Faculty of Management Technology and Technopreneurship

THE RELATIONSHIP BETWEEN HUMAN RESOURCES FACTORS AND TOTAL QUALITY MANAGEMENT PERFORMANCE: A SURVEY IN HOTELS INDUSTRY

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Bachelor of Management Technology (Innovation)

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The thesis submitted

In fulfillment of the requirement for the degree of Bachelor of Management Technology (Innovation)

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UNIVERSITI TEKNIKAL MALAYSIA MELAKA

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SUPERVISOR'S APPROVAL

I hereby declared that I have read this report and in my opinion this report is adequate in terms of scope and quality as a partial fulfillment of Bachelor of Management Technology in Innovation

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DECLARATION

I hereby declare that the project entitled human resources management in total quality management practices: A survey in Malaysian hotels industry submitted for the Bachelor of Management Technology Innovation prepared by me under guidance of Dr. Nurulizwa Binti Abdul Rashid.

I herewith declare this project was completely my individual work and that any additional sources of information have been accordingly cited.

I acknowledge that the inclusion of footnote or a source in a bibliography is insufficient for attribution of another's work. Also, i hereby declare that any internet sources, published or unpublished works from which I have cited or haggard reference have been reference fully in the text. I understand that failure to do this will result in failure of this project due to Plagiarism.

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ABSTRACT

Hotel industry is plays major roles in supporting the Malaysian tourism. The performance of the tourism industry is also influenced by volatility of change in external and international environmental in Malaysia. Recent research is aim out to explore the human resources management that necessary for implementing total quality management (TQM) in tourism industry in Malaysia to improve service quality and business performances. The growth and performance of Malaysian hotel industry depends on growth and performance of the other Malaysian economic sector, especially in service sector. Total quality management is a key management philosophy in operation management. Without the good quality, the business will simply fail. Besides that, total quality management is not simply a matter of build-up workforce in order to delivering quality result. It is implementation and maintenance of a system that brings success in the business. Logically then, organization need to identify the successful strong factors in human resources management when introducing total quality management in management to accomplish this objective. Thus, the data analysis of total quality management practices has a positively related and significant impact on service quality in tourism and hospitality industry.

Key words: tourism and hospitality industry, total quality management (TQM), human resources management, teamwork, training, employee satisfaction

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ABSTRAK

Industri hotel memainkan peranan utama dalam meningkatkan industri Pelancongan Malaysia. Peningkatan dalam industri pelancongan juga dipengaruhi oleh turun naik perubahan luaran dan antarabangsa alam sekitar di Malaysia. Penyelidikan terkini adalah bertujuan untuk menentukan faktor sumber manusia yang diperlukan bagi melaksanakan pengurusan kualiti menyeluruh (TQM) dalam industri pelancongan di Malaysia untuk meningkatkan kualiti perkhidmatan dan perniagaa. Peningkatan dan prestasi industri hotel Malaysia bergantung kepada pertumbuhan dan prestasi sektor ekonomi Malaysia yang lain, terutamanya dalam sektor perkhidmatan. Pengurusan Kualiti Menyeluruh adalah falsafah pengurusan utama dalam pengurusan operasi. Tanpa kualiti yang baik, perniagaan akan gagal dan ia dapat menjejaskan prestasi. Selain itu, Pengurusan Kualiti tidak tertumpu hanya pada masalah tenaga kerja dalam membina untuk mendapatkankan hasil yang berkualiti. Ia adalah pelaksanaan dan penyelenggaraan sistem yang membawa kejayaan dalam perniagaan. Secara logiknya, organisasi perlu mengenal pasti faktor-faktor yang berjaya apabila memperkenalkan Pengurusan Kualiti dalam pengurusan untuk mencapai matlamat ini. Oleh itu, analisis data amalan Pengurusan Kualiti mempunyai kesan yang positif yang berkaitan dan yang besar ke atas kualiti perkhidmatan dalam industri pelancongan dan hospitaliti.

Kata kunci: Pelancongan dan Hospitaliti Industri, Pengurusan Kualiti Menyeluruh (TQM), Pengurusan Sumber Manusia, kerja kumpulan, latihan.kepuasan pekerja

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LIST OFABBREVIATIONS

Abbreviations	The Name
TQM	Total Quality Management
R&D	Research and Development
HRM	Human Resource Management
GDP	Gross Domestic Product
NKEA	National Key Economic Area
MTTP	Malaysia Tourism Transformation Plan
OUWTO	United Nation World Tourism Organization
NTP	National Tourism Policy
SPSS	Statistic Package for Social Sciences
TW	Teamwork
TD	Training and Development
RR	Reward and Recognition
H	Hypothesis

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This study will explain related to introduction of total quality management used in hotels industry. In particular, it will clarify the relationship and significant factors of top management which is internal factors in order to implement successful total quality management practices that will effect on sustain business in hotels services. This chapter contains the discussion on the research background, problem statement, research objectives, research questions, significant and scope of study.

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1.2 Research Background

In Malaysia, tourism is one of the fastest growing services industries in the global economy and based on current economy, it mostly give an impact to tourism by sectors for example transportation, services, hospitality and tourism related retailed business. The tourism or hospitality industry is most important sector in Malaysia because from there, this sector able to attract many tourists either within or outside the country. In hotel industry it's playing a major contribution in GDP, economic prosperity, employment and the life style of individuals Malaysia and almost all countries. Hotel industry contributes significant roles to enhance the tourism sector in Malaysia because tourism sector is trying a multicultural and peaceful image of Malaysian Countries. The tourism sector is a unique sector and it is combined between tangible and intangible. In addition, tourism industry is an important economic activity in most countries around the world.

As we know, Malaysian also has heritage country likes Melaka, Penang, Kedah and others that can help growth in tourism industry in Malaysia. Thus, it is important for management in tourism to sustain their business through total quality management in order to gain profit and improve the service performance. To integrate Total Quality Management practice is no easy task because it involved a major change in the organization culture. Moreover, Total Quality Management is an approach that could help improving the competitiveness, effectiveness and flexibility in an organization. Furthermore, this study identified the critical success factor which is Human resource Management (HRM).

Efficient working process flows are important with increased of international trade, low wage economy competition (different countries), domestic competitors positioning and few important customers that buy products within the region. Nevertheless, in Total quality management should be integrated in organization by determine all factors under human resources in working performance. In fact, most successful TQM implementation depends on change in employee's attitudes and activities in organization teams. The purpose of this research is determining and finding human resources factors which suitable for Total quality management implementation in Malaysian tourism industry. For instead, obvious that

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management in hotel industry in Malaysia has different critical factor that give impact when implement Total quality management practices.

Total quality management is grounded on the participation of all organization members with the goal to reach a long-term success thru force of satisfying customers' wants and as well to reach an advantage for all members of an initiative and a company. This is because of society and organizations are filled with multi tasks employees or staff and responsibilities to achieve in the extremely competitive market nowadays. Besides that, the function of Total Quality Management (TQM) is approved as a critical factor in influence of business sustainability for both manufacturing and service organizations especially in today's business competitive environment.

Malaysia is celebrating its fourth visit Malaysia year (vmy) in 2014 with the theme "Celebrating 1Malaysia Truly Asia". The promotion of the continues with Malaysian year of festivals (My FEST) campaign in 2015 with theme "Endless Celebrations" emphasizing the various festivals celebrated by its multicultural society. Through both campaigns are the key drivers toward achieving a higher income and of the country's target of 36 million tourist's arrivals and RM168 billion in receipts by 2020, reported by Tourism NKEA (national key economic area). Over the years, the tourist image that Malaysia depicted had altered from 'Beautiful Malaysia' to 'Only Malaysia', followed by 'Fascinating Malaysia' and currently 'Malaysia, Truly Asia'. Subsequently, tourism promotion materials ranging from billboards to brochures often represent a group of local beauties on behalf of the Malays, Chinese, Indians and other ethnic groups.

Moreover, Malaysian is nowadays 'selling' its multiculturalism and national diversity representing all the main societies in Asia as its tourism image which means Malays, Chinese, and Indians projected by the promotion tag line, 'Malaysia, Truly Asia'. In another information from World Travel and Tourism Council stated that tourism is an important industry that contributes at least 9 per cent of the world's Gross Domestic Product (GDP), employees over 255 million people worldwide and represents 8% of the global workforce (Lahap, O'Mahony, & Dalrymple, 2016). Furthermore, the number growth of tourists' arrivals will give an effect to an increase in the provision of hotel accommodation.

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Statements from Minister of Tourism and Culture Malaysia, Dato' Seri Mohamed Nazri Abdul Aziz said that "we are pleased to achieve such as a substantial growth in tourist receipts last year. This is in line with the broad objective of the National Key Economic Areas (NKEA) and Malaysia tourism transformation plan (MTTP) to increase yield per tourist. Last year, the average tourist spending per capita was RM 2,544.90 per person compared to RM 2,419.10 per person in 2012". In 2014, Malaysia's tourism sector is the 6th largest contributor to national economy, these contributing a total of RM 161 billion (14.9 %) of gross domestic product.

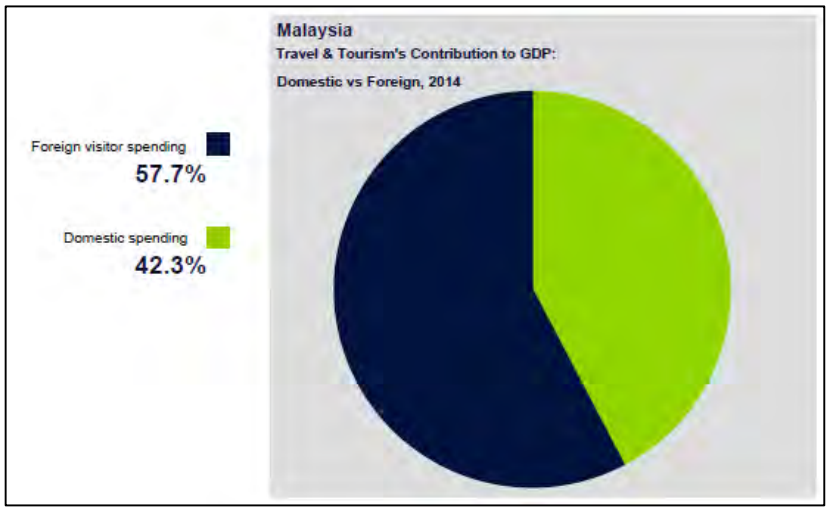

Figure 1.1 ;Travel and Tourism Contribution to GDP, 2015

(Source; Economic Impact 2015 Malaysia)

Figure 1.1 described Domestic travel spending generated 42.3% of direct Travel and Tourism GDP in 2014 compared with 57.7% for visitor exports (for example visitor spending or international tourism receipts). To fully comprehend its impact, though, governments, policy creators and businesses around the world require precise and reliable data on the impact of the sector. Data is necessary to help evaluate policies that govern future industry growth and to provide information to help guide successful and maintainable Travel & Tourism investment verdicts.

Tourist arrivals in Malaysia have no distinct pattern of season ability. In the long term, the number and percent of tourist come to Malaysia increase by year; it is because of the outstanding natural beauty including tropical forests, lakes, islands, mountains and others. Besides, the national diversity and multi-cultureless are only unique to Malaysia, so that tourists from other parts of Asia can simultaneously be at

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ease with the understanding of Malaysia and be impressed at its differences. Thus, Malaysia continually achieve the planning by 2020 by followed heavy marketing such as launched the campaign with a series of TV advertisements that seemed on designated free-to-air and cable TV stations, Malaysia is also noted as a 'Food Paradise' where you can taste a diversity of delectable food at reasonable prices.

Be it Malay, Chinese, or Indian cuisine, Malaysia is home to a distinctive palette and a tapestry of flavors. In consideration of the historic effect of Islam and European culture from its populated period, Malaysia stands out as the midpoint of diversity that is unique in Asia. Tourism is an inconsistent industry that promises a lot and yet brings little and over a long period. Regional collaboration in tourism too is an area of massive potential but requires proper planning and coordination.

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1.3 Problem Statement

Every year, United Nation World Tourism Organization (OUWTO) will accumulate the world tourism rankings. At the year of 2009 international tourism arrived in Malaysia had increase to 23.6 million and rank in the top ten country through the world which is 9th. Tourism sector is receiving vital to the economic growth in Malaysia. It marks the GDP of Malaysia progressively during the year. This is not only effect GDP whereas it will effect on unemployed and overall economic growth. In tourism industry, as we all know, the services that will be served are housekeeping, food and all accommodation. A part of that offering these services, it will be able for management team which involved top manager to investigate the importance of customer satisfaction to attain business sustainability especially in hotels sector and economic growth through tourist.

Through that, it realizes that through human resources in total quality management practices is important to overcome this situation. Thus, by focusing in human resources in hotel sectors, there is of particular importance because of the intensity of human resources use in this industry. Previous studies have recognized the status of human resources in creation outcomes nonetheless nothing said about the relation between employees training and innovation activities in the accommodation industry (Martínez-Ros and Orfila-Sintes, 2012). Inappropriately, the majority the governmental, organizations not recognizing the importance of training in order to increase employees' productivity and when the economy slows or when profits decline, most of organizations decided to cut in their training costs (Bhartiya, 2015).

Moreover, from other study also exposed a limited use of Total Quality Management models (Stavrinoudis and Chanoun, 2013). Thus, regardless of the fact that hotels are conscious of the significance and role of HR for the attainment of specific quality limits related to their services, they still do not focus adequately on training and motivating their staff in issues related to quality, as quality can be perceived for each individual (Stavrinoudis and Chanoun, 2013). Though, Rasmi et al. (2013) specified that the critical issue in Malaysian service industry is job dissatisfaction among employees which is mostly caused by low salaries and uncomfortable working environment. Nonetheless, the issues are lacks in literature

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gaps study of total quality management within hotels industry. Hence, take seriously on quality constant search of development and growth, the hotel business will endure the violent competition in the contemporary market place.

An assessment of the hospitality works specifies that staffing issues can be grouped around issues of high employee turnover, difficulty in attracting and retaining skilled workers, staff shortages, and poor discipline and job commitment (Ahmad and Scott, 2013). Thus, once expectation of employees behavior continuously, it will improve hotels performance as well as to drive into hotels ranking by excellent services management. However, to ensure it arises, hotel management business makes take seriously on total quality management concept by adopting this in business. The lack of total quality management will directly effect on business performance, because fewer of awareness among employees about total quality practices or strategies.

Pointed by Boadu, Email, et. al (2014), it has a relationship between training and development on employee performance, it also receives inadequate funds availability for training and development was complained by management. Thus, training in human resources must be adopting in hotel business as a platform for teams in order to motivated and encourage employees to improve business performance. On the other hand, Hrout and Mohamed, (2014) highlighted that the due to lack of adequate infrastructures, certain of Human Resource staff in hotel industry are not properly skilled.

Therefore, through implementing total quality management practices in hotel business, by developing training and education and employee empowerment has significant relationship with job satisfaction. Moreover, it provides a good and heavy empirical study the importance of total quality management practices in hotels services. Hence, this study these studied to determine their reasonableness and the solutions to staffing hotels of previous level services in Malaysian southern region and near address the relationship between the internal factors which is human resource management in total quality management.

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1.4 Research Objective

To fulfill this research, this study will explore the issues that related to human resources managements factor in implementing Total Quality Management in tourism industry performance. The Research Objectives as follow:

1.3.1 To describe the level of teamwork, training and development and reward as well as total quality management performance in Melaka hotels industry.

1.3.2 To identify the human resources factors that affects the total quality management (TQM) performance in Melaka hotel industry.

1.3.3 To determine the most influential human resource factors that affects the total quality management (TQM) in Melaka hotels industry.

1.5 Research Question

Business must be performed the activities with the factors in order to achieved organization objective and reach the goal. Build awareness of the causes can implementing a successful Total Quality Management in organization, because human resources managements has relationship towards quality management in service performance. Consequently, there following is the main research question in this study:

1.4.1 What are the implementation levels of teamwork, training and development and reward as well as total quality management used in Melaka hotels industry?

1.4.2 What are the human resources factors that affect in total quality management (TQM) performance that used in Melaka Hotels industry?

1.4.3 What are the most important factors of human resources that will affect on Total Quality management in Melaka hotels industry to improve service quality in business performance?

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