

CHAPTER 1: INTRODUCTION

The purpose of this paper is to examine the impact of Continuous Improvement (CI) practices on Employee's Job Satisfaction. As far as Malaysia is concerned, there is very minimal or less strategic research has been conducted to find out the impact between CI practices and employee's Job Satisfaction. CI practices have been proven that they are useful to organisation in order to improve the efficiency, cost reduction, and increase quality of work. However, the differences between the perception of employee on CI practices and reality in working environment, and the skill and ability of employee to implement the CI practices might affect their Job Satisfaction. Therefore, there is growing interest in theory and practice with regard to the impact of CI practices towards Job Satisfaction. This paper investigates and focuses on this scenario in organisations and industries in Klang Valley, Malaysia.

1.1 Continuous Improvement

Nowadays, all types of businesses continue to look on Continuous Improvement methods to achieve greater quality. Methods commonly used include International Standards Organisation, Total Quality Management, Kaizen (Continuous Improvement), Six Sigma and lean, all of which can help improve a business's capabilities and add value to the bottom line (Macaulay, 2006).

Continuous Improvement (CI) can be defined in simple way as organisation's operations with repeated cycles of planning, implemental and evaluation (Chang, 1995). Witell, Antoni and Dahlgaard (2004) defined

Continuous Improvement as a purposeful and explicit set of principles, practices, and techniques adopted to generate ongoing, systematic, and cumulative improvement in the processes and output of an organisation. CI also related to innovation, as defined by Jager, Minnie, Jager, Welgemoed, Bessant, and Francis (2004) CI is an organisation-wide process of focused and sustained incremental innovation, and suggested that it offers mechanisms whereby a high proportion of the organisation can become involved in its innovation and learning processes.

The objective of Continuous Improvement is to meet customer satisfaction. CI becomes an important practice that could help a business to sustain its competitiveness by fulfil the varying customers' demand. A well-functioning CI program is difficult for competitors to duplicate because it is a continuously, small, incremental and inexpensive change on the organisation major and minor process by those who work in that process (Chuku, 2003, Jha, Noori and Michela, 1996). Jager, et al (2004) claimed that unless the organisations change what they are offering and the ways in which they create and deliver that offering, there is a high risk of business failure. Therefore CI can be served as a strategic weapon for achieving unique and sustainable competitive advantage.

CI is a quality implementation that focuses on the customers' satisfaction and achieve organisation goal (Chuku, 2003). CI emphasizes on continuously improving product quality and continuous process improvement. The organisation should always think "do what we do better" improvement with periodic and radical "do what we do different" changes (Tushman and O'Reilly, 1996). Besides that, CI has a role to play in maximizing the likelihood

of success in more capital-intensive radical improvement, through work simplification before implementing new technology (Jha, Noori and Michela, 1996)

Unfortunately, many firms using these methods don't ensure the involvement of employees, who have the potential to play a major role in helping the organisation deliver on this promise of excellence.

1.2 Job Satisfaction

Job Satisfaction is defined as the feeling or affective responses of employees to facets of the job situation. It is an indication of how employees feel about their job when expectation is compared to what is actually received from different facets of the work situations (Milburne and Francis, 1981). As mentioned in early part, CI focuses on customer satisfaction. In fact, CI not only focuses on external customers, but also on the quality of internal customers - employees. Employees play an important role to implement the CI practices. The active participation of all personnel is the basis for CI in companies and become a fundamental pillar in the Continuous Improvement of organisation (Lorenzo, Prado, and Arca, 2000).

Many studies mentioned that people are the most important asset in an organisation, but in reality many employers scarcely encourage people to grow and use their creative problem-solving skills (Macaulay, 2006). The basic of the Continuous Improvement is an idea ripe for consideration by American industry. It is aimed at increasing quality, productivity and worker satisfaction, all from a very grassroots level. The Japan Human Relations

Association (JHRA) in Tokyo has led kaizen efforts in Japan with its training programs, workshops, books and magazines and only promotes quick and easy kaizen. However they dropped all of the other HR functions for they believed that quick and easy kaizen was the best way to develop human resources within an organisation.

A good work environment and high class Job Satisfaction is an important management task (Sivakumar, 1998). Guimareas (1996) defined Job Satisfaction as employees recognizing that they are contributing to the overall achievement of organisational goals. The term "Job Satisfaction" also refers to a positive affective reaction by individuals to their jobs (Noorliza and Muhammad, 2006).

Therefore the manager or top management should understand how CI practices influence on the employees' Job Satisfaction. In other way, job dissatisfaction will cause the employees feel frustration and intend to leave the job or quit the job (Sauer, 2009; Bollinger, 2001). Such scenario will cause the job stress and could influence Job Satisfaction. Prior empirical research suggested significant indicators for Job Satisfaction such as co-operation, information, leadership, helpful colleagues, salary, equitable rewards, supportive working conditions, and goal setting (Boselie and Wiele, 2002; Forsyth, 1995).

Continuous Improvement focuses not only on the quality of product, but also on the quality of employees. Indeed, most successful Continuous Improvement implementations depend heavily on changes in employees' attitudes and activities. The employees who are affected most directly are

those who are the agents of change in implementing programs for continuous quality improvement. In theory, Continuous Improvement processes produce positive effects on employees by improving their satisfaction and commitment and by enhancing their organisational effectiveness. Indeed, many organisations that have adopted quality-management practices have experienced an improvement in attitude, commitment, and effectiveness among employees.

1.3 Problem Statement

Continuous Improvement is simple, but difficult to implement successfully, due to the six supporting factors: Customer Focus, Employee Involvement, Process Management, Supplier As Key Performance, Individual and Group Recognition, and Database Decision Making. (Jha, Noori and Michela, 1996). Further more, CI practices required the involvement commitment from all employees in order succeed it. Therefore, no doubt that employee is one of the key success factors to implement CI practices in an organisation. However, there is very minimal research has been conducted to find out the impact of CI practices towards employees' Job Satisfaction. This research focuses on exploring the impact of CI practices to benefit the employee in term of Job Satisfaction.

Prior researches have been conducted and showed that most of large companies allow employee to contribute on Continuous Improvement (Lorenzo, Prado and Arca, 2000; Hammersley and Pinnington, 1999). The organisation established the suggestion system, quality circles and

Continuous Improvement Teams to encourage employees to contribute on quality process directly (Garcia, Pardo, and Martin, 2007). They were given the freedom to propose anything of any nature, as long as it could help the organisation to improve quality. Besides that, Chuku (2003) argued in his dissertation that employees' attitude of "willingness to do" assisted in everyone's ability to perform at quality level. Employees were encouraged to know the organisational mission, continuously improve, to satisfy the customer first. This was to ensure the employees were paralleled with organisation goal and toward to a same direction.

On 1995, Chang found in his survey that the employees' job satisfaction and empowered involvement were the keys requirement to improve customer satisfaction and operation performance. Besides that, the top management should personally involve in creating system and strategy for achieving quality leadership. The top management also has to frequently communicate with the employees on the quality improvement and expectation. They play the role to reinforce customer focus, and support workforce development and encourage their participation.

This study focuses on Continuous Improvement in practice rather than in theory or Continuous Improvement as organisational change. Six supporting factors of CI have been identified as key practices, which support an organisation's business strategy towards the increase in employees' Job Satisfaction. The six supporting factors are: Customer Focus, Employee Involvement, Process Management, Supplier As Key Performance, Individual and Group Recognition, and Database Decision Making.

Besides that, job satisfaction has been identified as dependent variable. Job satisfaction is important because of well-established association with a range of organisational outcomes. In this research, job satisfaction is determined by the Job Satisfaction Survey (Boon, Arumugam, and Hwa, 2005). However, Bolton and Heap (2002) claimed that organisation and employees who practicing Continuous Improvement might suffer from initiative fatigue due to being constantly asked to learn new knowledge and to raise performance and enhance methodologies and process. As the result, this could make the employees feel stress and exhausted. Consequently it will give impact on productivity, causing concern for employers, organisation and customers (Sauer, 2009).

Continuous Improvement is based on the assumption that the employees who are closest to the daily operating procedures are in the best position to understand and improve the quality of those procedures. Effective Continuous Improvement environments allow all employees to participate in achieving an organisation's quality goals. All employees are held accountable for quality and are provided with tools and training to fulfil their responsibilities.

1.4 Objectives of the Research

The objectives of this research are:

1. To identify Job Satisfaction is associated by Continuous Improvement practices.

2. To determine the impact of Continuous Improvement practices in the form of Customer Focus, Employee Involvement, Process Management, Supplier as Key Performance, Individual and Group Recognition and Database Decision Making towards Job Satisfaction.

1.5 Research Questions

The research questions guiding this research are as stated follows:

1. Is Job Satisfaction associated by Continuous Improvement practices?
2. Which Continuous Improvement practices give the most impact on Job Satisfaction?

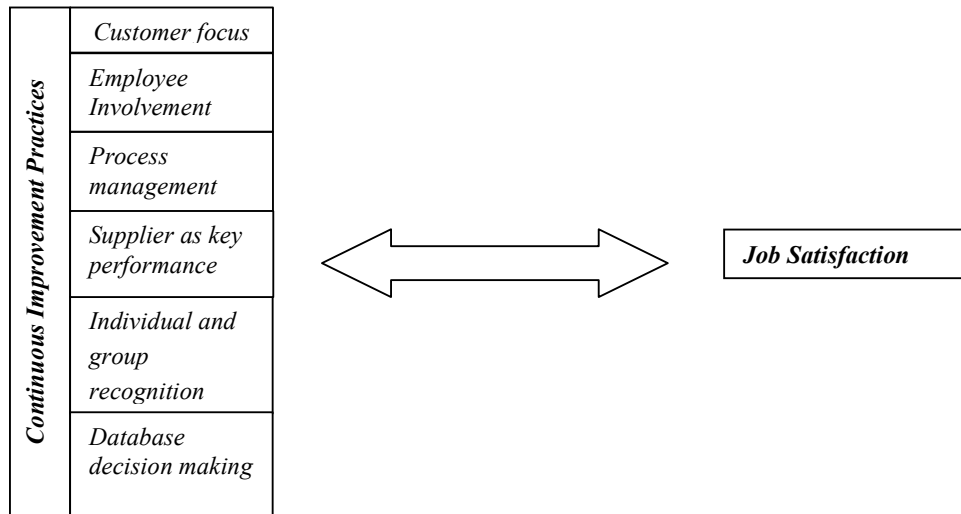
1.6 Research Hypothesis

Following are the research hypotheses guiding this research.

- H1. There is a positive impact between Continuous Improvement practices and job satisfaction.

The theoretical model is illustrated in Figure 1.1.

Figure 1.1: Theoretical framework of CI practices and job satisfaction



1.7 Significance of the Research

Many companies and industries in Malaysia started to realize the important of CI in past few years, and the number of them is increasing. Although there are many researches and studies have been conducted to examine the characteristics and impact of CI towards organisation, but there are limited studies on the issue that related to the impact of CI on Job Satisfaction, which will affect the employee’s job performance and intention to leave.

This study is significant because it will contribute to the literature and implementation of CI. The organisations and industries that concern on quality and human oriented would have better understanding on the impact of CI practices and therefore could work together with their employees to enhance job performance and establish long term competitive advantages.

This study also examines the impact of CI practices towards Job Satisfaction and the result of the study can assist the management team in reviewing and designing suitable training programs, and giving the support effectively. The results of this study will benefit to companies and industries that are implementing or considering implementing CI.

1.8 Limitations of the Study

In this study the measurements were taken from Malaysia companies and the survey was based on the employees' perception of the work environment and CI practices. This may not be applicable on other countries due to different cultures and working environments. This is because the CI practices in other countries might differ from those in Malaysia companies. As a result, these differences might affect Job Satisfaction due to cultural differences.

The biases of the respondents due to negative opinions for their organization and the tendency of rating might influence the measurement. The respondents might misuse the survey to express their dissatisfaction with the organization instead of giving their true opinion on Job Satisfaction related to CI practices. Besides that, the respondent might just simply rate the variables and the result couldn't show the real correlation between the variables. The details of the limitations of the study are discussed in Chapter 5.