

**THE RELATIONSHIP BETWEEN SERVICE QUALITY AND
EMPLOYEES' SATISFACTION AT PERMODALAN NASIONAL BERHAD
(PNB)**

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ABSTRACT

This research aims to investigate the relationship between service quality and employees satisfaction in Permodalan Nasional Berhad (PNB) by using Service Quality (SERVQUAL) analysis. It also aims to examine the influence and effect of applying quality service towards employees' satisfaction and identify which of the five dimensions of SERVQUAL has the greatest influence on employees' satisfaction. The five of SERVQUAL consists of **tangibles, reliability, responsiveness, assurance** and **empathy** are the identified independent variables, while employees' satisfaction as the identified dependent variable. Each of the dimensions of SERVQUAL was tested to determine and measure the relationship employees' satisfaction. The questionnaires were filled by the employees' who are staff itself at Permodalan Nasional Berhad (PNB) as internal customers. A total of 100 respondents participated in the survey. The participating respondents represented a return rate of 100% after distribute the questionnaire directly to the respondents.

Key words: Service quality (SERVQUAL), Employees' Satisfaction, Permodalan Nasional Berhad (PNB)

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Chapter 1

INTRODUCTION

Overview

Employee satisfaction is perhaps the most frequently studied construct in the organizational sciences (Schneider and Brief, 1992). Employee satisfaction has been defined as “a pleasurable or positive emotional state resulting from the appraisal of ones job or job experiences” (Locke, 1976).

It is often assumed that employees who are more satisfied with their job condition are more likely to produce better work outcomes. This is base on the rationale that higher levels of satisfaction improve morale and reduce voluntary turnover (Dole and Schroeder, 2001). A meta-analysis conducted by Petty et al. (1984) concluded that employee satisfaction and performance are indeed positively correlated.

Models of employee turnover almost universally propose a negative relationship between satisfaction and turnover (Hom and Griffeth, 1991; Hulin et al., 1985; March and Simon, 1958; Mobley et al., 1979; Price and Mueller, 1986; Rusbult and Farrell, 1983). More importantly, three meta-analyses have concluded that such a link exists (Carsten and Spector, 1987; Hom and Griffeth, 1995; Steel and Ovalle, 1984), and studies using structural equation modeling techniques support the viability of casual