraisal and achievement and proactive personality on job performance particularly among the banking sector employees. This study comprises of five (5) chapters. Chapter two (2) presents the literature review on the dependent variable, independent variables and underlying theories used in this study. Chapter three (3) highlights about the research methods

whereas chapter four (4) covers the data analyses and findings of the theory. Followed by chapter five (5) is on discussion and conclusion.

CHAPTER TWO

LITERATURE REVIEW

2.0 Review of related literature

This chapter focuses on the review of the literature on underlying theories and variables understudy, specifically on job performance, compensation and benefits, training and development, performance appraisal and achievement and proactive personality. This chapter also presents the theoretical framework and hypotheses of the study.

2.1 The conceptual background of job performance

Job performance is acknowledged as the most significant element in industrial and organizational psychology research (Borman, 2004). This is due to the fact that employee job performance is the main indicator that establishes an organization's performance (Preko & Adjetey, 2013). Ameer and Hanif (2013) argued that job performance among employees' changes regularly as performance deals with employee behavior. In general perspective, Campbell, McHenry and Wise (1990) conceptualized performance as visible activities of employees which are related to the organization's goals. Correspondingly, Tahir, Yousafzai and Jan (2014) identified performance as completion of ordinary working efficiency and the ability of employees to undertake the responsibilities and accomplish it.

Kiker and Motowidlo (1999) pointed out job performance comprised of two dimensions which are task performance and organizational citizenship behavior. Task performance is referred to the technical characteristics of performance such as knowledge, skills, abilities and other basic characteristics that are needed to perform the job. In contrast, organizational citizenship behavior is the performance that goes beyond the task performance and Borman (2004) stated that organizational citizenship behavior is not directly related to the job of a person. However, organizational citizenship behavior is very significant as it will support the organization as employees will tend to take extra efforts to accomplish tasks, perform task with less supervision, and also help and assist other employees voluntarily (Borman, 2004).

Initially, organizational citizenship behavior is well-known with the term contextual performance (Motowidlo, Borman & Schmit, 1997). The term contextual performance and organizational citizenship behavior is alike as the behavioral elements of these two terms are almost similar (Motowidlo, 2000; Organ & Ryan, 1995). Organ (1997) had developed the idea of organizational citizenship behavior from the opinion that the willingness of employees to help their colleagues may influence job satisfaction. Meanwhile, Motowidlo (2000) indicated that the term contextual performance had been discussed by Motowidlo and Borman after realizing that job performance is also important for organizational effectiveness and this had connected contextual performance and organizational citizenship behavior term.

Thus, Gan and Cheung (2010) specified that organizational citizenship behavior is the most important facet of job performance. An employee who voluntarily help their coworkers or engage in activities that benefits the organization is identified as employee with organizational citizenship behavior (Rotundo, 2002). Task performance and organizational citizenship behavior is very essential for any organization to achieve its objectives and goals because task performance is concerned about the behavior that are required from employees to accomplish their job tasks meanwhile organizational citizenship behavior is discretionary activities that are not formally required for any particular jobs as it deals with employees' voluntary feeling on helping coworkers in their work which benefits the organization (Van Scotter & Motowidlo, 1994; Jawahar & Carr, 2006). Motowidlo (2002) also reported that complete measure of job performance will be attained by integrating task performance and organizational citizenship behavior.

Preko and Adjetey (2013) stated that achieving high employee performance had become the key objective of most organizations in this competitive in business atmosphere as employee performance will determine the organization's performance and success. Furthermore, according to Edwards, Bell, Arthur and Decuir (2008), when an employee is satisfied with his or her job and the organization, the employees will perform well to accomplish the initial tasks and the employees most likely will reciprocate by voluntarily assisting or helping their colleagues. This statement is evident that task performance and organizational citizenship behavior are interconnected as organizational citizenship behavior performance complements task performance in assisting an organization to achieve success.

Nevertheless, this study is an attempt to analyze the contribution of system factor and person factor on job performance based on the Determinants of Job Performance Model. This is because, according to Williams (2002) job performance is not solely determined by the system factors such as the dimensions of human resource management practices yet the person also equally contribute on the job performance. Due to this fact, this study incorporates three dimensions of human resource management practices which are compensation and benefits, training and development and also performance appraisal and achievement along with proactive personality as independent variables to measure its influence on employee job performance.

2.2 Concept of Human Resource Management Practices

Human resource management practices are identified as an instrument that carries out fundamental role in attaining organization's goals besides sustaining the competitive advantage in the marketplace (Jeet & Sayeeduzzafar, 2014). In addition, human resource management practices also will determine the progress and performance of employees whereby it has the power to influence it positively or negatively (Guest, 2002). Quresh et.al (2010) argued that human resource management practices are the policies and practices obligatory to manage the human resource in an organization in order to achieve its goals and objectives.

Similarly, Abdullah, Ahsan and Alam (2009) defined human resource management practices as the activities of managing the human capital in the organization which is

directly connected to the managerial functions such as planning for recruitment and selection, rewards, developing, utilizing and maximizing the capabilities and potential of employees in the organization. Human resource management practices are a set of planned practices implemented by an organization to lead and manage human capital to achieve the organizational goals. Example of the dimensions of human resource management practices are such as compensation and benefits, training and development and performance appraisal (Dessler, 2010).

In this study, the researchers is focusing on three dimensions of human resource management practices which are compensation and benefits, training and development and performance appraisal and achievement as the independent variable. The researcher had chosen compensation and benefits, training and development and performance appraisal and achievement dimension of the human resource management practices is because these three dimensions are directly related to the job performance (Uen & Chien, 2004; Minbaeva, 2008). In addition, these three dimensions of the human resource management practices are well-known as the dimensions that can greatly encourage employees perform better to improve and increase job performance which also enhances the competitive advantage of the organization (Uen & Chien, 2004; Minbaeva, 2008).

2.2.1 Concept of Compensation and Benefits

Logically, the purpose people go to work is to earn money in order to survive and live a standard life and money has been the important factor that influences people to improve their performance to achieve a better position and to obtain better income. Compensation and benefits is the human resource management practices dimension that is designed to attract, motivate and retain employees. Mostly, compensation and benefits is viewed as most important dimension that motivate the employees to produce excellent performance which will also increase the organization's productivity and retain the existing professional, highly talented and well-experienced employees (Chiu, Luk & Tang, 2002).

Compensation is defined as monetary and non-monetary rewards that employees received from the employer in exchange for their service which will be determined based on their efforts, contributions and performance (Milkovich, Newman Gerhart, 2010). Generally, compensation and benefits are inclusive of salary, short-term and long-term incentives, bonuses, allowances, commission, profit sharing, medical benefits, health insurance, disability insurance, retirement benefits, and tuition reimbursement (Mello, 2014). Mehta (2014) segregated compensation and benefits into two which are extrinsic and intrinsic rewards. Extrinsic rewards is defined as tangible rewards inclusive of monetary returns meanwhile intrinsic rewards is defined as psychological rewards that are inclusive of appreciation and recognition. Compensation is the direct extrinsic rewards that employees receive such as base pay or variable pay. Meanwhile, benefits

are indirect intrinsic rewards such as maternity leave, medical leave, educational assistance and insurance (Milkovich, Newman Gerhart, 2010).

Mehmood, Ramzan and Akbar (2013) claimed that compensation and benefits holds significant role in an organization to retain their existing employees and to attract new talents in order to develop their competitive advantage. The researchers too added that compensation and benefits is identified as one of the sources of inspiration that encourages employees to produce better performance. Likewise, Hameed, Ramzan, Zubair, Ali, and Arslan (2014), also claimed that compensation and benefits produces essential role for employee performance because it will attract and retain employees in organization. Compensation and benefits has the power to influence employee' working behavior and performance because humans are working to obtain money for survival and if an organization recognizes the efforts of employees by rewarding them then it will result in good performance. However, if an organization is unwilling provide good and encouraging compensation and rewards packages then the possibilities for the organization to encounter poor performance and less productivity is high besides encountering rise of turnover rate (Chen & Hseih, 2006).

It is observable that compensation and benefits highly influence employees' performance and it is proven from previous researchers. For example, Osibanjo, Adenji, Falola and Heirsmac (2014) had conducted the research in selected private University in Ogun State, Nigeria comprising of 110 respondents. The findings of this research revealed that compensation and benefits greatly influence job performance positively

because this dimension has the power to obtain and control employee's satisfaction, development, retention and performance. Overall, compensation packages either monetary or non-monetary will encourage the employees to work harder in order to achieve good performance.

2.2.2 Concept of Training and Development

Dermol and Cater (2013) described training and development as a learning process that assists an employee to learn and develop their skills and talents besides achieving progressive changes in their on-job performance. Training is defined as a key to unlock employee's potential by enlarging employees' knowledge and skills in order to close the gaps in employees' performance and productivity. Plus, training and development is the activities organized and provided by the organization to assist the employees to obtain knowledge and skills to produce positive outcomes for current and future job tasks (Bhat, 2014). Training is gaining knowledge, skills and abilities from the teaching process while development is the ability of employees to sharpen and perfecting the knowledge, skills and abilities (Dermol & Cater, 2013).

Tahir et al. (2014) defined training and development as pre-planned learning activities and experiences that will be taught to the employees to enhance their performance in current and future job task more effectively. Training is classified as learning and practice and the practice has been divided into two which are active practice and over learning. Active practice is whereby the employees will be given the opportunity to use

or practice the knowledge that they had learnt. On the other hand, over learning is whereby the employees will be given chance to practice beyond what they had learnt. Ameerq and Hanif (2013) stated that training and development as an on-going learning process that are inclusive of obtaining knowledge, purifying skills, and changes in working behavior which can improve employee performance. Training is provided after analyzing the needs of training for the employees upon addressing the skill or knowledge gap and employees will get the opportunity to develop their skills and knowledge through training (Kum, Cowden & Karodia, 2014). Training and development is identified as a dimension of human resource management practices that improves profitability of organization while cultivating increasing the employees capability enhance and develop their knowledge and skills required to perform their work better.

Based on the review of Sultana, Irum, Ahmed and Mehmood (2012), an organization can offer on-the-job training and off-the-job training to their employees. On-the-job training refers to the training that will be conducted in the regular workstation whereby employees will learn while performing the work. Meanwhile, off-the-job training is conducted outside the working hours or workstation whereby the employees will be given a specific date, time and venue to attend the training. Examples of off-the-job training are such as seminar, lecture, discussions, online training, case study, role play and stimulation (Wayne, 2010). Based on the discovery of Elnaga and Imran (2013), training is defined as a learning process to boost-up employee's potential because training will upgrade employee's knowledge, skills, and career development chances which will develop employee and the organization's performance. The outcomes of the

research proved that training positively influence employee performance because training is provided for employees develop their abilities to perform a task according to the technology advancement and global changes.

Furthermore, the finding of Elnaga and Imran (2013) revealed that training has an important role to influence job performance. This is proven based on the discovery that well-trained or adequately trained employees tend to retain longer and produce better inputs that contribute for better performance in an organization. Additionally, the possibilities of contributing better job performance after attending training programs is because an effective training increase the exposure for employees on the recent changes in their working atmosphere and better ways of performing their works.

2.2.3 Concept of Performance Appraisal and Achievement

Performance appraisal is another important dimension of human resource management practices and it is essential to have an effective performance appraisal in every organization. Performance appraisal is identified as a very significant tool for any organization to evaluate their employees' performance because through the performance appraisal the capabilities and abilities of an employee to manage the tasks and responsibilities will be visibly seen by the top management. Performance appraisal is a gradual process used to review and evaluate employee performance for the purpose of improvisation, rewarding and acknowledging them accordingly (Gibbons & Kleiner, 1994). Further, the feel on accomplishment or achievement can be attained from the

employees with the implementation of proper performance appraisal. Besides that, based on the measurement, the organization will be able to identify whether the employee reach the expectation and standards that has been set up (Showkat, 2014). Similarly, Mir and Ahmed (2014), claimed that performance appraisal is a gradual process of evaluating employees which indirectly influence the rewarding and training process. Nevertheless, Purohit (2014) argued that performance appraisal is a periodic process which will be conducted systematically to measure employee performance based the pre-developed criteria of performance evaluation.

Samad (2011) argued that the purpose of having performance appraisal is to improve the utilization of human resource in the organization, to engage with activities such as rewarding and training and most prominently to enhance the feel of achievement and improvise job performance of employees. Traditionally, there are numerous methods such as checklist method, Behaviorally Anchored Rating Scale (BARS), Graphic Rating Scale method, field review method, critical incident methods and essay method that are used to evaluate employee performance (Dessler, 2010). However, in recent times most of the organizations are adopting Management by Objectives (MBO) and 360 Degree Feedback that method as their formal performance appraisal method (Noe, Hollenbeck, Gerhart & Wright, 2011).

Former researchers also revealed that performance appraisal plays a major role in influencing job performance. For instance, Iqbal et al. (2013), define performance

appraisal as an instrument that organization uses to compare their employees' past and current performance. This enables the organization to identify the excellent and poor performers. The researchers also added that performance appraisal is also important to identify the strength and weaknesses of employees. As an evidence for this statement, the discovery of the research conducted by revealed that if any organization implements the fair and good performance appraisal then the organization will be able to identify the well-doing performers and poor performers based on the appraisal records. Then, the organization can take further steps to reward or to improve employee's performance by providing training based on the performance appraisal record. The scholar stated that if an organization maintains good and satisfactory performance appraisal, it will make ease for the organization to reward or to provide necessary training for the employees which will contribute for better job performance.

Employee performance appraisal has the capacity to influence employees' working behavior and performance as the evaluation records determine the expertise of an employee (Purohit, 2014). Akinyele (2010) stated that having a good performance appraisal is significant for any organization as it is one of the main elements that ensure continuous improvement in employee performance. Additionally, performance appraisal records will visibly show the employees' achievement yet inaccurate evaluation results will reduce employee performance.

2.3 Concept of Proactive Personality

Gan and Cheung (2010) stated that proactive personality had become an important personality predictor particularly on organizational citizenship behavior. In recent times researchers are paying consideration to incorporate proactive personality as a variable in researches. Li, Liang and Crant (2010) identified proactive personality as the self-initiative that an employee takes to perform a task with perfection. Proactive personality develops positive behavior among employees for self-improvisation and to achieve high job performance. Furthermore, Crant (2000) stated that proactive personality is also most important determinant of the success of an organization as employees tend to perform with minimum supervision. Employees with the proactive personality tend to seek for opportunities to improve the job performance and it is proven by the findings of Crant (2000) that those employees with the proactive personality establish better team effectiveness, career outcomes and job performance in an organization. Bakker, Tims, and Derks (2012) argued that proactive people will take self-initiative in order to react, adapt and shape their environment to produce high quality of job outcomes. Somehow, proactive behavior develops positive energy and attitude because the employee tends to find opportunities for improvisation.

Campbell (2000) stated that employees with proactive personality will seek for prospects and will take initiative to contribute towards the organizational success which also illustrates their enthusiasm to flexible involvement on organizational citizenship

behavior. According to Campbell (2000) proactive personality always have positive outcomes on employee performance and organizational performance.

As such, the researcher studied the research which was conducted by Rodrigues and Rebelo (2013). The scholars conducted the research in a software engineering company involving 243 engineers discovered that proactive personality would incrementally forecast employee performance completely. Rodrigues and Rebelo (2013) argued that employees with proactive personality will seek to actively customize the atmosphere according to their strength to achieve high performance and this ensures that the employees with proactive personality achieves high and better job performance compared to the other employee.

2.4 Underlying Theories and Model

In this study, the researcher had used two theories to understand the link of theoretical paradigm and variables of the study. The researcher had used Social Exchange Theory and Self-Determination Theory in this study. Further, usage of theory in the research is to relate the discovery of the research with the theory to contribute additional empirical evidence. Besides that, the researchers also used Determinant of Job Performance Model as a supporting model for this study.

2.4.1 Social Exchange Theory

Cropanzano and Mitchell (2007) researched on the Social Exchange Theory since the researchers assume that Social Exchange Theory is the most influential theoretical paradigm to understand the workstation behavior. Social Exchange Theory is identified as the process of exchange between parties upon negotiation. Social Exchange Theory refers to reciprocity whereby when an employee receives good treatment in an organization, the employee tends to perform better for the success of the organization (Cropanzano & Mitchell 2007).

Based on Chibucos (2004) the Social Exchange Theory involves the calculation of costs and benefits in social exchange and this also mostly attends the issues of decision making. Social Exchange Theory also involves the activity of maximizing the profits and benefits that can be achieved particularly in meeting the basic needs of employees. The scholar also indicated that, in the perspective of job performance, exchange practice involves rewarding that leads to deriving of social interactions. Wikhamn and Hall (2012) stated that reciprocity is the norm that is used to describe the actual motivation behind the employees' behavior and the reciprocity is universally accepted principle.

Generally, employee demands for better benefits and salary packages and most of the researchers that had been conducted earlier discovered that good compensation and benefits motivates employees to perform better. Similarly, according to Social Exchange Theory, employees stick to the concept of compensation and reciprocity (Chibucos,

2004). Further, compensation and benefits, training and development plus performance appraisal and achievement are interrelated. Basically, training and development will cultivate new knowledge, skills and abilities of employees besides sharpening the existing knowledge, skills and abilities. Meanwhile, a fair and proper performance appraisal and achievement will develop the belief towards the organization and encourages employees to perform better. Further, employees have the instinct that if they perform well and improvise their performance frequently, the chances to get rewarded are high. Due to the fact, employees will engage in achieving high job performance that can be relate to the reciprocate process. Overall, Social Exchange Theory is the process of exchange that occurs in any organization between employer and employees.

2.4.2 Self-Determination Theory

Self-Determination Theory is known as a theory of motivation. Motivation is the term that widely used in organization. The attention given for the motivation factor is high because the motivation plays the role in employee satisfaction, engagement, performance and so on. Ryan, Patrick, Deci and Williams (2008) stated that motivation can be segregated into intrinsic and extrinsic. Extrinsic factors that motivate employees are such as rewards, praise, evaluation and appreciation that they receive in the organization meanwhile intrinsic motivation refers to creativity, sustain passion and efforts that employees take in order to perform better. Similarly Self-Determination Theory is focus to the self-motivation that employees acquire in order to generate new

behaviors and apply it for the purpose of improvement (Ryan, Patrick, Deci & Williams, 2008).

Furthermore, Self-Determination Theory is associated with human motivation and personality. According to Lam and Gurland (2008), self-determination theory is the important theory which can predict job outcomes such as employee job performance and satisfaction. Initially employee self-determination has a strong link with positive job outcomes. Self-determination motivates employees to seek for opportunities and space for improvisation that enhances the employees' performance besides upgrading their existing knowledge, skills and abilities and these are the main feature of the employees with proactive personality. That is the main reason that links self-determination with proactive personality (Lam & Gurland, 2008).

2.4.3 Determinants of Job Performance Model

Originally, Campbell had introduced the Job Performance Model (William, 2002). According to Williams (2002), the Job Performance Model by Campbell in 1993, asserted performance as the behavior determined by three aspects namely declarative knowledge, procedural knowledge and motivation. Declarative knowledge is referred to the knowledge about facts and understanding on performing a particular task. Whereas, procedural knowledge referred to the general skills that are needed to perform all types of job. Procedural knowledge is inclusive of cognitive skills, self-management skills, physical skills and also interpersonal skills. The combination of declarative knowledge

and procedural knowledge will develop the experience, ability and interest of employees to perform better. The other aspect is motivation which refers to the choice of behavior of employees. Choices of behavior are inclusive of choice to perform the task or not, the comfort level of employees in performing the task and also the choice of employees whether to perform the task constantly or not. Williams (2002) stated that the aspects of the Job Performance Model by Campbell are not sufficient to completely describe all the factors that may determine job performance. This is because, Campbell's Job Performance Model solely discuss about the individual as the complete determinant of job performance.

Emphasizing on the limitation of the Job Performance Model of Campbell, Cardy and Dobbins and Waldman had extended the idea of Campbell and formulated the Determinants of Job Performance Model in 1994 (Williams, 2002). The Determinants of Job Performance Model incorporates two factors which are system factor and person factor as the predictors of job performance. System factor is refers to environmental factors such as organizational structure, human resource management practices and leadership meanwhile, person factor is refers to personality and capabilities of employees that may influence their performance. Cardy and Dobbins and Waldman had combined the three aspects of Job Performance Model of Campbell namely declarative knowledge, procedural knowledge and motivation in the person factor. The Determinants of Job Performance Model of Cardy and Dobbins and Waldman is found to provide more comprehensive viewpoint on the predictors of performance (Williams, 2002)

2.5 Hypotheses Development

In this study, compensation and benefits, training and development, performance appraisal and achievement as well as proactive personality are chosen as independent variable to associate the dependent variable which is job performance by means that these variables may influence employee job performance.

2.5.1 Compensation and Benefits and Job Performance

This study theorizes that compensation and benefits have a positive influence on job performance and compensation and benefits are found as the important predictor that influence job performance based on the former research (Hameed, Ramzan, Zubair, Ali, & Arslan, 2014; Aktar, Sachu & Ali, 2012; Gohari, Kamkar, Hosseinipour & Zohoori, 2013; Abdullah & Wan, 2013; WasIU & Adebajo, 2014; Mehta, 2014). For instance, based on the discovery from the research of Aktar, Sachu and Ali (2012) involving 180 employees from 12 commercial banks in Bangladesh revealed that reward plays a major role to motivate the employees to perform their task better that can contribute and generate more ideas which can benefit the organization in the form of monetary and non-monetary as there is a positive relationship between rewards and employee job performance. This will definitely improve the employee's and the organization's performance. In addition the researchers also argued that, employees tend to put maximum efforts if they believe that their organization recognizes and rewards their efforts.

Despite that, Hameed et al. (2014) conducted the research in 45 selected banks in Pakistan encompassing 200 respondents by using salary, rewards and incentives and indirect compensation as independent variable and employee job performance as dependent variable. The finding of this research revealed that reward system influence employees' performance positively as it increase performance, productivity and satisfaction of employees which makes them to retain in the organization and the reward packages also very significant in attracting new talents. The scholars stated that employee will exchange their effort to produce better performance based on the compensation and benefits that they receive.

Similarly, in the findings of Mehmood et al. (2013) compensation and benefits have been identified as a tool that can increase the job performance and transform the dissatisfy behavior among the employees. The researchers added that fair reward system is very significant for any organization in order to enhance the productivity, behavior and performance of the employees who are considered as the main assets of the organization. Furthermore, the result from the finding discovered that rewards system will increase employees' job performance regardless of the types of rewards. It could be in the form of direct reward such as monetary rewards or non-monetary rewards which is in form of promotion and recognition. In accordance to the empirical evidence, the hypothesis proposed for this study is:

H₁: There is a positive influence of compensation and benefits on job performance.

2.5.2 Training and development and job performance

This study theorizes that training and development have a positive influence on job performance. This is apparent upon reviewing the empirical evidence such as Onyango and Wanyoike (2014); Tahir et al. (2014); Javaid, Ahmad and Iqbal (2014); Kum, Cowden and Karodia (2014); Ameerq and Hanif (2013); Elnaga and Imran (2013); Sultana, Irum, Ahmed and Mehmood (2012); Farooq and Khan (2011); Noor and Dola (2011). As such, this study hypothesizes that performance appraisal and achievement have a positive influence on job performance.

Referring to the empirical evidence from the research conducted by Tahir et.al (2014), training and development is one of the strongest factor that influence employee performance and productivity. This study was conducted in Pakistan. Based on the discovery of this research, training is very significant for any organization as well-trained employees will be have high self-confidence and will be able to work under minimum supervision and instruction. Likewise, they will be able to make better decision and capable to solve problems effectively. Besides that, well-trained employees are capable of handling stress, frustration, and avoid conflicts and they will be more focused on self-development and job satisfaction. The findings of this research clearly stated that training plays a very important role in upgrading employee performance as training will close the skill gaps among the employees and training will develop progressive attitudes among employees. In addition, based on the discovery of Bhat (2014), training impact employee's performance positively as training programs will

develop a sense of belonging that will lead to increase commitment among the employees. The researcher found that this will directly and indirectly improve employees' performance.

Similarly, Onyango and Wanyoike (2014) stated training and development is very significant for any organization because appropriate and effective training programs will develop employees' morale and employees' will be capable of performing their tasks with less supervision despite minimizing on-job accidents which will enhance employees' and organization's performance and productivity. This research was conducted among public health institution in Kenya. The findings of this research proved visibly that training influences the employees' job performance strongly. This is because, training is identified as a tool that improves effectiveness and efficiency among employees and they found that training is an effort to develop recent or future employee job performance as training will increase an employee's ability to implement the knowledge that they gained through learning which has the chance to change their working behavior. In addition, well-trained employees usually have a clear mindset on the ways to accomplish the tasks better in order to improve performance and productivity. Sultana, Irum, Ahmed and Mehmood (2012), stated that training produces advantages for employees and the organization by positively influencing employee job performance by developing the abilities, skills and knowledge, competencies and behavior of the employees. As such, this study hypothesizes that:

H₂: There is a positive influence of training and development on job performance.

2.5.3 Performance appraisal and achievement and job performance.

This study theorizes that performance appraisal and achievement have a positive influence on job performance. This is obvious upon studying the empirical evidence such as Akinbowale, Lourens and Jinabhai (2013); Daoanis (2012); Mir and Ahmed (2014); Purohit (2014); Ojokuku (2013); Iqbal, Ahmad, Haider, Batool and ul-ain (2013); Saeed et al. (2013). As such, this study hypothesizes that training and development have a positive influence on job performance.

For example, based on the empirical findings of Mir and Ahmed (2014), performance appraisal has significant relationship with job performance. The scholars conducted the research in various banks at Rawalpindi and Islamabad area at Pakistan involving 150 respondents to measure the influence of performance appraisal on employee job performance. The researchers discovered that performance appraisal should be done accordingly because most of the decisions relating promotion, incentives, recognition or training will be made after the appraisal process. And it is proven that performance appraisal influence job performance among employees and it determines the decision making of rewarding and training for employees. On the other hand, another research which is conducted by Saeed et al. (2013) revealed that the performance appraisal system satisfaction and high motivation will increase employee's job performance as a fair performance appraisal will influence employee job performance directly. A fair performance appraisal will develop a sense of satisfactory among employees that will

motivate them to enhance their performance. This research was conducted in banking industry at Sahiwal, Pakistan comprising 200 employees.

Purohit (2014) had conducted the research in Pune, India encompassing 35 employees. The results had been concluded with the outcomes that performance appraisal will give positive influence on employee's performance if it is conducted effectively. According to the researcher, the employees indicated that the current design of performance appraisal in the bank is unsatisfactory and that is the reason the performance appraisal system is considered as ineffective which decrease the employee performance. Hence, the hypothesis proposed for this study is:

H₃: There is a positive influence of performance appraisal and achievement on job performance.

2.5.4 Proactive personality on job performance

This study rationalizes that proactive personality has a positive influence on job performance. This is apparent upon reviewing the empirical evidence such as Rodrigues and Rebelo (2013); Bakker, Tims, and Derks (2012); Li, Liang and Crant (2010); Gan and Cheung (2010); Baba, Touigny, Wang and Liu (2009).

Additionally, Baba, Touigny, Wang and Liu (2009) found that proactive personality contributes to high job performance particularly on organizational citizenship behavior. This study was conducted in China involving 485 Chinese airline employees. Despite

that, Li, Liang and Crant (2010) conducted the research towards 200 Chinese employees from manufacturing, telecommunications, hotel and electronics industry in China and found that employees with proactive personality produce high job performance.

In accordance to the discovery of Bakker, Tims, and Derks (2012) most of the employees with the proactive personality would have worthwhile approaches that the human resource managers are searching to improve and upgrade performance. This is one of the important factors which proved that the employees with proactive personality produces high job performance compared to the other employee. Furthermore, Bakker, Tims, and Derks (2012) argued that giving space for employees with proactive personality is beneficial as their personality itself will influence their job characteristic to enhance their performance. Based on the empirical evidence, the hypothesis proposed for this study is:

H4: There is a positive influence of proactive personality on job performance.

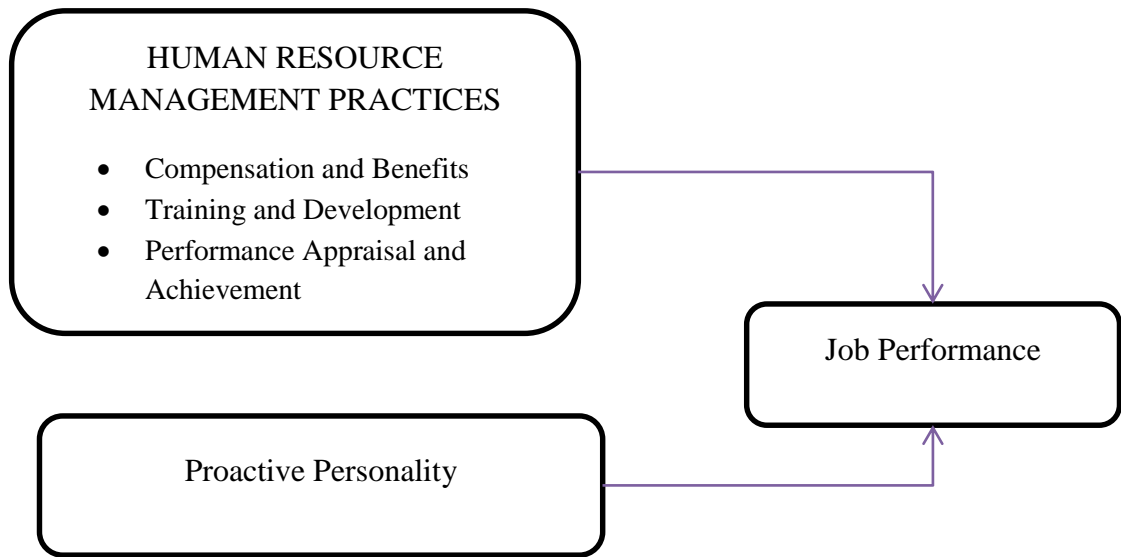
2.6 Theoretical Framework

A theoretical framework was developed subsequently reviewing the theoretical and empirical literature. This theoretical framework was developed to express the link between the underlying theories plus independent variables which are compensation and benefits, training and development, performance appraisal and achievement and proactive personality and dependent variable which is job performance in this study.

Figure 2.1 portrays the hypothesized links between the independent variables and dependent variable in this study.

Figure 2.1

Hypothesized Theoretical Framework



2.7 Summary of the chapter

Overall, in this chapter the researcher analyzed previous studies and researches regarding the variables that are examined in this study. The theoretical and empirical evidence from previous studies had been discussed and highlighted in this chapter. In addition, this chapter also presents the hypotheses development for each variable and theoretical framework of this study.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter will explore about the methods that were used in this study. This chapter is consist of few sections which are research design, unit of analysis, measurement and instrument, sampling techniques, data collection method, pilot test and analysis techniques and summary.

3.1 Research design and Unit of Analysis

This study is based on the quantitative type research. This study is a cross-sectional research whereby data is collected and analyzed at one point of time only. Henceforth, the fundamental effect cannot be established. This study is an attempt to test the hypotheses that has been constructed in Chapter 2. Obtaining responses by distributing questionnaires is considered as an appropriate tool upon referring to the hypotheses of this study. Questionnaire is one of the most significant tools that used for quantitative based research as the researchers will be able to gather comprehensive responses from the respondents within short period of time (Sekaran, 2003). So, the survey was carried out by distributing the questionnaires to the selected respondents.

The unit of analysis for this study is individuals and the target population is commercial bank employees which are inclusive of executives and non-executive. According to the report of Association of Banks in Malaysia (2014) the total number of commercial banks in Kuala Lumpur by end of June 2014 was 322 and the number had increased to 325 commercial banks by the end of December 2014. The total number of commercial banks in Kuala Lumpur is inclusive of headquarters and branches. The respondents for this study will be the commercial bank employees in Kuala Lumpur, Malaysia.

3.3 Measurement and Questionnaire Design

In this study, the researcher had distributed set of questionnaires in order to obtain the information needed to test the generated hypotheses. The questionnaires consist of statements describing employees' opinion on the questions. These questionnaires consist of seven (7) sections which comprises of 53 questions with complete written instructions. Respondents were requested to fill up the questionnaire according to their level of agreement using a five-point Likert scale. The five-point Likert scale is ranging from 1 = Strongly disagree, 2 = Disagree, 3 = Moderate, 4 = Agree and 5= Strongly agree.

The questionnaire has been divide into seven (7) sections of A, B, C, D, E, F, and G. The first two (2) sections illustrate items on the dependent variable which is job performance. Section A consist of seven (7) items about task performance and followed by Section B that inclusive of nine (9) items about organizational citizenship behavior

(OCB). Overall there are six (6) questions used for Section C which solely discuss about compensation and benefits meanwhile Section D which comprises of five (5) items is regarding training and development. Despite that, Section E encompasses of nine (9) items regarding performance appraisal and achievement. Furthermore, Section F completely illustrated about proactive personality which consists of ten (10) items. The last part of this questionnaire which is Section G, comprise of seven (7) demographic questions such as gender, age, ethnicity, academic qualifications, length if service in banking sector, current position and also name of the bank. Finally a cover letter from the researchers was attached to each questionnaire with complete written instructions.

Table 3.1

Items and Sources of Items for Each Variable

| Dimension | Operational Definition | Items |
|--|--|--|
| Job Performance | Job performance is the behavioral elements of task performance and organizational citizenship behavior (Motowidlo et al., 1997). | |
| <ul style="list-style-type: none"> • Task Performance | The basic knowledge, skills, and abilities required for an employee to perform the preliminary duties (Kiker & Motowidlo, 1999). | <ol style="list-style-type: none"> 1. I fulfill the responsibilities stated in the job description. 2. I perform tasks that are expected from me. 3. I meet formal performance requirements of the job. 4. I involve in activities that are relevant to my yearly performance assessment. 5. I neglect aspects of the job that I am obliged to perform. |

| Dimension | Operational Definition | Items |
|--|--|--|
| | | <p>6. I fail to perform essential duties.</p> <p>7. I adequately complete assigned duties.</p> <p>(Adapted from Williams & Anderson, 1991)</p> |
| <p>• Organizational Citizenship Behavior (OCB)</p> | <p>The behaviors that are not directly related to the job and it are the employees' effort to support and enhance organizational effectiveness (Borman, 2004).</p> | <p>1. I assist my supervisor with his her work.</p> <p>2. I make innovative suggestions to improve my department.</p> <p>3. I volunteer for things that are not required.</p> <p>4. I orient new people even though it is not required.</p> <p>5. I help others who have been absent.</p> <p>6. I attend functions that are not required but that help organization image</p> <p>7. I help others who have heavy workloads</p> <p>8. I do not spend time on idle conversation.</p> <p>9. I do not take extra breaks.</p> <p>(Adapted from Smith, Organ & Near, 1983)</p> |

| Dimension | Operational Definition | Items |
|---|---|---|
| Human Resources Management Practices | Human resource management practices are a set of planned practices implemented by an organization to lead and manage human capital to achieve the organizational goals. Example of the dimensions of human resource management practices are such as compensation and benefits, training and development and performance appraisal (Dessler, 2010). | |
| <ul style="list-style-type: none"> • Compensation and Benefits | <p>The extrinsic and intrinsic rewards that can influence employee performance (Mehta, 2014).</p> | <ol style="list-style-type: none"> 1. The salary I receive encourages me to perform better. 2. Incentives such as bonuses motivate me to do more than required. 3. I received recognition for my achievements. 4. I received the amount of pay that commensurate the work I do. 5. My pay is generally equal to the pay of my colleagues of the same level/position. 6. My pay is generally equal to the pay of similar job in other companies of the same industry. <p>(Adapted from Delery & Doty, 1996).</p> |
| <ul style="list-style-type: none"> • Training and | <p>The learning process that</p> | <ol style="list-style-type: none"> 1. I am encouraged to attend |

| Dimension | Operational Definition | Items |
|---|---|---|
| Development | needs to be identified and provided to the employees to enhance their knowledge, skills, and abilities of employees in order to achieve progressive improvement to perform better (Dermol & Cater, 2013). | <p>training and development programs that are available for me.</p> <p>2. My immediate supervisor determines the training and development programs that I need.</p> <p>3. I am given opportunities to upgrade my knowledge and skills and to improve my performance through continuous training.</p> <p>4. I received necessary training to perform my job well.</p> <p>5. I am given opportunity to be involved in activities that promote my professional development.</p> <p>(Adapted from Delery & Doty, 1996).</p> |
| • Performance Appraisal and Achievement | A gradual process used to review and evaluate employee job performance to identify the achievement and accomplishment of task of | <p>1. I am evaluated fairly based on my performance</p> <p>2. Performance appraisal is based on individual performance.</p> <p>3. Individual contributions are encouraged and recognized</p> |

| Dimension | Operational Definition | Items |
|-----------------------|---|---|
| | employees for the purpose of improvisation, rewarding and acknowledging them accordingly (Gibbons & Kleiner, 1994). | <ol style="list-style-type: none"> 4. My immediate supervisor supports and encourages me by providing regular feedback on my performance. 5. I am able to see the results of the work I do. 6. I am able to take pride in my job well done. 7. I am able to do something worthwhile on my job. 8. I am given the chance to do my best at all times 9. I get a feeling of accomplishment from the job I do. <p>(Adapted from Delery & Doty, 1996).</p> |
| Proactive Personality | Proactive personality is defined as self-initiative that an employee takes to perform a task with perfection (Li, Liang & Crant, 2010). | <ol style="list-style-type: none"> 1. I am constantly on the lookout for new ways to improve my life. 2. Whenever I have been, I have been a powerful force for constructive change. |

| Dimension | Operational Definition | Items |
|-----------|------------------------|---|
| | | <p>3. Nothing is more exciting than seeing my ideas into reality.</p> <p>4. If I see something I don't like, I fix it.</p> <p>5. No matter what the odds, if I believe in something I will make it happen.</p> <p>6. I love being a champion for my ideas, even against others' opposition.</p> <p>7. I excel at identifying opportunities</p> <p>8. I am always looking for better ways to do things.</p> <p>9. If I believe in an idea, no obstacles will prevent me from making it happen</p> <p>10. I can spot a good opportunity long before others can.</p> |
| | | <p>(Adapted from Crant & Kraimer, 1999)</p> |

3.4 Population and Sample

The study was conducted in commercial banks in Kuala Lumpur. Most of the headquarters of commercial banks are located in Kuala Lumpur area and there are 27 commercial banks in Kuala Lumpur (The Association of Banks in Malaysia, 2015). Further, by the end of 2014 the total number of commercial banks including headquarters and branches in Kuala Lumpur was 325 banks (The Association of Banks in Malaysia, 2015). Based on the considerable number of commercial banks, Kuala Lumpur was identified as most suitable context for the data collection for this study.

The sampling technique that has been used for this study is purposive sampling. Respondents of this study were commercial bank employees including the executive and non-executive. According to Oliver (2006) purposive sampling is a form of non-probability sampling. Further, Oliver (2006) specified that purposive sampling will be used by researchers after taking into contemplation and decision making about the capacity and willingness of respondents participate in the research. Purposive sampling was used for this research due to the difficulties to get access to the employees directly because there are some bank managers refused to give researcher direct access to the employees in the bank. Moreover, there are some banks that refused to participate in this study at the first place.

Based on the communication, the researcher managed to identify that only four (4) commercial banks were supportive and willing to participate in the research. The

researcher had gave more attention to the banks those four (4) that agreed to participate in this research and the researcher explained with the officer in-charge in those commercial banks in Kuala Lumpur regarding the data collection for this study. However, the number of questionnaires which were distributed was based on the number that has been specified by the officer in-charge in respective banks. As such, this is taken into consideration based on the fact that purposive sampling concerns about the preparedness of the respondents to participate. Table 3.2 presents the number of questionnaire distributed and received from each bank that participated in this study.

Table 3.2

Total number of distributed and received questionnaires

| Name of the Bank | Number of distributed questionnaire | Number of received questionnaire |
|------------------------|-------------------------------------|----------------------------------|
| Am Bank Berhad | 30 | 20 |
| CIMB Bank Berhad | 40 | 28 |
| Hong Leong Bank Berhad | 50 | 42 |
| RHB Bank Berhad | 50 | 38 |
| TOTAL | 170 | 128 |

3.5 Data Collection Method

The questionnaire was drafted in English language as the survey will be conducted among the commercial bank employees who are servicing in banks in Kuala Lumpur area. The researcher listed the commercial banks which are located in Kuala Lumpur referring to the distribution of commercial banks in Kuala Lumpur from the statistic of The Association of Banks in Malaysia (2015). The researchers tried to communicate

with the Human Resource representatives of those banks and explained about the research. Thereafter, an officer-in-charge was selected from the banks that agreed to participate in this study. The officer-in-charge was assigned to distribute and collect of the questionnaires. The officer-in-charge is needed from each and every selected bank in order to ensure that the questionnaire will be given to every eligible employee who works in the selected banks. Furthermore, if there is an officer-in-charge to distribute and collect the questionnaires then it will easy to approach the respondents. The survey questionnaires with cover letter were placed in an envelope. In addition, a cover letter was also attached outside of the envelope. Once completed, the officer-in-charge will collect the questionnaires on behalf of researcher.

Besides providing hard copy of questionnaires to the officer-in-charge, the researchers also provide soft copy of the questionnaire via e-mail to the officer-in-charge. The researcher communicates with the officer-in-charge through phone calls and e-mails. The data collection was conducted in middle of April 2015 until beginning of May 2015. The researcher obtained the completed questionnaire by hand and through e-mail from the officer-in-charge. A total of 170 questionnaires were distributed to four commercial banks in Kuala Lumpur that agreed to participate in this study and questionnaires were distributed based on the demand of the officer-in-charge from each bank. In one month time, the officer-in-charge from each bank had returned 128 completed questionnaires. However, only 120 questionnaires were useable. Hence, the response rate for this study was 70.58 percent. The eight (8) questionnaires were not useable because there were few questions in the each questionnaire which was left unanswered. Since those eight (8)

questionnaires were incomplete, the questionnaires were found not useable for this study.

3.6 Pre-testing of the instrument and Pilot Test

The researcher had conducted pre-test and pilot test before conducting the actual data collection for this study. The purpose of conducting the pre-test and pilot test is to identify the problems or constraints that the respondents encounter while reading and answering the questionnaire. As a beginning stage, the researcher had distributed the questionnaire to three respondents from commercial bank in Kuala Lumpur. The idea of conducting pre-test is to get direct response from the respondents regarding the structure of the questions, the practicability of the instructions, language and words used in the questionnaire and also to identify the approximate time needed to complete the questionnaire. Upon completing the pre-test, the feedback received from respondent is regarding the font size and printing method used in the questionnaire. The respondents requested to increase the size of fonts and print the questionnaire in full A4 size paper as the question will be clear and easy for the respondents to read. Initially, the researcher had used font size 10 and the questionnaires were printed in booklet form. The researcher had proceeded to pilot test after making the changes based on the feedback received by taking into consideration on the respondents comfort ability and convenience.

A pilot test was conducted in the beginning of April 2015 to pre-test the items and also to measure the reliability of each dimension in the questionnaire. A total of 30 banking employees participated in the pilot test. Pilot test is necessary for the study even though the items that are used in the questionnaire were adapted from a well-established questionnaire is due to the fact that different group of people might respond differently. The feedback and comments will be acquired and will be used for further questionnaires refinement. After conducted the pilot test, it was found that the Cronbach's Alpha value of task performance is 0.388 which is very low and poor reliability value. Thereafter, the reversed coding were conducted for the two negative items of task performance (i.e. I neglect aspects of the job that I am obliged to perform & I fail to perform essential duties) and then reliability test were conducted again. Table 3.3 illustrates the reliability of each variables of the study.

Table 3.3

Reliability Results of Each Variable

| Variables | Number of Items | Mean | Standard Deviation | Cronbach's Alpha |
|---------------------------------------|------------------------|-------------|---------------------------|-------------------------|
| Task Performance | 7 | 3.695 | 2.582 | 0.548 |
| Organizational Citizenship Behavior | 9 | 3.767 | 3.781 | 0.688 |
| Compensation and Benefits | 6 | 3.111 | 3.457 | 0.668 |
| Training and Development | 5 | 3.353 | 4.048 | 0.893 |
| Performance Appraisal and Achievement | 9 | 3.604 | 4.673 | 0.794 |
| Proactive Personality | 10 | 3.893 | 4.982 | 0.893 |

Based on the reliability analysis, two items from task performance (i.e. I neglect aspects of the job that I am obliged to perform & I fail to perform essential duties) were eliminated from further analysis due to low reliability results.

3.7 Analysis Techniques

The data obtained was analyzed using Statistical Package for Social Sciences (SPSS) version 20.0. In this study, explanatory factor analysis, descriptive analysis, reliability test, correlation and multiple regression analysis were used by the researcher. Factor analysis is to measure the validity of the factor structure of each variable to identify the most important variable. Kaiser – Mayer Olkin (KMO) was tested in this study to measure the sampling adequacy. Cronbach's Coefficient Alpha was used to measure the internal consistency of scale. The tests of reliability were performed on all the items in instrument which was used to test both consistency and stability of the items. Cronbach's alpha reliability coefficients for all the variables which exceed 0.60 indicated a good internal consistency of the measures and the number which is less than 0.60 considered as poor measure (Sekaran, 2000). Despite that, descriptive analysis is conducted present the data collected (i.e. mean & standard deviation) in simple way by calculating the frequencies of nominal variables such as gender, age, academic qualification, ethnicity, and length of service and then the data will be presented it in percentage. Besides that, correlation analysis is used as it is the prerequisite for multiple regression analysis. To answer the research objectives, multiple regression analysis is used to examine the influence of independent variables on dependent variables.

3.8 Summary of the Chapter

Overall, this chapter covered aspects of methodology that were carried out in this study.

In the next chapter the researcher discussed about the research results and findings.

CHAPTER FOUR

DATA ANALYSES AND FINDINGS

4.0 Introduction

This chapter presents the findings of this study. This chapter commences with data screening and demographic profile of the respondents. This is followed by the explanatory factor analysis, validity and reliability results of the measurements correlation and regression analysis.

4.1 Data Screening

The first step after key-in data in Statistic Package for Social Science (SPSS) software is data screening. Data screening is carried out before data analysis because this process is important to ensure the accuracy of data input. Negative statements were reverse-coded in which two negative items of task performance (i.e. “*I neglect to aspects of job that I am obliged to perform*” and “*I fail to perform essential duties*”) after conducting pilot test. The two negative items of task performance were omitted due to low reliability test. As such, reverse coding was not performed for the actual study since there are no other negative items remained in the questionnaire.

4.2 Respondent's Demographic Profile

A total number of 170 questionnaires were distributed to commercial bank employees in Kuala Lumpur. The researcher had distributed the questionnaire based on the number of questionnaires requested by the officer-in-charge and 128 questionnaires were received. Hence, there were eight (8) incomplete questionnaires which are unusable. So, the response rate was 70 percent or 120 respondents.

The gender distribution of respondents in this study constitutes majority female respondents whereby 67.5 percent or 89 female respondents and 32.5 percent or 31 male respondents. In this study, the researcher had segregated five levels for age. Majority number of respondents who participated in this research are belongs to the age level of 31 to 40 which is 46.7 percent while minority number of respondents are belong to age level of 51 to 60 which is 5.8 percent. Majority of the respondents who participated in this study is Malay which is 51.7 percent. Followed by that is 29 which is 24.2 percent and 28 which is 23.3 percent of respondents are Chinese and Indian respectively. One of the respondents in the study is categorized as others which 0.8 percent.

In terms of academic qualifications, respondents with Bachelor Degree constituted 52.5 percent which is the highest percentage of the sample and only 2.5 percent of respondents had a Master Degree and 1.7 percent of respondents had a PhD. Based on the results, 50 percent or 60 respondents were executives and 50 percent or 60 respondents were non-executives staffs. In terms of length of service in banking sector,

30 percent of employees had been servicing in banking sector for more than 10 years while only 4.2 percent of employees worked in bank for less than a year.

According to the report, the respondents who participated in this research were from four commercial banks in Kuala Lumpur area named Hong Leong Bank Berhad, RHB Bank Berhad, Am Bank Berhad, and CIMB Bank Berhad. Overall, respondents from Hong Leong Bank Berhad and RHB Bank Berhad constituted 32.5 percent and 31.7 percent respectively. In the meantime, only 14.7 percent of respondents are from Am Bank Berhad. Table 4.1 presents comprehensive information on the respondent's demographic profile.

Table 4.1

Frequencies Distribution of Respondent's Demographic Profile

| Demographic Profile | Category | Number of Respondents | Percentage |
|---------------------|--------------|-----------------------|------------|
| Gender | Male | 39 | 32.5 |
| | Female | 81 | 67.5 |
| | Total | 120 | 100 |
| Age | 20 and below | 0 | 0 |
| | 21 – 30 | 41 | 34.2 |
| | 31 – 40 | 56 | 46.7 |
| | 41 – 50 | 16 | 13.3 |
| | 51 – 60 | 7 | 5.8 |
| | Total | 120 | 100 |

| Demographic Profile | Category | Number of Respondents | Percentage |
|-------------------------------------|--------------------|-----------------------|------------|
| Ethnicity | Malay | 62 | 51.7 |
| | Chinese | 29 | 24.2 |
| | Indian | 28 | 23.3 |
| | Others | 1 | 0.8 |
| | Total | 120 | 100 |
| Academic Qualifications | SPM | 8 | 15.0 |
| | STPM | 5 | 4.2 |
| | Diploma | 29 | 24.2 |
| | Degree | 63 | 52.5 |
| | Master | 3 | 2.5 |
| | PhD | 2 | 1.7 |
| | Others | 0 | 0 |
| | Total | 120 | 100 |
| Length of service in banking sector | Less than a year | 5 | 4.2 |
| | 1 – 2 years | 7 | 14.2 |
| | 3 – 5 years | 33 | 27.5 |
| | 6 – 10 years | 29 | 24.2 |
| | More than 10 years | 36 | 30.0 |
| | Total | 120 | 100 |
| Position | Executive | 60 | 50 |
| | Non-executive | 60 | 50 |
| | Total | 120 | 100 |

| Demographic Profile | Category | Number of Respondents | Percentage |
|---------------------|-----------------|-----------------------|------------|
| Name of Bank | Am Bank | 17 | 14.2 |
| | CIMB Bank | 26 | 21.7 |
| | Hong Leong Bank | 39 | 32.5 |
| | RHB Bank | 38 | 31.7 |
| | Total | 120 | 100 |

4.3 Exploratory Factor Analysis (EFA)

In this study, explanatory factor analysis was performed by using principle component analysis and Varimax rotation. The explanatory factor analysis with Varimax rotation identified five variables in this study which are compensation and benefits (6 items), training and development (5 items), performance appraisal and achievement (9 items), proactive personality (10 items) and job performance (14 items). The explanatory factor analysis was conducted to provide the evidence of validity and factor structure for each variable. Items with cross loading and low loading (below 0.3) are omitted.

Based on the explanatory factor analysis, the items in compensation and benefit variable split into two components whereby four items of compensation and benefits grouped as one factor and other two items grouped as one factor. Due to this reason, this variable was segregated into two as compensation and benefits and internal and external equity.

The conceptual definition of compensation and benefits is defined as salary, short-term and long-term incentives, bonuses, allowances, medical benefits, health insurance, disability insurance, and retirement benefits (Mello, 2014). Internal and external equity is refers to the perceived fairness in terms of pay among employees in an organization or the similar industry (Al-Zawahreh and Al-Madi, 2014). Nevertheless, the items of training and development variable and performance appraisal and achievement variable grouped into one factor which has formed training and performance management. Training and performance management is defined as the learning process of employees to attain new knowledge, skills and abilities to improvise and increase their job performance level. The items in job performance also split into two factors. There were five (5) items of task performance and three (3) items of organizational citizenship behavior loaded into factor one (1) while three (3) items of organizational citizenship behavior loaded into factor two (2).

The five (5) items of task performance and three (3) items of organizational citizenship behavior that loaded in factor one (1) had been labelled as job performance. Meanwhile, the remaining items of organizational citizenship behavior which loaded in factor two (2) had been omitted due to low Cronbach's Alpha Value. Also, there were three (3) items of job performance and one (1) item of proactive personality variables were omitted due to cross loading and low loading. The factor loadings of independent variable are presented in Table 4.2 and the factor loadings for dependent variable are exhibit in Table 4.3.

Table 4.2

Factor Loadings based on Exploratory Factor Analysis for Independent Variable

| Variable | Items | Factor Loading |
|-------------------------------------|--|----------------|
| Compensation and Benefits | • The salary I received encourages me to perform better. | 0.807 |
| | • Incentives such as bonuses motivate me to do more than required. | 0.800 |
| | • I received the amount of pay that commensurate the work I do. | 0.789 |
| Internal and External Equity | • My pay is generally equal to the pay of my colleagues of the same level/position. | 0.602 |
| | • My pay is generally equal to the pay of similar job in other companies of the same industry. | 0.618 |
| Training and Performance Management | • I am encouraged to attend training and development programs that are available. | 0.810 |
| | • My immediate supervisor determines the training and development programs that I need. | 0.607 |
| | • I am given opportunities to upgrade my knowledge and skills to improve my performance through continuous training. | 0.757 |
| | • I am given opportunity to be involved in activities that promote my professional development. | 0.773 |
| | • Performance appraisal is based on individual performance. | 0.510 |
| | • I get a feeling of accomplishment from the job I do. | 0.557 |

| Variable | Items | Factor Loading |
|----------------------------------|--|----------------|
| Proactive Personality | • I am constantly on the lookout for new ways to improve my life. | 0.628 |
| | • Whenever I have been, I have been a powerful force for constructive change. | 0.720 |
| | • Nothing is more exciting than seeing my ideas into reality. | 0.597 |
| | • If I see something I don't like, I fix it. | 0.628 |
| | • No matter what the odds, if I believe in something I will make it happen. | 0.665 |
| | • I love being champion for my ideas, even against others' opposition. | 0.731 |
| | • I excel at identifying opportunities. | 0.666 |
| | • I am always looking for better ways to do things. | 0.526 |
| | • If I believe in an idea, no obstacles will prevent me from making it happen. | 0.726 |
| Percentage of Variance Explained | | 53.331 |
| KMO Measure of Sampling Adequacy | | 0.800 |
| Approximate Chi Square | | 1811.674 |

Based on the results, the KMO measure of sampling adequacy was 0.800 for the independent variables whereas the approximate Chi Square 1811.674. The four variables were accounted for 53.33 percent of total explained variance.

Table 4.3

Factor Loadings based on Exploratory Factor Analysis for Dependent Variable

| Variable | Items | Factor Loading |
|----------------------------------|--|--|
| Job Performance | <ul style="list-style-type: none"> • I fulfill the responsibilities stated in the job description. • I perform tasks that are expected from me. • I meet formal performance requirements of the job. • I involve in activities that are relevant to my yearly performance assessment. • I adequately complete assigned duties. • I assist my supervisor with his/her work. • I do not spend time on idle conversation. • I do not take extra breaks. | 0.808 0.854 0.725 0.541 0.526 0.449 0.322 0.568 |
| Percentage of Variance Explained | | 43.653 |
| KMO Measure of Sampling Adequacy | | 0.755 |
| Approximate Chi Square | | 534.668 |

Based on the results, the KMO measure of sampling adequacy was 0.755 for the independent variables whereas the approximate Chi Square 534.668. The dependent variable was accounted for 43.65 percent of total explained variance.

4.4 Re-statement of hypotheses

After reviewing and analyzing the result of Explanatory Factor Analysis (EFA), re-statement of hypotheses was done. Following are the proposed hypothesis for further analysis:

H₁: There is a positive influence of compensation and benefits on job performance.

H₂: There is a positive influence of internal and external equity on job performance.

H₃: There is a positive influence of training and performance management on job performance

H₄: There is a positive influence of proactive personality on job performance.

In line with the restatement of the hypotheses, the following objectives are formulated:

- i. To identify the influence of compensation and benefits on job performance.
- ii. To examine the influence of internal and external equity on job performance.
- iii. To assess the impact of training and performance management on job performance.
- iv. To determine the impact of proactive personality on job performance.

4.5 Reliability Analysis

This study had assessed the internal consistency reliability and stability of the instruments used in this study to measure all the variables. The results of Cronbach's Alpha value range will determine the acceptability and reliability of the instruments. The internal consistency reliability for the items of independent and dependent variables were obtained through Reliability test. Based on the explanatory factor analysis, reliability test were conducted on the remaining items on independent variables and dependent variable. The reliability test for job performance which is the dependent

variable of this study consists of eight (8) items and the Cronbach's Alpha value is 0.744. The Cronbach's Alpha value for compensation and benefits is 0.824 meanwhile the Cronbach's Alpha value for internal and external equity is 0.678. The Cronbach's Alpha value for training and performance management and proactive personality are 0.843 and 0.812 respectively. The Cronbach's Alpha results for each variable are presented in Table 4.4.

Table 4.4

Reliability Coefficients Results

| Variable | Number of Items | Cronbach's Alpha |
|-------------------------------------|-----------------|------------------|
| Dependent Variable | | |
| Job Performance | 8 | 0.744 |
| Independent Variable | | |
| Compensation and Benefits | 3 | 0.824 |
| Internal and External Equity | 2 | 0.678 |
| Training and Performance Management | 6 | 0.812 |
| Proactive Personality | 9 | 0.843 |

4.6 Descriptive Statistic

This section presents the descriptive statistics for independent variables and dependent variables. The mean value and standard deviation value for independent variables and dependent variable are presented in Table 4.5. The mean value for job performance is

4.122. The mean value for proactive personality is 3.901 followed by training and performance management is 3.836, compensation and benefits 3.553 and internal and external equity is 2.750.

Table 4.5

Descriptive Statistic

| Variable | Mean | Standard Deviation |
|-------------------------------------|-------|--------------------|
| Job Performance | 4.122 | 3.477 |
| Compensation and Benefits | 3.553 | 2.360 |
| Internal and External Equity | 2.750 | 1.690 |
| Training and Performance Management | 3.836 | 3.512 |
| Proactive Personality | 3.901 | 4.380 |

4.7 Pearson Correlation Analysis

In this study, the Pearson Correlation analysis indicated the direction, strength and significance of the bivariate relationship between the variables that were measured. The results of Pearson Correlation for this study indicated that three variables correlated positively with job performance. The three variables are compensation and benefits, training and performance management and proactive personality. However, only one variable which is internal and external equity was negatively correlated with job

performance with coefficient value of -0.84. Table 4.6 exhibits the results of Pearson Correlation Analysis.

Table 4.6

Results of Correlation Analysis

| | Job performance | Compensation and benefits | Internal and external equity | Training and performance management | Proactive personality |
|-------------------------------------|-----------------|---------------------------|------------------------------|-------------------------------------|-----------------------|
| Job performance | 1 | | | | |
| Compensation and benefits | .210* | 1 | | | |
| Internal and external equity | -.084 | .123 | 1 | | |
| Training and performance management | .229** | .295** | -.042 | 1 | |
| Proactive personality | .622** | .030 | -.124 | 0.177* | 1 |

*Correlation is significant at the 0.05 level (1-tailed)
 **Correlation is significant at the 0.01 level (1-tailed)

4.8 Multiple Regression Analysis

In order to arrange for a further understanding on the influence of the four independent variables on dependent variable, a multiple regression analysis was carried out. The value of β for each hypothesized relationship is observed and reported in this section. Based on the results, the compensation and benefits and proactive personality variable

positively associated with job performance. The Beta value for compensation and benefits is ($\beta = 0.175$, $p < 0.05$) and the Beta value for proactive personality variable value is ($\beta = 0.601$, $p < 0.05$). In contrast, the results for other two dimensions found not associated with job performance. The Beta value for internal and external equity is ($\beta = -0.028$, $p > 0.05$), and training and performance management is ($\beta = 0.070$, $p > 0.05$) produced non-significance influence on job performance. Table 4.7 presents the results of multiple regression analysis.

Table 4.7

Results of Multiple Regression Analysis

| Dependent Variable (Job Performance) | Unstandardized Coefficients | | Standardized Coefficient | | Sig |
|--------------------------------------|-----------------------------|------------|--------------------------|-------|------|
| | B | Std. Error | Beta | t | |
| (Constant) | 1.524 | .331 | | 4.602 | .000 |
| Independent Variables | | | | | |
| Compensation and Benefits | .097 | .041 | .175 | 2.345 | .021 |
| Internal and External Equity | -.014 | .037 | -.028 | -.383 | .702 |
| Training and Performance Management | .052 | .056 | .070 | .936 | .351 |
| Proactive Personality | .537 | .064 | .601 | 8.332 | .000 |
| <i>F</i> Value | 21.579 | | | | |
| <i>R</i> ² | .429 | | | | |
| Adjusted <i>R</i> Square | .409 | | | | |

In a nutshell, the findings of this study proved that the proactive personality have very significant and positive influence on job performance. Compensation and benefits also found to have significant and positive influence on job performance. However, internal

and external equity and training and performance management do not have significant influence on job performance. Thus, the hypothesis **H₁** and **H₄** is supported, while hypotheses **H₂** and **H₃** are not supported.

4.9 Summary of the Chapter

This chapter presented the findings of the study. The analyses were carried out using explanatory factor analysis, descriptive frequencies, correlation and multiple regressions. The results of the findings revealed that only one variable of human resource management practices namely compensation and benefits found to have positive influence on job performance. Proactive personality also found to have positive influence on job performance, while other two variables namely internal and external equity and training and performance management do not have positive influence on job performance. The researcher discussed the findings of the study. Furthermore, in next chapter the researcher made recommendation and conclusion in relation to the research findings.

CHAPTER FIVE

DISCUSSIONS

5.0 Introduction

This chapter presents the discussions of the research results. This chapter also addresses the limitations in this study, suggestions for future research and conclusion of this study.

5.1 Restatement of hypotheses and recapitulation of the research results

The purpose of this study is to identify the influence of human resources management practices namely compensation and benefits, training and development, performance appraisal and achievement and proactive personality on job performance among commercial bank employees in Kuala Lumpur. Drawing on Determinants of Job Performance Model which asserted that job performance is attributed to system factors and person factors, this study incorporated human resource management practices and proactive personality as the predictors of job performance among employees in the banking sector.

Based on the analysis results presented in the previous chapter, the following hypotheses were formulated:

H₁: There is a positive influence of compensation and benefits on job performance.

H₂: There is a positive influence of internal and external equity on job performance.

H₃: There is a positive influence of training and performance management on job performance

H₄: There is a positive influence of proactive personality on job performance.

The discussion of the research results will be based on the above-mentioned hypotheses. Overall, the results showed that only one dimension of human resource management practices, which is compensation and benefits have a bearing on job performance. Importantly, proactive personality also has significant and positive impact on job performance among the commercial bank employees in Kuala Lumpur. However, internal and external equity as well as training and performance management do not influence on job performance of commercial bank employees in Kuala Lumpur.

Objective 1: To identify the influence of compensation and benefits on job performance.

The findings of this study indicated that there is a significant influence of compensation and benefits on job performance among the commercial bank employees in Kuala Lumpur. The multiple regression analysis result (refer to Table 4.7) showed support for the assertion that compensation and benefits dimension impacted job performance among respondents in this study.

The result of this study is consistent to the research conducted by Wambugu and Ombui (2013) that revealed that compensation and benefits positively influence employee job performance. The research was conducted in Technical Training School in Kenya. The results of the findings of this study is also consistent with the findings of Serena, Sachu and Ali (2012), who found that compensation and benefits have significant influence on employee job performance. This research was conducted in 12 commercial banks in Bangladesh involving 180 employees.

One plausible explanation for this is congruent to the proposition in the Social Exchange Theory. The intention of people going for work is to earn money because compensation and benefits plays an important role in motivating the employees. Based on the Social Exchange Theory, compensation and benefits and job performance displays well the exchange process whereby, the organization and the employee are equally maximizing their benefits. When the employees is satisfied and happy with the organization they work had to achieve high performance which will also beneficial for the organization. Usually, employees will reciprocate based on the benefits that they attained from the organization. Similarly, the commercial banks employee who participated in this study also gives more attention to the compensation and benefits that they receive in the particular bank. In summary, compensation and benefits were found to influence job performance of commercial bank employees in Kuala Lumpur.

Objective 2: To examine the influence of internal and external equity on job performance.

The findings of this study revealed non-significant influence of internal and external equity on job performance among the commercial bank employees in Kuala Lumpur. The multiple regression analysis result for internal and external equity is (refer to Table 4.7 on page 71). Basically, internal and external equity relate to the perceived fairness in terms of pay among employees in a particular organization or industry. The internal and external equity was incorporated as independent variable in this study after analyzing the results of factor analysis whereby two items from compensation and benefits loaded in a separate component. The two items of was named as internal and external equity and those two items were regarding the employee's perception on the pay equity. The multiple regression results show no significance influence, which indicating that the respondents are not really agree about internal and external pay equity. The findings of this research contradict with the findings of Al-Zawahreh and Al-Madi (2014), who asserted that internal and external equity have significant influence on job performance.

The plausible reason is that the pay range of employees particularly in banking sector in is almost similar. According to the survey on salary guide in Malaysia, mostly the salary range has been structured for each position in banking sector based on academic qualifications, and length of service (Adecco, 2015; Kelly, 2014). Due to this, the salary range of banking sector employees is almost similar because the salary range is well-structured based on several criteria that had been discussed earlier such as academic

qualification, length of service and position which is applicable for all the banks in Malaysia. Given that, it is evident that pay equity has no bearing on the job performance among the banking sector employees.

Objective 3: To assess the impact of training and performance management on job performance.

The findings of this study also found that there is no significant influence of training and performance management on job performance among the commercial bank employees in Kuala Lumpur. The multiple regression analysis result for training and performance management (refer to Table 4.7 on page 71) revealed that this dimensions does not influence employee performance in commercial banks in Kuala Lumpur.

The results of this study is incongruent previous studies such as the study conducted by Sultana, Irum, Ahmed and Mehmood (2012), who found that training positively influence job performance. This study was carried out in Pakistan and it was involving respondents from the telecommunication sector. Further, Ojujuku (2013) found that performance appraisal influence job performance in terms of fairness and accuracy and this study comprises of respondents from public university from Nigeria. Referring to the previous studies, the country and unit of analysis is different which may produce diverse results as per results of this study which is conducted in Malaysia context. Perhaps, the culture differences may produce dissimilar findings.

The training and performance management does not influence job performance among commercial banks employees who participated in this study. The plausible reason for this non-significant influence of training and performance management on job performance is due to the fact that majority of the respondents (refer to Table 4.1 on page 60) had been servicing in banking sector for more than 10 years and for sure they are well-trained and well-experienced people. Since majority of employees who participated in this study have the proficiencies and experience to react actively to achieve high job performance even without training and performance management. This can be related with the competency of employees because they are already attained the knowledge, skills and abilities that are needed to perform the task and the employees do have the exposure on the ways to react according to situation independently.

Objective 4: To determine the impact of proactive personality on job performance.

As indicated earlier, there was a significant influence of proactive personality on job performance among commercial bank employees. The multiple regression analysis result for proactive personality is (refer to Table 4.7 on page 71). The result of this study is similar to results reported by Thomas, Whiteman and Viswesvaran (2010), who indicated that employees with proactive personality produced high job performance. Furthermore, Thomas, Whiteman and Viswesvaran (2010) stated employees with proactive personality will tend to engage in high job performance and they will continuously enhance their performance which are beneficial for the employee and organization. Similarly, Bakker, Tims, and Derks (2012) asserted that employees with

proactive personality will influence the job characteristics themselves in order to enhance their quality of performing task. According to the findings of this study, the commercial bank employees are concentrating more on self-initiative to improvise their quality of work that enhances their job performance.

In the context of this study, this result is logical because in this fast changing business world, the tasks and job activities are getting more complex particularly the banks operate with more complex demands due to the changes in the global economy. Due to this, it is very important for any employee to be proactive and adaptive to changes due to the dynamic environment in the service industry, particularly the banking sector. Having said that, it is very crucial for employees to be able to identify opportunities, determine future changes, plans in advance to adapt new working environment, and overcome complications on their own. In essence, employees with proactive personality are those with behavior of think in advance, self-initiator, self-motivator and change-oriented people. These traits serve as the critical gateway to excellent job performance, especially among employees in the banking industry.

5.2 Theoretical and Practical Implications

The result of the study provided both theoretical and practical ramifications. Specifically, this study validated the Determinants of Job Performance Model whereby, system factors and person factors equally influence employee's job performance. This study had contributed additional empirical evidence to the body of knowledge by

identifying that compensation and benefits and proactive personality has the similar role in influencing employee job performance.

This study partially supported the Social Exchange Theory because only one dimension of human resource management practices namely compensation and benefits influence commercial bank employee's performance. The findings of this study supported the Self-Determination Theory totally because proactive personality is found as factor that highly influencing employee job performance in commercial banks.

In terms of practical implication, the results of the study provides some insights to the Human Resource Management Department in the commercial banks in Kuala Lumpur in developing the policies accordingly by considering the fact that compensation and benefits and proactive personality is found to be the determining factor of job performance. For instance, if the Human Resource Department is planning to enhance employee job performance, they should pay close attention to the compensation and benefits dimension compared to other dimensions of human resource management practices. Furthermore, the Human Resource Department of commercial banks may also take into consideration the proactive personality factor during when they are making decision regarding promotion or recognition.

5.3 Limitations of the Study

There were several limitations identified during the process of accomplishing this study. Firstly, in this study the number of respondents obtained is only 120 commercial bank employees. Second limitation in this study is whereby the study is limited to commercial bank employees in Kuala Lumpur area only. This study is a cross-sectional research whereby data is collected and analyzed at one point of time. Hence, the causal effect cannot be established. The limited number of respondents and focus of study on commercial banks in Kuala Lumpur only, restricts generalizability of the research results because it could not represent the overall response of all commercial bank employees in Malaysia.

In this study, the researcher focused on three dimensions of human resource practices which are compensation and benefits, training and development and performance appraisal and achievement as one of the independent variables to identify the influence on job performance. Furthermore, the researcher only used one personality element which is proactive personality to measure its influence on job performance. Perhaps, adding more personality traits such as core self-evaluations personality, risk taking personality, self-motivating personality, extraversion, openness to experience and emotional stability (Robbins & Judge, 2013) may add great value in explaining antecedents and its influence on job performance.

5.4 Recommendations for Future Researchers

Based on the research results and discussion, this study has made recommendations for future research. Firstly, the study sample may perhaps be extended to a large population such as conducting a research involving commercial bank employees in all states Peninsular Malaysia. Despite that, the research also can be conducted by incorporating employees in various banking sector such as commercial banking, Islamic banking, finance companies and merchant banks. This may possibly produce more significant findings to enhance the understanding and empirical linkage of all the variables in this study.

Future studies also can conduct a comparison study between banks in all the states in Peninsular Malaysia. The study could incorporate the variables used in this study and expand the context in terms of comparison between banks or comparison between different industry such as insurance industry and manufacturing industry. Further, future studies could replicate the framework of this study in different setting and different group of people, for instance manufacturing employees or government employees. This may increase the understanding on the way human resource management practices and proactive personality influence job performance.

5.5 Conclusion

The purpose of this study is to identify the influence of the dimensions of human resource management practices namely compensation and benefits, training and development, and performance appraisal and achievement together with proactive personality on job performance among the commercial bank employees in Kuala Lumpur. The findings of this study had provided the understanding on predicting the role of compensation and benefits, training and development, performance appraisal and achievement and proactive personality on job performance.

The study had successfully reached two research objectives of this study. The finding revealed that high job performance of employees in commercial banks in Kuala Lumpur is influenced by the compensation and benefits and proactive personality. Therefore, the findings had validate the Determinants of Job Performance Model and it has been proved that system and person factor have equivalent role in achieving high job performance.

Further, the findings of this study had supported the Self-Determination Theory completely as the findings found that proactive personality as the strongest determinant and highly influence job performance. This study also had partially supported the Social Exchange Theory since only compensation and benefits are found as the determinant of achieving high job performance among commercial bank employees. Based on the findings of this study the process of reciprocity occurs when employees are happy with

the compensation and benefits of the bank and they tend to exchange it by producing high job performance.

Taken together, compensation and benefits and proactive personality are found to have significant influence on job performance. Drawing on this, organizations may pay more attention on these two determinants in enhancing performance among employees in the banking sector.

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