

THE EFFECT OF HUMAN RESOURCE MANAGEMENT (HRM) PRACTICES ON
EMPLOYEES SATISFACTION AND PERFORMANCE: A CASE AT JASA MERIN
(MALAYSIA) SDN. BHD. (JM)

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“I hereby declared that this report is a result of my own work except the excerpts that have been cited clearly in the references.”

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DEDICATION

This dissertation is expressly dedicated to my beloved parents, Mr. Kamaruddin bin Wahid and Madam Nor Zihan binti A-Ebrahim that gave the full supportive in my life and grow up me until now. I know that they would be the happiest parents in the world when know that their daughter had successfully completed her Final Year Project (FYP) during two semesters. May Allah bless their life and for their continuous blessings and prayers and whose love and guidance throughout my life can never be repaid. Secondly, I dedicate this dissertation to my family members who are my sisters, Madam Nor Nadia and Madam Nor Faizah. Thank you for your continued encouragement, endless support, love, understanding and sacrifice. You are my life and my inspiration.

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ABSTRACT

Over the last decade, much research has been conducted in the field of Human Resource Management (HRM) and its associations with employees' and organisation performance. Prior studies have found substantial positive evidence for statistical associations between HRM practices and improved employees and organisation performance. The purpose of this study is to identify the HRM practices at Jasa Merin (Malaysia) Sdn. Bhd. (JM). This study is also to investigate the effect of HRM practices towards employees' satisfaction and performance at JM. It also aims to determine and reveal which practices is the most influence. Empirical evidence, however, shows that the successful organisations understand that the Human Resource Management (HRM) practices are really important and influence employees' satisfaction and performance in doing jobs every day. The transforming of HRM practices requires regular in-depth analyses of its effectiveness. This research employed a questionnaire-based survey using quantitative methods in the analysis of data collected from one hundred (100) respondents. In addition, the research design of this research is explanatory studies and the sources are combination of primary and secondary data sources. At the end of this research is show which HRM practices are greatest influence towards employees' satisfaction and performance at Jasa Merin (Malaysia) Sdn. Bhd. (JM).

ABSTRAK

Akhir-akhir ini, banyak kajian dikendalikan dalam bidang Pengurusan Sumber Manusia dan berkaitan dengan prestasi pekerja dan organisasi. Kajian-kajian sebelum ini menemui keterangan yang cukup jelas mengenai statistik antara Amalan-amalan Pengurusan Sumber Manusia dengan penambahbaikan prestasi pekerja dan organisasi. Tujuan kajian ini adalah untuk mengenal pasti Amalan-amalan Pengurusan Sumber Manusia yang terdapat di Jasa Merin (Malaysia) Sdn. Bhd. (JM). Kajian ini juga untuk menyiasat kesan Amalan-amalan Pengurusan Sumber Manusia terhadap prestasi dan kepuasan pekerja di JM. Ia juga untuk menentukan dan membuktikan amalan yang manakah paling mempengaruhi. Bukti-bukti sebelum ini menunjukkan, organisasi yang berjaya, faham bahawa Amalan-amalan Pengurusan Sumber Manusia adalah sangat penting dan mempengaruhi prestasi dan kepuasan pekerja dalam melakukan kerja setiap hari. Perubahan-perubahan Amalan Pengurusan Sumber Manusia memerlukan analisis yang mendalam mengenai keberkesanannya. Kajian ini berasaskan soal selidik menggunakan kaedah kuantitatif untuk menganalisis data-data dari seratus (100) responden. Tambahan lagi, bentuk kajian ini adalah kajian penjelasan dan sumber-sumbernya adalah gabungan dari sumber data primer dan sekunder. Pada akhir kajian ini menunjukkan bahawa Amalan-amalan Pengurusan Sumber Manusia merupakan pengaruh yang besar terhadap prestasi dan kepuasan pekerja di Jasa Merin (Malaysia) Sdn. Bhd. (JM).

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LIST OF ABBREVIATIONS

HRM	=	Human Resource Management
JM	=	Jasa Merin (Malaysia) Sdn. Bhd.
FYP	=	Final Year Project
HR	=	Human Resource
OSV	=	Offshore Support Vessel
PCSB	=	PETRONAS Carigali Sdn Bhd
EMEPMI	=	ExxonMobil Exploration and Production Malaysian Incorporated
SPSS	=	Statistical Package for the Social Sciences
IV	=	Independent Variable
DV	=	Dependent Variable

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CHAPTER 1

INTRODUCTION

This chapter describes a brief background of the research. It explores the problem statements, purpose of the study, research questions of the study, objectives of the study, scope or limitations of the study, key assumptions of the study and the significance of the study.

1.1 Background of the Study

Many scholars have reiterated that the increasing interest in human resources is due to the assumptions that employees and the way they are managed are critical to the success of an organisation (Normala Binti Daud, 2006). Since organisation performance is considered as one of the major organisational goals, much of the recent HRM has been directed at understanding the relationship between HRM practices and employees' satisfaction and performance.

An effective and competitive human resource is the key to the strength of organisations to fulfill employees' satisfaction and increase their performance of work in order to facing the challenges of business today. The importance of having a competitive human resource is synonymous with the success of today's organisation. Other than that,

an efficient and effective human resource will produce quality, productive individuals that will eventually minimize the problems that are related to human resource such as job dissatisfaction, absenteeism, or turnover of employees (Normala Binti Daud, 2006).

Armstrong (2009), defines Human Resource Management (HRM) as a strategic and coherent approach to the management of an organisation's most valued assets which mean the people working there who individually and collectively contribute to the achievement of its objectives. In addition, HRM also as the policies, practices, procedures organisations use for the attraction, selection and management of employees. Thus, HRM basically describes the processes of managing people in organisations.

Recent research on HRM (John Molson, 2011) defined HRM is the core function of all organizations. It ensures that companies have the necessary talent required to operate effectively. Besides that, it manages the recruitment and selection of new employees as well as the training and development of new and current employees. Additionally, it establishes and administers compensation plans and employee benefit program.

Other than that, according to R. Wayne Mondy and Judy Bandy Mondy (2010), HRM is the utilization of individuals to achieve organisational objectives. Based on the sentences, that shows the important of employee to the organization.

According to Daniel F. Ofori, Victoria Sekyere-Abankwa and Davida B. Borquaye (2012), in their recent research paper has shown the assumption underpinning the practice of HRM is that people are the organisation's key resource and organisational performance largely depends on them. Therefore, if an appropriate range of Human Resource (HR) policies and processes are developed and implemented effectively. HR will make a substantial impact on organisation and employees performance.

HRM practices are not ancillary but are really important and powerful factor in shaping employee attitudes. It is because HRM practices for example communication,

training and compensation give the big impact and influences the employees' satisfaction and performance in doing jobs. Furthermore, each organisation must provide to their employees as benefits to them and its encouraging spirit to work.

Normala Binti Daud (2006), stated that HRM practices are one area that influences employees' intention to leave, levels of job satisfaction and organisational commitment. Since the concept of HRM became popular in the early 1980s, there had increasing academic interest in the concept as well as research in the area. The 1990s saw a substantial amount of empirical research carried out to find evidence on the link between HRM practices and performance. In recent years, much of the research in the 1990s did in fact found statistical evidence for an association between HRM practices and performance. Researchers also have shown an increasing interest in the concept of HRM practices and in the link between HRM practices and organisational performance.

Into the bargain, if the organisations have the good management they can provide all the HRM practices to their employees'. It is because HRM practices create a motivation for increased discretionary behavior and a satisfaction with career development that ultimately leads to increased job satisfaction. Therefore, the employees' can be satisfied with what they get as an example commissions if they do extra work. So, with that they can improve their performance of works for be better.

The notion that workplace attitudes as example job satisfaction might be positively connected with performance outcomes continues to intrigue academic scholars as well as practicing managers. Moreover, the majority of the research examining the employee satisfaction to performance relationship has been conducted on the micro level of analysis, otherwise known as the individual employee level (Larry E. Cole and Michael S. Cole, 2010).

For instance, a decrease in job satisfaction manifests itself in lower productivity rates, increased turnover, poor performance, absenteeism and minimal employee