

**THE INFLUENCE OF COMPENSATION
TRAINING DEVELOPMENT AND CAREER
DEVELOPMENT ON EMPLOYEE PERFORMANCE
AMONG NON-ACADEMIC PERMANENT STAFF
AT UNIVERSITI MALAYSIA SABAH**



JOEHAN JOEHARI WILLIAM

UNIVERSITI MALAYSIA SABAH

**SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITI MALAYSIA SABAH
2010**

**THE INFLUENCE OF COMPENSATION
TRAINING DEVELOPMENT AND CAREER
DEVELOPMENT ON EMPLOYEE PERFORMANCE
AMONG NON-ACADEMIC PERMANENT STAFF
AT UNIVERSITI MALAYSIA SABAH**

JOEHAN JOEHARI WILLIAM



UMS

**DISERTATION SUBMITTED IN PARTIAL
FULFILLMENT FOR THE MASTER DEGREE OF
HUMAN CAPITAL MANAGEMENT**

**SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITI MALAYSIA SABAH
2010**

UNIVERSITI MALAYSIA SABAH

BORANG PENGESAHAN STATUS TESIS

**JUDUL : THE INFLUENCE OF COMPENSATION TRAINING
DEVELOPMENT AND CAREER DEVELOPMENT ON
EMPLOYEE PERFORMANCE AMONG NON-ACADEMIC
PERMANENT STAFF AT
UNIVERSITI MALAYSIA SABAH**

**IJAZAH : MASTER OF HUMAN CAPITAL MANAGEMENT (MHCM)
SESI PENGAJIAN 2007-2010**

Saya, JOEHAN JOEHARI WILLIAM mengaku membenarkan tesis sarjana ini disimpan di Perpustakaan Universiti Malaysia Sabah dengan syarat-syarat kegunaan berikut:

1. Tesis adalah hak milik Universiti Malaysia Sabah.
2. Perpustakaan Universiti Malaysia Sabah dibenarkan membuat salinan untuk tujuan pengajian sahaja.
3. Perpustakaan dibenarkan membuat salinan tesis ini sebagai bahan pertukaran Institusi Pengajian Tinggi.
4. TIDAK TERHAD.



Disahkan oleh,

UNIVERSITI MALAYSIA SABAH

Penulis : JOEHAN JOEHARI WILLIAM
Alamat :
88

TANDATANGAN PUSTAKAWAN

Penyelia: Dr. Amran Hj. Harun

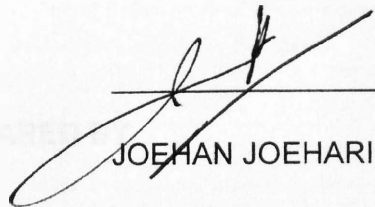
Tarikh :

Catatan: Tesis dimaksudkan SEBAGAI TESIS Ijazah Doktor Falsafah dan Sarjana secara penyelidikan atau Disertasi bagi pengajian secara kerja kursus dan penyelidikan atau laporan Projek Sarjana Muda (LPSM).

DECLARATION

I hereby declare that material in this study is my own except for quotations, excerpts, equations, summaries and references, which have been duly acknowledge.

17 June 2010


JOE HAN JOEHARI WILLIAM

PE2007-8639



UMS
UNIVERSITI MALAYSIA SABAH

**TITLE : THE INFLUENCE OF COMPENSATION, TRAINING
DEVELOPMENT AND CAREER DEVELOPMENT ON
EMPLOYEE PERFORMANCE AMONG NON-ACADEMEIC
PERMANENT STAFF UNIVERSITI MALAYSIA SABAH.**

DEGREE : MASTER OF HUMAN CAPITAL MANAGEMENT

VIVA DATE :


DECLARED BY

**1. SUPERVISOR
(Dr. Amran Hj. Harun)**




(Signature)

**2. CO-SUPERVISOR
(Pn.Roslinah Mahmud)**


(Signature)

UMS
UNIVERSITI MALAYSIA SABAH

ACKNOWLEDGEMENT

First and Foremost, I would like to express my sincere gratitude to my supervisor, Dr. Amran Hj. Harun, for imparting his knowledge, experience, advice and understanding towards the completion of this research study.

I would also like to thank to my co-supervisor, Puan. Roslinah Mahmud for the advice and support that she had given to me during completion of this research study.

Appreciation also goes to all respondents from the non-academic permanent staff of Universiti Malaysia Sabah, for giving their fullest cooperation in the completing for this study.

Lastly, I would like to thank my parent, my wife and my children for their understanding, Support and encouragement that really help me on completing this research study.



UMS
UNIVERSITI MALAYSIA SABAH

ABSTRACT

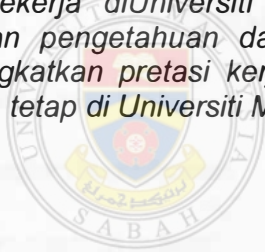
This research investigates the influence of Compensation, Training development and career development on employee performance among non-academic permanent staff at Universiti Malaysia Sabah. This study only focuses on the three independent variable that were found to be the important benefits that are provided by human resource management in Universiti Malaysia Sabah to their permanent staffs. The mediating variable that is Job satisfaction been regarded as an individual's positive emotion reaction to improve performance for particular job and it also can be define as employee affective reaction to a job based on comparison between actual outcomes and desired outcome. Surveydoneon 118 non-academic permanent staff in the university discovered that only compensation in the independent variable factors were found to have significant relationship with employee performance, while the mediating variable that is Job satisfaction was proven to have relationship between independent variable(Compensation, Training and development, and career development) dependent variable (employee performance).The result of this study provides important insight to the management of the university pertaining to issue to improve the staff performance of the non-academic permanent staff.



UMS
UNIVERSITI MALAYSIA SABAH

ABSTRAK

Kajian ini bertujuan untuk mengkaji pengaruh faktor kebajikan, latihan dan peningkatan kerjaya terhadap prestasi pekerja bagi kakitangan bukan akademik yang berjawatan tetap di Universiti Malaysia Sabah. Kajian ini fokus terhadap tiga faktor yang merupakan perkhidmatan yang disediakan oleh Jabatan sumber manusia di Universiti Malaysia Sabah untuk kakitangan bukan akademik yang berjawatan tetap. Berdasarkan kajian yang telah dijalankan oleh pengkaji terdahulu, faktor kebajikan, latihan dan peningkatan kerjaya dan termasuk juga faktor kepuasan berkerja memberikan kesan terhadap prestasi pekerja disebuah organisasi. Faktor kepuasan bekerja bagi seorang individu dapat memberikan kesan positif terhadap prestasi kerja serta memberikan rangsangan untuk melaksanakan kerja yang dirancang. Kajian ini telah dilakukan terhadap 118 orang kakitangan bukan akademik yang berjawatan tetap di Universiti Malaysia Sabah dan membuktikan bahawa faktor kebajikan merupakan salah satu faktor penyebab yang dapat memberikan kesan kepada prestasi kerja kakitangan bukan akademik yang berjawatan tetap. kajian ini juga dapat membuktikan bahawa faktor kepuasan berkerja merupakan satu faktor yang dapat menyambungkan tiga faktor kebajikan, latihan dan peningkatan kerjaya dengan prestasi pekerja diUniversiti Malaysia Sabah. Diharapkan kajian ini dapat memberikan pengetahuan dan informasi yang penting dalam usaha untuk mempertingkatkan prestasi kerja dikalangan kakitangan bukan akademik yang berjawatan tetap di Universiti Malaysia Sabah.



UNIVERSITI MALAYSIA SABAH

TABLE OF CONTENTS

	Page
DECLARATION	ii
ACKNOWLEDGEMENT	iii
ABSTRACT	iv
ABSTRAK	v
TABLE OF CONTENTS	vii
LIST.OF.TABLE	x
LIST.OF.FIGURES	xi

CHAPTER ONE: INTRODUCTION

1.0	Overview	1
1.1	Problem Identification	3
1.2	Research Question	6
1.3	Research Objectives	7
1.4	Scope of Study	8
1.5	Significance of the study	8
1.6	Definition of key concepts	9
1.7	Conclusion	10

CHAPTER TWO: LITERATURE REVIEW

2.0	Introduction	11
2.1	Conceptualization of Employee Performance	12
2.2	Independent Variable	13

2.2.1	Compensation	14
2.2.2	Career Development	15
2.2.3	Training Development	16
2.3	Mediating Variable	17
2.3.1	Job Satisfaction	18
2.4	The Relationship between Independent variable, Mediating and Employee Performance	19

CHAPTER THREE: RESEARCH METHODOLOGY AND FRAMEWORK

3.0	Introduction	21
3.1	Research Framework	22
3.1.1	Dependent Variable	22
3.1.2	Independent Variable	22
3.1.3	Mediating Variable	23
3.2	Hypotheses	24
3.3	Research Design	25
3.4	Unit of Analysis	26
3.5	Location and Population	26
3.5.1	Sampling Size	26
3.6	Instrument Design	26
3.7	Data Collection Method	28
3.8	Data Analysis Techniques	29
3.9	Conclusion	29

CHAPTER FOUR: ANALYSIS OF RESULTS

4.1	Introduction	30
4.2	Respondent Profile	30
4.3	Descriptive Statistics for Variables	33
4.4	Reliability of Measures	34
4.5	Correlations	36
4.6	Hypothesis Testing on independent Variable	37
4.7	Hypothesis Testing on independent variable and Mediating Variable	39
4.8	Hypothesis Testing on Mediating Variable and Employee performance	41
4.9	Hypothesis Testing on Mediating Variable and Gender differences	43
4.9.1	Summary	46

CHAPTER FIVE: DISCUSSION AND CONCLUSION

5.1	Introduction	47
5.2	Review of the study	47
5.3	Discussion and implication of the study	48
5.4	The Influence of Compensation on employee performance	49
5.5	The Influence of Training development on employee performance	49

5.6	The Influence of Career Development on employee performance	50
5.7	The relationship between the Independent variable and Mediating variable	50
5.8	The relationship between the Mediating variable and independent variable	51
5.9	The influence of Mediating variable on independent variable and dependent variable	51
6.0	Hypothesis on gender differences between male and female	52
6.1	Limitations of the study	53
6.2	Suggestions for the Future research	53
6.3	Conclusion	54

REFERENCES	55-63
------------	-------

APPENDIX	64-92
----------	-------



UMS
UNIVERSITI MALAYSIA SABAH

LIST OF TABLES

	Page
Table 1	2
Table 2	5
Table3.1	28
Table4.1	32
Table4.2:	33
Table4.3:	34
Table4.4:	36
Table4.5.1:	38
Table4.5.2:	38
Table 4.6.1:	40
Table4.6.2:	40
Table 4.7.1:	42
Table4.7.2:	42
Table4.8.1:	44
Table4.8.2:	45
Table4.8.3	45

LIST OF FIGURES

Figure	Page
3.1 The Research Framework	22



UMS
UNIVERSITI MALAYSIA SABAH

INTRODUCTION

1.0 Overview

In an organization employee play a crucial role of shifting the direction of the organization according to the planning of the group of management people. The understanding of the employee role can bring more positive contribution to organization and able to increase the employee performance within the organization. Performance is defined as the level of productivity of an individual employee and job related behaviors and outcomes Babin & Boles (1998). Fisher (2004) describe that job satisfaction includes the positive feelings that can intuitively lead to improved performance. According to Currie (2001) job satisfaction related to individual who is satisfied with term and condition of employment. Organizations that are successful in their services have invested their resources into programs which increase their employee performances and job satisfaction (George & Weimerskirch, 1994).

To become a successful organization, Universiti Malaysia Sabah also focuses on job satisfaction and employee performance for current and future success in the organization. In relation to employee performance, Universiti Malaysia Sabah is also committed to produce a pleasurable working environment so that its employees will be satisfied and eventually will excel in their respective fields. University Malaysia Sabah (UMS) was established on 24th November 1994, under the section 6(1) of the Universities and University Colleges Act 1971. The university is the ninth university established in Malaysia, which the main campus is located in Kota Kinabalu and a branch campus in Federal Territory of Labuan. Currently it has a number of 1,894 overall staff working in Universiti Malaysia Sabah and among it, there are about 781 permanent non-academic staffs in main campus. There are three group levels of permanent non-academic staff in main campus Universiti Malaysia Sabah that is *Officer level group* consist of rank 41 to Jusa C and obtain bachelor degree or Master. *Support staff group1* consist of rank 17 to 27 and obtain education level from SPM to diploma level. *Support staff group2* consist of rank 1 to 16 and obtain education level of SRP

The number of non-academic staff based on the group level is illustrated in Table 1 below.

Table 1: Number of permanent non-academic staff in main campus universiti

GROUP LEVEL	NUMBEROF MALE STAFF	NUMBEROF FEMALE STAFF
Officer level Group	89	71
Support Staff Group 1	261	257
Support Staff Group 2	98	5
Total Amount	448	333
Overall Total Non-Academic staff	781	

Malaysia Sabah according to group level of working rank for year 2010.

(Source: Human Resource Division, Universiti Malaysia Sabah, April 2010)

Universiti Malaysia Sabah has been progressing at a tremendous pace, and the university is fully committed to achieving the highest standards of quality for both academic and non-academic activities. This will provide an indication that University Malaysia Sabah is pursuing a continuous improvement. Universiti Malaysia Sabah also hopes that the university able to train and produce human resources of international caliber who are ready to contribute towards the betterment of the local people and the country. Each and every staff contributes to the overall performance of the university and each staff must have a clear understanding of what to do as individuals and as part of the Universiti Malaysia Sabah team, so that the university will progress and continuously improve. The University understands how valuable each staff that works in the Universiti Malaysia Sabah whom can bring a great impact to the overall performance. With this reason, it is why a continuous improvement on the staff or employee performance must be examined and maintained in the university.

Therefore, the study on employee performance in the scope of university Malaysia Sabah will help the organization to understand on how to improve staff performances especially the non –academic group, at an outstanding level that continuously to benefit both party and enhancing good relationship within organization. This research mainly focuses on the permanent non-academic group performance because it is observed that in the literature, most research that have been done on performance particular in university focused much on academic group. The non –academic group research on staff performance is still under researched. Therefore, it is important to understand performance among the non-academic staff.

1.1 Problem Identification

Employee performance has been the focus issue in human resource literature and it has a great link to organizations mission, office goals, and customer services or team performance. Dyer and Reeves (1995) stated that performance refer to output measures such as improved retention, reduced absenteeism, productivity, and service quality. It also stated that employee performance desirable outcomes are greater autonomy, less stress, reduced workloads and increased visibility. Government must also not only concentrate on problem such as absenteeism and accidental injury but also view on aspect of healthier and happier also more productive in terms of higher performance of employee performance (Department for Work and Pension, 2005).

The understanding of the foundation which determined employee performance is critical for the survival of Human resource Management because it will promote positive attitudinal and behavioral characteristics. According to Boselie and Dietz (2003) past research had showed that productivity, financial measures, product and service quality and employee turnover appear to be the most element use for performance indicators in prior research on Human Resource Management and performance.

Dyer and Reeves,(1995) also stated that previous research is still not closer to understanding the fundamental principles of performance, which is geared to promote attitudinal and behavioral characteristics like work-life balance satisfaction among employees. Past research done by Nicole (2007) also suggested that further research needs to be conducted on HRM practices, and performance relationship so that each organization understand the foundation that influence the employee performance within its own organization.

Thus, the focus of this study is to understand on employee performance and to observe the relationship between compensation, training development and career development on employee performance in particular. The target group for this study is the permanent non-academic staffs in Universiti Malaysia Sabah since research that been done from previous researcher on employee performance among non-academic permanent staffs is still rare in literature compared to research on employee performance on academic staffs.

This current study also hopes to close the gap on information related to the employee performance within the academic and non-academic permanent staff

.In addition, upon understanding the employee performance of the non-academic permanent staff, this study will only focus on three elements that can influence the employee performance that is compensation, training development and career development.

These three elements are chosen as they are also the important benefits that are provided by human resource management in Universiti Malaysia Sabah to their permanent staffs .Frederick Herzberg (1959) performed studies to determine which factors in an employee's environment caused satisfaction or dissatisfaction, and he published his finding in the book title *the Motivation to work*. Herzberg theory suggested that job satisfaction and job dissatisfaction are caused by different and independent sets of factor. The theory found that when people are satisfied, they attribute their satisfaction to the work itself which is called *Motivators factors in Herzberg's Theory*, while when people are dissatisfied with their jobs; they are concerned about the environment in which they work it is called *maintenance / hygiene factors in Herzberg's Theory*.

The motivators factors in Herzberg's theory explains that perceived work environment that is related to the work itself such as **promotion opportunities** (career development), **personal growth** (training development), and **achievement in the work** (related to compensation) can aspire to create and enhances job satisfaction contribute to performance. This factors should motivate people to a higher performance, therefore, the factors has been chosen for this research studies for understanding the employee performance on non-academic staff Universiti Malaysia Sabah.

With relation to performance in Universiti Malaysia Sabah, as the researcher is working in the human resource division in the institution concerned, the employee performances among the non –academic staff are constantly observed.

Some of the issue about employee performance that contribute to this study are, record in the human resource division shows a higher number of staff who received below 70 percent in their performance appraisal as illustrated example in Table 2 below:

Year	Male	Female	Total Number of staff
2007	10 or (1.4%)	6 or (0.8%)	16 (2.2%)
2008	13 or (1.5%)	8 or (0.9%)	21 (2.4%)
2009	22 or (2.1%)	13 or (1.2%)	35 (3.3%)
Total	45	27	72

Table 2: Number of permanent non-academic staff in Universiti Malaysia Sabah that received result that are 70 percent below in their performance appraisal.
(Source: Human Resource Division, Universiti Malaysia Sabah, April 2010)

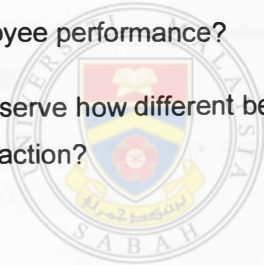
Based on the statistic above, staff that obtained a result below 70 percent in performance appraisal is perceived not achieving the standard requirement for level of performance needed for a staff in Universiti Malaysia Sabah. Therefore it is concluded that if a staff does not perform well their performance appraisal result will be below 70 percent. It also can be assumed that the employee may not satisfy with their current job. It also can be assumed that male were not performing well than female because more male achieved higher percent of result below 70 percent compare to female.

1.2 Research Question

The study aims to understand the influence of Compensation, Training Development and Career development and job satisfaction on employee performance.

The main research questions are as follows:

1. How Compensation, Career development and Training Development affect Employee performance?
2. How Compensation, Career development and Training Development affect Job satisfaction?
3. How Job Satisfaction will have an influence on Dependent variable (employee performance)?
4. How Job Satisfaction mediating the relationship between Compensation, Career development and Training Development and Employee performance?
5. To observe how different between male and female employees with regard to their employee performance?
6. To observe how different between male and female employees regard to their Job Satisfaction?



UMS
UNIVERSITI MALAYSIA SABAH

1.3 Research Objectives

The study aims to understand what are the factors that leading to employee performance. The

Main research objectives that will be examined in the research are as follows:

1. To investigate the influence of independent variable Compensation, Career development and Training Development on Employee performance.
2. To investigate the influence of independent variable Compensation, Career development and Training Development on Mediating variable (Job satisfaction)
3. To investigate the influence of Mediating variable (Job Satisfaction) on Dependent variable (employee performance).
4. To determine whether the Mediating factor will affect the relationship between (Compensation, Career development and Training Development) and Employee performance.
5. To determine whether male and female employees different with regards to their performance.
6. To determine whether male and female employee different with regards to their Job satisfaction

1.4 Scope of Study

The type of investigation in this research is a correlation study because it delineates the important variables to employee performance. The research study is a cross-sectional study while data are gathered just once via quantitative method that is through data collection methods by using questionnaires. The frame work of this research consist of three element in *independent variable* that is Career development, Compensation, Training Development, the *mediating* , Job satisfaction and the *dependent Variable*, Employee performance.

The focus of this study is to understand on employee performance and to observe the influence between independent variable and mediating variable on employee performance in particular. The target group for this study is the non-academic permanent staffs in Universiti Malaysia Sabah.

1.5 Significance of the study

This current research intends to assist the management of University Malaysia Sabah to improve its Human Resource Management process, especially in the performance of the employee of non-academic permanent staff in University Malaysia Sabah.

The expected findings of this study will contribute to management, employee, and organization and also to have better understanding of managing the human resource in the effort of the university to improve the performance of non-academic permanent staff. The reason for understanding the determinant of the employee performance for each non-academic permanent staff in the university, can help to increase its productivity and also produce human resources of international caliber that are ready to contribute towards the betterment of the people and the country.

This research also tend to give information of the current level of employee performance of the existing non-academic permanent staff in Universiti Malaysia Sabah according to the gender perspective of male and female and also determine the different performance level between male and female employee.

1.6 Definition of key Concepts

For the purpose of this study, the following term need to be clarified as to avoid confusion and on what it mean in the context of this study.

1.6.1 Employee performance

Employee performance means motivations, effective behaviors, actions and decisions that explain or capture spectrum of job activities. In the context of employees it is managerial performance of solving most day to day problems, monitoring competitive behavior and carrying out company policies or objective, Stathakopoulos(1997).

1.6.2 Career Development

Career Development is the lifelong psychological and behavioral process that influences one career over the life span. It also involves the person creation of a career pattern, decision making style, integration of life roles, value expression and life role self concepts, Herr, E.L & Cramer, S.H, (1996)

1.6.3 Training Development

Training development is concerned with organizational activity aimed at bettering the performance of individuals and groups in organizational setting. It has been known by several names including employee development, learning and development, Rosemary Harrison (2005)

1.6.4 Compensation

Compensation is a systematic approach to provide monetary value to employee in exchange for work performed. It is a tool used by management for variety of purpose to further existence of the company and compensation may be adjusted according the business needs, goals and available resources. Morale and job satisfaction are affected by compensation element. Compensation may be used for recruit and retain qualified employees, reward and encourage peak performance and reduce turnover and encourage company loyalty (Adam, Shawn, 2001)

1.6.5 Job Satisfaction

Job satisfaction has been defined as a pleasurable emotional state resulting from appraisal, affective reaction and attitude towards one's job. Weiss (2002) argued that job satisfaction is an attitude that clearly is an object of cogitative evaluation which is affect emotion, beliefs and behaviors.

1.7 Conclusion

In every organization understanding of the employee performance can enhance the productivity and the commitment of the employee that work in the organization. This is the reason for this research been done to focus on the employee performance on the non-academic permanent staff of university Malaysia Sabah so that the information that gather in this research can contribute for the continues improvement on the performance of the non-academic employee.

This research also aim to understand and investigate the influence of Compensation, Career development and Training development on employee performance for the better understanding of the elements toward staff performance that can effect overall organization process to achieve higher productivity and affective performance management system. Performance is a critical factor for develop accountable, productive, meaningful and participatory employee in any organization so that the organization can maintain a satisfying and enriching environment for all of the staff especially in Universiti Malaysia Sabah.