



Faculty of Cognitive Sciences and Human Development

**THE EFFECT OF KEY PERFORMANCE INDICATOR (KPI) TOWARD
WORK-LIFE BALANCE**

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(57969)**

**Bachelor of Science with Honours
(Human Resource Development)
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**THE EFFECT OF KEY PERFORMANCE INDICATOR (KPI) TOWARD
WORK-LIFE BALANCE**

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**This project is submitted
in partial fulfillment of the requirements for a
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Masters

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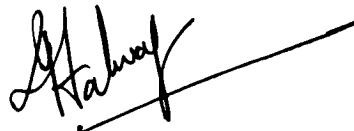
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I hope that this research can give benefit and be references for organization, HR practitioners and future researcher.

ABSTRACT

This study is conducted to investigate the effect of KPI (key performance indicator) toward work life balance of employee in a public university in Pahang. The independent variable for this study is KPI (key performance indicator) While the dependent variable is Work-life balance. Questionnaire has been used as the method to collect data for this study. The respondent for this study is 100 employee from management line that randomly chosen for this research. The collected data been analyse by using the Statistical Package for Sosial Science Version 21.0 (SPSS version 21.0). The effect of KPI (key performance indicator) toward work-life balance has been test using the Pearson correlation analysis. The result show that there is a significant different between KPI and work life balance.

ABSTRAK

Kajian ini telah dijalankan bagi mengkaji kesan KPI (key performance indicator) terhadap keseimbangan gaya hidup bekerja di kalangan pekerja di sebuah universiti awam di Pahang. Pemboleh ubah tidak bersandar bagi kajian ini ialah Key Performance Indicator (KPI) manakala pemboleh ubah bersandar ialah keseimbangan gaya hidup bekerja. Borang soal selidik telah digunakan dalam kajian ini bagi mengumpul data. Responden bagi kajian ini ialah seramai 100 orang pekerja dari sebuah universiti awam di Pahang. Data yang telah dikumpul di analisa menggunakan Statistical Package for Social Student Versi 21.0 (SPSS versi 21.0). Kesan KPI (key performance indicator) terhadap keseimbangan gaya hidup bekerja telah diuji menggunakan ujian korelasi Pearson. Hasil kajian menunjukkan terdapat perbezaan antara KPI dan keseimbangan gaya hidup bekerja.

CHAPTER 1

INTRODUCTION

1.0 Introduction

KPI is a short form of Key Performance Indicator. This is a system that help an organization to monitor and measure the employee performance. This system has been build to make the Human Resource Management process become soft and arranged. The implementation of this system was make slightly changes in organization. The effect of the changes were depend on how the organization implement and the way they train their employee to adapt with the new situation. Most of the organization are using this system as their benchmark in achieving the goal.

KPI system need to be align with the work-life balance. It is a conscious feeling of energy, aliveness, interest and enthusiasm. Work-life balance been associated with many traits such as self motivation, positive mood and good self-esteem, life satisfaction, autonomous behaviour. People who think they have work-life balance work more harder than who do not. In contrast, people who have depression, tension, anger or in other word have negative emotion would have less productivity then positive people. A study has shown that positive emotion would lead to energize and build interest while negative emotion will have restrict thinking and discourage receptivity to new thing and initiative. So that a good work-life balance would lead to best performance.

KPI is measurement system of performance and the level of performance among employee could be increase and decrease because of work- life balance. So any organization that implement this system need to be focus on whether the employee had work-life balance or not. Unstable emotion of employee would lead to unsatisfied result of employee performance. To implement this system, organization need to make a plan that suitable with their organization culture and always keep on track until the goal achieve. In early stage of this implementation would give negative impact toward organization because of changes but employer need to analyse whether the problem encountered would happen in long term or short term.

1.1 Background of Study

Human Resource nowadays are keep busying to implement new thing to make sure that employee in the organization would give their full effort in doing their job and complete their task. However the new implementation might occur some problem. Because of that, it need to keep renewing by the organization itself. This is because the new implementation are created as a randomly and the organization must change it and match to their company structure and objective. Parmenter(2010) as cited in Kaganski(2018) stated that KPI is no longer a new system to organization, whether it been use wisely of the organization or not. The problem that occur during the implementation of KPI is because of the organization itself. The implementation of KPI in the organization maybe because the employee does not really understand the benefit of the KPI itself or they think the implementation just to make them busy.

The challenges to achieve Work-Life balance among employee are different based on their organization. This is because, the organization had different leader, objective and also the management structure. A leader should be the one who know better their employee. Serrat(2010) indicate that a manager need to play their role to build a better organization. A few thing that need to be focus by the manager is the leadership style which are critical to high performance. Other than that, staff engagement to make sure the employee feeling happy to work in the organization. The manager also need to pay more attention in job design and also open opportunity to their employee to shared their vision.

Doherty & Manfredi(2006) agree that main problem of academic staff was work intensification caused by many conflicting demand because number of student increase. Because of that this study are going to be conduct in a public university. The purpose of this study to know whether the academic sector had to deal with much more conflict than other sector and at the same time to know the level of work-life balance that the employee in the organization had.

1.2 Problem Statement

The implementation of Key Performance Indicator (KPI) has it own advantages and disadvantages depend on ways of organization operate. Some of the thing that would effect the organization, first is lack of company selection of KPI (Nappi and Kelly,2018) which is if the company wrongly select the type of KPI it might be not suitable to running along and the company goal could be not achieve. There many type of KPI, it could be choose depend on company root such as what kind of business that the company running, what kind of the goal that they want to achieve. Structure and culture in an organization are strongly related to the context of the new product development function. Based on the discussion before, they said

that selection type of the KPI also would effect the culture of the organization. Organization need to find the way to make all of the employee adapt with the new changes. The changes also might effect the organization situation. The activities must be consistent with an overarching organizational strategy, implying that management must take conscious decision regarding innovation goals(Nappi et al .,2018)

KPI is a system to measure employee performance and a study said that employee performance could be increase and the decrease depend on employee emotion. However, creating a balance between professional and personal life is a challenges for an individual. The scope that should be focus is how their life in workplace and at home. This is because, some people cannot set a boundaries among this two places. They might bring problem from home to office and stress from office to home. Mangaleswaran and Thevanes, (2018) discuss that organization should focus more on creating,identifying,implementing the effective work-life balance promoting practices to improve and sustaining the employee as well as organization performance rather than keep busy to provide any convenience such as childcare at office, flexible working hour because if the employee do not have awareness about work life balance it would not happen too. Nowadays organization starts up to recruit and select appropriate people who are closest to the workplace or organization to eliminate the work-life conflict of employee (Mangaleswaran and Thevanes ,2018).

Although KPI implementation may help organization to competing with other company and having structured plan to achieve their goal it also give a bad impact to the organization if the KPI are not being implement using the right way. Rohami Shafie(2016) as cited in Muzaffar (2017) said that KPI implementation give a hard time for the worker to spend their leisure time, family time, health care and so on. only for working time and at the last it will create a potential to have an occupational stress. Muzaffar (2017) support the statement by said that When organization give certain target the every employee need to achieve it will

make the employee become more stress if they unable to achieve the target given an lead them to have stress, anxiety and easy to suffer related disease.

This current issues might effect three type of main part, which is physical, psychology and behaviour. Tsutsumi et al (2009) has stated a few type of effect in three main in an individual where in physical, employee will have headaches, sleeping disorder, high blood pressure, coronary heart disease and others, and psychological effect like having an anxiety or mood disorder, and the effect toward employee psychology is they tend to have anxiety or mood disorder and the last it will give impact to employee behaviour where it will create the issues of absenteeism and low performance of the employee.

1.3 Objective and Hypothesis

This objective has been divide into two, which is general objective and specific objective.

1.3.1 General Objectives

To study the effect of Key Performance Indicator (KPI) toward Work-Life Balance

1.3.2 Specific Objectives

- 1) To study the association between gender and Work- Life Balance
- 2) To study the relationship between Key Performance Indicator and Work-Life Balance
- 3) To determine difference between different position and Work-Life Balance
- 4) To suggest remedial measurement to improve Work- Life Balance

1.3.3 Hypotheses

- 1) There is no association between gender and Work- Life Balance
- 2) There is no relationship between Key Performance Indicator and Work-Life Balance
- 3) There is no difference between different position and Work-Life Balance

1.4 Conceptual Framework

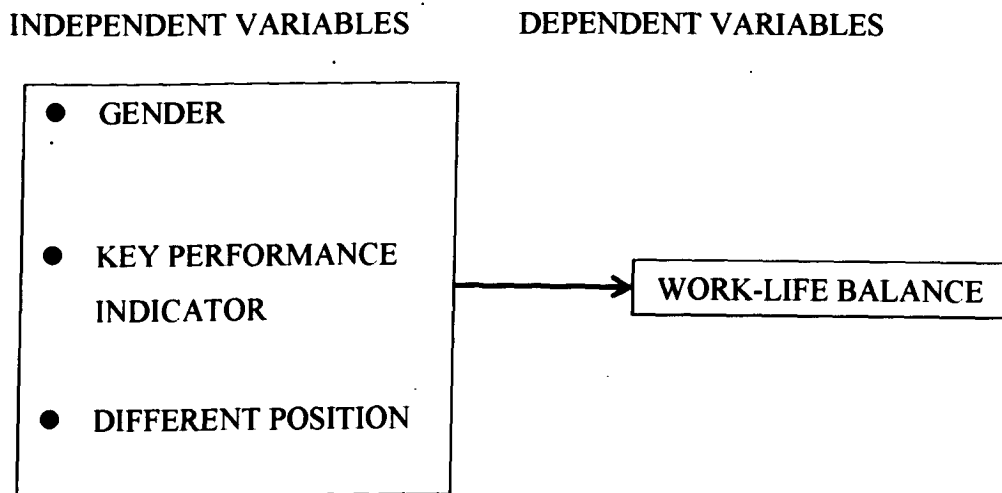


Figure 1 : Conceptual Framework

1.5 Significance of the study

This study is to identify how much KPI which is most of the organization implement effect the work-life balance of employee in the organization. This study maybe could give some benefit toward other.

1.5.1 Organization

Organization could use this research as a guidance in choosing the right KPI based on the organization culture and business. This is important, because the result of implementing KPI might be different even we are using the same type and the same ways. This study might help organization to aware with their surrounding and more focus on employee needed. This is all about human, organization are dealing with people who had emotion. This emotion will lead to up and down each of the employee performance. Every employee is a stakeholder for the company if they does not feel happy to work in the company, the company would not survive. The achievement of every organization is because of their employee. Management cannot been manage if the employee does not give cooperation to them. Organization might be know the suitable type of KPI and the suitable ways to implement it. Every process that happen during the implementing need to be analyse to make sure that it does not give a big or long term problem.

1.5.2 Employee

Employee could be learn how to achieve work-life balance and how to keep align with the KPI that been implement in the organization. Worker also will be aware that how much their performance and organization goal been related. Employee could be more ready in every changes that happen in the organization. They also could use the advice from the researcher to keep on track and improve their performance during their employment. This research might help employee to understand more about the implementation of KPI in their organization and work hard and being smart to achieve it.

1.5.3 Researcher

This research could be use by the next researcher as a reference if the researcher were interest to study about the effect of Key Performance Indicator (KPI) toward Work-Life Balance.

1.6 Limitation of the study

This research is to study the effect of new system that has been created which is KPI toward the work-life balance. Work-life balance is a thing that Malaysian were targeted. So each of the organization need to focus on it before keep implementing new system or culture. Work-life balance could give effect to employee, organization and also country if it does not achieve. In this study has been discussed how organization need to choose type of KPI and what the impact of wrong decision. This research has been done in a public university. Focus group are upper and lower management team. In this university there are 2 thousand staff but the sample size that has been taken for this study is only 100 which is include low level management and functional management . This study has been running for 8 month which is

from start until the end. The limitation that occur during this research is time and also the sample size.

1.7 Definition of term

Term that has been used in this research would be defined in operational and conceptual as stated below :

1.7.1 Key Performance Indicator

Conceptual

Key performance indicator can be defined as the physical value which are used to measure, compare and manage the overall organization performance. This system help organization easy to look over the employee performance. This system also make employee have more spirit in doing their job and they will keep focusing on organization goal.

Operational

Key performance indicator (KPI) are business metrics used by corporate executives and other manager to track and analyze factor that crucial to the success of organization. KPI need to be choose wisely depend on the organization culture and business if organization choose wrongly it will affect the organization productivity.

1.7.2 Work -life balance

Conceptual

Kristen .K (2010) defined work-life balance as “the absence of conflict between work and non-work roles and demand”. So that to achieve work life balance all the barrier need to be eliminated. Organization need to be focus on things that make work-life balance not achieve such as decrease the overtime among employee, every task that given must be reasonable with it time line.

Operational

Work-life balance is an optimal arrangement of an individual's on-the-job and personal time to facilitate health and personal satisfaction without impact the performance and professional success. Work-life balance will be achieve if it has some tolerate from organization. An awareness about work-life balance among employee should be focus.

1.8 Conclusion

Chapter 1 was discuss about background of study, research objective, conceptual framework, significance of study and limitation of study. Other than that, research hypothesis also being stated in this chapter. The chapter this which is chapter 2 will discussing about literature review.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter will discuss about passed studies. It will used as a reference to the researcher in collecting the data during the study. The purpose of this chapter is to gathered all the information and facts in the reading material from a study that previously conducted by previous researchers. All the information stated in this chapter are from the passed research, which is related to the effect of Key Performance Indicator (KPI) toward work life balance. Researchers also concerned about concept of the Key Performance Indicator (KPI), Concept of work life balance (WLB) and the theories related to this study.

2.1 Concept of Key Performance Indicator (KPI)

Performance management system is a process to create and share opinion about what the organization want to be achieved and flourish people at the same time increase the possibility to achieve the goals in short and long term (Armstrong, 1992 as cited in Rajkumar, 2002). Rajkumar (2002) indicated that performance management systems is a plan that implemented to all the level in company based on objective, mission, vision and culture of the company. The author also analyzed that the way employee assessed are different depend on their level of position. There are a few factors that has been listed by the author. The employee at level of executive and above will be assessed by their managerial skill, interpersonal skill, accomplishing the task and also their leadership style. However for non-executive their performance will be analyzed by work expectation, work habits, job knowledge and also their attitude.