FACTORS THAT AFFECT EMPLOYEES’ SATISFACTION TOWARD PERFORMANCE APPRAISAL SYSTEM UNDER MALAYSIAN REMUNERATION SYSTEM: A CASE IN IMMIGRATION DEPARTMENT MALAYSIA KUCHING, SARAWAK

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A dissertation submitted in partial fulfillment of the requirements for the degree of Corporate Master in Business Administration

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I hereby declare that this research is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by footnotes giving explicit references and a bibliography is appended.

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Date : 18 June 2010

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LIST OF ABBREVIATIONS

AWT Annual Work Target
CLA Competency Level Assessment
CUEPACS Congress Employees Union-Workers in the Public Service
HRM Human Resource Management
HSC Higher School Certificate
MBO Management by Objective
MCE Malaysian Certificate of Education
MRS Malaysia Remuneration System
MCS Malaysian Civil Service
MSS Matrix Salary Schedule
NPAs New Performance Appraisals
NPS New Performance System
PCB Public Complaint Bureau
PMR Peperiksaan Menengah Rendah
PSDM Public Service Department Malaysia
SPM Sijil Pelajaran Malaysia
SPSS Statistical Package for Social Studies
SSM Sistem Saran Malaysia
FACTORS THAT AFFECT EMPLOYEES' SATISFACTION TOWARD PERFORMANCE APRAISAL SYSTEM UNDER MALAYSIAN REMUNERATION SYSTEM: A CASE IN IMMIGRATION DEPARTMENT MALAYSIA KUCHING SARAWAK

This study is to determine factors affecting Employees' Satisfaction toward New Performance Appraisal System (NPAS) under the Malaysian Remuneration System (MRS) in Immigration Department Malaysia Kuching Sarawak. The targeted group is Immigration Officers (Grade KP38 to KP17) in Kuching-Samarahan Division, Sarawak. The aim of this research in Immigration Department Malaysia Sarawak is its importance in the development of the State development and economy especially with the creation of Sarawak Corridor of Renewable Energy (SCORE). One of the Five-Prong Development Strategy for the SCORE is to accelerate human capital development within the Corridor with new learning centers and controlled immigration of skilled foreign workers. Moreover, the department is responsible in facilitating the government's effort in promoting tourism industry that can contribute income for the State. Findings were made based on the data collected from 151 employees that comprised of Supporting Group from Grade KP38 to KP17 under Malaysian Remuneration System (MRS) with the aid of questionnaires. The result of the findings showed that Immigration Officers are slightly satisfied with the New Performance Appraisal System (NPAS) under the Malaysian Remuneration System (MRS). The analysis by using t-Test, Pearson correlation and ANOVA showed that factors affecting Employees' Satisfaction toward New Performance Appraisal System (NPAS) under the Malaysian Remuneration System.
System (MRS) in Immigration Department Malaysia Kuching Sarawak were positively correlated with Age, Annual Work Target, career development Aspects, promotion, salary & benefits and training & development. For future research, some recommendations made in this study can be further explored this particular area of study. The data collected was analyzed using the “Statistical Packages for Social science” (SPSS) version 17.0
FAKTOR - FAKTOR YANG MEMPENGARUHI KEPUASAN PEKERJA TERHADAP SISTEM PENILAIAN PRESTASI DI BAWAH SISTEM SARAAN MALAYSIA: SATU KAJIAN KES DI JABATAN IMIGRESEN MALAYSIA KUCHING SARAWAK

CHAPTER I

INTRODUCTION

1.1 Introduction

The importance of performance appraisal has occupied the attention of researchers in human resource management. The reviews provide some indication of the number of studies on this topic (Bretz, R. D., Milkovich, G.T., and Read, W. 1992; Ilgen and Feldman, 1983; Landy and Farr, 1980) However, most of the research in this area mainly focuses on improving the rating side of the performance appraisal process.

Performance appraisal is also one of the most important human resource management tool used in organizations (Rynes, Gerhart & Parks, 2005). Scholars (Folger, Konovsky and Cropanzano, 1992) and practitioners alike (Thomas & Bretz, 1994) contend that employee reactions to performance appraisal are key criteria by which performance appraisals should be judged, given inconsistencies across raters in performance evaluations and the importance of buy-in to the process among both raters and ratees (Murphy & Cleveland, 1995). The effects of performance appraisals have significant implications for organizations in terms of performance management and the allocation of scarce resources. Therefore, persons administering and persons evaluated by a performance appraisal must evaluate and react to it positively in order for the appraisal process to be effective (Bernardin & Beatty, 1984; Cardy & Dobbins, 1994; Folger et al., 1992) Moreover, both scholars and practitioners have found
out that managers and employees alike are often dissatisfied with the performance appraisal process (e.g. Taylor et al., 1995), and research has not adequately addressed how to increase performance appraisal acceptance.

There are many advantages to using a formal system if performance appraisals are designed and used properly by ratees (Murphy & Cleveland, 1995). It facilitates organizational decisions such as reward allocation, promotions, layoffs and transfers. A properly administered performance appraisal system can be an asset to an organization. However, if the tools and goals of the performance appraisal process are incongruent with organizational goals, the resulting performance appraisal system may, in fact, be a detriment to effective organizational functioning (Barrett, 1967). In fact, many have suggested (for example, Deming) that there is no need for performance appraisal in the organizations of the future. Additionally, ineffective performance appraisal systems may result in mixed messages concerning which aspects of job performance are most and least important, due to the oblique contingency between individual behavior and organizational rewards.

In ensuring an efficient civil service, the government has implemented various strategies that include reviewing performance appraisal system. Since performance appraisal plays a significant role in determining rewards and career development of civil servants, a fair and equitable appraisal system will ensure that the civil servants are more satisfy with the jobs. This study on Immigration Officers' satisfaction with the performance appraisal system under MRS will have an impact on their job performance that will have effect indirectly on the overall performance of government delivery system. Thus, the extent to which employees are
satisfied with what they are responsible for may directly influence the level of customer satisfaction with their services. Since Immigration Officers are front line employees that require a great deal of interaction between them and the individual customer.

The Brunei Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area (BIMP-EAGA) was launched in 1994 as a key strategy of the participating governments to accelerate economic growth in their less developed and more remote territories. Trade facilitation issues and the efficient movement of people and goods, including processing and documentation of transactions generally classified under four interrelated areas in Sarawak: customs, immigration, quarantine and security (CIQS) where Immigration Department play a very important role of facilitating the movement of people in the border area between Indonesia and Brunei Darussalam (Asian Development Bank, 2007).

An efficient immigration service will encourage more visitors from abroad and thus provide a good image of our country, because immigration officers are frontline employees with foreigners in major airports, sea ports and International border posts such as Tebedu in Kuching Division bordering Indonesia and Sg Tujuh in Miri bordering Brunei Darussalam. Providing excellent and efficient service to the visitors that can help in our country's efforts in attracting more tourists and facilitate more foreign exchange thus indirectly helping our country's economic growth.
1.2 Background of the study

Given the importance of the public service role in steering and facilitating the continuous economic development of the country in the dynamic and unpredictable global and domestic environment, our government has embarked on several policy measures and program pertaining to the development and management of human resources and restructuring of public sector agencies to unleash the full potential of the public service employees. To ensure that Malaysia retains its competitiveness in the new global economy, both the private and public sector organizations are encouraged to be knowledge intensive and knowledge enabled to remain competitive and relevant to survive in the new era of economy. Human resource development has also been recognized as an important strategy to achieve the nation’s vision 2020.

An organization's success depends on its employees' performance. Performance appraisals on employees need to be conducted regularly in order to improve quality of work. Inappropriately performed appraisal can lead to employee dissatisfaction and decline in work performance. The remuneration system in the Malaysian Public Service (MPS) has been an important part of sophisticated human resource management strategies and initiatives to achieve the public service goals and objectives. The review of the remuneration system is essential to re energize the current public service personnel by uplifting their morale and level of motivation. It also serves to ensure that the public service retain its capacity to attract, develop and retain people with the necessary skill sets, talents and caliber to perform the roles required of the public service as the country evolves.