

**THE IMPACT OF EMPLOYEE SEPARATION TOWARDS
ORGANIZATIONAL PERFORMANCE
-A STUDY ON MANUFACTURING INDUSTRY IN MALAYSIA**

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ABBREVIATION

OP	= Organizational Performance
KM	= Employee Knowledge
JS	= Employee Job Satisfaction
CM	= Employee Commitment
MO	= Employee Motivation
PD	= Employee Productivity
SS	= Survivor Syndrome
CO	= Organization Communication

ABSTRAK

Prestasi organisasi adalah penting untuk mencapai kelebihan daya saing, mengatasi persaingan dan memastikan kesinambungan perniagaan. Kajian ini menyiasat pembolehubah bebas dan pembolehubah sederhana yang boleh mempengaruhi prestasi industri pengeluaran di Malaysia. Enam pembolehubah yang telah dipilih sebagai pembolehubah bebas dan ia merupakan pengetahuan pekerja, kepuasan kerja perkerja, komitmen pekerja, motivasi pekerja, productivity pekerja, sindrom “survivor. Komunikasi organisasi telah diperkenalkan sebagai pembolehubah mediasi.

Data telah dikumpulkan melalui soal selidik berstruktur, di mana unit analisis adalah individu yang bekerja dalam industri pengeluaran di Malaysia. Penyelidik telah menggunakan perisian Pakej Statistik untuk Sains Sosial 20 (SPSS 20) dan SmartPLS versi 2.0M3 untuk melaksanakan analisis perangkaan. Keputusan kajian ini menunjukkan bahawa motivasi pekerja and sindrom “survivor” dengan kehadiran komunikasi organisasi sebagai pembolehubah mediasi mempunyai pengaruh yang signifikan ke atas prestasi organisasi . Motivasi pekerja mencatatkan nilai $\beta = 0.09$ and $t = 1.784^*$ ($p < 0.05$; $t > 1.645$). Manakala, sindrom “survivor” mencatatkan nilai $\beta = 0.10$ and $t = 1.695^*$ ($p < 0.05$; $t > 1.645$). Maka dengan ini, industri pengeluaran di malaysia haruslah memberi lebih fokus kepada motivasi pekerja dan sindrom “survivor” pada masa proses pemisahan perkerja beraku dan ini harus diikuti dengan komunikasi organisasi yang cekap. Ini adalah kerana kedua-dua pembolehubah bebas memberi kesan mendalam kepada organisasi.

ABSTRACT

Organizational performance is vital to achieve competitive advantage, outperform than the rivalries and ensure sustainability of the business. The present research investigates the independent variables and moderating variable that could influence an organizational performance of manufacturing industry in Malaysia. Six variables were selected as independent variables and it constitute of employee knowledge, employee job satisfaction, employee commitment, employee motivation, employee productivity and survivor syndrome. Organization communication was introduced as the mediating variable.

The data was collected via structured questionnaire, in which the unit of analysis is individuals working in manufacturing organizations in Malaysia. The researcher used software of Statistical Package for Social Science 20 (SPSS 20) and SmartPLS version 2.0M3 to perform the statistical analysis. The findings indicated that employee motivation and survivor syndrome have significant influence on organizational performance with organization communication as mediating effect. Employee motivation β -value = 0.09 and t-value = 1.784* ($p < 0.05$; $t > 1.645$). Meanwhile survivor syndrome β -value = 0.10 and t-value = 1.695* ($p < 0.05$; $t > 1.645$). Therefore, manufacturing organizations could focus on employee motivation and survivor syndrome during employee separation process with efficient organization communication during employee separation process since this variables have significant influence towards organizational performance.

CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter consists of six major sections that depict the research outline of the study. It comprising the circumstantial and overview of the research, problem statement, research objectives, research question, scope of the research and significant of this research. In the end, this chapter will indicate the brief overview for remaining chapter in this research.

1.1 Background

In today's vibrant and rapidly changing office and globalized economy, development of organizational performance is related with the development personal performance, skills, knowledge and experience (Covey, 1989; Covey, 2004; Jones et al., 2000). However, the ability to achieve and uphold extraordinary performance and productivity in organizations is the main challenge facing management today (Ali Mohammed, 2010)

Organizations have a vital role in our daily lives and, therefore, successful organizations represent a main ingredient for expansion nations. Thus, many economists consider organizations and institutions alike to an engine in influential the economic, social and political progress (Gavrea, Ilies & Stegorean, 2011).

Organizations are commonly defined as devices of purpose. They are understood as coordinated by intentions and goals. Achieving this purpose will determine the organizational success and failure (James & Robert, 1997).

1.1.1 Overview of Manufacturing Industry in Malaysia

The steady improvement in the worldwide economy experienced in 2013 is expected to continue in 2014. Global growth will be reinforced by a broader economic recovery in the advanced economies and sustained growth in the emerging economies. Continued improvements in the progressive economies will have positive spillovers on the rest of the world, in particular on economies with extensive trade linkages. The overall growth momentum in Asia is expected to be sustained, supported by a gradual improvement in external demand. The Malaysia economy is expected to keep on on a steady growth path in 2014, expanding by 4.5% - 5.5% (2013: 4.7%). The growth motion will be reinforced by better performance in the external sector amid some moderation in domestic demand.

In line with the development in exterior demand, Malaysia's export performance across most product categories is expected to pick up in 2014. Electronics and electrical (E&E) exports will benefit from higher demand from the advanced economies while exports of non-E&E will be sustained by regional demand for resource-based products.

Table 1.0 shows Real GDP by Sector (2005=100). All economic sectors are anticipated to register positive growth in 2014. From overall growth, it is forecasted that services and manufacturing sectors will benefit from the improvement in global economic environment. Manufacturing sector in specific is forecasted to contribute 0.9% GDP growth, second highest contributor after service sector (Outlook and Policy in 2014, Annual Report 2013).

Table 1.0

Real GDP by Sector (2005=100)

Real GDP by Sector (2005=100)					
	2013p	2013p	2014f	2013p	2014f
	% of GDP ¹	Annual change (%)		Contribution to growth (percentage point) ¹	
Services	55.2	5.9	6.2	3.2	3.4
Manufacturing	24.5	3.4	3.5	0.8	0.9
Mining and quarrying	8.1	0.5	1.6	0.0	0.1
Agriculture	7.1	2.1	3.8	0.2	0.3
Construction	3.7	10.9	10.0	0.4	0.4
Real GDP	100.0	4.7	4.5 ~ 5.5	4.7	4.5 ~ 5.5

¹ Figures may not necessarily add up due to rounding and exclusion of import duties component

p Preliminary

f Forecast

Source: Department of Statistics, Malaysia and Bank Negara Malaysia

Malaysia second quarterly gross domestic product report shows Malaysia economy significantly grow to 6.4% where manufacturing and services sector continues to drive the supply side. Table 1.1 show Second Quarter 2014, GDP at Constant 2005 Prices.

Table 1.1

Second Quarter 2014, GDP at Constant 2005 Prices

KDNK pada Harga Malar 2005/ GDP at Constant 2005 Prices																											
	2012		2012				2013				2014			2012		2012				2013				2014			
			I	II	III	IV	I	II	III	IV	I	II				I	II	III	IV	I	II	III	IV	I	II		
	Peratus Perubahan Tahunan/ Annual Percentage Change														Pelarasan Musim Suku Tahun ke Suku Tahun/ Quarter-on-quarter Seasonally Adjusted												
KDNK/ GDP	5.6	4.7	5.1	5.7	5.2	6.5	4.2	4.5	5.0	5.1	6.2	6.4	KDNK/ GDP	5.6	4.7	5.1	5.7	5.2	6.5	4.2	4.5	5.0	5.1	6.2	6.4		
Pengeluaran/ Production													Perbelanjaan/ Expenditure														
Peranian	1.3	2.1	2.9	-4.2	0.9	5.9	6.2	0.3	2.0	0.2	2.3	7.1	Penggunaan Akhir Swasta	8.2	7.2	7.9	9.4	9.2	6.5	6.4	6.8	8.0	7.4	7.1	6.5		
Agriculture													Private Final Consumption														
Perilombongan & Pengkuarian	1.0	0.7	-0.2	1.7	-1.7	4.2	-1.5	4.4	1.4	-1.2	-0.8	2.1	Penggunaan Akhir Kerajaan	5.0	6.3	9.0	10.8	2.2	1.0	0.6	11.9	7.8	5.2	11.2	-1.3		
Mining & Quarrying													Government Final Consumption														
Pembuatan	4.8	3.5	4.4	5.7	3.3	5.7	0.4	3.8	4.3	5.2	6.8	7.3	Pembentukan Modal Tetap Kasar	19.2	8.5	13.9	25.8	21.7	15.4	13.0	5.8	9.4	6.5	6.3	7.2		
Manufacturing													Gross Fixed Capital Formation														
Pembinaan	18.6	10.9	15.9	22.0	18.4	18.1	14.2	10.0	10.2	9.8	18.9	9.9	Ekspor	-1.8	0.6	1.5	0.5	-5.2	-3.9	-3.4	4.4	4.6	5.7	7.9	8.8		
Construction													Exports														
Perkhidmatan	6.4	5.9	5.7	6.7	6.9	6.4	6.1	5.0	6.0	6.4	6.6	6.0	Imports	2.5	2.0	5.6	6.6	1.4	-3.2	-2.2	-1.3	4.2	7.1	7.1	3.9		
Services													Imports														
Campur Duti Import	15.6	5.8	26.8	9.6	11.6	17.2	5.5	8.0	6.2	3.5	9.7	17.5															
Plus Import Duties																											
KDNK/ GDP			1.7	1.4	1.1	2.0	-0.3	1.6	1.7	1.9	0.8	1.8	KDNK/ GDP			1.7	1.4	1.1	2.0	-0.3	1.6	1.7	1.9	0.8	1.8		

Source: Malaysia Quarterly Gross Domestic Product, Second Quarter 2014 Report.

Department of Statistics Malaysia, 2014.

1. 2 Problem Statement

Business all over the world today is very challenging. To stay profitable in the highly challenging and competitive worldwide market economy, all reasons of production, i.e. men, machine and materials, should be wisely managed. Among the factors of production, the human resources constitute the major challenge because, unlike other inputs, employee management demands skillful handling of thoughts, feelings and emotions to secure top productivity (Kirti Rajhans, 2012).

In the case of Malaysia, although the central outlook for Malaysian economy undertakes a gradual improvement in external demand, downside risks to global growth remain. These downside risks could affect the performance of Malaysian economy in 2014. In advanced economies, excess capacity in labour and product markets remains while fiscal doubts may

affect the pace of recovery. Developing economies may also experience slower-than-expected domestic demand (Outlook and Policy in 2014, Annual Report 2013).

It is worthwhile to note that the steadiness of employment depend on the economic situation of the country. Several countries around the world including Malaysia have experienced several economic recessions and downturns over the past year. In Malaysia, for example in 1986 the price of main export commodities such as rubber, tin, palm, oil, among others, fell sharply. Again, the economic recession in 1997 was the worst Malaysia had ever seen. It emanated principally from the financial crisis and stock market collapse with a massive reversal of foreign capital flow, which had in turn dramatically affected the economy of the country.

In the aftermath of the 1997 crisis, another negative feature that worsened its effect was the September 11 incident in 2001, affecting the United States of America, where the Malaysia business community was once again affected. Being an export orientated economy and one of the leading exporters of the semiconductors and air-conditioners, Malaysia suffered the effect of the drop in exports to countries like United States. Two years later, the war on Iraq by coalition forces led by the United States and the outbreak of severe acute respiratory syndrome (SARS) also affected the economy of Malaysia.

The resulting effect was a slowdown of the economy and weak business conditions. When economic hardship sets in, business owners or employers will experience difficulty in maintaining their businesses. (Ashgar & Farheen, 2012)

According to SHRM Foundation in their studies *Employment Downsizing and Its Alternatives* stated, in order business owner and employers ensure to continuous in business, firms will embark on downsizing with the expectancy that they will attain economic benefits. The belief that there are only two ways to make money in business – cutting costs or increasing

revenues – leads to this expectation. Several organizations define workers only in terms of how much they cost and fail to deliberate the value they generate. Resulting for downsizing can have a huge negative impact on the fortunes of an organization such as the decline in employee morale and commitment and a significant increase in stress. Research specifies that companies with very deep layoffs underperformance the market by as much eight percent over the ensuing three years (Cascio, 2009).

In this study, researcher will emphasis on the impact of employee separation towards organizational performance on manufacturing industry in Malaysia. This is justify based on Business Circle article dated 14 May 2014, Dato' Sri Idris Jala said “ *although Malaysia moving steadily towards a diversified service-based economy, unfortunately service-based economy not easily exportable compares to manufacturing which is easily exportable*”. Also Malaysia has been graded as the world’s highest manufacturing position in new suitability index by Cushman and Wakefield while the EMEA (Europe, Middle East and Africa) region rules the rankings complete accounting for nine of the top 20 places. By contrast, there are seven countries from Asia-Pacific and four from the America’s in the top 20. Table 1.2 shows Top Manufacturing Location in New Suitability Index.

Table 1.2

Top Manufacturing Location in New Suitability Index

REGION	COUNTRY	OVERALL
APAC	Malaysia	1
APAC	Taiwan, Republic of China	2
APAC	Korea, Republic of	3
APAC	Thailand	4
APAC	China	5
AMERICAS	Canada	6
EMEA	Russian Federation	7
APAC	Indonesia	8
AMERICAS	United States	9
AMERICAS	Mexico	10
EMEA	Turkey	11
EMEA	Switzerland	12
EMEA	Poland	13
AMERICAS	Venezuela	14
EMEA	South Africa	15
EMEA	Sweden	16
EMEA	Austria	17
EMEA	United Kingdom	18
APAC	Japan	19
EMEA	France	20
AMERICAS	Argentina	21
EMEA	Netherlands	22
AMERICAS	Brazil	23
APAC	India	24
EMEA	Spain	25
EMEA	Germany	26
APAC	Australia	27
EMEA	Ireland	28
EMEA	Italy	29
EMEA	Belgium	30

Source: Cushman & Wakefield

Hence, the present research is crucial in order to identify all the factors that are necessary to assist the manufacturing industry to optimize their organizational performance.

1.3 Research Objective

The purpose of this research is to determine the significant impacts due to employee separation towards organizational performance of manufacturing industry in Malaysia. The research objectives are:

1. To determine whether employee knowledge has important influence on organizational performance.
2. To determine whether employee job satisfaction has important influence on organizational performance.
3. To determine whether employee commitment has important influence on organizational performance.
4. To determine whether employee motivation has important influence on organizational performance.
5. To determine whether employee productivity has important influence on organizational performance.
6. To determine whether survivor syndrome has important influence on organizational performance.
7. To regulate whether employee knowledge has important influence on organizational communication.
8. To determine whether employee job satisfaction has significant effect on organizational communication.
9. To determine whether employee commitment has significant influence on organizational communication.

10. To determine whether employee motivation has significant influence on organization communication.
11. To determined whether employee productivity has significant influence on organization communication.
12. To determine whether survivor syndrome has significant influence on organization communication.
13. To determine whether organization communication has significant influence on organizational performance.
14. To determine whether organization communication has mediating effect between employee knowledge and organizational performance.
15. To determine whether organization communication has mediating effect between employee job satisfaction and organizational performance.
16. To determine whether organization communication has mediating effect between employee commitment and organizational performance.
17. To determine whether organization communication has mediating effect between employee motivation and organizational performance.
18. To determine whether organization communication has mediating effect between employee productivity and organizational performance.
19. To determine whether organization communication has mediating effect between survivor syndrome and organizational performance.

1.4 Research Question

1. Whether employee knowledge has significant influence on organizational performance.
2. Whether employee job satisfaction has significant influence on organizational performance.
3. Whether employee commitment has significant influence on organizational performance.
4. Whether employee motivation has significant influence on organizational performance.
5. Whether employee productivity has significant influence on organizational performance.
6. Whether survivor syndrome has significant influence on organizational performance.
7. Whether employee knowledge has significant influence on organizational communication.
8. Whether employee job satisfaction has significant influence on organizational communication.
9. Whether employee commitment has significant influence on organizational communication.

10. Whether employee motivation has significant influence on organization communication.
11. Whether employee productivity has significant influence on organization communication.
12. Whether survivor syndrome has significant influence on organization communication.
13. Whether organization communication has significant effect on organizational performance.
14. Whether organization communication has mediating effect between employee knowledge and organizational performance.
15. Whether organization communication has mediating effect between employee job satisfaction and organizational performance.
16. Whether organization communication has mediating effect between employee commitment and organizational performance.
17. Whether organization communication has mediating effect between employee motivation and organizational performance.
18. Whether organization communication has mediating effect between employee productivity and organizational performance.
19. Whether organization communication has mediating effect between survivor syndrome and organizational performance.

1.5 Scope of the study

This research focuses on the impact of employee separation towards an organizational performance of manufacturing industry in Malaysia. Data will be collected from manufacturing industry to identify the significance impact for an organizational performance. The respondents will be designated from the manufacturing industry in Malaysia. The researcher will distribute a questionnaire to manufacturing organizations in Malaysia. This technique will assist the researcher to get more precise, up to date and valid information.

1.6 Significance of the Study

This research is important and has both theoretical and practical contribution to the researcher, manufacturing industry in Malaysia and academicians. The research is the focus on the impacts of employee separation towards an organizational performance of manufacturing industry in Malaysia. Fundamentally, there are lacks of the similar study in manufacturing industry in Malaysia. Hence, this research is significant in terms of determining the most significant variables that impact an organizational performance. Therefore, the manufacturing industry can utilize it to achieve an outstanding performance and compete globally.

1.6.1 The Researcher

This study will assist the researcher to get better understanding of the impact of employee separation towards an organizational performance, especially in manufacturing industry in Malaysia. Through a questionnaire, it will provide a deep insight information of the employee's perception on organizational performance.

1.6.2 Manufacturing Industry in Malaysia

The outcome of this research will assist the manufacturing industry to compete globally, attain sustainable competitive advantage and development. The outcome will reveal the most

significant variable towards superior organizational performance, which eventually be used by the organization to zoom into it. Besides that, the outcome will assist to reveal the employee's perspective for organizational performance, which can discover the next ideas to achieve an outstanding performance. Consequently, this will enhance the relationship between the employee and the manufacturing industry, which will create loyalty and sincerity in a longer time.

1.6.3 Academicians

This research will provide a deeper insight on the impacts of employee separation towards an organizational performance of manufacturing industry in Malaysia. The outcome of this research will assist to provide valuable insight information of organizational performance, which can support the manufacturing industry to ponder the most significant variable in achieving the outstanding performance. The research is expected to be the view as a reference for future researcher, regulators, social and investors by providing useful information regarding organizational performance.

1.7 Definition of Key Terms

1.7.1 Organizational Performance

Organizational performance is crucial to ensure its sustainability (Abdalkrim, 2013). Organizational performance defined as the ability of an organization to use its existing resources efficiently and effectively in attaining the planned aim and eventually create the greater value to the customers and shareholder (Daft & Armstrong, 2012; Antony & Bhattacharyya, 2010). Mockie (2008) highlighted organizational performance refer to the effectiveness of an organization in planning, monitoring, reviewing, evaluating, ability to make

the right decision to achieve the agreed objectives. Strategic performance measurement system (SPMS) like balanced scorecard (BSC) used to measure an organizational performance (Bento & White, 2010).

1.7.2 Employee Separation

Separation or employee turnover (sometimes called labour turnover, wastage or attrition) is the release of staff or employees from an organisation. Separation is also viewed as external staff mobility (Chidi, 2008). Mamoria, Gankar and Pareek (2007) view separation as cessation of service with an organisation. Gomez-mejia, Balkin & Cardy (2001) citing Polsky (1999) posit that an employee's separation occurs when an employee ceases to be a member of an organisation. That is, when the employment relationship is determined or ended and employees leave the organisation.

1.7.3 Organization Communication

Communication is the transmission of information from the sender to receiver, implying that the receiver understands the messages. Communication is also sending and receiving of the message by means of symbols. In this framework, organizational communication is a significant element of organizational climate (Drenth et al., 1998). In conclusion, organizational communication is the method by which individuals stimulate meaning in the minds of other individuals by means of verbal or nonverbal messages (Richmond et al., 2005).

1.7.4 Employee Knowledge

The knowledge and expertise of employees should be observed as a serious strategic resource and a valuable asset in upholding the competitive advantage of an organization (Bender & Fish 200; Wong & Radcliffe 2000). Knowledge can be definite as follows:

knowledge originates at the individual, group and organizational level; is resulting from information; is interpreted and used by these three levels; is created through different human process involving social, situational, cultural and institutional factors, making use of intellectual and social exigencies, which guide thought, communication and behaviours of people; and leads to definite actions (E.C Martins & N. Martins, 2011).

1.7.5 Employee Commitment

Organization commitment has been defined in a variety of ways (Somer, 1995; Meyer & Allen, 1997). “Organizational commitment is the unit to which an employee classifies with a particular organization and its goals and wishes to uphold membership in that organization” (Robbins & Coulter, 2009, p. 303). Bartlett (2001, p. 336) defined organizational commitment as employees’ level of attachment toward the organization.

1.7.6 Employee Productivity

Productivity is an idea that depends on the framework in which it is employed. It does not have a singular definite criterion measure or operational definition (Wasiam et al, 1996).

These definitions suggest that productivity is the measure of economic performance, as well as resource used to produce goods and services (Bernardin & Russell, 1998, p. 9, Ross, 1981). But, Wasiam et al, (1996) says this concept depends on the context in which it is employed and does not have operational definitions.

1.7.7 Employee Job Satisfaction

Job satisfaction defined as the difference of job satisfaction level between the expected and actual situations (P.-F Tsai et al., 2007).

Cribbin (1972) proposed a more general definition: job satisfaction was a totality of feelings regarding the work environment, which included the work itself, supervisors, working groups, organizations, even family life.

Seal and Knight (1988) conceptualized satisfaction from a psychological viewpoint: job satisfaction meant the overall emotional or evaluation responses from employees to job itself.

1.7.8 Survivor Syndrome

The phenomenon that has come to be known as Survivor Syndrome is understood by many as a main consequence of downsizing and restructuring, and denotes the emotional, psychological, and organizational impacts faced by those who stay employed, or “survive” the dismissal programme (Helen Wolfe, 2004).

1.7.9 Employee Motivation

Motivations are an employee’s intrinsic enthusiasm about and drive to accomplish activities related to work. Motivation is that the interior drive that causes a person to decide to take action (Nupur Chaudhary et. Al, 2012).

1.8 Organization of remaining chapter

This research is structured into five chapters that are shown at the below description.

Chapter 1

Chapter 1 consists of the background and overview of the research, problem statement, research objectives and questions, scope and significance of the research.

Chapter 2

Chapter 2 contains the theories and the literature from past researches and previous studies to support the framework of this research.

Chapter 3

This chapter explains the research methodology and research design, sample collection, measurement instruments, measurement variables, pilot study, data collection method and statistical techniques.

Chapter 4

This chapter will discuss the statistical analysis result of the research. The researcher using Statistical Packages for Social Science 20 (SPSS 20) to achieve descriptive statistic, tolerance and variance inflation factor (VIF). Additionally, Smart PLS 2.0 (M3) was used to perform measurement model regarding validity and reliability, the interrelationship between independent variables, regulating variable and dependent variable. It proceeds with the statistical analysis on the hypothesis testing by using a structural model, moderating effect, predictive relevance Q^2 and analysis of global fit measure to evaluate the proposition from the preliminary framework.

Chapter 5

This chapter will summarize the research based on the finding and outcome on the data analysis through the software of Statistical Packages for Social Science 20 (SPSS 20) and Smart PLS 2.0 (M3). It discusses the results that related to research questions as mentioned in Chapter 1, the discussion, the framework evolution, followed by the repercussion and limitation in the present research, recommendations for the future research and conclusions on impacts that enhance an organizational performance, especially in manufacturing industry in Malaysia.

CHAPTER 2

LITERATURE REVIEW

2.0 Literature Review

Chapter two outline the literature review from previous studies that related to organizational performance. It denotes the trend of the research towards an organizational performance and to determine the gap of each prior study. The theoretical concept on resource based view (RBV) theory approach with the organizational performance as dependent variable, the matrix literature review, the write up on the impact of the related variables on organizational performance. At the end of chapter, the researcher will summarize the literature review via the research framework and hypothesis.

2.1 Organizational Performance as Dependent Variable

In the recent fast and swift changing workplace and globalized economy, the factors of development personal performance, skill, knowledge and experience is associated with the organizational performance(Covey, 1989; Covey 2004; Jonws et al. 2000).The main challenge facing management is the ability to obtain high performance and productivity in organization (Ali Mohammed, 2010).

For a developed nations, the most important role in our day to day life is organizations. Hence, it is the view of the economist that the heart in determining the economic, social and political advancement is contributed from organization. In the recent 22 years, there were 6 Nobel prizes awarded to researchers that concentrated on analysis or organizations and institutions

The key for organizations to grow and progress is through continuous performance. Thus, organizational performance is one of the most important variables in the management research and arguably the most important indicator of the organizational performance (Gavrea, Ilies & Stegorean, 2011)

In the business world, organizational performance is crucial to ensure its sustainability. Each organization is kept striving to improve their existing products and services to achieve an outstanding performance by utilizing their internal and scarce resources (Abdalkrim, 2013). For example, focus in research and development (R&D) to produce a product at a lower cost with high quality, unique features to attain customer satisfaction and loyalty. The organization that attains higher return on investment (ROI) will attract potential investors to invest or purchase its share that eventually increase its market value.

According to Daft and Armstrong (2012), organizational performance refers to the capability of an organization to utilize its existing resources efficiently and effectively in achieving the predetermined goal. The ability to produce the desired output within a given time, money and resources is defined as efficiency while doing the right things to avoid defect, poka-yoke, eliminate unnecessary waste and machine downtime refers to the effectiveness.

Organizational performance can be improved via the development of the manager's behavior. Some elder managers are using stereotype methods to resolve the problems that are incongruent to face the current challenges. Therefore, the management branding will be implemented by the kaizen facilitators to ensure the manager who can create a better working culture which is congruent with organization values and objectives. Constant improvement in productivity, high-quality products and services, the growth, learning and leadership of the employees, and motivate employees to be more creative and innovative in the workplace (Posteuca, 2011).

According to Antony and Bhattacharyya (2010), organizational performance refers to the ability of the organization to manage the business and create a superior value to the customers and shareholder. Organizational performance can be measured into three levels, which are organizational level, work unit level and the related key process level. To achieve higher return on investment (ROI), the key performance indicators (KPIs) need to be adapted which is the creativity and innovation for the products and services, rate of productivity of the output, efficiency such as ability to achieve higher output with the given resources, effectiveness like doing the right things to avoid mistake, reduce queue time and rework, the ability of an organization to compete with rivalries .

Mockie (2008) highlighted organizational performance refer to the effectiveness of an organization in planning, monitoring, reviewing, evaluating, ability to make the right decision to achieve the agreed objectives. There are intra-organizational performance management (internal controls to monitor and measure organizational performance, perform corrective action promptly when in need) and extra organizational performance management (communicate organizational performance to outsiders due to the governance and accountability issue) are two factors of an organizational performance management.

Strategic performance measurement system (SPMS) like balanced scorecard (BSC) used to measure an organizational performance. It can be measure an organization in financial and non-financial manner. In term of financial analysis, it includes return on assets (ROA), return on investment (ROI), return on sales (ROS), gross margin, net operating income, profit growth, earning per share (EPS), economic value added (EVA) and cash flows. Non-financial analysis includes customer satisfaction, market share, quality of products and the related process, innovation and new product development, productivity, employee turnover's rate, organizational commitment, job satisfaction, and goal achievement (Bento &White, 2010; Jarad, Yusof, &Shafiei, 2010; Ibrahim, Sulaiman, Kahtani, & Jarad, 2012).The superior

performance measurement systems (PMS) can optimize an organizational performance. This can be used to demonstrate trustworthy and real information regarding the incremental revenue generation, business continuity, time to market, and cost management; aids in creation investment decisions and execution (Jordan, McCarty, & Velo, 2009).

2.2 Impact of Employee Separation towards of Organization Performance of Manufacturing Industry

Firstly there are seven elements which contributes towards organizational performance in the manufacturing industry in Malaysia namely employee knowledge, employee job satisfaction, employee commitment, employee motivation, employee productivity, survivor syndrome and organization communication. This was consistent with the previous studies (as shown in Table 2.0) that the seven variables as mentioned earlier have significant influence on organizational performance in the direct and indirect manner. Table 2.0 below depicts the matrix of the literature review that conducted by the previous researcher on the variables that have an impact on organizational performance in different industries and countries. Indeed, the subsequent sections will discuss and indicated on how these seven variables could influence organizational performance in different ways.

Table 2.0 Matrix of Literature Review

No	Author(s)	Year	Related Variables (have influence on OP)							Scope of Research
			Employee Knowledge	Employee Job Satisfaction	Employee Commitment	Employee Motivation	Employee Productivity	Survivor Syndrome	Organization Communication	
1	Muhammad, Syed Arslan	2014				√		√	√	Lay-off survivor Sickness Syndrome
2	Irefin, Mechanic	2014			√					Effect of employee commitment on organization performance, behavioural consequences
3	Yenen, Ozturk, Kaya	2014			√				√	Organizational communication, employee commitment
4	Maryam	2014				√				Explore employee motivation towards organizational performance
5	Tong, Tak, Wong	2013	√	√					√	Impact of knowledge sharing organizational culture, job satisfaction, corporate performance
6	Ochieno	2013						√		Retrenchment, financial performance
7	Spaho	2013							√	Organization communication, Conflict management

8	Duncan, Sakwa, Kiriago	2013				√		√	√	Effect of retrenchment on motivation, loyalty, survivor syndrome
9	Engin, Akgoz	2013			√				√	Effect of communication satisfaction, organizational commitment
10	Balakrishnan, Masthan, Chandra	2013			√			√		Employee engagement, commitment, psychological
11	Nyaberi, Kiriago	2013						√		Post retrenchment effect on employee
12	Ibrahim, Suhaimi, Chong	2013					√			Productivity during downsizing, Financial crisis
13	Muogbo	2013		√	√	√	√			Employee motivation, job satisfaction, commitment, productivity on organizational performance
14	Chidi, Christopher	2013						√		Employee separation and impact on unionised organizations
15	Manzoor	2013				√				Employee motivation, organization effectiveness
16	Ashfaq, Rehman, Safwan, Humayoun	2012				√		√	√	Effective communication, employee motivation, retention
17	Heriyati, Ramadhan	2012		√						Employee satisfaction, employee work performance, retention moderated by employee engagement
18	Fidalgo, Gouveia	2012	√							Turnover impact, knowledge management
19	Chaudhary, Sharma,	2012				√	√			Impact of employee motivation, productivity at private organization