

RELATIONSHIP BETWEEN HUMAN RESOURCE MANAGEMENT
PRACTICES AND EMPLOYEE PERFORMANCE IN MANUFACTURING
INDUSTRY AT SERENDAH, SELANGOR

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DECLARATION

I declare that this thesis entitles “The Recruitment & Selection, Training & Development, Compensation & Reward, Performance Appraisal Towards Manufacturing Industry at Malaysia” is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

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DEDICATION

I would like to dedicate the success of this project report especially my father Mr. Jamaluddin Hashim and my mother, Zaharah Zainal. The sacrifices that they had made for me to further studies would not be enough by just submitting the report, but it is beyond that. Thus, I am honored to have them as my parents. Secondly, dedication to all my beloved team Najihah Azman, Syarmimi Auni, Azureen Dawod and Fateha Yaacob for support me in term of moral and financial support. Also not forget to gratitude Nasyeth al-Fayyadh in doing this project. I express a deep sense of gratitude to my lecturer whom also my supervisor for this Final Year Project, Mr. Hasan Bin Saleh and also to my beloved fellow friends.

ABSTRACT

The purpose of the study was to determine the recruitment & selection, training & development, compensation & reward, performance appraisal towards manufacturing industry at Malaysia. The objective of this study was specifically i) identify the factor influence of employee performance in the organisation on manufacturing industry. ii)examine the relationship of employee performance towards organisation management in manufacturing industry. iii)identify the organisation cultural toward employee performance in manufacturing industry and iv) examine the effect of regular performance appraisal on employee performance in manufacturing industry. This study used the quantitative analysis by using questionnaires as the research instrument. Manufacturing Industry in Malaysia staff was the target population. Therefore, a sample of 80 respondents was selected according to Krejcie and Morgan (1970) to answers the questionnaire. A set of descriptive statistic including graph, means, standard deviation and frequency tables were used to present the result of study. Correlations among the variables were calculated using Statistical Package for Social Science (SPSS) version 20.

Keywords:Employee Performance

ABSTRAK

Tujuan kajian ini adalah untuk menentukan pengambilan & pemilihan, latihan & pembangunan, pampasan & ganjaran, penilaian prestasi ke arah industri perkilangan di Malaysia. Objektif kajian ini adalah secara khusus i) mengenalpasti pengaruh faktor prestasi, pekerja dalam organisasi industri perkilangan. ii) mengkaji hubungan prestasi pekerja ke arah pengurusan organisasi dalam industri perkilangan, iii) mengenal pasti budaya organisasi terhadap prestasi pekerja dalam industri perkilangan dan iv) mengkaji kesan penilaian prestasi tetap terhadap prestasi pekerja dalam industri perkilangan. Kajian ini menggunakan analisis kuantitatif dengan menggunakan soal selidik sebagai instrumen kajian. Industri perkilangan di Malaysia adalah sasaran penduduk. Oleh itu, sampel sebanyak 80 responden telah dipilih mengikut Krejcie dan Morgan (1970) untuk menjawab soal selidik. Satu set statistik deskriptif termasuk graf, cara, sisihan piawai dan jadual frekuensi digunakan untuk membentangkan hasil kajian. Korelasi antara pembolehubah dikira menggunakan versi “Statistical Package for Social Science” (SPSS) versi 20.

Kata Kunci: Motivasi Pekerja

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter will be allocated about problem statement, research objective and research question. The topic study is about " relationship between human resource management practices and employee performance in manufacturing industry at Serendah,Selangor". Each company realise employee performance is the main thing to become a successful company to keep sustainability in industry.

Performance refers to the degree of achievement of the mission at work place that builds up an employee job (Cascio, 2006). Different researchers have different thoughts about performance. Most researchers have used the term performance to express the range of measurements of transactional efficiency and input & output efficiency (Stannack, 1996). Therefore, employee performance it is also known as work performance. Generally, work productivity is subjectively by using certain method to measure in the organization. A good employee performance is important for the organization, because in an organization's success is dependent upon the employee's creativity, innovation and commitment (Ramlall. 2004).

Employee performance is for improved capabilities, knowledge and skills of the talented workforce proved to be a major source of competitive advantage in a global market (McKinsey, 2006). To develop the desired knowledge, skills and abilities of the employees, to perform well on the job, requires effective training programs that may also effect employee motivation and commitment (Meyer and Allen, 1991). Organizations provide training to optimize the potential of their employee in order to prepare their workers to do their job as desired. By applying long-term planning, most firms invest by their workforce in building new skills, enabling them to cope with the uncertain conditions they may face in the future, thereby improving employee performance through superior motivation and commitment. By offering training programs, when employees recognize their organizational interest in them, they turn to make their best efforts to achieve organizational goals and show high performance on job.

Meanwhile, job performance has been defined as the value an organization can expect from discrete behaviors performed by an employee over time (Motowidlo & Van Scotter, 1994). (Motowidlo & Van Scotter, (1994) suggested several assumptions about job performance that lead to this definition including the idea that job performance is behavioural, episodic, evaluative, and multidimensional. Based on this studies, the objective of this study is to determine the employee performance among manufacturing industry at Serendah, Selangor .

1.2 Problem Statement

Employment is a contract between two parties, one being the employer and the other being the employee. An employee may be defined as: "A person in the service of another under any contract of hire, express or implied, oral or written, where the employer has the power or right to control and direct the employee in the material details of how the work is to be performed." (Black's Law Dictionary, 1979)

When an employee is obviously unacceptable and it is understood to everyone, including the person herself, it is easier to take action, especially if the person has had every opportunity to improve but some situations aren't that easy, they're going to test you as a manager and your skills as a manager. Consider a person's situation whose performance was acceptable but is no longer acceptable. This happens in times of change when some people are unable to adopt the necessary new values, skills, relationships, or thinking.

In addition, a second situation could be even more difficult. This is one where you have to terminate a good but don't have enough employee to help the group reach the future they want. This can be happen with an employees who have work in long time with that company, but not helping the team and company grow and achieve more ambitious goals.

1.3 Research Objective

The objective of this study are outlined below:

1. To identify the factor influence of employee performance in the organisation on manufacturing industry.
2. To examine the relationship of employee performance towards organisation management in manufacturing industry.
3. To identify the organisation cultural toward employee performance in manufacturing industry.
4. To examine the effect of regular performance appraisal on employee performance in manufacturing industry.

1.4 Research Question

This study observes how the impact of work environment that influence employee motivation in manufacturing industry at Malaysia. The questions to be addressed in this study include as below:

1. To what extent do effective and efficient recruitment and selection process enhance employee performance in manufacturing industry?
2. What relationship influence employee performance towards organisation achievement?
3. What are the cultural influence employee performance?
4. What extent does regular performance appraisal enhance employee performance in manufacturing industry?

1.5 Significance of study

The main objective of human resources management is to utilize the human resources in a most optimal manner so that targets can be achieved very effectively and efficiently. For this purpose, managing performance of employees as a whole is very important. This study was conducted to find the needed and feedback from employer to employee performance specific on manufacturing industry at Serendah, Selangor. Employee performance also significance on mental workload, decision-making, skilled performance, human-computer interaction, human reliability, work stress and training as may relate to human-system design also rewards after consent on the company.

1.6 Scope of Study

The project was focused on engagement employee performance for maintain the quality of company. This studies carries in UMW Aerospace Serendah, Selangor. The researcher chooses Job Fair because it easier to meet a lot of employer in one place and it also the suitable place and time. The respondent was selected on manufacturing industry at Serendah, Selangor.

1.7 Summary

This chapter is consisting of the fundamental of this research and objective of this study is to determine the employee performance especially on manufacturing industry at Serendah, Selangor. This chapter also explains the research questions as research objective.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter will be discussing about literature review for this study which researcher collect from previous study, books, journals and articles. The initial introduction will discuss about employee motivation. Researcher highlight employee performance is depending on recruitment and selection, training and development, compensation and reward, and performance appraisal. Furthermore, literature review will be helpful for researcher in constructing the research method whether it can be done through quantitative or qualitative. Researcher illustrate the theoretical framework of this study based on the hypothesis and makes summary of literature review for this study.

2.2 The Impact Of Employee Performance In Manufacturing Industry At Malaysia.

2.2.1 Recruitment and Selection

In making a successful company it started from the best leader and need to be recruit by HR through an interview and examination. Recruitment is the only variable that has direct influence on assessing his or her performance. HR and hiring manager will choose the suitable candidate using 5-star method selection to fill the position available. Success or failure of employees to meet the demands of companies, is highly dependent on the implementation of the recruitment process of the selection made by the company to prospective employees.

The important to understand the process of recruitment is a process of collecting a number of applicants who possess the qualifications required in accordance with the company, to be employed in the company (Malthis,2001). Recruitment also a decision of HRM planning regarding the number of employees needed, when needed, as well as the criteria for what is needed in an organization. Meanwhile, selection is the process of selecting from a group of applicants or those who meet the criteria for the position available based on conditions that existed at the company.

The process begins when applicants apply for the job and ended with an admission decision. The selection process is a decision for prospective applicants to be accepted or not. The company will expect applicants who came had a satisfactory performance in the job. Selection criteria according Simamora (2004) can generally be summarized in several categories which is education, work experience, physical

condition and personality. If recruitment is successful, in other words a lot of applicants who enter their application the opportunity of the company to hire the best employees is higher because the company will have a lot of choice of the best of the applicants. To meet the maximum achievement, once the selection process is completed the company would need to put the workers who accepted the position required by the company and in accordance with their respective expertise, so that they can perform the work with satisfactory result.

Meanwhile in terms of staffing, there are several requirements that must be considered is education, education must strongly support to assume a position, and necessary for the effective running of the duties and responsibilities of the position. For example: Bachelor's upper level management. Next is health, health condition to ensure the physical and mental health so as to place the employee in a field of work, can be adapted to the condition of his health. Lastly is experience, work experience is needed by the company for the mastery of the job and work experience usually provides a tendency in question has the expertise and work skills are relatively high.

2.2.2 Training and Development

Training and Development is important part to maximise the worker credibility and polish employee skill. For start-up company training is a must to certified the employee and gain trusted from customer. According to Iyayi (2007), training and development can be seen as the way toward gaining new knowledge, abilities for completing duties at working environment. Training and development high deliberate working and exercises utilized by organizations to outfit their workforce with the significant attitudes, knowledge, and attitude keeping in mind the end goal to complete their obligations and undertakings adequately and productively (Raymond, Bawa, & Dabari, 2016).

Training also a part of securing of the technology which grants worker to perform as according to the required standard. It is an experience, a discipline or a planned activity which causes individuals to obtain new skills and learning and predetermined behavior (Aina, 1992). Training and development are a procedure of expanding the performance of a worker, and also their conduct is corrected (Naris & Ukpere, 2009). Few studies have seen training and development as an instrument to improve performance in the place of work (Lee et al., 2012; Barzegar & Farjad, 2011). Training and development are considered as the quick forecaster that influence efficiency and employee performance (Tahir et. al., 2014).

Further research states that training and development is a learning practice that can assist the workers to grow their ability and knowledge for improved performance (Dermol et. al., 2013). It is a foundation of self-possession of which employees perform in pressure and labor with minimum direction and training. Additionally, training effect employee's performance and it will grow a real logic that will fetch the growth of commitment between the workers (Bhat, 2014). A more recent study found that training distinguishes the unhappy necessity of employees and indeed, it will increase their level of capability to perform well for the association vision (Talwar and Thakur, 2016). Studies have shown that training and development have a significant impact on job satisfaction. Training and development' has a significant positive impact on employees' job satisfaction (Garcia, 2005).

Training development and Job satisfaction have been widely studies. This survey of past studies demonstrates that there are numerous results, and impacts on the relationship between the training development and job satisfaction (Schmidt, 2012). Another study by Taormina (1999) states that there is a significant association with training development and job satisfaction. A more current study portrays a positive relationship among Training and Development and job satisfaction. Also, their findings demonstrate that the faculties who undertake training and development course sense that they are capable of improving their active parts and skill (Chaudhary, &

Bhaskar, 2016). There is certain training implemented by company such as mandated training. Mandated training is depending upon the type of industry and applicable state and federal regulations, some types of training may be mandated by law. OSHA or other industry regulation safety training is required for many workplaces, as are more specialized required training programs.

At Malaysia each company must pass OHSAS Audit to ensure the company safety to operate. OHSAS audit contain of OSHA chapter. Occupational Safety and Health Act (OSHA) was enacted on 25th February 1994 with the intent to ensure safety, health and welfare of all persons at all places of work. It was promulgated based on the self-regulation concept with the primary responsibility of ensuring safety and health at the workplace lying with those who create the risks and work with the risks. The Act also provides for a consultative process at the policy level with the establishment of National Council for Occupational Safety and Health. This consultative process extends to where safety and health programs are implemented with both employers and employees' representative as members of safety and health committee.

Furthermore, each of new staff must undergo complete training intended to familiarize employees with the responsibilities required for the job. This training will vary from workplace to workplace, but may include training on topics related to the job itself and information related to the industry. Any legally mandated training may be part of new hire training, as with blood-borne pathogen training for healthcare workers. The training provided also can divide into two that is on the job training and e-learning training.

Furthermore, when employees are upgraded to a management team or senior staff, they will undergo management training, supervision of employees requires specialized skills, and most employers require management-level employees to undergo employee management training as part of promotional or new hire training.