

INFLUENCE OF KEY PERFORMANCE INDEX TOWARD JOB
SATISFACTION, JOB STRESS AND JOB TURNOVER:
A CASE OF ACADEMIC STAFF AT UNIVERSITI TUNKU
ABDUL RAHMAN, PERAK, MALAYSIA

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JOB STRESS AND JOB TURNOVER:

A CASE OF ACADEMIC STAFF AT UNIVERSITI TUNKU ABDUL RAHMAN,
PERAK, MALAYSIA

By

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ABSTRAK

Kajian ini bertujuan untuk mengenalpasti pengaruh pada indeks kunci performansi terhadap kepuasan kerja, tekanan kerja dan tukaran kerja. Pada masa kini, polisi akademik Malaysia menekankan pencapaian performansi pada staf supaya meningkatkan kualiti pembelajaran. Maka, kajian ini akan mengkaji tingkahlaku pada akademik staf terhadap indeks kunci performansi. Manakala, staf-staf dari Universiti Tunku Abdul Rahman, Kampus Perak, Malaysia telah dipilih untuk kajian ini disebabkan institusi ini masih baru didirikan pada tahun 2001, dan suasana yang baru ini akan menghasilkan pendapat staf-staf yang lebih asli. Soal selidik yang digunakan untuk kajian ini akan mengandungi 4 bahagian iaitu soal peribadi, dan jumlah 41 soalan-soalan untuk selidik yang terdiri daripada semua pembolehubah (Indeks kunci performansi, kepuasan kerja, tekanan kerja dan tukaran kerja). Soal selidik akan dihantar secara emel dan kertas untuk responden-responden. Data-data yang terkumpul itu akan dianalisis melalui “Statistical Package for Social Science” (SPSS Window) Versi 19.0. Korrelasi dan regresi akan dipakai untuk menganalisis data-data yang dikumpul. Pencarian kajian ini menunjukkan mempunyai hubungan signifikansi antara pembolehubah bebas (indeks kunci performansi) dan pembolehubah bersandar (kepuasan kerja dan tekanan kerja). Walaupun begitu, indeks kunci performansi telah dijumpai tiada sebarang pengaruh pada tukaran kerja. Manakala, pencarian melalui analisis regresi antara pembolehubah bersandar menunjukkan hubungan signifikansi antara tekanan kerja dan kepuasan kerja. Pencarian dari kajian ini dipercayai akan membantu pentabiran UTAR untuk menyempurnakan sistem penilaian performansi yang sedia ada. Selain itu, pencarian dari kajian ini juga akan dapat dijadikan sebagai sumber rujukan untuk institusi-institusi akademik lain terutamanya untuk menghasilkan rancangan sumber manusia yang lebih baik.

Katakunci: Indeks kunci performansi, kepuasan kerja, tekanan kerja, tukaran kerja, Universiti Tunku Abdul Rahman, Perak.

ABSTRACT

The purpose of this study is to identify the influence of key performance index toward job satisfaction, job stress and job turnover. Nowadays, Malaysian academic policy is emphasizing the performance achievement of staff to enhance the quality of education. Thus this study was conducted to measure the academic staff regarding their response toward key performance index. Meanwhile, the academic staff of Universiti Tunku Abdul Rahman, Perak campus were selected for this study because it is merely new founded Malaysian University since year 2001, and this fledgling environment assure that staff's response is primitive. The questionnaire that used for this study consists of 4 main parts which were demographic survey, and total 41 survey items for variables of key performance index, job satisfaction, job stress and intention to leave (job turnover). Moreover, the distribution of questionnaire was conducted through sending email and hardcopy paper to respondent. The data were analyzed by the "Statistical Package for Social Science" (SPSS Window) Version 19.0. Correlation and multiple regression analysis were used to analyze the data. The findings showed that there is significant relationship between the independent variables (key performance index) and the dependent variable (job satisfaction and job stress). However, key performance index was found has no influence on job turnover for the staff in UTAR. Meanwhile, the multiple regression between dependent variables showed that the job stress and job satisfaction has significant relationship. The findings for this study will help the UTAR management to look further improvement and consideration of their performance evaluation system. Indeed, the findings from this study also can be the reference source for other academic institution especially to enhance its human resource practice.

Keywords: Key performance index, job satisfaction, job stress, job turnover, Universiti Tunku Abdul Rahman, Perak.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

Key performance index or also known as key performance indicator (KPI) is a tool to assist organization in term of defines and measures its employee performance which is link to the progress of organizational goal. Moreover, the key performance index is generally used for evaluating and measuring employee's performance as well as important for every organizational activity. Furthermore, the key performance index is a quantifiable measurement tool and it can identify the critical success key for an organization. Many organizations have adapting the key performance index instead of adopt due to inconsistency nature of its variety modus operandi (Reh, 2007). On the other hand, key performance index is play important role in strategy management especially for evaluation and control stage (Thompson and Strickland, 2007).

Hence, every organization is developing the contingency performance evaluation system to success its goal (Reh, 2007). In fact, either government or private organizations also rely on key performance index to monitor their employee performance that needed for match to its organizational goal. For academic organization, the key performance index is common including scoring of attendance, suggestion giving, task completion and active involvement (Cave, 2006). Although key performance index is different weight and content for every organization, but the core function is to reflect the track of organization's goal (Reh, 2007) and evaluate

employee performance to ensure it match to the progress of implementing the organizational strategies (Parmenter, 2010).

Organizational strategy is important for every successful organization, for instance key performance index that is implemented in private or public sector has a purpose to improve its employee productivity. This is because employee is the key role to ensure the undergoing organization activities are on the right track in order to pursue the organization eventual goal. Many top managements have main concern to ensure the goal always on the right track, thus they are keen to using vary methods to ensure the operational and functional development trend is on right track. In fact there is variety of methods, but the key performance index is one of the famous and common methods that used to evaluate the employee performance as well as a pre-requisite job role for them that need to be achieved.

Thompson and Strickland (2007) recognize that the key performance index is the important tool for an organization strategy planning and implementing process. Key performance index is used as one of the efficient tools in strategy management for evaluating organization's internal strength. However, since there is inconsistent of internal situation, then it will cause the designation of key performance index is crucial. Designation is crucial because there are many other factors are potentially influence the key performance index measurement weight and content. Nowadays, there are 21 public universities and 43 private universities found in Malaysian educational system. In fact every university institution possesses the autonomy of its management, and this is the cause root of different key performance index designation and practices exist in every different university (www.mohe.gov.my).

Universiti Tunku Abdul Rahman (UTAR) was founded at year 2001. Along the development of its operation, the management conceives the vision to bring UTAR to a higher ranking of top university as compare to other Malaysian universities (www.utar.edu.my). For pursuing this vision, UTAR ought to gain the status on top of its competitiveness and quality service. UTAR has the clear mission to improve its service on education, and one of its main strategies is to increase the internal competencies through employee high performance. Then to this point, UTAR management rely the key performance index to ensure this mission can be measurable. Measurable mission is important to identify the every progress of organization activity is fulfill the mission (Thompson and Strickland, 2007).

Moreover, UTAR's vision and mission are important especially at early stage to formulate the long run strategy. Along the long run strategy, evaluation and measurement is the key point to determine the successful of organization to achieve its mission and vision (Thompson and Strickland, 2007). Key performance index is one of the common measurement tools that current practice in UTAR to evaluate the employee performance. Evaluation system emphasize on the employee performance to conform to the organizational objective, as well as pursue the eventual goal. Key performance index that practice in UTAR will be discuss in this study as well as to identify it relevant impact on employee in term of job satisfaction, job stress and job turnover. The next section will further discuss the reason conduct this study, and significant of select UTAR as study object.

1.2 Problem Statement

In this study, the target population is focus on the staff who is serving in University Tunku Abdul Rahman (UTAR), Perak campus branch. The Perak campus is selected as study ground in this study is because it has more complete organization structure and management performance measurement activities as compare to other UTAR branch campuses which are located in different Malaysian states. Moreover, UTAR Perak is gradually play role to become main management center for all other branch campus (see www.utar.edu.my for details). Besides that, the UTAR Perak campus also is the newest founded university among one of the Malaysian highest educational institution. Then, this is believe that the UTAR academic staff who is fledge to their position is can provide more primitive responses toward key performance index measurement system for this study.

Key performance index is a tool that can be used in the higher educational management system. Azis and Wibisono (2010) conduct a research on studying the benefit of the key performance index in order to improve the service quality of Indonesia government higher education institution. Through Azis and Wibisono (2010) study indicate that the scholar now has raised their research interest about the usage of key performance index especially in analyzing its potential benefit on improving and assisting the higher educational institution. Research of key performance index is important to understand how is its impact for establish the high service quality through measuring employee performance. Although many company use of key performance index play role to monitor institutional core competency, but it still

needs to undergo more research to indicate key performance index toward organization's competitive advantage.

For understanding the key performance index to competitive advantage, Azis and Wibisono (2010) conducted the related research and their result indicated that the reason of scholar to conduct key performance index as research background is because it is an important tool to gain the organizational competitive advantage with clarify performance scoring context. Besides that, the key performance index also can stimulate the competitive advantage of higher educational institution through the way employee have self-improve their service capability especially those who can work excellent as well as scoring the job performance weighted in key performance index's standard.

The problem statement for this study is to increasing our understanding on what is the impact of key performance index towards UTAR employee in order the management is enforces the conformance of performance as weighted in key performance index. UTAR Perak is a new constituted university and it could provide more preliminary study on key performance index impact towards academic employee. Although key performance index is one of the efficient performance measurement tools for management (Azis and Wibisono, 2010), but it is still lack of research finding on what is the impact of key performance index towards employee's job satisfaction, intention to leave job and any other adverse effect that result along key performance index evaluation for Malaysian higher education institution. This problem statement is the drive for this study especially when it can provide at least one of the sources for

scholar reference to review the key performance index effects towards employee in Malaysia higher institution.

Hopenhayn and Rogerson (1993) identify the gap of knowledge regarding there is still lack of understanding for unknown impact of key performance index towards academic employee especially in concern that key performance index may contribute to job turnover and job stress. Turnover among employee can be cause by many factors, it can be single or multiple factors that contribute it to happen. Furthermore, Hopenhayn and Rogerson (1993) study indicate the job turnover is positively corresponding to organizational policy especially high demand on employee performance working environment. Meanwhile, this study is conducted to explore what is the impact of the key performance index influence the employee in Malaysian higher education institution? Through this study, it is aim to fill the gap by finding out the impact of key performance index to employee in term of job satisfaction, job stress and job turnover.

Most of the literature is trend to study the benefit of key performance index, and there is lack of research to explore the impact of the key performance index. Many researches are proving that the key performance index is beneficial in order to increase the organization internal competencies, for instance construction (Albert & Ada, 2004), supply chain (Chae, 2009), educational (Cave, 2006) (Azis and Wibisono, 2010). Previous researches which were intense focus on the benefit of key performance index is ignores the employee behavior toward key performance index especially it has potential to create a negative or positive impact onto organization's operation. Thus, this study is aims for understand the impact of key performance

index on employee behavior, and further identify the employee response in term of job satisfaction, job stress and job turnover.

Besides that, there are many kind of unwanted employee behavior such as laziness, counterproductive, vandalism and abuse to other co-worker. Among all mentioned unwanted behavior will consider as deviant behavior (Greenberg, 2009). For the consequence of deviant behavior, it is the cause root for organization problem such as job discrimination, counterproductive behavior, job conflict, job satisfaction, job turnover and job stress (Mcshane and Glinow, 2008). However, job satisfaction, job stress and job turnover will only be further discussed in this study. Meanwhile, for this study is expected to understand the positive and negative impact of key performance index toward these 3 organizational problems and eventually provide valuable reference to enhance long run operation of Malaysia higher education institution.

In additional, Pangil and Salleh, (2008) also conduct the research to understand the relationship between high performance working system (HPWB) and employee organizational citizenship behavior. In their finding is reveal that the employee is greatly influenced by the HPWB environment as well as the organizational citizenship behavior is declined. Pangil and Salleh, (2008) recognize that their study is limited reference for us regarding lack of further analyze the deviant behavior which is potentially stimulated since decline of organizational citizenship behavior. Hence, this study is use for filling the gap and understands the impact of key performance index holistically whereas it's negative and positive effect which are potential contribute to form employee behavior.

1.3 Research Question

There are 6 research questions for this study. Research questions are mainly focus on the effect of key performance index toward job satisfaction, job stress and job turnover for Universiti Tunku Abdul Rahman academic staff. The presents of 6 research questions is listed as below:

1. What is the relationship between key performance index and job satisfaction?
2. What is the relationship between key performance index and job stress?
3. What is the relationship between key performance index and job turnover?
4. What is the effect of the key performance index toward job satisfaction?
5. What is the effect of the key performance index toward job stress?
6. What is the effect of the key performance index toward job turnover?

1.4 Research Objectives

This study is to examine the relationships and investigate the effect between the independent variables (key performance index) toward dependent variables (job satisfaction, job stress and job turnover). There are 6 main research objectives for this study. For additional, the designation of research objectives for this study also is function to answering the research questions that highlighted in previous section. Hence, the research objectives of this study are:

1. to investigate the relationship between key performance index and job satisfaction.
2. to investigate the relationship between key performance index and job stress.

3. to investigate the relationship between key performance index and job turnover.
4. to investigate the effect of key performance index toward job satisfaction.
5. to investigate the effect of key performance index toward job stress.
6. to investigate the effect of key performance index toward job turnover.

1.5 Significance of Study

This study is significantly provide a referable source to understand the impact of key performance index as the influential factor on employee behavior in term of job turnover, job stress and job satisfaction. Moreover, it can provide as a reference source to Malaysian higher education institution management to understand the impact of key performance index practice. According to Bird, Sir David, Farewell, Harvey and Peter (2005), the key performance index is take place as the tool to increase many public servant productivity. However, they also recognize some of unidentified factor that causes the public servant appear deviant behavior. To response the previous study conducted by Bird *et al.* (2005), this study is further continue the investigation of Bird *et al.* (2005) suggested 3 variables indication for narrowing their unidentified factor.

For additional, on Bird *et al.* (2005) study highlight the appearing of employee deviant behavior toward key performance index is harmful to organization. This kind of deviant behavior is believed root causal of many organization failure especially it bring out the organizational problem (Meshane and Glinow, 2008). Thus the failure of

organization is possible relate to the key performance index measurement, as well as Bird *et al.* (2005) study reveal the servant is performing deviant behavior after the performance index took place. Hereby, this study is significant to let us more understanding about how is Universiti Tunku Abdul Rahman (UTAR) staff conceive on key performance index into their working behavior. Furthermore, the UTAR management is can response to this study finding to review their current practice of performance evaluation system.

Besides that, the significance of this study is useful for UTAR management team to monitor its internal strength in order to create appropriate key performance index to motivate employee. The human capital is the resource to bring the organization to achieve its goal. It is important to monitoring internal strength by organization management is because every organization is keen to pursue high productivity and efficient operation activities. Hence, employee productivity and efficient achievement is contributed to the organization competitive advantage to ensure it survives and growth continuously (Thompson, and Strickland, 2007). For some organization that top management may over press the performance achievement on employee, especially undue key performance index requested by management will create negative effect towards employee.

Despite enforcing on performance achievement, the management which is intent to success their organizational goal also rely to the way how they manage the working environment. Rightful working environment for employee is important to ensure the organization able to move forward to the next future organizational goal (Mcshane and Glinow, 2008). Hence, management should prepare the decent performance

measurement tools, which should be a sustainable way to keep employee in right of motivational and free of tension or stress to chase up performance index score (Thompson, and Strickland, 2007). The findings of this study will be obvious to provide the valuable reference for UTAR management to do the right decision making of design or review their performance evaluation system.

1.6 Limitation

The research background for this study is mainly focus on the impact of key performance index as the contributor factor to dependent variables which are job satisfaction, job stress and job turnover among the staff in Universiti Tunku Abdul Rahman (UTAR). The limitation for this study is divided into main parts. The first part relates to is the limitation of study normative of finding, and the latter part relates to the subjective and inconsistency of respondent's perception.

Firstly, the limitation for this study is difficult to determine the dependent variables among UTAR staff because the factor of variables may subjectively measure and lack of unequivocal data to trace key performance index impact on variables. The results of findings maybe normative because there are still many other factors or combination of more than one factors that contribute to the effect on dependent variables. Although the limitation maybe is normative findings, however it still can function as the reference source for us to understand the impact of key performance index towards dependent variables. The proper designation of the questionnaire survey for this study is play role to reduce the gap of this limitation.

Secondly, in this study also encounter the limitation in order the respondent has varied personality, behavior, perception and any other individual factor(s). Mcshane and Glinow (2008) define the perception of individual is mainly affected by value and norm, however the value and norm interpretation is very specific especially it has contact to the time, people, place and past experience. Perception changes in the timely nature within organizational condition that influence individual behavioral (Kreitner and Kinicki, 2010), the limitation enlarge when there is involves emotion factor during respondents providing their answer for survey questionnaire.

Consequence from this emotional situation, it causes the limitation and challenge for this study. The limitation and challenge is contribution by inconsistent of respondent's perception that will influence the result significances for identifying the particular variables. The way to resolve this limitation, the result for this study finding will taking the dominant respondent data and random selection will be used for data pilot test to minimize the bias. Two limitation of study that discussed in this section is believed can be resolve through the mentioned solution. After this, the next section is the organization of thesis which is used to explain the framework for this study.

1.7 Organization of Thesis

This thesis consists of five chapters. Chapter 1 presents the introduction for this study, the problem statement is also included in chapter 1 for describe the factors that conducting this study. Six research questions were highlighted and 6 research objectives used to resolve that 6 research questions for this study. Meanwhile,

significance of study aim to persuade the main concept of important for conduct this study, whereby limitation is identify the constraint factor which will be encounter during conduct this study.

For Chapter 2 presents literature review which is important to understanding former research findings that relating to this study. Furthermore, the literature study will be intensive discuss on variables of key performance index, job satisfaction, job stress and job turnover that previous studies which were conducted on academic institution. Besides that, the other related variables topic to this study also discuss to increase more understanding for reader, for example job fairness, deviant behavior, job equality and impact of job turnover.

Chapter 3 describes the method which is used for conduct this research study. Research framework depicts the concept of relationship between independent and dependent variables for this study. Hypotheses illuminate the direction of study that used for resolve and generating the understanding of this study's topic. Every independent variable and dependent variable will further identify the all variable items which are used according to its operational definition. Lastly for the chapter is describe the method of distributing the questionnaire, sampling and data collection. Furthermore, this chapter is further describe the tool that will be used for analyze data.

Meanwhile the Chapter 4 presents the result finding from study and interpreting the result which is obtained through data analysis. Statistical analysis tool will be used for analyzing comprise of correlation for identifying the significant influence between independent and dependent variables, as well as the multiple regression used for

studying the significant relationship among dependent variables. All hypotheses that generated through Chapter 4 are further discussing its validity according to the result findings in this study. The result of statistical analysis will be performed into table form for more readable and reference source.

Chapter 5 is the last chapter in this study, which will be giving the recommendation for future research that reader wish to conduct the similar study's topic. The recommendation will be based on study's understanding and the idea for gain more valuable future research. Finally, conclusion will be giving to this study as the end of study and concluding the overall previous chapters that presented in this study.

1.8 Conclusion

This chapter describes the important of key performance index and its significant role in nowadays organization. Key performance index becomes the valuable study subject due to its broadly application in many organizations. And then, the problem statement describes the important to conduct this study as well as there is increasing implemented of key performance index for Malaysian universities. Hence, the 6 research questions in this study are important to study the impact of key performance in term of job satisfaction, job stress and job turnover (intention to leave or stay) toward respective academic staff. Lastly, key performance index is gradually increasing its importance for many organizations, and further study its implication is necessary especially to understand its advantage and disadvantage.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter reviews previous literatures for providing the comprehensive review to this study. The review of literature for this chapter is discuss on 4 variables in this study which are key performance index, job satisfaction, job stress and job turnover. Besides, the other related literature topic also will be highlighted in this chapter for the purpose to understand variables broadly. The presents of literature review for this chapter is intense retrieve the literature of research that have cross related field especially on academic institution.

2.2 Gender

Some organizations have stereotype problems that the female is usual be a victim and assumed as lesser performance comparing to male employee. Stereotyping in organization is a discrimination issues that happen when the capability of the gender is unreasonable or amiss to be derogated (Mcshane and Glinow, 2008). Discrimination happen whereby the job is intense of labor force, for instance those high labor workload job is usual not suitable for female worker. Despite of gender discrimination factor, one of the study conducted by Igbaria and Baroudi (1995) indicate that job performance evaluation is more favor to male than female.

The prevailing of male than female in performance evaluation system can be explained as the internal performance evaluation usually contain the measurement content which is more challenging to female personnel to score it (Igbaria and Baroudi, 1995). The hurdle of performance evaluation system causes the female become less competitive to male employee in workplace. Hurdle of performance evaluation for female is obvious whereby the job evaluation is one of the management team task to recognize the performance among employee especially when it is the guideline to offer job advancement, promotion, reward for high performer, meanwhile punishment, training, and others is important for the employee who scores lower in evaluation.

Besides the nature of performance evaluation system is more prevail to male instead of female. The factor of female themselves is also the reason cause female less favor in performance evaluation system. For instance in general aspect, the female employee will have more affection behavior than male. Female employees have higher possibility involve in job stress situation than male because they are keen in pursuing the performance achievement (Salami, 2010). High affection personality is the stressors (Mcshane and Glinow, 2008) whereby the failure may cause the female employee become demotivate and dissatisfy

Despite the failure factor may cause the stress for female, female employee also encounters more stressor if the evaluation context is too high and hard to achieve. To avoid the performance evaluation system be the stress for both genders, organization should create working environment which is lesser stress and promote positive stress as it is motivation force to make sure organization sustains long term growth (Kreitner

and Kinicki, 2010). Long term growth always relies on good strategies plan, thus the strategies must decent to internal working environment (Thompson and Strickland, 2007). The factor contribute to internal working environment includes the competency and capability of the human resource management.

Human resource management should create the job evaluation into the way to scan the employee performance properly, and at the same time it should avoid any undue evaluation for employee. The proper performance evaluation system is can eliminate the negative effect on employee behavior, and turn the stressor into positive and healthy stress (Mcshane and Glinow, 2008). Gender besides become the disputed issue regarding stereotyping of male employee derogate female's ability and capability. It also causes the other organizational problem such as inequality and unfairness impression for outsider. This harmful impression will bring the impact to organization reputation and block the newcomer intent to join.

Stereotyping will create the barrier on female employee because it will cause the inequality perception among female employee (Mcshane and Glinow, 2008). Job equality includes the fairness, reward system, and job advancement many others. In the findings of Wright (2011), he found that gender discrimination is lesser happen in government sector than private sector. Furthermore, the equality is achieved through the effective job evaluation proving that female have the same ability and capability as compare to male employee. Finding of Wright (2011) is contrast comparing to Igbaria and Baroudi (1995) and Salami (2010) because Wright (2011) highlight that job evaluation provide the equality for gender through the opportunity of

advancement and reward is based on the performance index instead of gender selection.

2.3 Equality and validity

Every organization is keen on cultivate the equality culture in their working environment. Equality for organization includes various aspects for instance open opportunity for advancement, promotion, reward, punishment and job assignment (Greenberg, 2009). Performance evaluation is the platform of providing equality among employee, through the evaluation result to determine the career advancement and reward is enable the employee working under the result oriented workplace (Bird *et al.* 2005). Unfortunately, some of organization bias in performance evaluation and this consequence bring the deviant behavior among employee.

Deviant behavior might appear on employee especially when they perceive inequality. Meanwhile, the deviance behavior will cause the employee in order job dissatisfaction, counterproductive work behavior, job turnover, job stress and tension. Cultivation of the equality working environment is only the way that allows the company to forge the achievement of task and goal (Thompson and Strickland, 2007). In line to prevent any setback of organization performance evaluation system, thus the job performance evaluation for employee must conduct with fairness and equality. Besides that, the management also needs to consider the validity of their performance evaluation system.

The validity of performance index measurement is important to reduce the inequality. The best practice to increase the validity of job performance evaluation is to remove the systematic biases during the process of evaluation, and rather than of science social technique for validation (Tompkins, 1987). In the job equity perception, the employee will be keep comparing their received reward or punishment with the other who has performed similarly. The inequality will exist whereby the situation of the reward is not systematic for two performers who have similar performance (Kreitner and Kinicki, 2010). Besides that, the legal and political validity also can enhance the performance evaluation process (Tompkins, 1987).

2.4 Job evaluation for performance

Job evaluation is a systematic and scientific job studies. Job evaluation generally uses to determine the appropriate pay for employee. The standard of performance set by management is one of the factors contributed by organizational learning process in order to enforce the employee to perform (Wheelen and Hunger, 2008). Expectancy of employee for career advancement, promotion and bonus should positively relate to their performance qualification. Management who pay what employee deserves will create a healthy working environment and motivate other employee to pursue performance quality (Mcshane and Glinow, 2008).

Key performance index deemed as job evaluation tool which is used for analyze employee performance in organization. The performance index is potential create two different contrary of result to organization in order beneficiary or detrimentally (Bird

et al. 2005). For detrimental result is contribute by job evaluation measurement is inexplicit definition of employee respective responsibilities and duties. The situation become complex to define the job performance measurement because contribution of employee to organization can be form of tangible and intangible as well as many of it is difficult to be identified and describe into readable data. Management is challenging to maintain equity for all every employee especially when the employee is dissatisfy about what they obtain is not equal to their effort (Greenberg, 2009).

2.5 Key performance index for organization

Key performance index provide benefits to organization especially employee is positively connected to incentive, bonus and career advancement through their performance achievement. Key performance index is promoting the competitive environment among employee who is competing for more productivity (Jusoh and Parnell, 2008). Productivity of employee increased through their effort to accomplish duty in order effectively and efficiently (Engellandt and Riphahn, 2011). Hence, the key performance index is play one of its role to improve employee effort to positively.

For additional, this positive effort significantly contributes by performance measurement mechanism (Engellandt and Riphahn, 2011) through the way of employee will compare their effort to other high performer and work harder to obtain the same recognition. This performance mechanism is same recognize by the Parmenter (2010) study, and his findings reveal that employee is willing to increase their effort since performance index implementation. Additional, this phenomena is

believed that employee perceive fairness for pay more effort to obtain the reward from their performance index.

Hajji (2011a) recognized that the employee is the main key role for determine neither successful or failure of key performance index. This is similar to Engellandt and Riphahn (2011) and Parmenter (2010) studies as they are also recognizing the employee himself/herself willingness to pay more effort is the important factor that bring performance measurement mechanism to work. The employee personality and attribute is the factor to drive their response to be defensive for any undesirable performance measurement result. As Hajji (2011a) presents in his study, he found that impact of employee attribute and personality toward performance evaluation can be minimized through involving them into the designing of performance index context.

Furthermore, involve the employee while designing the organization performance index also supported by Parmenter (2010), this is because in his study indicate that performance index should involve the employee side especially those senior level employee as this can allow the management to decide the weighting item in key performance index. The decent key performance index item for majority employee is can avoid large defensive force especially if it is contradict to employee core interest. However, Parmenter (2010) recognize that employee's job role or job function is complex to take into account to define specifically and incisively. Thus the management is challenging to provide the most appropriate key performance index to ensure satisfaction among every employee.

Despite the consideration of employee factor to key performance index, in Hajji (2011b) study also recognize that factor of organization structure is another consideration to performance measurement system. Job or performance evaluation is most profitably applied on big or complex organizations and flexible job occupations structures rather than to a small organization. Performance evaluation is more benefit to big organization as compare to small organization is because the larger an organization, the more likely it has a large number of different specification of job role and this is the ground for create more defined job evaluation scheme.

However, Hajji (2011b) also highlights that big or complex organization if its management is function improperly, then the performance evaluation is more jeopardize to whole functional unit. This is because the increase in the size of organizations is need for more complexity of performance rewarding system. The performance rewarding system faces the problems such as difficulties in control of costs and fair treatment for each employee Hajji (2011b). To commensurate the cost and treatment (reward or bonus) in performance rewarding system, some organization will set its performance evaluation system to be more strenuous.

Along this situation, the strenuous of performance system creates more hurdles to employee to scoring. In Parmenter (2010) study, he found that some undue key performance index item is potential to contribute the dissatisfaction on employees. Employee is disappointed while the reward accepted is not match to what their effort pay. Disappointment is potential aggravate the setback to employee especially if he/she has more high expectancy (Kreitner and Kinicki, 2010). Hence, the key

performance index for organization should take into consider for it's of employee and structure factors.

2.6 Importance of key performance index

Key performance index is important because it is the long-term plans for organizational consideration. Key performance index play role to management to identify any unfavorable employee performance result (Reh, 2007). For additional, key performance index that indicate employee performance result is the important source for management to analyze its internal environment especially it emphasize the evaluation of internal competencies and capabilities. Hence, management is rely on this internal (employee competencies and capabilities through key performance index result) to adjust its organization strategies if needed. As Thompson and Strickland (2007) alleging that organization must always alert to align the internal and external environment factor to achieve the organizational goal.

In the changing of internal and external environment factor, the likely changes of key performance index's content will always concurrent to the changing or revised of organizational goal. However, the key performance index definition often remains not much change on measuring the performance context (Reh, 2007). This nature of key performance index flexibility is important for organization as it is obvious adaptability to management contingency aspect. The flexibility of key performance index is also necessary for overcome the inconsistent of organization environment. Then the key performance index can function to examine the employee attainability

on organizational strategy. Furthermore, key performance index enable management to have more accuracy in analyzing the employee performance that play role in organization activities (Thompson and Strickland, 2007).

Besides that, Key performance index is also important to determine the job worth and pay fairness. Job worth and fairness pay for employee performance achievement is crucial especially there is complex of their differentiation and specific job position (Tompkins, 1987). For more additional, some criteria to determine the job differentiation is identified in Tompkins (1987) study which is the differentiation of job content specifying every job's difficulty level, degree of complexity, and skill level required. Key performance index function to maintain the fair pay to employee according their performance achievement to differentiated job role is important (Kreitner and Kinicki, 2010).

Moreover, Key performance index is play important role for human resource management activities. As Safdar, Waheed and Rafiq (2010) recognize that key performance index is important tool for human resource management to identify employee job performance, and then this performance data is vital to assist strategic management practice to understand it's one of the competitive advantages in term of human capital. Key performance index besides play role for employee job performance measurement, then in the other way key performance index also is significance of its unique effect to create a systematic human capital management for an organization (Safdar, Waheed and Rafiq, 2010).

Key performance index is the process that enables human resource management to linkage to strategy management in order to align human capital competencies and capability to the organization strategy formulation. Then through the key performance index, the management can design its operation activities in the range of attainability to higher performance and productivity (Safdar, Waheed and Rafiq, 2010). For any successful organization, functionality have aligned strategies in order collaborate and complimentary together to pursue the organization goal (Wheelen and Hunger, 2008). At this point of view, key performance index is the tool that aligns human resource with strategy formulation functionalities.

Safdar, Waheed and Rafiq (2010) recognize that even though if a human resource practice is not show positive connection to other functionality, but the performance measurement policy can significantly influence performance outcomes indirectly. Furthermore, it shows the mistake of management perception which focus on operational and financial performance rather than employee performance. This kind of management perception that lack of focus on employee performance is contrary to any strategy management theory as it is emphasize the organization's employee competencies is one of the important internal factors to pursue organizational goal (Thompson and Strickland, 2007) (Wheelen and Hunger, 2008).

In the study of Azis and Wibisono (2010), they identify that key performance index has high potential used for evaluate employee job performance as compare to other performance evaluation system. Key performance index in a simple organization structure is role to assist manager monitor employee performance in order provide assistant, guide, and aid to improve the low performance employee (Pan, Kuo and

Bretholt, 2010). For additional, the finding of Pan *et al.* (2010), indicate that multifunctional of manager can conduct key performance index as the overall performance outcome from employee and is much easier to adjust its measurement strategy than complex organization structure.

2.7 Negative impact of key performance index

According to Parmenter (2010), key performance index is used for measure employee performance and this performance is the way to determine employee competencies and abilities which is important to align into organization strategic. This align of internal factor (employee performance achievement as indicator to organizational competencies) to organization's goal setting is the proven key for increase productivity (Locke and Latham, 2002). Meanwhile, the setting of performance evaluation system is always obeyed to organizational goal setting (Shasin and Mahbod, 2007). Shasin and Mahbod (2007) identify that there is several challenging and many factors for selecting appropriate key performance index, and some management reckless with key performance index selection has create many negative impact to employee (Greenberg, 2009).

One of the negative impacts is key performance index for employee will gradually increase job stress on employee if the key performance index practice is implemented inappropriately. Smith (1990) presents in his study indicate that inappropriate key performance index practice cause the effect likely similar to abuse on employee. Key performance index can create the job demand working environment to employee,

meanwhile inappropriate key performance index practice general bring the effect of high job demand to employee (Mcshane, and Glinow, 2008). Furthermore, inappropriate key performance index practice is merely harsh in nature only will induce the negative response among employee toward management (Smith, 1990).

Smith (1990) describe that employee is the main factor to determine either appropriate or inappropriate on key performance index practice. Moreover, in his study finding indicate that if employee doubt on the reliability of key performance index measurement will create the large opponent drive of employee toward key performance index practice. This doubt of employee toward key performance index practice is happen when the management neglect the importance of providing clear key performance index definition and measurement information for employee (Smith, 1990).

Key performance index is the tools that generally practices in Malaysian governmental institution as it is necessary to increase national productivity. The main purpose of implementing key performance index is to measure and recognize employee performance. However, the impact of Malaysian government over pressing on performance achievement can bring into good and bad effect toward staff. For example, a good key performance index measurement result will contribute to employee in order appraisal, promotion, reward, bonus, salary increment and others. In contrast, the undesirable key performance index demands will highly possible cause the decrease of motivation among low performance employee.

Although key performance index is controversy upon its negative or positive impact for create the job evaluation standard. Tompkins (1987) describe that the limitation of the performance index standardization is not a serious problem. Meanwhile, Parmenter (2010) possess different opinion as he describe the absence of standardization of the performance index will decrease the effect of creating a competitive environment and motivation to the employee. Moreover, Parmenter (2010) also recognize that the key performance index without standardization of its evaluation system is one of the factors that will cause negative effect to the organization.

Negative impact of key performance index will create the negative working environment to employee which is job stress, job dissatisfaction, deviant behavior and job turnover (Greenberg, 2009).

2.7.1 Job stress

Job stress is the situation whereby the employee has distressed emotional and feeling. Job stress can be caused by the factor of job role, working environment, commitment, comparison to co-worker, personality (affection, perception, trait and behavioral), interpersonal and intrapersonal (Kreitner and Kinicki, 2010). However, the stress working environment is not utterly assumed as undesirable for every organization. This is because the nature of job stress is divided into two contrast categories which are distress (undesirable or negative) and eustress (desirable or positive).

For the eustress working environment, it will contribute to the positive drive to employee. This positive drive is plays the effect as the push factor on employee's motivation. On the other hand, distress working environment is the negative stress for employee. Distress working environment contribute to the fraught factor on employee, and it eventually will cause the employee to acting the undesirable behavior (Kreitner and Kinicki, 2010) (Mcshane, and Glinow, 2008). Consequence of distress working environment is cause the employee to leave their job when they are unable to balance the stress and job commitment (Wiersema and Bantel, 1993).

Although vary factors that will potential to cause the job stress, but the working environment is recognized as the main contribution factor that will cause of many employee encounter job stress (Greenberg, 2009). In Elangovan (2001) study indicate employee encounter more stress whereby the working environment is inconsistent of job role for them to do decision making. Furthermore, this situation is aggravated while their stress increased during the urgent period and instant decision must be made to resolve the organization's contingency event (Elangovan, 2001).

Besides the inconsistent of job role is the factor of working environment will cause the stress to employee. Meanwhile, Elangovan (2001) also illuminate in his study that indicate the instability of working environment is another potential causal to job stress. The instability of working environment can be refer to the inconsistency changing organization strategy which cause the employee unable to follow and adapt it (Wiersema and Bantel, 1993), consequence of the rapid changing working environment has brings the failure of the employee to pursuing the task in a very short time range.

Despite the working environment will cause of employee job stress. On the other hand, David (1994) studies indicate the job stress is related to employee job performance. Employee who is unable to perform according to management job demand is highly suffering from job stress. In addition, the studies shown that employee who has high expectancy on their performance will eventually became an adverse effect when they try to overload their emotion in pursuing the high performance. This is because the nature of key performance index is to intrigue the organizational commitment on employee (Pan *et al.* 2010), however, if key performance index contain high organizational commitment will contribute as the stress factor for low performance employee (Elangovan, 2001).

2.7.2 Job dissatisfaction

On the other hand, the negative impact of key performance index for employee includes it potential that can cause the job dissatisfaction on employee. Job dissatisfaction is one the situation whereby the employee has emotionally or psychologically lost their interest on their current job and working environment (Mcshane and Glinow, 2008). In other way, job dissatisfaction is also the causal for deviant behavior, job turnover and stress for employee. Elangovan (2001) identify the job dissatisfaction can be intrigued by job stress, and this consequences of job dissatisfaction usually cause the turnover intents among employee especially while it is catalyzed by the undesirable working environment.

In fact job dissatisfaction or satisfaction is greatly contributed by individually emotional attribute. Individual as well as employee themselves is the main key point of determine the job satisfaction. Thus, high affective employee generally involve in bad working attitude whereas the working environment is unfavorable to their emotional (Fisher, 2000). Although key performance index is purpose to creating competitive workplace, stress pushing performance and job demand working environment to employee. But this kind of function of key performance index will influence the affective employee especially their emotionally will unstable under these kind of working environment.

Job dissatisfaction of employee will cause the organizational problem. The organizational problems as identified in Hom and Kinicki (2001) indicate that job dissatisfaction is the trigger to job avoidance on employee who has deviate behavior on their job. For additional, the general of job avoidance include come to work late, no punctuality and delay the task completion. These deviant behavior of employee is consider as a sign of them to retaliate to organization, as Kelloway, Francis, Prosser and Cameron (2010) study is recognize deviant working behavior is a sign of employee to demonstrate their dissatisfaction on job through reduce their performance as protest.

All these deviant behaviors eventual is cause the detrimental impact to the organization productivity. On the other hand, there is many factors identified that will influence on employee job satisfaction, but general school of thought is ignores the job dissatisfaction contributed by interrole conflict. The employee interrole conflict involve their work and social obligation, female employee conceive dissatisfaction

over the long overtime schedule and poor pregnancy policy. An undue work arrangement is the causal of job dissatisfaction, and subsequently contributes to the turnover intention (Hom and Kinicki, 2001). Calisir and Gumussoy (2011) recognize same effect of job dissatisfaction of employee which is significant caused the job turnover.

2.7.3 Deviant behavior

All deviant behavior in the organization deemed as undesirable behavioral, deviant behavior is the main factor contribute to decrease in productivity, quality of performance, effectiveness and efficiency. Employee's deviant behaviors include any kind of activities which are detrimental to the organization (Mcshane and Glinow, 2008). Employee is playing role as the human capital for an organization, meanwhile employee is also one of the main internal component for every organization. Internal factor of organization is the key point to gain competitive advantage to differentiate its core competencies and capabilities as compared to other competitor (Thompson and Strickland, 2007). Hence the deviant behavior of employee will definitely reduce competitive advantages of organization.

Greenberg (2009) describe that deviant behavior of employee has created significant damage effect to organization operational activities especially from level of service to product manufacturing industry. Service encounter is the interaction of between business to customer, and it has intensive contacting of customer to employee. Meanwhile, educational institution is a service intensive industry, whereby the student

(customer) always contacts to management operation. Then, the deviant behavior of employee will create the adverse effect to student especially the ignorance of employee toward their request for assistance and help. Smith (1990) study is recognize this situation happen when there is task for employee to pursue the performance index is no include the assistance and help for student.

2.8 Positive impact of key performance index

On the other hand, key performance index is also providing the positive effect to organization as well as to employee. One of the function of the key performance is played it role key on evaluating the employee performances. Evaluating employee performance is important for every success organization, timely measurement for internal performance is crucial to determine whether the strategies are completed as planned (Wheelen, and Hunger, 2008).

Some organization ignore the important evaluating the employee performance is generally cause the failure of their operation. Ignorance the important of employee performance evaluation can cause many organization meets failure in pursuing its goal although it has very viable strategies. Key performance index is the tool for measuring the internal and external environment during the implementing of organization strategies, the internal performance as measured timely is important to ensure demanded competency of employee is available to pursue organizational strategy. Furthermore, performance measurement can prevent the lagging on the organizational goal development (Wheelen, and Hunger, 2008).

Besides that, key performance index is also play role to assist the strategy of organization in the form adapt, abandon and adopt. Abandon the strategy is the process whereas the internal or external environment is not viable, or strategy need to change according to the environment changing. Thus, performance index is positively provide the function to reveal organization internal environment especially employee competencies to guide the management in doing decision of review their organization strategy (Thompson and Strickland, 2007).

For more additional, key performance index is play positively role in organizational strategy adapting and adopting process. The adapting strategy is the changes according to the contingency environment. Meanwhile, adopting strategy is the process where organization imitates the other's strategy which is believe much better and suitable to pursue the organizational goal (Thompson and Strickland, 2007). As Wiersema and Bantel (1993) study indicate that the key performance index guide the organization decision to persuade involuntary turnover of employee whose competency and capability is unmatched to requested performance standard. The involuntary turnover is one of the methods to ensure the organizational goal to be attainable.

In other study, Chae (2009) found that supply chain activities have a great improvement through the application of key performance index. Furthermore, he recommended the key performance index should establish base on the requirement of the set of industry standards and best practices in performance measurement. Key performance index that set of industry standards and best practices in performance measurement is proving that companies can benefit from key performance index

especially while it is adopted and adjusted according to the organizational actual environment. Moreover, key performance index should be quantitative and qualitative in context, which can provides the management to conduct comprehensive employee performance measurement and review (Chan and Chan, 2004).

2.8.1 Job satisfaction

Key performance index create the positive impact to promote job satisfaction among employee. Meanwhile, one of the key performance index roles is to generate the employee core self-awareness. Employee core self-awareness is enables them to perceive that organization reward system is fair and justice based on the performance measurement. Although employee personal and work experience is the factors to bind them to the workplace, meanwhile through self-awareness is can increase satisfaction on their job role and function (Wu and Griffin, 2011). Key performance index is parallel to self-evaluation to employee in order increase their satisfaction, this is because high performance employee has high job retention because they feel proud of their present workplace (Ssesanga and Garrett, 2005).

Besides that, employee job satisfaction is positively related to self-esteem (Mcshane and Glinow, 2008). Cave (2006) recognize the self-esteem factor is cause performance index contributed to positive value to employee especially esteeming their passion to achieve better service performance in higher education institution. High performance employee always keen to increase their performance as the way to satisfy his or her esteem nature, meanwhile, performance index along rewarding

system is the way to recognize employee performance. Azis and Wibisono (2010) recognized that key performance index benefits the higher education institution because it can satisfy the employee through recognizing their effort according to their performance index.

Besides the contribution of self-awareness and self-esteem factors, the job satisfaction is also related to organizational commitment. Employees who feel satisfied with their work are the proving of their commitment to their job position and organizations. In Calisir and Gumussoy (2011) study indicates that the effect of job satisfaction is high contributed by the strong organizational commitment among employee. This reveals that satisfied employees feel committed to their organizations. Organizational commitment is the employee who is high passion on performing their job role or function (Kreitner and Kinicki, 2010).

2.8.2 Job motivation

Job motivation is the employee who is intrigued to perform more of his/her job (Kreitner and Kinicki, 2010). This happen if the employee is given appropriate reward on their achievement of performance, it will generate their motivation to pursue more achievement. For many organizations, they will use reward in order job advancement, promotion, wage increment and appraisal as the motivator to drive the employee pursue organizational goal (Greenberg, 2009). Hence, nowadays the key performance index used as one of the guide in reward structure to create the value as the motivation for employee to pursue the entire items listed in performance index

In Manolopoulos (2007) studies reveal that motivation of employee is related to intrinsic and extrinsic perspective. Furthermore on his finding shown that there is lack of significant effect to increase employee motivation through extrinsic rewards, specification in provision of fair wages and increased job security. The finding of Manolopoulos (2007) is complimentary to Elangovan (2001) studies which is recognize that intrinsic factor to promote motivation among employee is more effective than extrinsic factor. Employee obtained the external financial reward according to their performance can increase their motivation positively rather than high wage rate offered by organization (Manolopoulos, 2007).

On the other hand, according to Joo, Jeung and Yoon (2010), employee's core self-awareness is increased their intrinsic motivation and further enhancing their job performance. For additional, they are recognize that personality and job-context factors contributed to employees' intrinsic motivation and in-role job performance. That is, employees exhibited the highest intrinsic motivation when they had higher core self-awareness and when they perceived higher autonomy in their jobs. Job motivation of employee can be influence by extrinsic and intrinsic factor (Joo, *et al.* 2010).

Extrinsic factor includes working environment, job search and other outside job opportunity, meanwhile intrinsic factor rely on employee own personality, perception, attitude and behavior (Mcshane and Glinow, 2008). Besides that, study of Manolopoulos (2007) is also reveal the employee of western culture has more self-esteem in pursuing job performance, whereby the intrinsic reward has less motivational impact to drive their effort. In contrast, lack of intrinsic reward can

contribute to voluntary turnover. Voluntary turnover is one of the consequences if the organization absences of contingent reward structure in line to differentiate the wage rate between higher and lower employee productivity (Bishop, 1990).

2.8.3 Job fairness

Job evaluation is the principle that provides internal pay equity through the key performance index as guideline (Tompkins, 1987). Organizations pay according to the employee performance can generate the fairness working environment to the employee, the consequence of this practice will create a positive competition among employee for more fair game (Mcshane and Glinow, 2008). Equity expectancy of employee can be created through establishment of fair reward system. The fairness reward system must contain the explicit data and measurement method to distribute reward to every employee (Greenberg, 2009).

The key performance index is one of the measurement methods which are used for management guideline to distribute appropriate reward to employee according to index score. According to Engellandt and Riphahn (2011), employee is paying more effort to gain their probabilities in obtaining the reward from performance measurement activity. It is believed that employee perceives fair game in their working environment through performance index, as paying more effort will enable them to obtain more benefit.

2.9 Job turnover

High job turnover is the disaster for organization, because the cost for newcomer training, interview expenditure and affect other employee feeling. In fact, job turnover contribute by many factors although it might possibly cause by negative factor, somehow voluntary turnover among employee self-private factor is also possible (Mcshane and Glinow, 2008). Turnover is harmful to any organization because it will bring away its competitive advantage (Thompson and Strickland, 2007) especially along their knowledge on job, experience and expertise.

Wheelen and Hunger (2008) recognize that the working environment is the main key factor to determine the turnover rate. For create a successful organization, the working environment in workplace is must decent for pursue the organizational goal. Thus, the decent working environment is can ensure the employee to contribute and performing. Employee contribute and perform is the way to maintain organization internal strength in order to sustain more challenge and growth in future (Wheelen and Hunger, 2008).

Although job turnover is generally assume caused by working environment factor. In contrast of Sheridan and Abelson (1983) study findings, they found that job termination also possibly cause by family obligation rather than job tension and commitment. Family obligation as well as employee private factor is can determine their intention to leave the job (Mcshane and Glinow, 2008). In Wiersema and Bantel (1993) study indicates that the working environment will influence whole

organizational employee regarding their turnover intention in spite of position and job role.

For additional, working environment also influence the turnover intention among top management. The working environment which is plays more role effect to turnover intention among employee including the lack of munificence, instability, and complexity for job context (Wiersema and Bantel, 1993). Wiersema and Bantel (1993) identify that the manager who is working under an undesirable working condition have high intention to leave their job. Undesirable working condition can further aggravate employee emotion in order psychologically (Greenberg, 2009).

On the other hand, Elangovan (2001) through his study recognize that the factor of job turnover is directly caused by the job dissatisfaction and high commitment working environment. Meanwhile, the study also indicate the job stress is independently causing the employee intent to leave their job, in contrast the job commitment at medium level is indicate the lesser job leaver compare to high and low working job commitment (Elangovan, 2001). Job commitment will indirectly become job stressor especially when the employee fails to pursue the performance target (Greenberg, 2009).

However, in Elangovan (2001) study identify that the job commitment factor is directly to cause the employee job stress. Elangovan (2001) describe the consideration of working environment is the factor to determine the nature of job commitment either direct or indirect to contribute the job stress. Besides that, job dissatisfaction is also potential to intrigue the negative job commitment. Although it is complexity

relationship between job turnover to job commitment, job stress and job dissatisfaction, but Elangovan (2001) study determine the negative job commitment is must increase of employee intention to leave their job.

Negative job commitment and job dissatisfaction is mediated by the cultivation of positive job attitude. Cultivating the working environment which will increase the employee's belonging feeling to the organization until it can lower their intent of turnover (Humborstad and Perry, 2011). Cultivation the belonging feel relies on the affection, behavior and perception factors of employee. The affection is the personal feeling to judge the events, meanwhile behavior and perception are constituted by the personal experience, knowledge, perception and trait to give the definition on certain issue or events (Mcshane and Glinow, 2008).

In contrast situation, turnover of employee is not necessary related to the organization, because some of employee will take the opportunism in job search for other prospective career chance. Besides opportunism behavior, the turnover may also cause by the employee looking for other job chance which is more fit to their capability and competency (Steel, 2002). Employee job search behavior is inevitable for many organizations, and this is a normal nature of employee behavior to look for better job opportunity in working market. Organization only can prevent this happen through the effort to create a desirable working environment, job advancement chance, growth and development of operation to retain employee (Mcshane and Glinow, 2008).

2.10 Impact of turnover

Turnover within an organization is the process whereby number of job leaver and the replacement by the new employee. Along the process of turnover, organization could lose its former employee expertise and experience gained through the organizational learning. The mass of turnover rate always be consider as the poison process to the organization because its functioning base is wobbled (Carley, 1992). Abnormal turnover in organization should be avoid because the new personnel replacement may not be able to chase up organization running progress and they need time to adapt the new working environment (Kreitner and Kinicki, 2010).

Furthermore, impact of turnover includes it can decrease the organizational performance because the former employee as part of the organization's personnel working capability gone along their leaving. Meanwhile, Carley (1992) identify that organizational performance is plunge since there is greater impact of turnover is from bottom to upper hierarchy structure. Upper hierarchy consisting of top management act as the head of every organization and department, their iconic role to lead the team toward goal is comprehensive. Thus, the leaving of top management usual alters the organization human capital structure (Wheelen and Hunger, 2008).

On the other hand, Carley (1992) indicates if organization that is well in hierarchy system can keep outperforming in spite of the personnel turnover. The hierarchy play role as the information warehouse to buffer the personnel turnover by fitting and aiding the new personnel quickly. In contract, hierarchy structure become vulnerable on the effect team turnover, because the chain structure of organization wrecked for

whole team leaving without proper candidate for replacement. In addition, the top management is the main key for retain organization stability from the down hierarchy employee turnover through their experience (Carley, 1992).

Barry (1980) describe that turnover's impact will become more clarify through study the consequence instead of antecedent. In matter of negative effect of organization turnover, it can cause the interference of organization decision making (Carley, 1992). Furthermore, the negative effect on turnover is the increase of extra cost for recruit new personnel which is includes cost of training, probation, induction and learning process time consumed. Besides that, employee turnover bring the effect on disrupting the team interaction bond and new employee face the difficulty to enter the current team social bond (Barry, 1980). However, the negative impact on turnover is insignificant on the lower level position (Barry, 1980, Carley, 1992).

In spite of the negative impact reflect turnover, the turnover is necessary in line respond to the organization strategic changing process. Organization changing of its strategy cause the turnover of employee is an inevitable organizational adaptation mechanism (Wiersema and Bantel, 1993). In matter of human capital for organization's internal competence and capability is always need to adapt to uncertainty of external environment (Thompson and Strickland, 2007). Hence, the turnover adapting mechanism of internal human capital is important for every organization as it is the way to maintain the organization survivorship.

The turnover adapting mechanism is maintain organization long run survivorship due to the turnover also brings the new employee who has experience, skill and idea to

bolster organization functioning team. Furthermore, the turnover of leaver can reduce the conflict among team employee and increase the motivation of employee to pursue the opportunity of promotion from the vacant position. The turnover also benefits on the increase of equity and fairness on working environment, for instance the turnover of low performer can generate the motivation on other employee to perform better to keep their job position and advancement (Barry, 1980).

2.11 Performance index and job turnover

Performance of the employee is important as it is one of the strength for organization to increase its competitive advantage and create its unique identity of expertise that apart from other competitor (Thompson and Strickland, 2007). In matter the effect of performance index toward job turnover, Jackofsky (1984) recognize that the performance evaluation is not significant to create job dissatisfaction among employee, and the job dissatisfaction is not the reason for employee to involve in voluntary job resignation.

Furthermore, in Jackofsky (1984), he found that general misassumption about the performance achievement influence the employee intention to stay or leave their job. Although low performance achievement is unfavorable for many employee, but the factor of constraint to get another good job offer is inhibit employee intention to leave the job (Jackofsky, 1984). In contrast, Greenberg (2009) describe that the performance index or measurement has great influence on the low performer because it increased their job dissatisfaction more than high performer.

Besides the employee factor, performance index to job turnover also related to organization factor. Organization which is ought to demand high productivity is general use of layoff the employee who has unfavorable performance index, and this is the way to maintain its competitive advantage in order to improve its internal competency and capabilities (Wiersema and Bantel, 1993). Besides the layoff of employee who is performance unmatched, the relocating the employee to new position is also practice by many company as the way to place their employee to the right position or fitness them to proper job function and role (Greenberg, 2009).

In matter placing the employee to right position or fitness job role is important because employee will quit the job if they are not fitness to job function and role (Greenberg, 2009). Meanwhile, to determine the employee who is fit to job function is mainly predominant by employee's knowledge, experience, capability and know-how (Steel, 2002). Besides that, Steel (2002) also recognize that the key performance index is the important indicator to identify how is employee fit to their job function. Moreover, employee voluntary turnover is significantly cause by their perception of present job role is unfit to them and poor performance is an unfavorable working choice for their future promotion and career advancement.

Besides that, Kreitner and Kinicki (2010) describe the turnover is highly related to job dissatisfaction. Job dissatisfaction is logically bringing a particular individual to conceive his/her intention to leave the current job. For management aspect the key performance index is definitely an efficient tool to measure the performance among employee. However, Boachie-Mensah and Seidu (2012) study indicate that the key performance index is potential to create job dissatisfaction among employee. Mcshane

and Glinow (2008) have mentioned that since humans have different thought and perceptive attribute, hence the factors that cause the employee intention of leaving job is generally depending more than one variable factor.

2.12 Key performance index in higher educational institution

In Malaysian higher education institution, the management system is solely autonomy from government control. Hence, many universities have different way of operational activities. Besides that, the university management has set its own unique vision and mission. There are many different kind of university strategic which are created along with these vision and mission (www.mohe.gov.my). Although there is different operational and management practices among Malaysian universities, but majority of universities practice the human capital evaluation and control strategy are likely use of key performance index.

Evaluation and control strategy is important to every Malaysian universities since it play the main role in the next step of organization strategic implementation, human capital evaluation strategy is important to measure the university staff's capability and competency as well as indicated in the their performance index is on the right track to pursue university's mission and vision (Thompson and Strickland, 2007). Nowadays, the key performance index is generally practice by Malaysian universities to evaluate employee performance and establish appraisal guideline to determine the employee career advancement.

Ssesanga and Garrett (2005) study recognize that the university or higher education management bodies can increase or maintain the employee satisfaction through design its performance index policy according to appropriate and reasonable weighting index. Hence, the appropriate and reasonable performance index policy is the right way to bring benefit to organization through the return in order employee will perform better as compare to other who is work under intensive performance index demand working environment (Boachie-Mensah and Seidu, 2012). Besides that, lack of employee to involve the performance index designation is potential to contribute halo-effect among them.

According to the study of Boachie-Mensah and Seidu (2012) indicate that the halo-effect is a serious problem of key performance index formulation in higher education institution especially absence of the employee for agreeing performance standards and objectives which are weighted in performance index. The negative perception or halo effect of employee toward key performance index in higher education institution is aggravated while if the management is lack of providing proper feedback and explanation (Boachie-Mensah and Seidu, 2012).

Educational institution as well as Malaysian universities is service orientated industry, and every universities general operation activities are mainly relying on service quality (www.mohe.gov.my). Hence, the employees and customers (student) relationship ground on the interaction of service provider (higher education institution) to customer. This relationship is the preliminary step for university management to create its organizational image, quality of service and productivity (Malek, 2010).

Despite there are several methods that use by university management to create its organizational image, quality of service and productivity. But, in Pan *et al.* (2010) study indicates that the key performance index plays an important role in service quality assurance since it provides a quantitative measure of employee service quality. Besides that, key performance index can also play side-role to motivate or enforce employee to enhance fulfill customers satisfaction through their service performance and quality toward customer. Employee need to perform the good service quality as well as it is weighted in key performance index, and this create pro-enforcement guide to employee to maintain their service performance (Pan *et al.* 2010)

2.13 UTAR and key performance index

Universiti Tunku Abdul Rahman (UTAR) management is define its mission to be a leading university offering education of the highest standard in all significant fields aimed at fully developing the individual and better serving the nation. UTAR also keep on pursue a rigorous academic approach towards producing disciplined graduates critical in their thinking and dedicated to the quest of continuous learning and the pursuit of excellence (www.utar.edu.my). To achieve the UTAR goal, management has formulated the strategies which allow them to pursue the vision. For pursuing organization goal, besides the important of strategic formulation and implementation process, evaluation and control strategy is also crucial for every management to ensure the strategies has performed according what is expected (Wheelen and Hunger, 2008).

Malaysian organization generally ignored the important of performance measurement as an important process to ensure competitive advantage of the operational activities. Organization trend in focus their activities intensively in formulate and implement the strategies, and poor evaluation and evaluation strategy caused many organization fail to compete over other rival in the same industry (Jusoh and Parnell, 2008). Azis and Wibisono (2010) found that lack of proper evaluation and control strategy will cause the ineffective and inefficient operational activities in higher education institution. At this point of view, UTAR's human resource management has set up key performance index to measure employee performance as well as it is one of its evaluation and control strategy (www.utar.edu.my).

2.14 Key performance index variable review

Key performance index has introduced to Malaysia since the Malaysian government has become keen to pursue the result and performance oriented working system. Key performance index is the independent variable for this study. For the review of this variable, it was referred to Gan (2011) study which is focus on Malaysian academic staff. Gan (2011) has recognized that several items that will suitable for identifying how is academic staff's response to the performance evaluation system that exist in their academic institution. The items which were used in Gan (2011) are illustrated in Table 2.1.

Table 2.1

Key performance variable

No.	Author(s)	Title of study	Variable item(s)	Analytic tool(s)
1	Gan (2011)	HRM practice, job satisfaction and intention to stay	My organization evaluates my performance annually.	Correlation
2			Performance appraisal in my organization is based on supervisor subordinates rating.	
3			Performance evaluation in my organization is based on the job related criteria.	
4			I can know my performance appraisal results by formal feedback systems.	
5			My organization ties the results of performance appraisal as a guide for my salary increment and promotion.	

2.15 Job satisfaction variable review

Job satisfaction is the dependent variable in this study. For review of this variable, there is two literature study were used which were studies from Bashayreh (2009) and Thamendren (2011). It has 13 items from Bashayreh (2009) study for the variable of job satisfaction. Bashayreh (2009) study has high review value for this study because it was focusing the job satisfaction and organizational culture among academic staff. Meanwhile, there is 7 items for variable job satisfaction of Thamendren (2011) study. All items that found in two literature studies for variable job satisfaction is illustrated in Table 2.2.

Table 2.2

Job satisfaction variable

No.	Author(s)	Title of study	Variable item(s)	Analytic tool(s)
1	Bashayreh (2009)	Organizational culture and job satisfaction: A case of academic staffs at UUM	I feel fairly compensated for my work.	Correlation
2			If I put extra effort into my work, someone will notice.	
3			My supervisor praises employee suggestions that aid in solving organizational problems.	
4			Senior management is aware of activities in my department.	
5			Job performance evaluations done by my supervisor are fair and based on clear performance standards.	
6			I have clear well written job description.	
7			The organization's mission and vision is realistic, clear and attainable.	
8			My fellow employees know how to get the job done.	
9			I feel motivated at work.	
10			I deal with a manageable workload.	
11			Work assignments are delegated fairly.	
12			I work in a safe and comfortable environment.	
13			I am satisfied with my career advancement.	

Table 2.2

Job satisfaction variable

No.	Author(s)	Title of study	Variable item(s)	Analytic tool(s)
1	Thamendren (2011)	Organizational justice in performance appraisal system: Its effect on performance appraisal satisfaction and work performance	From my perspective, the performance appraisal process gives a satisfying experience.	Correlation
2			In general, I am satisfied with the performance appraisal process.	
3			The performance appraisal process helps me to find out my level of performance.	
4			My leader takes my performance appraisal review discussion seriously.	
5			My performance appraisal review discussion is the only time I get feedback about my performance.	
6			The current performance appraisal process is fair and unbiased.	
7			If I don't agree with my performance appraisal worth score after discussing it with my leader, there is a clear appeals process for me to use.	

2.16 Job stress variable review

Hamdiah (1996) and Malek (2010) show similar results of their studies regarding to Malaysian academic staff. Hamdiah (1996), she has conducts the study of stress among secondary school teacher, and the stress variable consists of 5 items for survey. Meanwhile, there is 7 items of Malek (2010) study a job stress variable for survey on

university staff. All total 12 items from Hamdiah (1996) and Malek (2010) studies are illustrated in Table 2.3.

Table 2.3

Job stress variable

No.	Author(s)	Title of study	Variable item(s)	Analytic tool(s)
1	Hamdiah (1996)	Correlates of stress among secondary school teachers in Penang	The Teacher Evaluation System under the NRS is fair.	Correlation
2			It is easy to get promoted under the NRS.	
3			I personally feel that the Teacher Evaluation System under the NRS creates anxiety.	
4			The Teacher Evaluation System should be changed.	
5			The Teacher Evaluation System under the NFCS encourages healthy competition among the teachers.	
1	Malek (2010)	The impact of job stress on job satisfaction among university staff: Case study at Jabatan Pembangunan, University Sains Malaysia (USM), Pulau Pinang	How often do you feel you are unclear about the scope and responsibilities of your job?	Correlation
2			How often are you unaware that opportunities for advancement and promotion exist for you?	
3			How often do you feel that your workload is too heavy and that you could not possibly finish during the ordinary work day?	
4			How often do you feel that you are not fully qualified to handle your job?	

Table 2.3

Job stress variable

No.	Author(s)	Title of study	Variable item(s)	Analytic tool(s)
5	Malek (2010)	The impact of job stress on job satisfaction among university staff: Case study at Jabatan Pembangunan, University Sains Malaysia (USM), Pulau Pinang	How often do you not know what your superior thinks of your or how he/she evaluates your performance?	
6			How often do you find yourself unable to get the information you need to perform your job?	
7			I seldom receive adequate acknowledgement or appreciation when my work is really good.	

2.17 Job turnover variable review

The review of job turnover variables for this study consists of the works from Gan (2011), Suchi (2010), Sumathi (2010) and Mohamed (2008). There is 4 items of Gan (2011) study regarding to the survey of intention to leave among academic staff. In Suchi (2010) study, he has used of 3 items for survey about academic staff's intention to leave their current job. For additional, there is 3 items of Sumathi (2010) study for survey the turnover intention variable. Meanwhile for three studies of Suchi (2010), Sumathi (2010) and Mohamed (2008) share the similarity of their study research about the relationship between job satisfaction and turnover intention variables. The summary of these variables is illustrated in Table 2.4.

Table 2.4

Job turnover variable

No.	Author(s)	Title of study	Variable item(s)	Analytic tool(s)
1	Gan (2011)	HRM practice, job satisfaction and intention to stay	I plan to work at my present job for as long as possible.	Correlation
2			I am proud to tell others that I am part of this organization.	
3			I plan to stay in this job for at least two to three years.	
4			I would hate to quit this job	
1	Suchi (2010)	The relationship between job satisfaction with intention to leave job among academic staffs in UUM	I have considered leaving the current university I teach at.	Correlation
2			I think if I have to choose my place of work again, I would choose to teach at this university.	
3			I think in the near future I will leave teaching at this university.	
1	Sumathi (2010)	Job satisfaction and turnover intention among private sector employees in Kedah, Malaysia	I often think of leaving my organization.	Correlation
2			It is possible that I will look for a new job next year.	
3			If I may choose again, I will choose to work for the current organization.	
1	Mohamed (2008)	The relationship between job satisfaction and organizational commitment on turnover intentions	I will probably look for a new job in the near future.	Correlation
2			At the present time, I am actively searching for another job in a different organization.	
3			I do not intend to quit my job.	
4			It is unlikely that I will actively look for a different organization to work for in the next year.	
5			I am not thinking about quitting my job at the present time.	

2.18 Conclusion

This chapter presents the reviewed literatures from previous studies. Meanwhile, the findings result from all over reviewed literatures are retrieved and presented into chapter sections. Sections for this chapter include the presents of this topic related literature history background. Furthermore, the literature review on independent and dependent variables for this study is conducted to gather more information and reference sources.

CHAPTER 3

METHODOLOGY

3.1 Introduction

This chapter is presents the research methodology for this study. Hence, this chapter delineates the research methodology into the sections of research framework, hypotheses, research design, measurement of variable, data collection, sampling, data collection procedures and data analysis. The research framework is one of the sections which are used to describe the relationship between the independent and dependent variables. All these relationship are presented into the figure, meanwhile the arrow sign indicates the relationship bounding between the different variables.

Furthermore, the section for the hypotheses and research design described the fundamental of variables. The fundamental of variables is important to constitute the map for the research direction for this study. Then, the measurement of variable section is describing the method for scaling the variable, and this scaling of variable is important for subject the representative data into interpretative data. Moreover, the measurement of variable section further described the detail of all research survey items that are used for every different variable in this study.

For the data collection section is describe the distribution method of survey questionnaire, meanwhile the sampling section is further indicate the expectation of target population that responds to the questionnaire. Then, the data collection

procedure provided the summary steps to describe the all overall distribution process flow from distributing the survey questionnaire until the end of collection. And then, the data collected from questionnaire is further subjected for analyzing and the result is used to interpret the variable. Hence, the data analysis section in this study described the analysis tools.

3.2 Research framework

Research framework is the conceptual model which is use to delineate the relationship between two or more variables. Furthermore, the influential variable to another variable is deemed as the independent variable, meanwhile the influence of the independent variable is either negative or positive way to dependent variable (Sekaran, 2003). For more additional, the research frameworks for this study consist of 1 independent variable and 3 dependent variables.

Furthermore, the research framework for this study is the linear relationship between the independent variable to dependent variables. Thus, the research framework consists of one independent variable which is the key performance index and 3 dependent variables. In additional, those 3 dependent variables includes job satisfaction, job stress and job turnover. The relationships between the independent and dependent variables are illustrated in Figure 3.1.

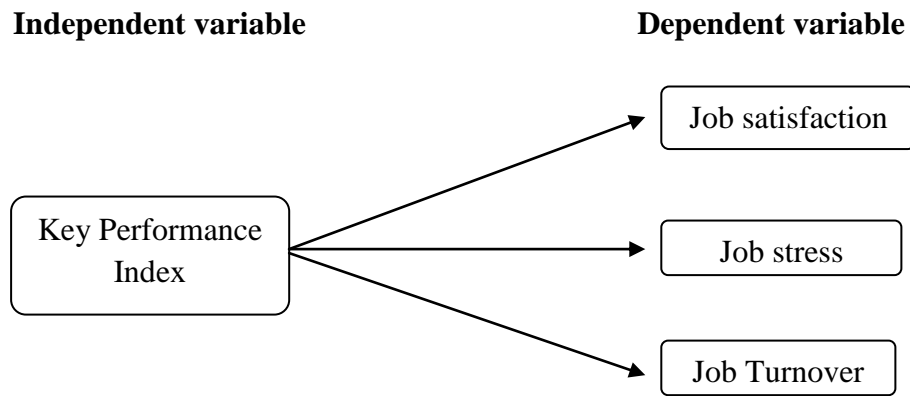


Figure 3.1

Research framework

3.3 Hypotheses

Based on the research framework as describe in Section 3.2, it would therefore suggest that the relationship between the key performance index toward job satisfaction, job stress and job turnover can be categorized into negative and positive effects. Suchi (2010) suggested that the key performance index variable which is served as independent variable should further examine its two way effect in order positively or negatively. Hereby, the following hypotheses are proposed:

H1: The key performance index brings the effect which is reduces the employee's job satisfaction.

H2: The key performance index brings the effect on inducing job stress among employee.

H3: The key performance index brings the effect which is causing the employee's intention to leave their job.

H4: The key performance index brings the effect which increases the employee's job satisfaction.

H5: The key performance index brings the effect which does not induce job stress among employee.

H6: The key performance index brings the effect which is not causing the employee's intention to leaving their job.

3.4 Research design

The purpose of this study is to investigate the relationship between the key performance index to job satisfaction, job stress and job turnover. Furthermore, it also purposes to identify the impact of the key performance index toward job satisfaction, job stress, and job turnover. In this study, the key performance index is classified as independent variable, meanwhile job stress, job satisfaction and job turnover are dependent variable. The correlation analyze is used as one of the measurement tools for independent and dependent variables to determine which relationship is significant to stay most.

According to Cavana, Delahaye and Sekaran (2001), the measurement study through correlation method can specifically identify the degree of relationship and determine independent variable has most significant effect toward which dependent variable. Besides that, the multiple regression is also conduct in this study for further data analysis. Hence, the multiple regression analyze is used to identify any significant relationship between the dependent variables. The survey questionnaire is distributed to collect representative data as well as an instrument for analyze the variables this study.

3.5 Measurement of variable

In this study, the survey questionnaire consists of five sections. Section A contains information regarding to the respondent's demographic features which includes information about individual characteristic and demographic data of respondents. For more detail, questions for section A covers the gender, age, ethnicity, marital status, length of service, and highest level of education. Section B of the questionnaire seeks answer for job satisfaction on key performance index. Furthermore, section C comprises the items for answer key performance index toward job stress. Then, Section D seeks the answer for staff's intention to leave job (job turnover) from their current job position.

For the section A, the survey item for respondent regarding to their individual characteristic and demographic are based on several category of choices for respondent to make selection during answer the survey. On the other hand, the survey item for independent and dependent variables are based on the five-point likert scale.

In order to answer the questionnaire, respondents have to select only one of the survey answer choice based on the five-point likert scale. Each answer is given a score, and the score is subjected as the data for interpret the result finding in this study.

Meanwhile, the likert scale score is used for measure the significance between every variable item. The five point likert scale and score that used for independent and dependent variables survey item is consist of rating scale from 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree) and 5 (strongly agree). Then, the independent (key performance index) and dependent (job satisfaction, job stress and job turnover) variables survey item is discuss on the next subsection.

3.5.1 Key performance index

The independent variable for this study consists of 5 items which are adopted from Gan (2011) studies. The operational for this key performance index variable is rely on 5 items which are used for define UTAR staff's perception to the formal appraisal system that implemented in the UTAR, furthermore it also define their fairness perception regarding to the UTAR appraisal processes. These 5 items which are adapted from Gan (2011) describe the perceptive of respondent toward appraisal system as well as key performance index which is suitable for further analyzing the relationship to dependent variable.

The further analyses the item of independent variable toward dependent variable is important especially the application of these 5 items into this study through

understanding the formation of the dependent variables for instance job satisfaction, job stress and job turnover are contribute by the employee perception. Employee perception is one of the factors whereby it plays the role to forming their satisfactory, stress and intention to leave the job (Kreitner and Kinicki, 2010). Hence, the operational of these 5 items are suitable for studying the theoretical relationship as proposed in this study. These 5 items are measured by five-point rating scale, and the detail for 5 items adapted from Gan (2011) are listed in the Table 3.1.

Table 3.1

Key performance index variables item

Variable	Operational definition	Items
Key performance index	Perception of the formal appraisal system implemented in the organization and the fairness in the appraisal processes	<ol style="list-style-type: none"> 1. My organization evaluates my performance annually. 2. Performance appraisal in my organization is based on supervisor subordinates rating. 3. Performance evaluation in my organization is based on the job related criteria. 4. I can know my performance appraisal results by formal feedback systems. 5. My organization ties the results of performance appraisal as a guide for my salary increment and promotion.

3.5.2 Job satisfaction

The dependent variable, job satisfaction is measured by adapting the questionnaire items from Bashayreh (2009) and Thamendren (2011) studies. Total 20 items are adapted to job satisfaction variable in this study. The operational of these 20 items are

used for define UTAR staffs' feeling, emotional and satisfaction responses towards key performance index, and also define their response through an individual's experience in performance measurement process. Meanwhile, for the adapting of 20 items in this study, the performance measurement is precisely demonstrated as the key performance index in the survey questionnaire.

Meanwhile, the questionnaire measures an individual's satisfaction with 20 items which regards to respondent's feeling, emotion and satisfaction toward performance measurement. These 20 questionnaire items adapted from Bashayreh (2009) and Thamendren (2011) studies are proven instrument regarding its effective analyze the academic staff's satisfaction toward performance measurement system. Moreover, the five-point rating scale is used for measure the all these 20 items. The details of the 20 items of job satisfaction are listed in Table 3.2.

Table 3.2

Job satisfaction variables item

Variable	Operational definition	Items
Job Satisfaction	Respondents' feeling, emotional and satisfaction responses towards key performance index result derived through an individual's experience in performance measurement process	<ol style="list-style-type: none"> 1. I feel fairly compensated for my work. 2. If I put extra effort into my work, superior will notice. 3. My supervisor praises employee suggestions that aid in solving problems. 4. Senior management is aware of activities in my department. 5. Job performance evaluations done by my supervisor are fair and based on clear performance standards. 6. I have clear well written job description. 7. The organization's mission and vision is realistic, clear and attainable.

Table 3.2

Job satisfaction variables item

Variable	Operational definition	Items
Job Satisfaction	Respondents' feeling, emotional and satisfaction responses towards key performance index result derived through an individual's experience in performance measurement process	8. My colleague(s) know how to get the job done. 9. I feel motivated at work. 10. I deal with manageable workload. 11. Work assignment is fairly delegated. 12. I work in a safe and comfortable environment. 13. I am satisfied my career advancement. 14. From my perspective, the performance appraisal process gives a satisfying experience. 15. In general, I am satisfied with the performance appraisal process. 16. The performance appraisal process helps me to find out my level of performance. 17. My superior takes my performance appraisal review discussion seriously. 18. My performance appraisal review discussion is the only time I get feedback about my performance. 19. The current performance appraisal process is fair and unbiased. 20. If I don't agree with my performance appraisal worth score after discussing it with my leader, there is a clear appeals process for me to use.

3.5.3 Job stress

The dependent variable, job stress consists of 13 items which are adopted from Malek (2010) and Hamdiah (1996) studies. In addition, the operational of these 13 items are used to define the UTAR staff's stress feeling or perception toward the key

performance index practice. As describe in the key performance index variable in Section 3.5.1, it is the independent variable with 5 items are designed to study the respondent's perception. Thus, the operational of these 5 items which are used to define the perception of respondent further interacts to the 13 items from the job stress dependent variable. Moreover, the operational of these 13 items from job stress variable enhanced this study to find through the connectivity to the 5 items from key performance index variable because both the operational is used to define respondent's perception.

Hence, all these 13 items establish for job stress (dependent variable) are suitable for study the stress among respondent toward key performance index (independent variable). The interaction of operational items between 2 different variables is important to further examine the relationship among two different variables (Cavana, Delahaye and Sekaran, 2001). In fact, the interaction of job stress and key performance index is exist as proven by David (1994), who indicates the employee is trend to be easily stressing while expose to the performance evaluation practice. Furthermore, performance evaluation is the further causal to create job stress among employee (David, 1994). All 13 items for job stress variable are measured by five point rating scale, and then the details of 13 items of job stress which are adopted from Malek (2010) and Hamdiah (1996) studies are listed in Table 3.3.

Table 3.3

Job stress variables item

Variable	Operational definition	Items
Job stress	Respondent's stress feeling or perception toward performance measurement	<ol style="list-style-type: none"> 1. The performance evaluation system under the KPI is fair. 2. It is easy to get promoted under KPI. 3. I personally feel that the performance evaluation system under KPI create anxiety. 4. The performance evaluation system should be changed. 5. The performance evaluation systems under KPI encourage healthy competition among the staffs. 6. I am clear about the scope and responsibilities of my job? 7. I am aware that opportunities for advancement and promotion exist for me. 8. My workload is too heavy and I could not possibly finish during the ordinary work day. 9. I am qualified to handle my job. 10. I know what my superior thinks of me or I am understood how she/she evaluates my performance. 11. I am able to get the information that I need to perform my job. 12. I have received adequate acknowledgement or appreciation when my work is really good.

3.5.4 Job turnover

Job turnover is the dependent variable in this study, which comprises of 5 items. Meanwhile, all these 5 items are adapted from Mohamed (2008) studies. The operational of these 5 items are used for define the UTAR staff's Intention to stay in their present job. According to Mohamed (2008), these 5 items is the analytic instrument which can be used for define the respondent's intention to retain or leave

their present incumbent job. Moreover, the five point rating scale measurement is used for measure all these 5 items. The details of the 5 items of job turnover are listed in Table 3.4.

Table 3.4

Job turnover variables item

Variable	Operational definition	Items
Job turnover	Intention to stay in their present job throughout the rest of their careers	<ol style="list-style-type: none"> 1. I will probably look for a new job in the near future. 2. I do not intend to quit my job. 3. At the present time, I am actively searching for another job in a different organization. 4. It is unlikely that I will actively look for a different organization to work for in the next year. 5. I am not thinking about quitting my job at the present time.

3.6 Data collection

The primary data is the main source for interpret this study result findings. Hence, the survey questionnaire is used as the tool for collecting the primary data. The distribution of questionnaire to respondent consists of two methods. First method is to distribute the printed survey questionnaire through manually sent to the UTAR Perak campus and its faculties academic employee room or office. Second method is distributing the electronic questionnaire to respondent through their email address. Meanwhile, the application between 2 questionnaire distribution methods is according to respondent convenient. Because of the convenient aspect, the questionnaire distribution through email is intense used for this study. This is because overall of

target respondent have provide their official email address as listed in UTAR official website (www.utar.edu.my).

Before conduct the questionnaire distribution to academic staff at UTAR Perak campus, it is obtain the permission from human resource department at UTAR Perak campus. Approximately 519 sets of questionnaire are prepared for distribution. The respondents are given ample time about 15 minutes to answer the questionnaires for manual copy, on the other hand, the electronic questionnaire through email is received within 2 weeks. The questionnaire collected from respondents which are data figure is subjected to statistical analysis. Discussion and conclusion for this study are based on the result of statistical data.

The questionnaire consists of 50 survey questions (exclude 5 basic information of respondent) used to analyze all the hypotheses. Meanwhile, target respondents for this study only consist of Universiti Tunku Abdul Rahman, Perak campus. Totally 519 academic employee/staff of UTAR Perak campus branch are subjected as target respondent in this study. All 519 academic employees derived from 5 faculties and one foundation center of UTAR Perak campus. Five faculties including Faculty of Arts and Social Science, Faculty of Business and Finance, Faculty of Science, Faculty of Engineering and Green Technology, and Faculty of Information and Communication Technology.

3.7 Sampling

The printed questionnaires are distributed to the respondent at their faculty area for increase the convenient to respondent. Meanwhile, electronic copy of questionnaire is distributed to respondent through email. Meanwhile, the questionnaire only expose to the academic staff at UTAR Perak campus. The target population in this study comprised of 90 percentages academic employee/staff of each faculties and foundation center at UTAR Perak campus (see Table 3.5). The survey questionnaire is randomly distributed to the potential respondent among each faculty's employees.

Table 3.5

Universiti Tunku Abdul Rahman employee information

Faculties/centers	UTAR Staff		Target Population
	Academic	Administrative	
Centre for Foundation Studies	111	9	100
Faculty of Arts and Social Science	90	7	81
Faculty of Business and Finance	149	21	134
Faculty of Science	90	18	81
Faculty of Engineering and Green Technology	47	15	42
Faculty of Information and Communication Technology	50	13	81

(Source derive from www.utar.edu.my)

3.8 Data collection procedures

The data collection method divided into 2 categories as indicate in Figure 3.2. The data collection procedure commence through distribute the survey questionnaire either in the way of manual printed copy and email format. The printed copy of

survey questionnaire is delivering to respondent and collects it after filling by the respondent. On the other hand, the email format of survey questionnaire is delivering to respondent through email and collects it within 2 weeks through reply from respondent email.

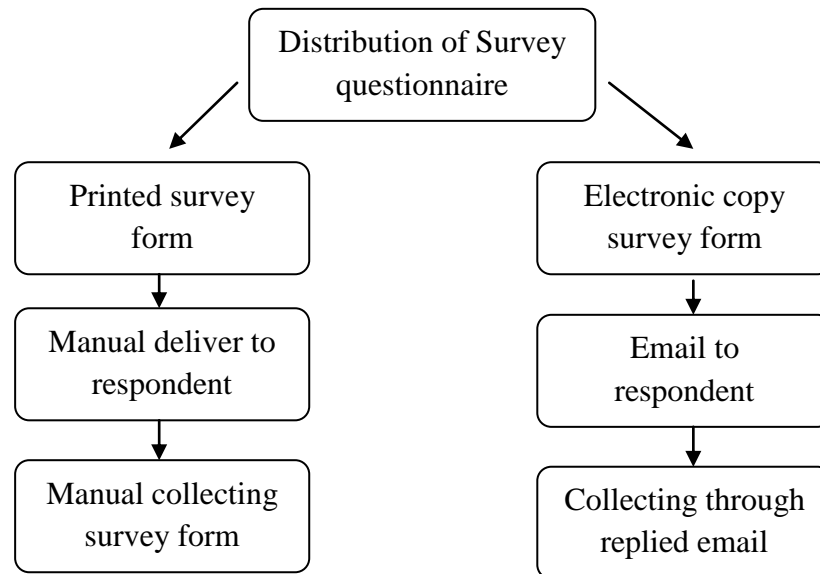


Figure 3.2

Data collection procedures

3.9 Data analysis

All collected data is coded to statistical analysis by using the Statistical Package for the Social Sciences (SPSS), SPSS 19® (SPSS Inc., Chicago IL, USA). Respondent demographic analysis use to describe the relationship of demographic groups toward variables is compared according to age, gender, race and qualification. Meanwhile, the reliability test is to test the degree level of stability and consistency of this study

questionnaire. Meanwhile, descriptive analysis such as percentages and means are used to describe the variables in this study.

Moreover, the frequency analysis for the respondent's demographic profile is carrying out. The Pearson Correlation Analysis is performed to determine the relationships between independent and dependent variables. Furthermore, the multiple regression is used for analyzing the dependent variables relationship. Meanwhile, the conventional $p < 0.05$ level is used to determine statistical significance of probability between independent and dependent variables.

3.10 Conclusion

This chapter describes the methodology that used for conduct this study. Hence, the details of information regarding the theoretically study framework, variable definition, and variable survey item instrument, data collection and data statistical analysis. For success this study and getting the finding result, thus the methodology is important as it serve the role to directing this study. Meanwhile, the next chapter is the finding and result, which is the chapter use to interpret the statistical analysis result to describe the conceptual framework and hypotheses which are proposed in this study.

CHAPTER 4

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the results of the data analyses. The data were analyzed using the SPSS (Version 19) statistical package. Finding results are discussed and interpreted through statistical analysis according to following chapter's section. First, the profile of respondents is highlighted based on their demographic characteristics. Second, the measure of this study is tested for its construct validity and internal consistency by using reliability analysis. The statistical method of Pearson Correlation is used to determine the existence of any relationships between the variable. Additionally, Regression Analysis is conducted to examine the most significant of relationship between the independent variable and dependent variable.

4.2 Responses rate

A total of 519 electronic copies of questionnaires were distributed to the respondents through email, and only 400 questionnaires were collected. All the 400 questionnaires collected through respondent replies from email were used for further analysis (see Table 4.1) and the usable responses were 392, 98%, meanwhile 8 set questionnaires were consider unusable due to incomplete filling. Furthermore, uncollected questionnaire consist of 119, 22.92%.

Table 4.1

Survey responses result

	Total	Percentages
Distributed questionnaires	519	100%
Collected questionnaires	400	77%
Uncollected questionnaires	119	23%
Useable questionnaires	392	98% (out of collected data)

4.3 Reliability test

This study used Cronbach's Alpha to test the reliability of the instruments used. After the code of collected data into SPSS statistical analysis (see Appendix 2, Reliability test). Besides that, reliability test enable to indicate how accurate and precise of the measurement made on independent and dependent variables in this study. Meanwhile, the lower the error caused, the higher the reliability of the instrument. The Cronbach's Alpha values of each variable are illustrated in Table 4.2.

Table 4.2 shows the Cronbach's Alpha Values for dependent variable (job satisfaction, job stress and job turnover), and independent variables (key performance index) which are between the range of 0.5 and 0.66. This reflect an acceptable range of reliability results of the all the variables. According to Sekaran (1992), reliabilities should in the range of 0.5 to 0.8. In this study, the findings result of every variable is more than 0.5. Hence, the reliability results indicated an acceptable value for this study.

Table 4.2

Reliability Test on Instruments Results of the Variables

Variables	No. of Items	Cronbach's Alpha
Key Performance Index	5	0.509
Job Satisfaction	20	0.668
Job Stress	12	0.541
Job Turnover	4	0.616

4.4 Pearson correlation analyses

Correlation test was conducted to determine the relationship between the variables, key performance index as the independent variable and job satisfaction, job stress and job turnover as the dependent variables. The correlation coefficient can be represented by symbol, r . Furthermore, the Pearson's correlation coefficient is used to determine what kind of the relationship between variables, as well as there is positive, negative or no any relationship (Lay and Khoo, 2009).

In the Pearson correlation coefficient (r), there are several kinds of positive and negative relationship (Lay and Khoo, 2009) as below:

1. Perfect positive linear correlation ($r = 1.00$)
2. Perfect negative linear correlation ($r = -1.00$)
3. Strong positive linear correlation ($0.50 < r < 1.00$)
4. Strong negative linear correlation ($-1.00 < r < -0.50$)
5. Weak positive linear correlation ($0 < r < 0.50$)
6. Weak negative linear correlation ($-0.50 < r < 0$)

From Table 4.3, it shown that the key performance index variable and job satisfaction variable were weak positive linear correlation ($0 < r < 0.50$) relationship, which r value is 0.255. Furthermore, the result in Table 4.5 also shown that there is weak positive linear correlation ($0 < r < 0.50$) relationship between key performance index and job stress variables, which r value is 0.197. Hence, the regression analysis was further conducted to investigate the cause and effect relationship between key performance variable to job satisfaction variable, and also key performance index variable to job stress variable.

For addition, the result in Table 4.3 also indicated that job satisfaction variable and job stress variable were strong positive linear correlation ($0.50 < r < 1.00$) relationship, which r value is 0.574. Meanwhile the Table 4.5 result shown that there were weak positive linear correlation ($0 < r < 0.50$) relationships for the Job satisfaction and job turnover variables ($r = 0.106$), and also job stress and job turnover variables ($r = 0.123$). However, these variables are not further conduct regression analysis because out of the main focus in this study research questions and hypotheses. Moreover, the result shown that there is no any relationship between key performance index variable and job turnover variable, which r value is 0.006.

Table 4.3

Inter correlations of the Major Variables

	KPI	JS1	JS2	JT
Key performance index (KPI)	-			
Job satisfaction (JS1)	.255**	-		
Job stress (JS2)	.197**	.574**	-	
Job turnover (JT)	.006	.106*	.123*	-

** $r < 0.05$ level (2-tailed).

4.5 Multiple Regression Analysis

The multiple regression conducted for further analysis the correlation results between key performance index, job satisfaction and job turnover. Furthermore, regression is the statistical tool to further investigation the relationships between independent variable to dependent variable. Hence, the multiple regression conducted to further investigate the cause and effect relationship between key performance index to job satisfaction, and also key performance index to job stress (Lay and Khoo, 2009).

Furthermore, Multiple regression in this which used for further predict and explain the values of key performance index (independent variable) toward the values of job satisfaction and job stress (dependent variables). The weak positive linear correlation relationships of key performance index to job satisfaction, and also key performance index to job stress were suit for multiple linear regression because the variables must

be proven correlated linearly (Lay and Khoo, 2009). The results for multiple regression shown in Table 4.4 and 4.5.

4.5.1 Multiple regressions between the key performance index and job satisfaction

Table 4.4 illustrates the multiple regression results of the key performance index and job satisfaction. The probability value obtained from SPSS 19 is (.000) which is less than predetermined alpha value ($\alpha/2=0.025$), thus the null hypothesis was rejected. Furthermore, the regression analysis result shown that adequate evidence that key performance index is significant cause the effect on job satisfaction. From the Table 4.4, the magnitude of standardized coefficient (Beta), key performance index ($\beta=0.255$) is significant and positively influence job satisfaction of academic staff, UTAR Perak. Conclusion is made at the significance level, $\alpha=0.05$ or confidence level (95%).

Table 4.4

Results of regression analysis of key performance index on job satisfaction

Variable entered	Job satisfaction				
	Unstandardized Coefficients	Std. error	Standardized Coefficients	t	Sig.
	B		Beta		
(Constant)	2.982	.197		15.138	.000
Key performance index	.256	.049	.255	5.212	.000

4.5.2 Multiple regressions between the key performance index and job stress

Table 4.5 illustrates the multiple regression results of the key performance index and job stress. The probability value obtained from SPSS 19 is (.000) which is less than predetermined alpha value ($\alpha/2=0.025$), thus the null hypothesis was rejected. Furthermore, the regression analysis result shown that adequate evidence that key performance index is significant cause the effect on job stress. From the Table 4.5, the magnitude of standardized coefficient (Beta), key performance index ($\beta=0.163$) is significant and positively influence job stress of academic staff, UTAR Perak. Conclusion is made at the significance level, $\alpha=0.05$ or confidence level (95%).

Table 4.5

Results of regression analysis of key performance index on job stress

Variable entered	Job stress				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. error	Beta		
(Constant)	3.330	.165		20.145	.000
Key performance index	.163	.041	.197	3.960	.000

4.6 Discussions of the research findings

The discussion of this study is based on the research objective and hypothesis developed as well as literature review that had been mentioned in the earlier chapter.

The validity in this study's hypotheses as mentioned in the earlier chapters was discussed according to research findings.

4.6.1 Research objective one: To investigate the relationship between key performance index and job satisfaction

As shown in the table 4.3, it has positive relationship between key performance index and job satisfaction. The results in Table 4.4 have significantly proved that key performance index influence the job satisfaction among UTAR employee. This result was similar to Gan (2011) findings on Malaysian college which shown that academic staff has positive response to the performance evaluation system. In addition, academic staffs assume that the key performance index is a healthy competition in their workplace, and this eventually increases their job satisfaction while their effort was recognized.

For common, the academic staffs in the higher educational institution generally possess high education achievement. Meanwhile, the high educational employee is keener in self-actualization especially to achieve high performance (Greenberg, 2009). It is believe that in this study, majority of respondents were significantly responses to key performance index as they perceive was one of the important part of their self-actualization.

This positive relationship of key performance index to job satisfaction among higher education employee was supported by Ssesanga and Garrett (2005) findings which

shown that performance evaluation result has direct influence the academic employee perceiving their satisfaction on current job. UTAR employee is believe more mind on their performance achievement through the UTAR management emphasize key performance index is the standard to promotion and increase its competitiveness to become one of top Malaysian universities.

4.6.2 Research objective two: To investigate the relationship between key performance index and job stress

In table 4.3 shown that key performance index has more significant result on job satisfaction ($\beta=0.255$, $\alpha=0.05$) as compare to job stress ($\beta=0.197$, $\alpha=0.05$). In this finding shown that UTAR employee consider key performance index as a stressor besides it influences their satisfaction. There is positive relationship between key performance index and job stress, this is because performance evaluation is potential to contribute eustress or distress to drive employee's motivation to work (Kreitner and Kinicki, 2010).

In Gan (2011) findings, it also showed that the similar result whereby the performance appraisal has positive result among Malaysian Penang College. This explains the UTAR employee especially there are majority academic staff in this study who has positive response between the key performance index and job stress. This result supported by Gan (2011) as one of the probably that academic employee has more concern on their performance appraisal as one of the effort to recognize their

servicing in their organization. High performance achievement is commonly deemed as the recognition for the employee.

4.6.3 Research objective three: To investigate the relationship between key performance index and job turnover

Based on Table 4.3, it has shown that key performance index does not influence UTAR employee's intention to leave or stay in their current job (job turnover). This situation similar to Carley (1992) findings which shown that employee's intention to leave their job always contributed by multiple factors rather than single influential factor. The findings in this study has no significant proven of key performance index will trigger UTAR employee's intention to leave or stay in their job, it shown that key performance index is not the direct influential factor which can cause the job turnover among employee.

In Elangovan (2001) findings, it did mention that whereby the stage of combination between two factors of job satisfaction and job stress will contribute to the employee's intention to leave their job. As comparing to this study, it is believed that key performance index shown insignificant result to job turnover whereas the situation that UTAR employee under early stage of job stress and job satisfaction. Hence, respondent in this study will not direct influenced by key performance index is probably key performance index might still in the pre-stage influential of job stress and job satisfaction.

4.6.4 Hypothesis 1: The key performance index brings the effect which will reduce the employee's job satisfaction

As exhibited in Table 4.3 which shown that key performance index has positive relationship to job satisfaction. Humborstad and Perry (2011) have found that high job commitment has brought the consequences of stress as well as stimulates employee dissatisfaction. Meanwhile, in contrast aspect of Wheelen and Hunger (2008) found that job evaluation generally brings the ideas of job commitment to employee especially which is used for evaluation of their performance on behalf of organization. It has explained that UTAR employee has increased their dissatisfaction if the key performance index creates high commitment in their job.

In this hypothesis, the findings supported by Thamendren (2011) study who found that performance evaluation will trend in negative impact especially if the performance evaluator conduct it improperly. UTAR employee might dissatisfy on key performance index was because they perceive it conducted as inexplicitly or through the superior who might not fully evaluate their actual performance. Lack of fairness sense for the employee regarding to their performance appraisal would also create dissatisfaction among them.

4.6.5 Hypothesis 2: The key performance index brings the effect on inducing job stress among employee

This hypothesis existed as proved by the result exhibited in the table 4.5 shown that positive relationship of key performance index towards job stress among UTAR employee. In Gan (2011) study which shown that performance appraisal was significantly cause the job stress among employee, it is believed that comparison among employee regard to their performance score has created as the stress factor. Comparison in workplace usually creates the stress factor to employee (Kreitner and Kinicki, 2010). Although competition among employee was one of the ways to motivate them, however, if overwhelming of competition would exhaust employee and eventually cause stress among employee.

This hypothesis supported by Cave (2006) study as he found that employee has increase their performance, however at the same time it lead to a stress environment in workplace. In UTAR, the respondent would have high competition to drive them to perceive stress on their job especially in scoring the performance index. This result shown that UTAR management should take action to prevent any negative impact might happen if its employee under over stress. As discussed by Malek (2010) study, the impact of stress among academic staff in Universiti Sains Malaysia cause uncountable loss on the organization.

4.6.6 Hypothesis 3: The key performance index brings the effect which is causing the employee's intention to leave their job

As shown in Table 4.3, this hypothesis do not exists as it has no significant relationship of key performance index to job turnover.

4.6.7 Hypothesis 4: The key performance index brings the effect which is increasing the employee's job satisfaction

As discussed for Hypothesis 1, this hypothesis existed as the relationship of key performance index to job satisfaction was significant. Despite the negative impact of key performance index to job satisfaction, meanwhile, it also might increase employee satisfaction on their job. Fairness can be created through performance appraisal, and it also will increase motivation of employee (Bird *et al.* 2005). This explains the relationship of two variable was positive as it might probably the employee has perceive that performance appraisal was the fairness way to differentiate their effort which is important to distinguish them from other.

Thamendren (2011) also found that satisfaction among employee will increase when the performance appraisal they perceive is right in justice. UTAR employee will perceive that performance evaluation is one of the ways to distinguish their effort especially for the employee who is high in need of self-actualization. Employee satisfaction will increase at the same time which would improve their performance

(Greenberg, 2009). Hence, management of organization which can provide justice performance appraisal is the key successful to drive the satisfaction among employee.

4.6.8 Hypothesis 5: The key performance index brings the effect which does not induce job stress among employee

This hypothesis does not exist as illustrated in the Table 4.3 shown that there is positive relationship between the key performance index and job stress among employee. Hence, the key performance index is bring the effect to job stress instead of does not induce job stress among employee.

4.6.9 Hypothesis 6: The key performance index brings the effect which is not causing the employee's intention to leaving their job

As exhibited in table 4.3 shown that this hypothesis does not exist as the result indicates that there is no significant relationship between key performance index and job turnover. In Safdar, Waheed and Rafiq (2010) study which mentioned that performance evaluation is not direct factor cause the employee's intention to stay or leave their job. This would explain that key performance index has no influence on UTAR employee in their intention to stay or leave their current job. However, the job turnover usually combines multiple of factors to bring effect.

4.7 Summary of hypotheses significant result

Table 4.6

Results of significant hypotheses

Hypotheses	Results	
	Significant	Not significant
H1	Applicable	
H2	Applicable	
H3		Applicable
H4	Applicable	
H5		Applicable
H6		Applicable

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

The purposes of this research are to investigate the relationship between key performance index and job satisfaction, job stress and job turnover. The research framework of this study was developed based on independent and dependent variables, whereas key performance is independent variable and dependent variables includes job satisfaction, job stress and job turnover. Results of regression analysis showed that there were significant and positive relationship between key performance index and job satisfaction, and also job stress.

One of the research objectives for this study is to find out the relationship of key performance index and job satisfaction. Job satisfaction is the positive driving force to motivate employee in term of increase their productivity. In this study, it has shown that employee satisfaction significant relationship toward key performance index. Meanwhile, Hypothesis 1 discussed the negative impact of key performance index on the decline of satisfaction, and hypothesis 4 is discussed increase of job satisfaction through key performance index.

In addition, for hypothesis 4 (see Table 4.6) had shown that positive impact of key performance index to increase job satisfaction. Key performance index play role to job demand and positive thinking employee will gradually turn job demand as eutress

to increase their satisfaction of every accomplishment (Greenberg, 2009). For UTAR Perak academic staff, they shown positive response toward key performance index especially their interest fulfilled and at the same time their job satisfaction increasing.

Secondly, another research objective purpose is to find out the relationship of key performance index and job stress. Job stress is harmful to organization which would cause decline of productivity and motivation among employee. Through the study, it has shown that employee stress exists along key performance index. Hypothesis 2 discussed the negative impact of key performance index cause the stress on employee. For hypothesis 2 (see Table 4.6), it shown that significant impact of key performance index stimulate stress among employee.

On the other hand, the research objective for investigate the key performance index toward job turnover also conducted. However, the result has shown that key performance index does not influence job turnover. The hypothesis 3 and 6 which discussed the key performance index does not or does influence job turnover has abandon as the result shown insignificant of these 2 hypotheses relationship. Hence, the significance results only for hypothesis 1, hypothesis 2 and hypothesis 5 among all the hypotheses.

This study was conducted to understand how is effect of the key performance index to UTAR Perak employee's behavior in term of job satisfaction, job stress and job turnover. The valuable information generated from this study gave a clearer picture to the organization regarding employees' concern of the organization performance evaluation practices and employees' responses. It could be the valuable reference for

organization especially as the source to take consideration to plan and implementation its performance evaluation practices, in order to attract new talented cadres while retaining high performing employees.

5.2 Recommendation for future research

It is recommended that future research can conduct the research on focused key performance index to more other variables such as job fairness, job commitment and organizational justice. Key performance index is the trend for recent century that used in many organizations regarding its employee performance evaluation method. Holistic research of key performance index to other variable is valuable and important to let us understand more on its impact to organization.

Furthermore, it is interesting to study key performance index across different industry or comparing impact of key performance index among different industries. This is because most of the previous studies were done at manufacturing area or education field. The different field of industries might have the different needs in performance evaluation system and different level of impact on employee. Broad study of key performance index can increase our understanding on how it plays the effect to increase organization's competitive advantages.

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