

## Determinant Factor of Performance Among Malaysia Municipal Council Employees

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**Abstract:** This study aims to identify the relationship between leadership style and the work environment that effect on performance of Local Government administrative organization in Malaysia. In addition, this study also determines whether work experience serves as a moderator between leadership style and work environment that affect the performance of local government organizations. This study provides practical suggestions to build in terms of proving that the style of leadership, work environment and work experience have an influence on the performance of local government administration. The concept paper contributes to the development and proliferation of knowledge in the field of leadership and management in particular with regard to the effectiveness of leadership style, work environment and work experience in local government organization in Malaysia. This study can also provide constructive suggestions on the theory of effective leadership, work environment, and the performance of Local Government organizations. The findings of this study could also be a reference and added value to the field of leadership style, work environment and organizational performance, given the ever increasing challenges faced by the Local Governments in Malaysia.

**Keywords:** Performance, style of leadership, work environment, organizational performance, work experience

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### I. INTRODUCTION

An organization is a social system consisting of several interconnected sub-systems such as administration, economic or technical sub-system, human or social and information sub-system (Nurzakira et al, 2015). An organization is a body that consists of a myriad of individuals with own specialties and functions but moving in tandem to achieve the same goals (Robbins, 2003) (in Asong et al 2014).

The successful organizations usually practice effective and efficient leadership (Ejere and Abasilim, 2013; Parris and Peachey, 2013). Previous studies showed that leadership and organizational culture are two pertinent factors in determining organizational performance (Clinebell et al.2013; Muchiri et al. 2012; Schimmoeller, 2010; Skogstad et al.2007 and Van Wart, 2010). Successful organization also prepares clear framework of important tasks for better understanding among its leaders ((Kuada, 2010), thus the best approach to understand an organization is by studying its leaders (Parris and Peachey, 2013). Furthermore, Parris and Peachy (2013) also believe that great leaders are those who painted clear vision and mission for the organization, thus creating a clear path for the all the subordinates to follow. These leaders will also guide everyone towards achieving the organization's vision. Undeniably, technology advancement has brought drastic change in organizations. Unless these are effectively supervised, such advancement could pose a problem to employees who are unable to adapt to the new changes (MohamadIrwan et al. 2014). Therefore, this study attempt to look into the relationship and the influence of pertinent indicators of leadership style, work environment and work experience in organizational performance.

Several contributing factors have been identified towards achievement of Local Authorities. One of them is leadership style. Leadership style of an organization is seen as the salient factor in explaining or predicting the success of that organization (Nurzakira, 2015). Generally, this study will focus on the relationship between leadership style and contributing factors that lead to the organizational development. Besides leadership style, work environment also pertinent in influencing the performance of any organization. Last (2001) (in Zaini et al. 2014) elaborated that work environment can be divided into physical, biological, social, cultural and anything that can influence the health status, have connection with human. Indirectly these factors will affect employee commitment towards the organization. AzlindaJaini (2013) further elaborated that work

environment also determines satisfaction, productivity and the overall wellbeing of the employees. Comfortable work environment leads to high productivity among workers, causing them to stay with the company and improve the organizational performance as the result.

Leaders who are practicing effective leadership will bring his or her organization to greater height, while his subordinates will be able to carry out their assigned tasks proficiently. Leadership style is seen as one of the dominant factors in influencing workers commitment towards the organization. Leadership style can be utilized as gauge to the workers commitment which will either bring success or failure to the organization. This commitment towards the organization is crucial in ensuring that workers can achieve the set goals (MohdFitri, 2013). Various assessment methods can be used in evaluating the individual officer work performance, including individual task completion, attitude and personality (Robbins, 2001). Individual is one of the four main elements of organizational change, in addition to structure, technology and environment. The individual element is most difficult and take long time to change (Robbins & Judge 2013).

## **II. FACTOR OF PERFORMANCE**

### **2.1 Organisational Assessment Concept**

One of the most talked about and interest many is the topic of workers' commitment. The workers' commitment is one of the pertinent factors in ensuring an organizational success. Committed workers are valuable assets to the organization because they are able to assist the organization in achieving its objectives effectively (Nazihah, 2011). Rammer and Brance (1995) posits that performance is a process achieved within a set timeframe, and what is achieved becomes a gauge to the experience, capacity and motivation which in turn become factors to high quality performance output for each worker. Osborne and Gebler in their book entitled *Reinventing Government*, stressed that "what gets measured gets done". Performance assessment tends to focus attention on what is being measured and the performance itself. It is also used to motivate individual and organization to work towards ensuring the performance of measured items are achieved.

Harry Hatry from Urban Institute agreed and said, "unless you keep score, it is difficult to know whether you are winning or losing". Measuring the performance helps managers and others to identify their organizational performance status especially in providing effective service and carrying out programs. As stated by Osborne and Gebler, unless results are measured, then there is no differentiation between success and failure.

Performance measurement is objective in nature and quantitative for various aspects in both government and non-government organizations. Each performance measurement differs because it is being used to identify several dimensions of different performance like effectiveness, operational proficiency, productivity, quality, service, customer satisfaction and cost-effectiveness (Poister, 2003).

Performance measurement refers to the process in identifying, observing and utilizing certain measurement (Poister, 2003). It aims at producing objective, relevant information on organizational performance that can be utilized by administration to make decision, achieving objectives and renewing overall performance, and increasing accountability (Poister, 2003).

Hronc (1993) defined performance measurement as measuring how far activities in a set process or an outcome from a process of achieving a specific objective. Objective can be defined as something that bridges the gap between where the organization is currently at and where it hopes to be. Objective has to be consistent and relevant with the organizational vision and mission in order to be achieved. Therefore, determining the objectives are crucial in leading organization to achieve greater performance. From the marketing perspective, organization meets the objective by fulfilling their customer needs more efficiently and effectively than their competitors (Kotler, 1984).

Measuring performance is seen as the process to measure the efficiency and effectiveness of each action. Effectiveness refers to the level of customer needs fulfilled while efficiency is measured based on the utilization of limited resources to meet the customer's demand. Efficiency and effectiveness are two main dimensions in measuring performance. Performance is referred to the job quality and output achieved by an organization. It is a quantifiable indicator used to assess how well an organization is achieving its desired goals. Performance measurement contains rules in providing value (numerical and nominal) to the object of event representing quantity, quality or category of a character.

Performance measurement provides indication on implementation level of an organization or program. Performance measurement is a good business practice in improving company policies. Productivity concept is closely associated with organizational economic performance. Performance of service-oriented organization can be divided into operational and financial performance. Operational performance is based on real process, from the inflow of output factors to service output. Meanwhile, financial performance refers to the financial process, the cash inflow and outflow (Vuorinen, 1998).

## **2.2 Operational Performance Measurement**

There are three main criteria in measuring the performance of the organization, namely productivity, efficiency and effectiveness. The concept of productivity in the production function approach describes the relationship between input and output (Vehmanen, 1994). Vuorinen (1998) further explained that productivity is the ratio between output and input.

Efficiency refers to how far any activity produces planned quality output with the usage of minimal input given (Anthony, 1965). Effectiveness shows the capability to achieve objective or target. Effectiveness connects output with set operational target, which is output connecting to utilized source (input). Efficiency refers to doing things the right way and effectiveness is about doing the right thing (Adam, 1995). The increase of productivity does not necessarily mean an increase of organizational effectiveness. Perhaps the increase of productivity may neglect the effectiveness in achieving the goals set by the organization (Blois, 1985). Productivity in the context of services has to be defined with a larger scope than traditionally. Quality should be included in service operational productivity analysis (Gronross, 1990; Shaw dan Capoor, 1979). Service productivity uses input to provide services with quality that matches with customer expectation (Jarvinen, 1996). The quantity and quality aspects have to be considered in measuring services productivity (Vuorinen, 1998).

## **2.3 Quality Aspect**

Services input factors like raw material, labour and capital are the same as being used in manufacturing. Therefore, the productivity of service sector is very low compare to the manufacturing operations (Charles, 1993; Wilson, 1988). As a result, a lot of suppliers in the service sectors are investing heavily on technology to replace manual labour. The service industry has been identified as the biggest purchaser for the latest information technology (Charles, 1993).

The relationship between input and output in services always raise problems due to the nature of services that cannot be stored (Blois, 1985). The strategic decision of a service supplier to obtain sources to produce sufficient capacity in meeting the services demand made (Vuorinen, 1998). Ratio between productivity and service operations will change from one period to another if that ratio is measured as quantity ratio. The quantity of demand changes all the time, hence service supplier has to solve two basic problems associated with quantity aspect, which is capacity and capacity scheduling (McLaughlin, 1991). The quality aspect is rather difficult to objectively determine. Quality can be divided into output and input dimensions. Output refers to the amount of quality services rendered while input covers the tangible and intangible elements. Service quality generally defined as the quality based on customers' perception which stresses on individual assessment towards value of service offered (Gummesson, 1994). Gronroos (1982; 1983) described quality based on customers' response as the difference between expected service quality and received service quality. When a customer purchases a service, the attention is usually limited to the small amount of real input (Zeithaml, 1984). Physical surrounding like building, office and interior decoration influence beliefs, behaviour and customer satisfaction (Bitner, 1986; Zeithaml dan Bitner, 1996) and give opportunity to communicate with the services rendered (Berry, 1984). Service oriented workers that are intangible input represent services, organization and marketers in the eye of the customers (Zeithaml dan Bitner, 1996). Service business based on workers and quality provided to customers makes the performance of work (Normann, 1991).

There are attempts to include customers in the service organization by the service provider, at least on a temporary basis (Gummesson, 1994; Handy, 1990; Lovelock and Young, 1979; Quinn and Paquette, 1990). From the view of service provider, this gives them the opportunity to use the customer as free inputs to increase productivity (Ojasalo, 1997). Another significant intangible element is the service culture. With participation in the production process, a customer influence and shape the perceived service culture (Lehtinen, 1986). Given the high level of intangible, the building and sustaining of image are pertinent in gaining trust based on reputation and subjective view towards services rendered (Cowell, 1998).

## **2.5 Productivity Measurement Service**

Measuring productivity services operations covers essentially the criteria of quantity and quality. Given the volume of input and output, direct measurement is more appropriate in the services sector. Value measurement through unit price becomes a general solution to generate significant economic ratio (Amey, 1969). Financial measurements (such as the number of results per input) combined volume of inputs and outputs in a meaningful way (Ojasalo, 1997).

The subjective nature of input and output quality put the establishment of a reliable measurement to a challenge. It is further complicated because of the need to consider the interpretation of customers view in the quality of performance measurement. The gap-model operationalization is based on an idea that compares the customer experience with customer expectations (Parasuraman, 1988). Generally, the use of a systematic customer feedback can operate the measurement of service quality (Vuorinen, 1998).

## 2.6 Financial Performance Measurement

In the past, many companies and organizations had used financial means to evaluate the performance of the company or organization. Financial measures such as sales, profits, expenses, assets, return on investment and earnings per share which has been used as representative for monetary measurement, actually provides merely a one-dimensional view of the company's activities. The use of financial indicators is intended to meet regulatory requirements and company law. Providing solely the financial indicators to the company's decision-makers is like giving them a set of incomplete management tools (Shaw, 1999). One of the financial measurement problems is that the measurement itself is insufficient for production control or plant distribution (Bhimani, 1993). According to Maskel (1989), the usage of non-financial measurement is more suitable for the daily control of production and distribution operations. Not all aspects of the company's activities can be translated into monetary form.

## III. CONCLUSION

This study provides added value to current scientific knowledge related to leadership style and work environment on the performance of local government organization in Malaysia. In the process of leading the subordinates, leader urged to incorporate a variety of leadership styles according to the situation. Leaders of the organization must take into account the demands of fulfilling the vision and goals of the organization, leadership style change by selecting the appropriate style and must meet the requirements in the context of the organization is a wise move. Findings of earlier researches concluded that there is a positive relationship between leadership style, work environment and organizational performance. Besides that, an officer's work experience also influence the performance of the organization.

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