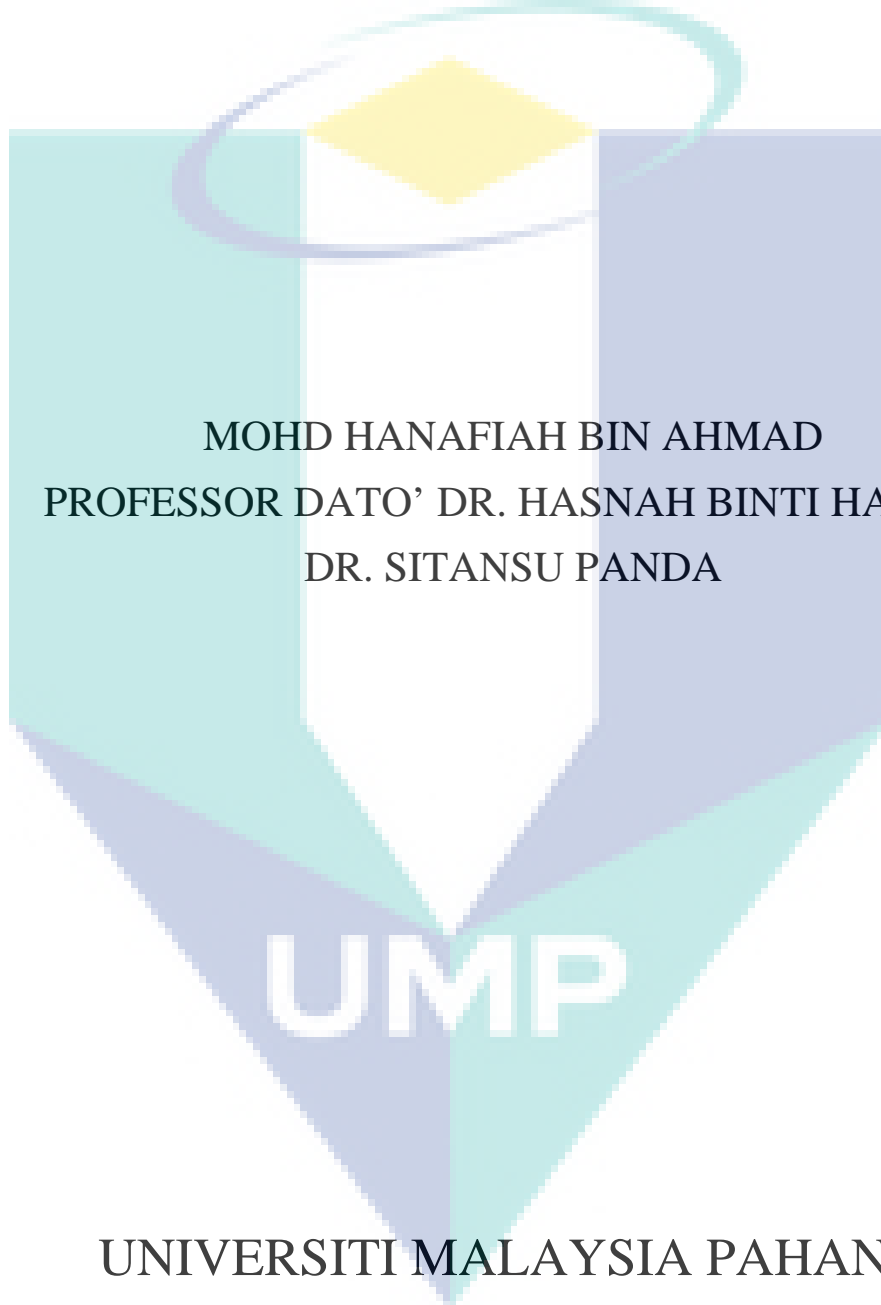


UIC170805

**RESEARCH ON UMP ADVANCE HUMAN
RESOURCE ADMINISTRATION AND
MANAGEMENT EFFECTIVENESS**



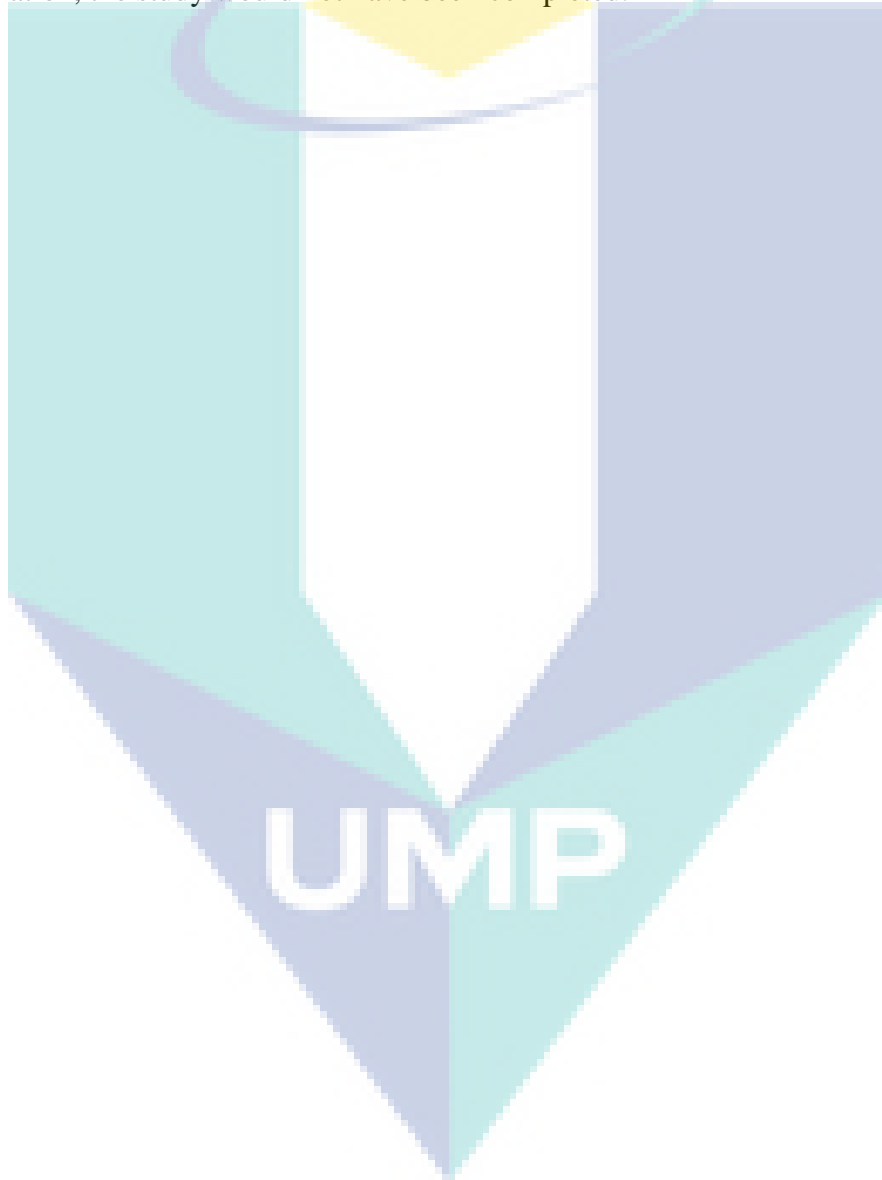
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UNIVERSITI MALAYSIA PAHANG

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ABSTRAK

Keberkesanan praktis sumber manusia merupakan amalan yang penting untuk mewujudkan organisasi yang lebih cekap. Dalam erti kata lain, prestasi organisasi akan dipengaruhi secara positif oleh praktis sumber manusia yang diamalkan dalam organisasi tersebut. Walau bagaimanapun, organisasi yang tidak mementingkan kakitangan sumber manusianya akan mewujudkan cabaran sama ada organisasi tersebut mempunyai kapasiti and kecekapan yang mencukupi untuk meningkatkan keberkesanan praktis sumber manusia. Salah satu institusi pembelajaran seumur hidup di Malaysia telah dipilih untuk menjadi kes kajian, iaitu UMP Advanced. Tujuan kajian ini adalah untuk mengkaji unsur-unsur keberkesanan praktis sumber manusia bagi organisasi perkhidmatan, kemudian menilai keberkesanan praktis sumber manusia dalam mempengaruhi prestasi organisasi di UMP Advanced. Selepas itu, untuk meneroka penjelasan bagi prestasi UMP Advanced yang dipengaruhi oleh sesetengah praktis sumber manusia. Reka bentuk penyelidikan kajian ini adalah Pendekatan Kaedah Kajian Gabungan Penjelasan Berikutan (*Sequential Explanatory Design*). Ia terdiri daripada dua fasa yang berbeza, iaitu bermula dengan kaedah kuantitatif dan diikuti oleh kaedah kualitatif. Soalan soal selidik yang digunakan sebagai pendekatan kaedah kuantitatif adalah diambil daripada kajian sebelum ini untuk menilai keberkesanan pengamalan praktis sumber manusia dan prestasi organisasi. Soal selidik diedarkan kepada semua kakitangan UMP Advanced. Data kuantitatif yang dikumpul akan dianalisis terlebih dahulu. Kemudian, temuduga kumpulan fokus sebagai pendekatan kualitatif dijalankan dengan beberapa wakil kakitangan UMP Advanced daripada jabatan yang berlainan. Data kualitatif yang dikumpul kemudian dianalisis dan digunakan untuk menjelaskan penemuan kuantitatif. Hasil penemuan kuantitatif menunjukkan hanya latihan dan pembangunan mempunyai hubungan yang signifikan dengan pengendalian kakitangan dan prestasi organisasi dari segi kewangan. Di samping itu, hasil yang diperoleh juga diterangkan oleh hasil penemuan kualitatif. Kebanyakan responden bersetuju bahawa latihan dan pembangunan adalah penting untuk pembangunan kecekapan and kemahiran untuk melaksanakan kerja dengan lebih baik dalam organisasi. Penemuan ini dapat memberikan pengetahuan yang lebih mendalam kepada pihak pengurusan atasan mengenai cara untuk menguruskan kakitangan sumber manusianya dengan lebih berkesan supaya prestasi organisasi yang lebih baik dapat dicapai.

ABSTRACT

The effectiveness of HR practices are essential to create organizations that are more competent. In other words, organization performance is affected positively by the extent of HR practices developed in the organization. However, organizations who do not value the properly management of its HR cause the challenge of whether organization has the sufficient capacity and competency to improve in terms of effectiveness of HR practices. Lifelong learning institution in Malaysia was chosen to be a case of study where UMP Advanced was selected. The purpose of this study is to investigate the elements of HR effectiveness for service organization, then evaluate the effectiveness of HR practices in influencing UMP Advanced performance. Afterwards, to explore why UMP Advanced performance is influenced by specific HR practices. The research design of this study is sequential explanatory design. It consists of two different phases, first by quantitative method and then followed by qualitative method. Questionnaires used as the quantitative approach are adopted from previous study to measure HR practices effectiveness and organization performance. 33 questionnaires were distributed to all employees of UMP Advanced. Quantitative data collected were then analyzed. Then, focus group interviews as qualitative approach were conducted with several representatives of employees of UMP Advanced in different departments. Qualitative data collected were then analyzed and used to explain the quantitative findings. The quantitative findings shown only training and development has significant relationship with employee retention and financial performance. Afterwards, results obtained are further justified by qualitative findings. Most interviewees agreed that training and development is essential for the development of competencies and skills to perform better in the organization. This findings could provide a deeper knowledge to the top management on how to utilize HRM and take necessary actions to achieve better organization performance.

The logo for UMP (Universiti Malaysia Perlis) is a large, stylized letter 'V' shape. The left side of the 'V' is light blue, and the right side is light green. The letters 'UMP' are written in white, bold, sans-serif font across the center of the 'V'.

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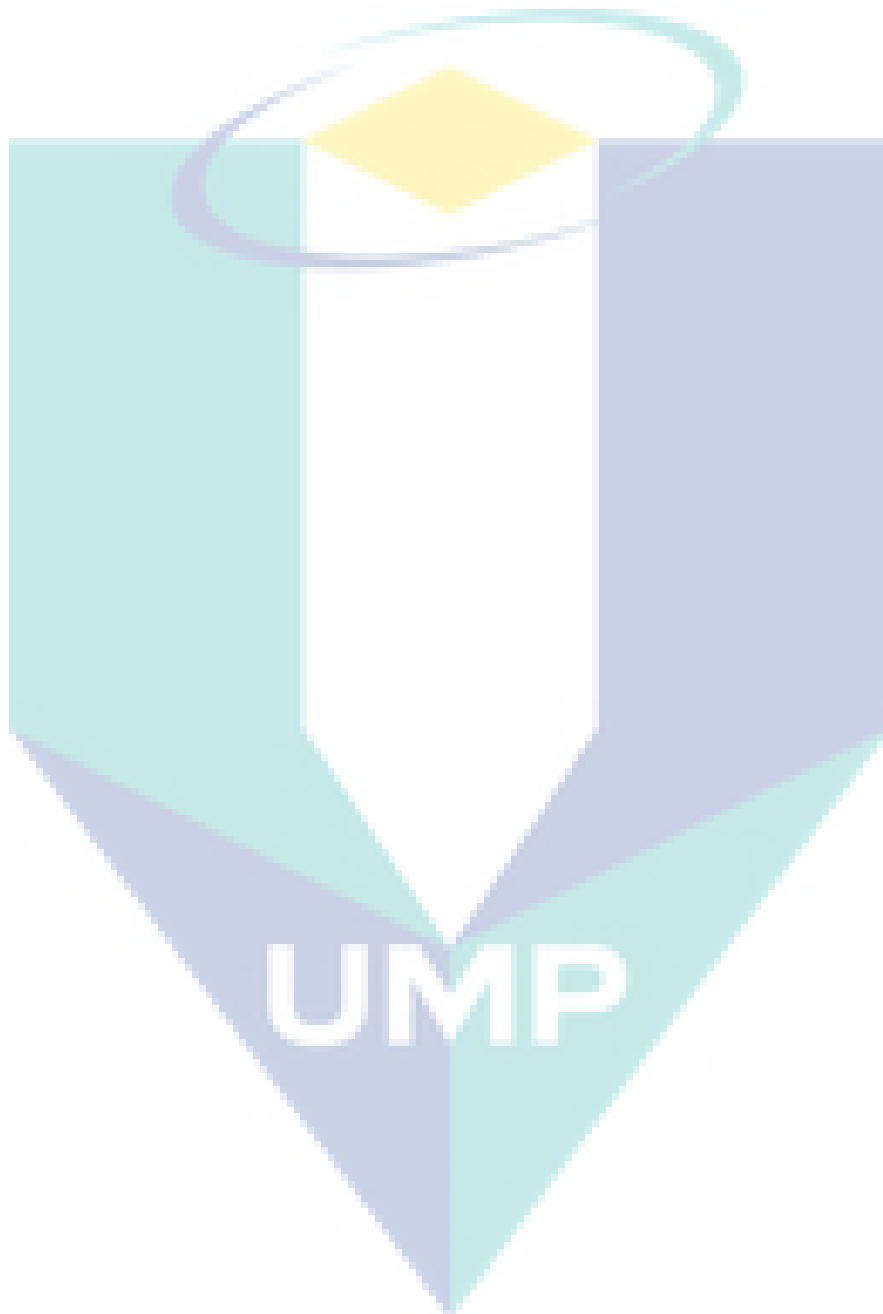
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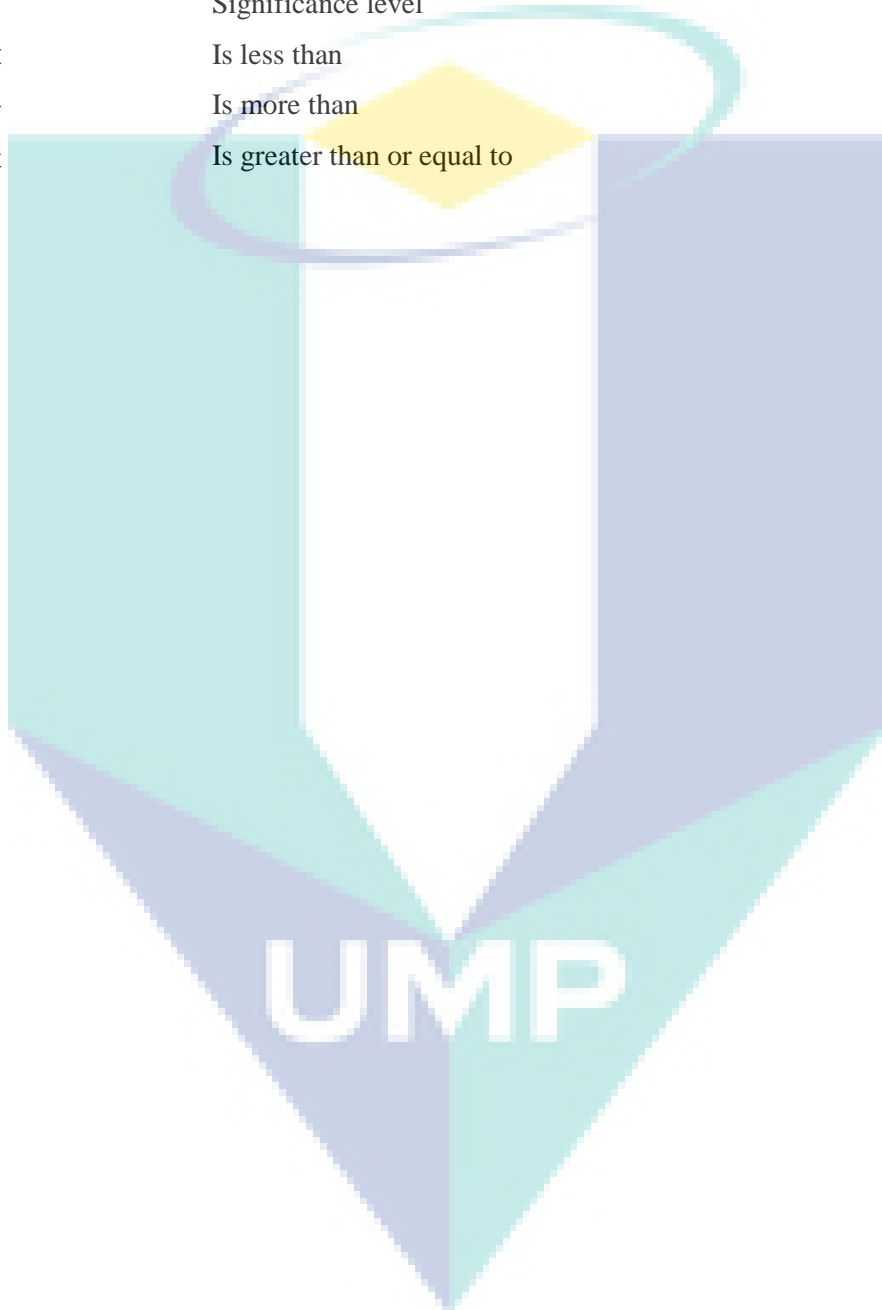
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LIST OF SYMBOLS

β	Path Coefficient
α	Cronbach Alpha
t	Statistic result of t-test
p	Significance level
<	Is less than
>	Is more than
\geq	Is greater than or equal to



LIST OF ABBREVIATIONS

C	Compensation
HR	Human Resource
HRM	Human Resource Management
PA	Performance Appraisal
RS	Recruitment and Selection
SPSS	Statistical Packages for Social Sciences
TD	Training and Development
UMP	Universiti Malaysia Pahang

A large, stylized watermark of the Universiti Malaysia Pahang (UMP) logo is centered on the page. The logo is a downward-pointing arrow shape composed of four triangular segments in shades of teal and blue. The letters 'UMP' are printed in white, bold, sans-serif font across the bottom of the arrow.

UMP

CHAPTER 1

INTRODUCTION

1.1 Introduction

This study is aim to focus on measuring human resource (HR) effectiveness and organization performance. The purpose of this chapter is to give brief ideas regarding to this topic. This chapter begins with the background of study, then followed by problem statement which highlights the problem of implementation of effective HR practices. Then, research objectives, research questions, scope of study, significance of study, expected result, theoretical framework, operational definition and the thesis structure are discussed in depth in the following sections.

1.2 Background of study

Over the recent years, service sector has been the lead in contributing Malaysian economy. According to Malaysia Productivity Corporation (2015), Malaysia's services sector accounts for about 6.3% of Gross Domestic Product (GDP) growth in 2014, up from 5.9% in 2013 in which it accounts for 47% of Malaysia's total GDP, where government services are excluded. The statement was also supported by the figure below from *Economic Developments* (2014).

Real GDP by Kind of Economic Activity (2005=100)

	2014 ^p	2013	2014 ^p	2013	2014 ^p
	% of GDP	Annual change (%)		Contribution to growth (ppt) ¹	
Services	55.3	5.9	6.3	3.2	3.5
Manufacturing	24.6	3.5	6.2	0.9	1.5
Mining & quarrying	7.9	0.7	3.1	0.1	0.3
Agriculture	6.9	2.1	2.6	0.2	0.2
Construction	3.9	10.9	11.6	0.4	0.4
Real Gross Domestic Product (GDP)	100.0¹	4.7	6.0	4.7	6.0

¹ Numbers do not add up due to rounding and exclusion of import duties component

^p Preliminary

Source: Department of Statistics, Malaysia

Figure 1.1 Real GDP by Kind of Economic Activity

Source: *Economic Developments* (2014)

Services sector will continue to be the initial driver of economic development in the Eleventh Malaysia Plan, 2016-2020 (Malaysian Investment Development Authority, 2015). Datuk Seri Abdul Wahid Omar, the Minister in the Prime Minister’s Department said that Malaysia is on the right direction to achieve the target of expanding services sector to 58% of GDP by 2020 (“Services sector will contribute to 58% of GDP by 2020,” 2015). Hence, development activities of services sector are done and accompanied by the Services Sector Blueprint launched in 2015 in order to be changed to become more knowledge-intensive (Malaysian Investment Development Authority, 2015).

In year 2015, services sector accounts for 53.5% of Malaysia’s total GDP and making it country’s largest economic sector, in which government service is excluded (Malaysia Productivity Corporation, 2016). Apart from becoming the largest economic sector, Malaysia’s service sector was the country’s largest employer in 2015, which accounts for 61% of workforce or 8.6 million people as shown in figure 1.2 below.

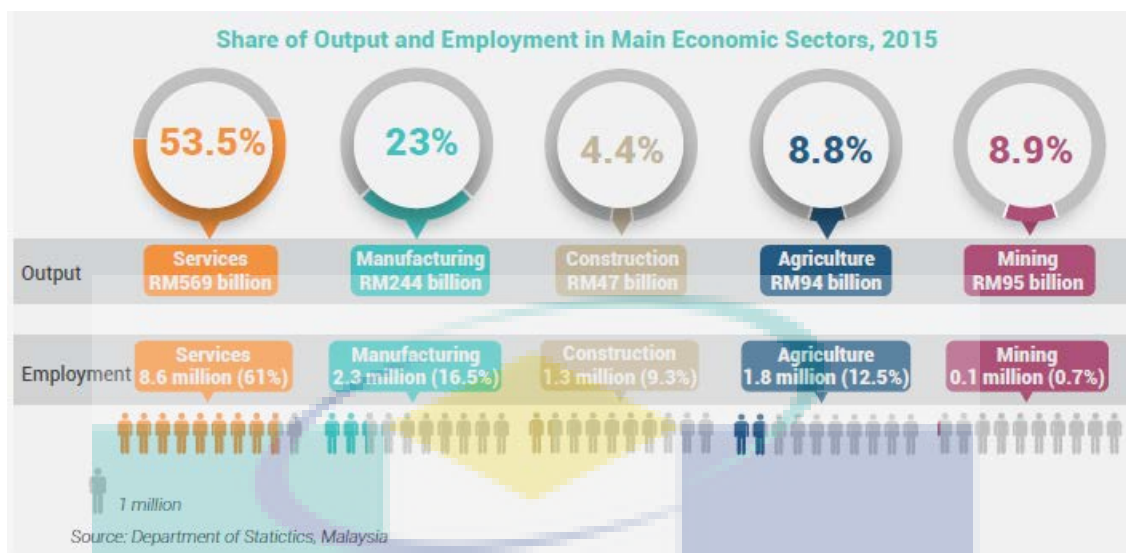


Figure 1.2 Share of Output and Employment in Main Economic Sectors, 2015
Source: Malaysia Productivity Corporation (2016)

In other words, human workforce in service sector occupies a large percentage overall and is important for the development of economy. It is important to realise the crucial role of employees that can help in performing well for the organization. The management of HR is particularly crucial in service sector as a larger portion of Malaysia's workforce lies within the sector and the performance of the organizations depends on it. The top management need to pay higher attention in understanding the employees in order to be able to manage an organization complexity, given that it is important to help employees develop effective learning styles which is in line with organization goals and strategies (Al-khouri, 2010).

Lifelong learning has been promoted and carried out by the vital role of universities being a part of the service organization. The UNESCO World Conference on Higher Education urged the investment in higher education in building diverse knowledge societies (Sawano. Y, 2015). One of the principal means of lifelong learning is bringing the services of universities to outside groups for personal or professional development. The services brought by the lifelong learning institutions plays an important role in the service industry as they are the service organization who provide the opportunity for formal education to satisfy the needs of lifelong learners and help people address potential gaps in their learning (Bull, 2015).

Lifelong learning institutions are engaged in event management that encourages the links between service organization and people of all ages. They offer event management services for various industries such as organizing conferences, seminars, workshops and other activities. Besides, lifelong learning institutions also engaged in projects that promotes the socioeconomic development. On the other hand, lifelong learning institutions engaged with various training partners in providing training for workplace learning in developing the professions of lifelong learners.

Every organizations have different approaches in enhancing organizational performance through better management techniques by utilizing different HR practices as an effort (Fayza, 2012). The implementation of numerous HR practices will produce different effects and results for different types of organizations. Universiti Malaysia Pahang Advanced (UMP Advanced) are one the examples of organization that is in the service sector that contribute to both the growth of economy as well as to the society. The HR practices implemented in UMP Advanced has attract great attention for the purpose of this study.

1.3 Problem statement

HR effectiveness has been an issue which has been discussed since the early years. Not many organizations can take up what are seen to be effective approaches to HRM although effective HR practices are seen necessarily to involve a part of focus upon employee motivation and their commitment (Kane, Crawford, & Grant, 1999). The awareness of the crucial role of HR as competitive advantage to the organization are yet to be recognised in the study analysis of HRM in Malaysia (Othman & Teh, 2003). Now, the rise of service or knowledge-based economy shifting from manufacturing has become one of the challenges influencing HR process emphasized by Stone & Deadrick (2015).

HR and operating systems of an organization are the two essential factors in executing management. An organization's HR is definitely the most important asset since operating systems can only come into effect with them, therefore an organization's performance and competitive advantage lies in its HR and are seen as important component (Hanushek, 1997; Keshelashvili, Jibuti, Javakhishvili, & State, 2016). In other words, an organization's success largely depend on the effective

management of HR as well as the efficient combination effort of an organization's strategies (Alami et al., 2015).

A study conducted by scholars found that line managers who dissatisfied with the speed or flexibility of implementing HR practices will often ignore the practice, whereas when the contribution of HR practice can bring as a success factor for employees and fairness of HR practice, line managers are greatly motivated to integrate HR practices (Bos-nehles, Bondarouk, & Labrenz, 2015). On the other hand, some organization do not seem to value the proper management of its HR and therefore allowing non experts to enforce the programmes and practices (Quansah & Osei, 2013). The challenge is that whether organization has the sufficient capacity and competency to improve in terms of effectiveness of HR practices (Gamedze, 2012).

Many problems might arise from ineffective HRM practices such as decreasing of employee's productivity, low morale, reduced aspiration for learning new skills, high employee turnover and many more (Edgar & Geare, 2005). Many often overlook and did not bother about the effect that could be brought by it. Keshelashvili et al., (2016) said that the complexity of effective HRM are due to people have different knowledge, skills, behaviour and experience. Not all HR personnel possess the ability, knowledge or skills required to implement HRM programmes within the organization. The concerns towards the personnel's ability to undertake the responsibilities or roles given to effectively carry it out are expressed by research in earlier year as well (Dyer & Holder, 1987). Improving existing skills and knowledge possessed by employees can improve satisfaction for both organization and employees. Knowledgeable, competent and highly qualified employees are regarded as vital for the achievement of organization strategies (Brewster & Suutari, 2005).

There is a common agreement that the management of HR practices is important for the development of the organization. The effectiveness of HR practices are believed to create organizations that are more competent in today's competitive and rapidly changing business world through its application. Finding shows that about 50% of organization performance is affected positively by the extent of HR practices developed in the organization, showing that performance are essentially vital with the association of HR practices and organization's goals (I. Osman, Ho, & Galang, 2011).

In short, though HR practices effectiveness are known and are found in many literature at theoretical level, they do not seem to have been translated into practice, except for some excel companies. B. Becker & Gerhart (1996) have said: “At times, there appears to be a major disconnect between what the researches literatures says that firms should do and what firms actually do”. Somehow in this competitive market environment, it is not easy to sustain a business. Most organizations are trying to find a way to adapt in such competitive conditions, including but not limited to focusing on HR practices to enhance an organization’s growth. In another point of view, it is an opportunity for organization to prioritize HRM practices (Stone & Deadrick, 2015).

However, their effectiveness are often neglected. It is necessary to identify those elements of HR effectiveness in modern organizations especially in the service sector since human capital is the major contributor of organizational performance. There are many previous studies who emphasise the importance of HRM but there is not mentioned that the element of HR effectiveness on organization performance should be relate especially to service organization and very insufficient number of studies have been conducted in this area of context. Therefore, this study focus on studying the relationship of HR effectiveness with organization performance in service organization.

1.4 Research objectives

The research objectives of this study are:

RO 1: To investigate elements of HR effectiveness for service organizations.

RO 2: To evaluate the effectiveness of HR practices in influencing UMP Advanced performance.

RO 3: To explore why UMP Advanced performance is influenced by specific HR practices.

1.5 Research questions

The research questions of this study are:

RQ 1: What are the elements of HR practices that influence the effectiveness of service organization?

RQ 2: Which effectiveness of HR practices influence UMP Advanced performance?

RQ 3: Why specific HR practices can influence the performance of UMP Advanced?

1.6 Scope of study

The scope of study for this research is to explore on the relationship of HR effectiveness and organization performance for service organization. UMP Advanced in Gambang, Kuantan, Malaysia is selected as the sample scope to be investigated. As such, this study is aimed at investigating the elements of HR effectiveness first, then evaluate the effectiveness of HR practices in influencing UMP Advanced performance. After that, explore why UMP Advanced performance is influenced by specific HR practices. The target respondents for this study are employees of all levels in the organization who are directly or indirectly involved in the implementation of HR practices by the organization.

1.7 Significance of study

This study aims at exploring a much in depth understanding on the relationships between HR effectiveness and organization performance in the service sector. First of all, it pointed out the problems on the issues in this field of study. It helps other researchers to realize and aware of the importance of this matter. Besides that, this study could help answering the effectiveness of HR practices in influencing organization performance. This could provide a deeper knowledge to the top management on how to utilize HR practices to achieve better organization performance. Later on, actions can be taken to emphasize on those elements in their organization to enhance organization performance.

More importantly, the implementation of HR effectiveness in lifelong learning institutions can enhance better organization performance and development to produce a

more adaptable and high performing organization. It also emphasized lifelong learning institutions to put great attention in formulating strategies to educate, train and develop their employees. Last but not least, this study can be significant to provide more information of HR effectiveness on organization performance for students, researchers and others. People may use this study as reference when doing related field research studies.

1.8 Expected result

This study is expected to identify elements of HR effectiveness and should produce positive results of HR effectiveness on organizational performance in UMP Advanced as a case study. It provides an understanding on the effectiveness of HR practices in influencing organizational performance. Effective HR practices should produce a positive result or outcome on organization performance regardless of the timing of such implementation either early or late in the organization. Results produced from this study is hopefully beneficial and useful in the context of HRM field of study. It is expected to be a reference in the future study for students, lecturers, researchers and others as well as for the top management in the organization.

1.9 Theoretical framework

Theoretical framework is illustrated to demonstrate the crucial elements under study such as independent variables and dependent variables. Independent variable is of researcher's primary interest while dependent variable is influenced or affected by independent variables. It is aiming to aid researcher to conduct study more effectively and also to provide a better understanding to readers. The theoretical framework in this study represents HR effectiveness in HR practices as independent variable and organization performance as dependent variable.



Figure 1.3 Initial Theoretical Framework

The above initial theoretical framework illustrates how organization performance as dependent variable is influenced by HR effectiveness as the independent variable. Figure 1.3 shows the finalized theoretical framework.

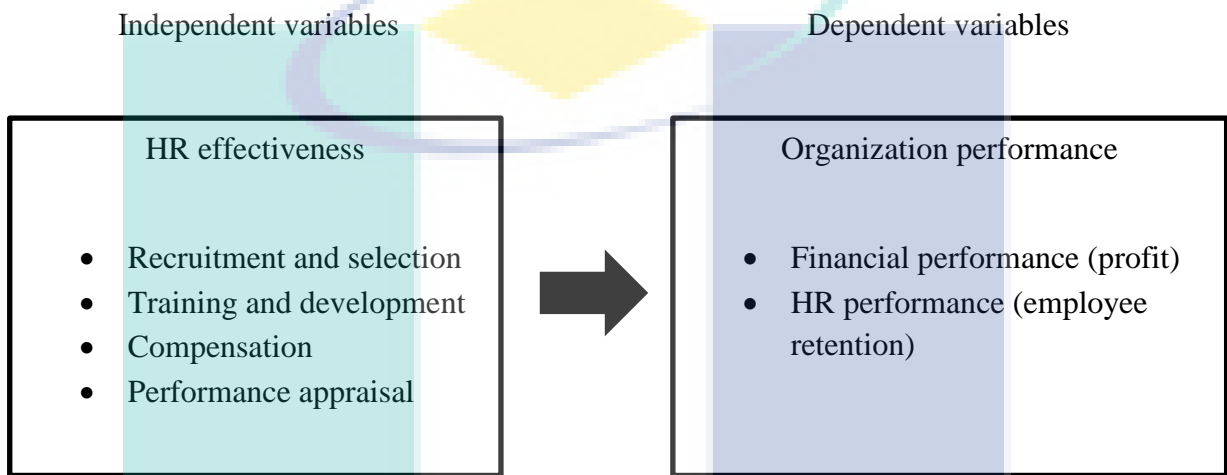


Figure 1.4 Finalized Theoretical Framework

The above finalized theoretical framework illustrates the items of HR effectiveness and items of organization performance. The effectiveness of HR practices is influencing organization performance. The items of variables is discussed in detail in Chapter 2.

1.10 Operational definition

Table 1.1 The Operational Definition of Elements

No.	Elements	Description
1	HR	Human resource. The employee who staffs a function within an organization and regarded as significant asset.
2	HRM	Human resource management. The policies, practices and systems that affects employees' behaviour and performance.
3	HR effectiveness	The degree in which human resource deliver services and human resource function in achieving desired objectives.
4	HR practices	A set of practices that form the foundation on how an organization's human capital will be operated. Examples are recruitment and selection, training and development, reward and compensation and performance appraisal.
5	Recruitment and selection	Recruitment is the process of generating a pool of potential candidates for employment whereas selection is the process of

6	Training and development	choosing a candidate or candidates from the pool of applicants. The process of developing a knowledgeable, skilled and competent workforce needed by organization.
7	Compensation	Compensation is the reward in which employees receives for the work done from an organization as the recognition of one's service, effort and achievement.
8	Performance appraisal	The process of identifying, measuring and developing performance of individuals and teams and aligning performance with the objectives of the organization.
9	Organization performance	The outcome or results of an organization as compared to its desired objectives.
10	Financial performance	Refers to how well the financial objectives has been accomplished.
11	Employee retention	Voluntary action done to engage employees for a long period by creating an environment by an organization.
12	Lifelong learning	Development after formal education: the continuing development of knowledge and skills that people experience after formal education and throughout their lives.
13	UMP	Universiti Malaysia Pahang. A competency based technical university which specializes in the fields of engineering and technology.
14	UMP Advanced	Universiti Malaysia Pahang Advanced. An institution in which its functions includes the development and coordination of retraining and professional development courses, continuing education and skills development programmes for UMP.

1.11 Report structure

Chapter 1 in this study is introduction in which outlines all elements including topic introduction under study, background of study, problem statement, research objectives, research questions, scope of study, significance of study, expected result, theoretical framework and lastly operational definition.

Chapter 2 in this study is literature review in which providing justifications of the research study. Literature review covers all necessary information used in this study which includes HR practices, organization performance and measuring HR effectiveness.

Next, Chapter 3 in this study is methodology used to conduct this research. The methodology discussed includes the research design, research method, development of instrument, data analysis as well as validity and reliability test. The most suitable methods are considered in order to ensure the results of this research is valid and effective.

Moving on, Chapter 4 provides full presentation of the results from the chosen data analysis methods that were conducted. The results are explained accordingly to the sequence of data analysis methods.

Lastly, Chapter 5 in this study is the discussion of the results and findings obtained as well as the conclusion for the completion of this research study. Also, limitations and recommendation are discussed at the end of this chapter.

1.12 Summary

This chapter has covered on the introduction part, which explains which elements being covered in this chapter. Then, background of study is explained in general about the topic that researcher is interested on. Also, the problems about the topic has been brought out and then research objective and research questions are formulated to study on it. Scope, significance, and expected result of this study is also being stated. After that, theoretical framework is illustrated to ease understanding of the study as well as expressing elements of interest of researcher to study on. Lastly, operational definition is developed to clear doubt and enhance understanding.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In this section, it covers the summary based on the review of many related articles regarding to this topic in which it could be a guideline to carry out this research study. This chapter covers the HR practices, organization performance as well as the relationship between both aspects. Besides, the background of the selected organization, UMP Advanced, is also explained in this chapter.

2.2 HR practices

2.2.1 The concept of HR practices

HR practices is understood as the foundation of supporting how HR is managed and operated in the organization. According to Schuler (1992), HR practices are activities being carried out in implementing HR policies and programmes, which includes resourcing, learning and development, performance and reward management, employee relations and administration. Also, HRM practices are referred to “people practices” or known as the policies, practices and systems that affects employees’ behaviour and performance (Osemeke, 2012). HR practices are delivered through systems, structures, HR function or department as well as management (Armstrong, 2014).

There is researcher mentioned that HRM will drives HR aspects from a managerial post including but not limited to HR planning, job analysis, recruitment, selection, compensation, performance appraisal, training and development as well as labour relation (Dessler, 2011). According to Laka-mathebula (2004), HRM is being

expressed as the important motivational factor of organizational practices in development of HR.

Besides, HRM practices play a role as a mediator between HRM strategies and HRM outcomes in an organization (Alnaqbi, 2011). In other words, it means the role and responsibilities to be completed in a way that could achieve the desired outcomes by organization through the management of HR. The main purpose of it is to ensure the success of an organization through the effort of its people (Armstrong, 2014).

The influence of HR practices on organization outcome has become a vital search since the early 90s. HR practices that are likely to be engaged with positive outcomes of an organization are training and development, teamwork, compensation, HR planning, performance appraisal and employment security (Lee, Lee, & Wu, 2010). In addition, other researcher also define HR practice in several major areas, such as job analysis and description, recruitment and selection, training and development, performance appraisal and compensation (Hornsby, Lafollette, Hodgetts, & Cox, 2014). Apart from that, the elements of HR practices mentioned above are also supported by Osemeke (2012) who acknowledges the importance of all practices. He added that an organization will perform at its best if the practices are effectively being managed.

2.2.2 HR effectiveness

Effectiveness is the degree to which the desired objectives or results pursued by an organization are achieved or to which targeted problems are solved (Commonwealth Of Australia, 2013). Another definition is the measurement of an HR organization's business impact and competence in critical domains and practice areas (Harris, 2011). HR effectiveness is believed to have two dimensions, which are strategic HRM and technical HRM. The first explains about the delivery of services that uphold an organization's strategy implementation while the later explains about the delivery of HR function such as compensation, benefits and recruitment (B. E. Becker & Huselid, 1998). The logic of HR effectiveness is that it must contains 3 elements which are HR practices must be present, the practices must be effective and these practices must be effectively implemented (Armstrong, 2014). Companies tend to achieve breakthrough in performance with the implementation of effective HRM practices.

2.2.2.1 Measuring HR effectiveness

Multiple stakeholders and their interests are considered in an organization to which extent they will be impacted. In earlier years, the older version method in HR measurement was stakeholder models which has been translated to balanced scorecard (Kaplan & Norton, 2008). Balanced scorecard is built on the rationale to fulfil the requirement of investors, customers and employees as organization's stakeholders in order for an organization to be considered successful. Many organizations have used the balanced scorecard to evaluate overall organization performance and employees were seen as the most difficult to be measured specifically (Ulrich, 1997).

HR effectiveness can also be assessed by surveying its customers and one of the methods was conducting HR audit. Audit are suggested by Ulrich (1997) as a part of a balanced scorecard approach. According to Ulrich (1997), audits of HR on practices, professionals and function may be carried out to assess its effectiveness. HR audits are one of the important elements in measuring HR effectiveness, as quality of HR in an organization can be recognized (Ulrich, 1997).

Armstrong (2014) handbook has mentioned that IRS 2012 survey has concluded the main measures practices that have been used to assess HR effectiveness by respondents. The results are shown in the table below.

Table 2.1 The Usage (%) of Different Measures in Assessing HR Effectiveness

Measures	Usage (%)
Absence management data	79
Staff turnover data	75
Exit interview feedback	66
Discipline and grievance data	60
Results of employee surveys	60
Informal feedback	59
Number of tribunal cases	50
Benchmarking	47
Spending against budget	46
Time-to-fill vacancies data	34
Cost per hire	30

Source: Armstrong (2014)

However, not all approach in measuring HR initiatives can reflect how well the organization manages its employee and how well their relative performance of meeting

objectives and goals of organization (Colakoglu, Lepak, & Hong, 2006). It is important for organization to determine the appropriate measuring method for HR effectiveness.

2.2.2.2 Model in measuring HR effectiveness

There are many models that could measure HR effectiveness. A study by scholar found that organizations need a structured means of evaluation model to measure whether the activities conducted by organization which aims to enhance and develop employees are effective in place (Gerrit, 2006). Evaluation model that is used for the evaluation of wellness programmes developed by Koortzen and Baloyi (2004) can be adopted to evaluate the effectiveness of HR function. This evaluation model has the participative nature and practical structured application process. It involves in engaging with stakeholders in the evaluation process unlike the more traditional model that allows external evaluator to collect and interpret data and then presents the findings to management (Koortzen & Baloyi, 2004). It consists of various phases as figure shown below with each contributing to different purposes.

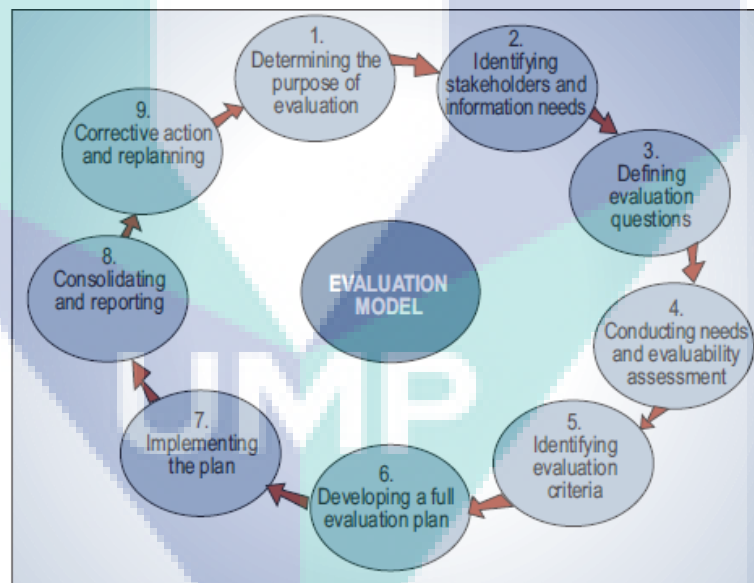


Figure 2.1 Evaluation Model

Source: Koortzen and Baloyi (2004)

Guided by the above model, this study focus on evaluating the effectiveness of HR activities from employee perspective. In order to measure HR effectiveness, the evaluation model as suggested by Koortzen and Baloyi (2004) was used and further discussed in chapter 3.

2.2.3 Recruitment and selection

Recruitment is defined as the process of generating a pool of potential candidates or capable people to apply for employment to an organization whereas selection is defined as the process of choosing a candidate or candidates from the pool of applicants who are likely to perform well in the job by managers or other instruments (French, 2010). Traditionally, recruitment and selection has been conceptualize as a process of completing a jigsaw puzzle in which the candidate chosen must match accurately, or in other terms, must be fit to the job vacant by the organization (Bach, 2005). Now, recruitment and selection are the major part of HRM activities which includes acquisition, development and reward of workers (French, 2010).

Online technology has been incorporated in today's world in attracting applicants, such as the use of social media like Facebook and LinkedIn by organization to inform and find potential candidates (Parry, Wilson, Parry, & Wilson, 2012). Also, the applicants' management and selection are also impacted by technology where it involves decision of choosing the most suitable candidates for a particular job by making predictions of future behaviour (Bach & Edwards, 2013). In other words, it determines the criteria and capabilities of the potential workforce to be suit with job position. An effective recruitment and selection as part of HR practices are playing an important role in creating organization performance (French, 2010).

2.2.4 Training and development

Training is a systemic development of knowledge, skills and attitude of individuals to carry out tasks adequately in performing the job (Olaniyan & Ojo, 2008). Another term that can be used is learning and development in which defines as the process of developing a knowledgeable, skilled and competent workforce needed by organization (Armstrong, 2014). Efforts done for training and development by organization can nurture employees with knowledge and expertise as well as generating their commitment to learn (Sérez López, Montes Peón, & Camilo José Vazquez Ordás, 2005). Also, training and development can attract and retain youngster especially young graduates to work for the organization to achieve competitive advantage (Hogarth et al., 2007). This is because organization who emphasize on professional development of employees is beneficially good for them.

It is important to ensure that people equipped with the knowledge, skills and competencies needed to effectively present in their work as well as advance their careers for the benefit of themselves and organization (Armstrong, 2014). The purpose of encouraging training and development for employees is to improve organization processes that stimulates better performance for both employees and the organization (Latif, 2012). A study found that training impact organization productivity positively which satisfy customers and employees and turns out increasing brand value (Choo & Bowley, 2007). Organization should realise and appreciate the fact that effective training and development programmes is essential for every levels of employees in organization (Olaniyan & Ojo, 2008).

2.2.5 Compensation

Reward is the compensation in which employees receives for the work done from an organization (Jiang, Xiao, Qi, & Xiao, 2009). It is usually referred as tangible returns, which includes cash compensation and benefits as well as intangible returns, which includes recognition and status, employment security and others (H. (2013). Aguinis, 2013). Total reward includes types of rewards such as intrinsic and extrinsic rewards namely base pay, contingent pay, employee benefits and non-financial rewards (Armstrong & Stephens, 2005). Its benefits are to meet greater impact such as motivation and commitment, enhance employment relationship, flexibility to meet individuals needs and others (Armstrong & Stephens, 2005).

Employee motivation is greatly affected by the design and implementation of compensation systems and is also critical for the improvement of quality or innovation outcomes that can be arose in the organization (Gupta & Shaw, 2014). There are many form of incentive compensation such as performance bonuses, stock options, profit sharing and many more that are offered by organizations to boost motivation in employee effort towards organization performance (Liu, Combs, Ketchen, & Ireland, 2007). Therefore, an effective implementation of reward and compensation will affect organization performance.

2.2.6 Performance appraisal

Performance appraisal as part of performance management is a continuous process of identifying, measuring and developing performance of individuals and teams

and aligning performance with the strategic objectives of the organization (H. (2013). Aguinis, 2013). It means that the process is being conducted continuously from setting the objectives, measuring performance and giving feedback on the performance performed. According to Armstrong (2014), the term performance appraisal has been largely replaced by performance management in some organizations. Performance appraisal is recognized as performance evaluation of individuals that are based on the judgements of supervisors, subordinates, peers, and sometimes even employees themselves (Brown & Heywood, 2005). It is the systematic description of an employee's strengths and weaknesses and thus performance appraisal is an important component of performance management, being as a part of the whole picture (Aguinis, 2013).

Employees' reactions as well as the social context towards appraisal are seen as important in determining effectiveness of performance appraisal system (Levy & Williams, 2004). Poorly implement and ineffective performance management will result in increased turnover, use of misleading information, wasted time and money, decreased motivation to perform and many others. Performance management aims to develop people who can meet and exceed expectations to achieve full potential of themselves and the organization at the same time contribute to the achievement of organization goals (Armstrong, 2014). Therefore, an effective performance management is critical in influencing the organization performance.

2.2.7 HR practices items

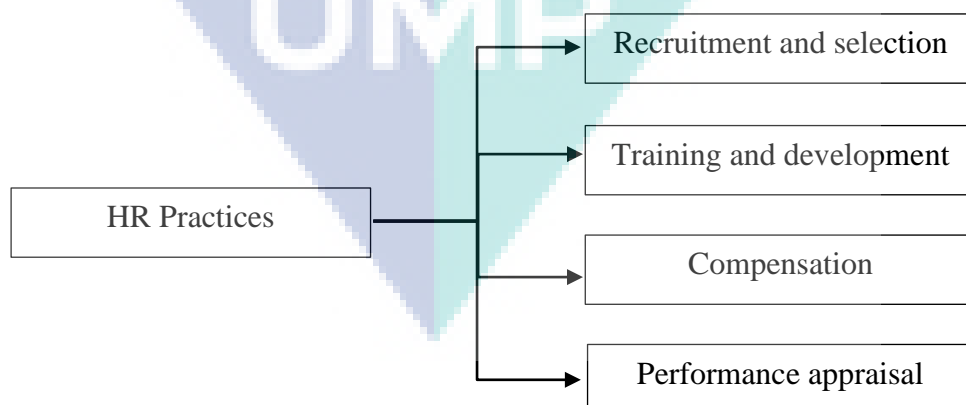


Figure 2.2 The Summarized Items for HR Practices

The above figure illustrates the summarized items for HR practices which are recruitment and selection, training and development, compensation and performance appraisal.

2.3 Organization performance

2.3.1 The concept of organization performance

Organization plays an important role representing as one of the critical success for country's economic development. Many economists recognized organizations similar to an engine in deciding the progress of economic, social and political. The statement was supported by the fact that researchers were awarded with Nobel prizes when they focused research topics on the analysis on organizations and institutions for the last 22 years (Gavrea, Ilies, & Stegorean, 2011). Thus, organization performance is rather important as one of the research studies.

Performance is defined as the degree of achievement of mission that builds up an employee job at organization (Shahzad, 2012). Peronja (2017) says that performance measurement is from the start to the end of a business process, known as principle of "end-to-end", that measures the relationship of HR either individual, team or part of organization with the final outcome quality. According to Lebens & Eshuk (2006) cited in Gavrea et al. (2011), the concept of organizational performance is illustrated as a set of financial or non-financial indicators that provides information to the degree of objectives and results achievement. Another researcher define organization performance as it encompasses the three areas of firm outcomes which are financial performance, market performance and shareholder return (Richard, Johnson, Devinney, Yip, & Johnson, 2008).

Many researchers have suggested several categories of performance indicators as organization performance. According to Ishaq Bhatti, Awan, & Razaq (2013), two of the indicators used to determine organization performance are financial based measures and non-financial based measures or also known as cost based measures and non-cost based measures. On the other hand, other researchers mentioned that performance of the organization can be measured by customers and employees satisfaction, financial performance, internal process performance, learning and growth. (Fernandes, Raja, & Whalley, 2006; Parmenter, 2017).

2.3.2 Organization performance measures

2.3.2.1 Financial performance (Profit)

Financial performance refers to how well an organization does in performing financial activity. In other words, it means how well the financial objectives has been accomplished. Its main aim is to determine the performance of organization that is useful for a wide range of users in making economic decisions. Some specific examples of financial performance are return on assets, return on equity, revenue and market share (Byremo, 2015). Also, other researcher explained that financial performance is analyzed via the traditional method of financial indices based on balance sheet and income statement as the method is widely used by many organization in summarizing the financial information in evaluating the financial health (Dufera, 2010). A good financial performance indicates profit in the organization. Profitability measures the extent to which an organization generates a profit from its resources such as labour, management and capital (Crane, 2003). Profit has been used mostly as the indicator to measure the organization performance in terms of financial aspect.

2.3.2.2 HR performance (Employee retention)

Employee retention is an important issue for an organization, and is part of the indicator for organization performance, to see how well an organization be able to retain its employees (Yamamoto, 2011). Retention is defined as a voluntary action done to engage employee for a long period by creating an environment by an organization (Nyamekye, 2012). There isn't much theories regarding retention, but the reasons for employee retention can be explained by a wide range of turnover theories. Turnover theories explained about the reasons employee would chose to stay and work for the existing employer for a long period as well as the reasons employee would leave their employment for a short period. For example, March and Simon's (1958) Theory of Organizational Equilibrium, Singh and Parasuraman Model of Voluntary Turnover and others (Mensah, 2014). Retention is important to ensure competent employees can be retained from leaving organizations so that productivity and profitability of organization will not be affected (Samuel & Chipunza, 2009).

2.3.3 Organization performance items

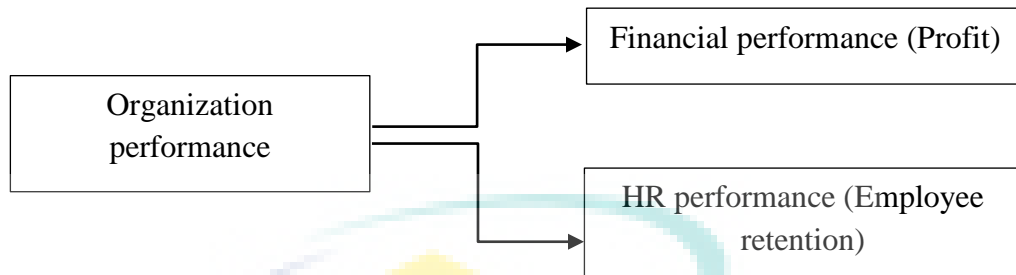


Figure 2.3 The Summarized Items for Organization Performance

The above figure illustrates the summarized items for organization performance which are financial performance (profit) and HR performance (employee retention).

2.4 Relationship between HR effectiveness and organization performance

Effective HRM is one of the determining factor for the success of an organization as proposed by researcher (Stavrou-Costea, 2005). A study by scholar found that there are 3 elements of HRM practices on organization performance which are training and development, compensation and HR planning (Lee et al., 2010). Besides, the top 4 mostly investigated and research conducted of HR practices were recruitment and selection, training and development, compensation and reward and performance management obtained from a analyzed study of 104 articles regarding the positive impact of HR practices on organizational performance. (Boselie, Dietz, & Boon, 2005).

Other than that, Khan (2010) conducted a study in Pakistan and concluded that there is a positive relationship between several HR practices with organization performance in 20 oil and gas companies, in which the HR practices are recruitment and selection, training and development, performance appraisal, compensation and rewards and employee relations (Quansah & Osei, 2013). Apart from that, HR practices who have correlated positive relationship with employee organization are selection, training, career planning, compensation, performance appraisal and others (Soomro, R. B., Gilal, R. G., & Jatoi, 2011). Therefore, an effective HR practices existing are shown to profit organization.

Previously, HR is taken as the most under-funded division within an organization, and whenever cost cutting initiatives begins, HR division will be the first in the line as source of budget cutting. However, the role of people has become so significant in today's economy and not products or equipment that drive an organization's profit. For example, a study shows that 2.4% of operating margin will be added to an organization by increasing 5% of employee engagement (Towers Perrin, 2003). The ability of non-financial measures to drive business performance is underrated (Moore & Furlong, 2010).

According to Schramm (2012), she pointed out how an organization with effective HR practices can experience up to 3.5 times the revenue growth as well as 2.1 times the profit margins being compared to less capable companies based on a research. The three main areas that differentiate those high-performing organization from others were leadership development, talent management and performance management and rewards (Schramm, 2012). They are believed to engaged themselves more in HR activities and provided more options which in turn becoming more effective. Other than that, there is evidence saying that organization that invest in talent management initiatives can yield 22% higher return to stakeholder than their industry peers (Michaels, Handfield-Jones, & Axelrod, 2001). Therefore, an effective HR practices implemented in an organization are shown to bring profit to the organization.

2.4.1 Relationship between recruitment and selection and financial performance

Chand and Katou (2007) mentioned that one of the HR practices which is recruitment and selection is strongly correlated with financial performance of the organization and further suggest all management of organization to focus on it to improve organizational profit. An earlier research by Terpstra and Rozell (1993) also concluded that recruitment and selection of employees as the formal selection procedures are positively associated with organization profit (Ekowoabo, Ikeije, & Ufoma, 2015). As explained by Gamage (2014), a properly conducted selection process will have a higher chance to hire the competent candidates for a particular position, and thus productivity of organization would increases when the best candidate is selected for the position. Thus, it could be hypothesized that

H1: There is a positive relationship between recruitment and selection and financial performance.

2.4.2 Relationship between training and development and financial performance

Investment in employee training and development program are associated with higher revenues from stock market proved by a study towards American Society for Training and Development. The study further explained that the companies who invest in employee learning that approximately \$1,575 per individual results in growth of 24% in gross profit and 218% increase in revenue for each employee being compared to those who invest lesser on employee training and development (Wagner, 2000). Employee training and development will increase the profit of the organization as well as differentiating themselves within their native market (Aguinis & Kraiger, 2009; Jehanzeb & Ahmed Bashir, 2013). Several researchers also found that some types of training activities, including on-the-job training and training, were positively related to an organization financial performance (Antonio Aragón, Isabel Barba, & Raquel Sanz, 2003). Therefore, training and development of employees is seen important for the profitability of the organization. Thus, it could be hypothesized that

H2: There is a positive relationship between training and development and financial performance.

2.4.3 Relationship between performance appraisal system and employee retention

A significant positive relationship has been found between appraisal system and employee retention (Abdullah, Ahsan, & Alam, 2009; Hong, Hao, Kumar, Ramendran, & Kadiresan, 2012; Quresh, Akbar, Khan, Sheikh, & Hijazi, 2010). For instance, Brown & Heywood (2005) mentioned that several HR practices like training and pay will enhance performance appraisal that leads to a stronger influence of productivity of organization. An effective and fair appraisal system is compulsory to be implemented in any organization to retain employees. It helps employees to be aware of their own responsibilities in performing job and have a clearer view of path of individual growth. An ineffective performance appraisal will cause low morale, low enthusiasm and low employee productivity, and thus decrease organization performance (I. H. Osman, Berbary, Sidani, Al-Ayoubi, & Emrouznejad, 2011). Indirectly, an effective and fair

appraisals helps to differentiate the best workers from others. Thus, it could be hypothesized that

H3: There is a positive relationship between performance appraisal and employee retention.

2.4.4 Relationship between compensation and employee retention

Compensation that an individual receive for the work or services performed in the form of monetary and non-monetary, can be classified as the primary factor that reveals the engagement and intention of an organization towards employees to stay within the organization (Mensah, 2014). Although pay is not the only consideration that motivates employees to stay in the organization as it is not always necessary that well-paid salary will make employees stick with organization, but compensation did play an important role in retaining talented employees. Compensation can also be in the form of allowances, stock options, benefits such as dental, vacation, medical and others. For example, there are organizations that implement the practice like profit sharing and also group-based incentive plans as their initiative to retain employees (Chew & Chan, 2008).

A positive relationship has been found between employee compensation and employee retention (Chew & Chan, 2008; Cho, Woods, (Shawn) Jang, & Erdem, 2006; Haider, M., Rasli, A., Akhtar, C. S., Yusoff, R. M., Malik, O. M. Aamir, A. Arif, A. Naveed, S., & Tariq, 2015; Hong et al., 2012; Mensah, 2014). A fair compensation system can be created to retain the top talent in the organization as they may feel appreciated for getting equivalent pay for their contribution and performance to the organization. Therefore, an effective equity of compensation will leads to employee retention. Thus, it could be hypothesized that

H4: There is a positive relationship between compensation and employee retention.

2.4.5 Relationship between training and development and employee retention

A positive relationship has been found between employee training and employee retention (Haider, M., Rasli, A., Akhtar, C. S., Yusoff, R. M., Malik, O. M. Aamir, A. Arif, A. Naveed, S., & Tariq, 2015; Hiltrop, 1999; Hong et al., 2012). An effective employee training program for employee development is able to retain employees.

Training programs can meet employee needs by providing information that is useful and applicable to employee. According to Ahlfors (2011), it is for organizations to provide appropriate training and development program to keep them updated and at the same time feeling more confident to current operation. By doing so, employees are committed to working with the organization.

According to a study, firms with rapid growth widely use training programs compared to other organizations to achieve strategic objectives as the organization rely largely on their employees' abilities in upholding the growth of organization. The firms with slow growth did not emphasize upon employee development as much as growing firms did (Barringer, Jones, & Neubaum, 2005). Many organizations are engaged in career development programs and these programs are recognised for great help for employee development and at the same time employee are more willing to stay in the organization for a longer period. Miller (2006) agrees with the statement as well and suggest to focus more on the effective practices that contribute to employee retention. Thus, it could be hypothesized that

H5: There is a positive relationship between training and development and employee retention.

2.5 Research hypothesis

There are a few hypothesis that have been developed from the research regarding to the topic of interest. The hypothesis was aimed to investigate the outcome of HR effectiveness towards organization performance. Employee perception on the financial performance indicates the financial performance of the organization.

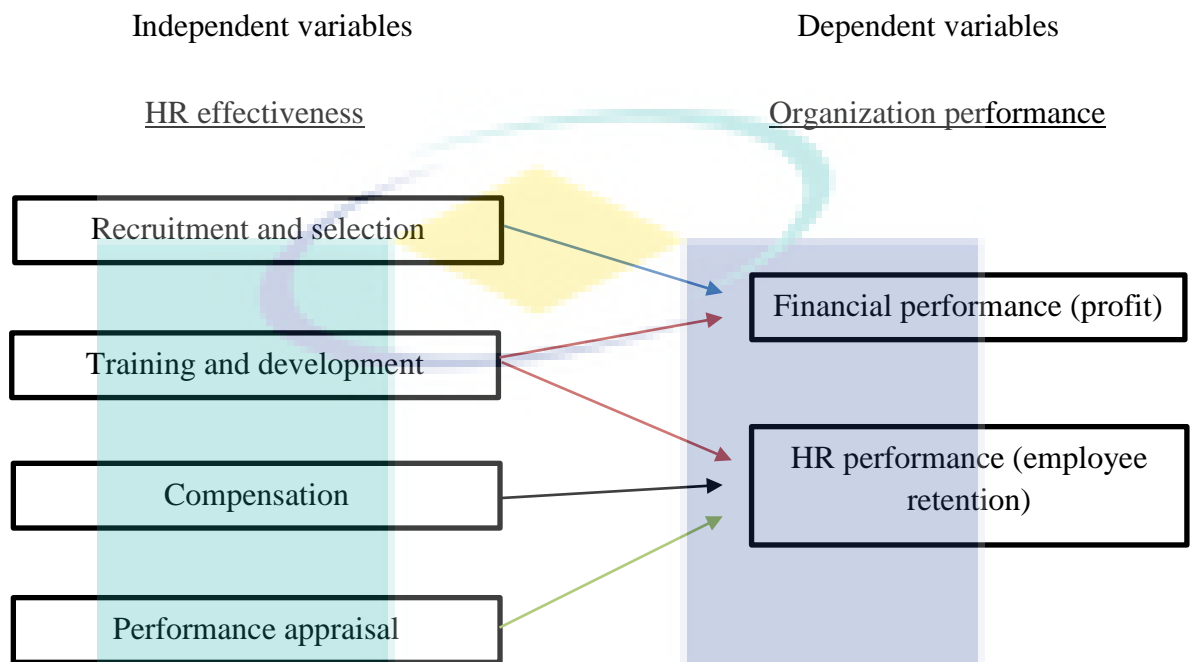


Figure 2.4 Hypothesized Theoretical Model

H1: There is a positive relationship between recruitment and selection and financial performance.

H2: There is a positive relationship between training and development and financial performance.

H3: There is a positive relationship between performance appraisal and employee retention.

H4: There is a positive relationship between compensation and employee retention.

H5: There is a positive relationship between training and development and employee retention.

2.6 Background of UMP Advanced

The background is explained to give a brief understanding of the institution. UMP Advanced is a company established in 2014 where it was formerly recognised as Centre for Continuing Education & Professional Development (CENFED). The coordination for the growth of the skills development system especially for UMP students was its primary role initially. Now, its function has been expanded to include the progression and organization of retraining and professional development courses, continuing education as well as skills development programmes for UMP. At the same time, education opportunity is provided by UMP Advanced to local industry and community in which UMP Advanced acts like a catalyst. Currently UMP Advanced is the legitimate training provider for Human Resource Development Fund (HRDF), Department of Safety & Health (DOSH), and others.

The vision of UMP Advanced is to be an excellent education centre providing and conducting various courses and training in the field of professional development and continuing education. Therefore, there main parts of mission have been identified in achieving the vision which are the main services, focus group and image. The main services aims to provide and conduct training and courses as well as disseminating information as a one-stop centre for UMP through seminar, conference and workshop. Focus group aims the targeted customers such as public and privates workers, local communities, industries as well as UMP associates. Lastly, image aims to create a sense of professionalism, centre of reward and innovative.

UMP Advanced as a lifelong learning institution also involve in many project-based activities. For instance, UMP Advanced collaborated with East Coast Economic Region Development Council (ECERDC) to execute a program named “Empower ECER”.



Figure 2.5 Program Empower ECER

Source: UMP Advanced Webpage (2017)

Figure 2.6 Program Empower Cakna Cemerlang in Bera, Pahang

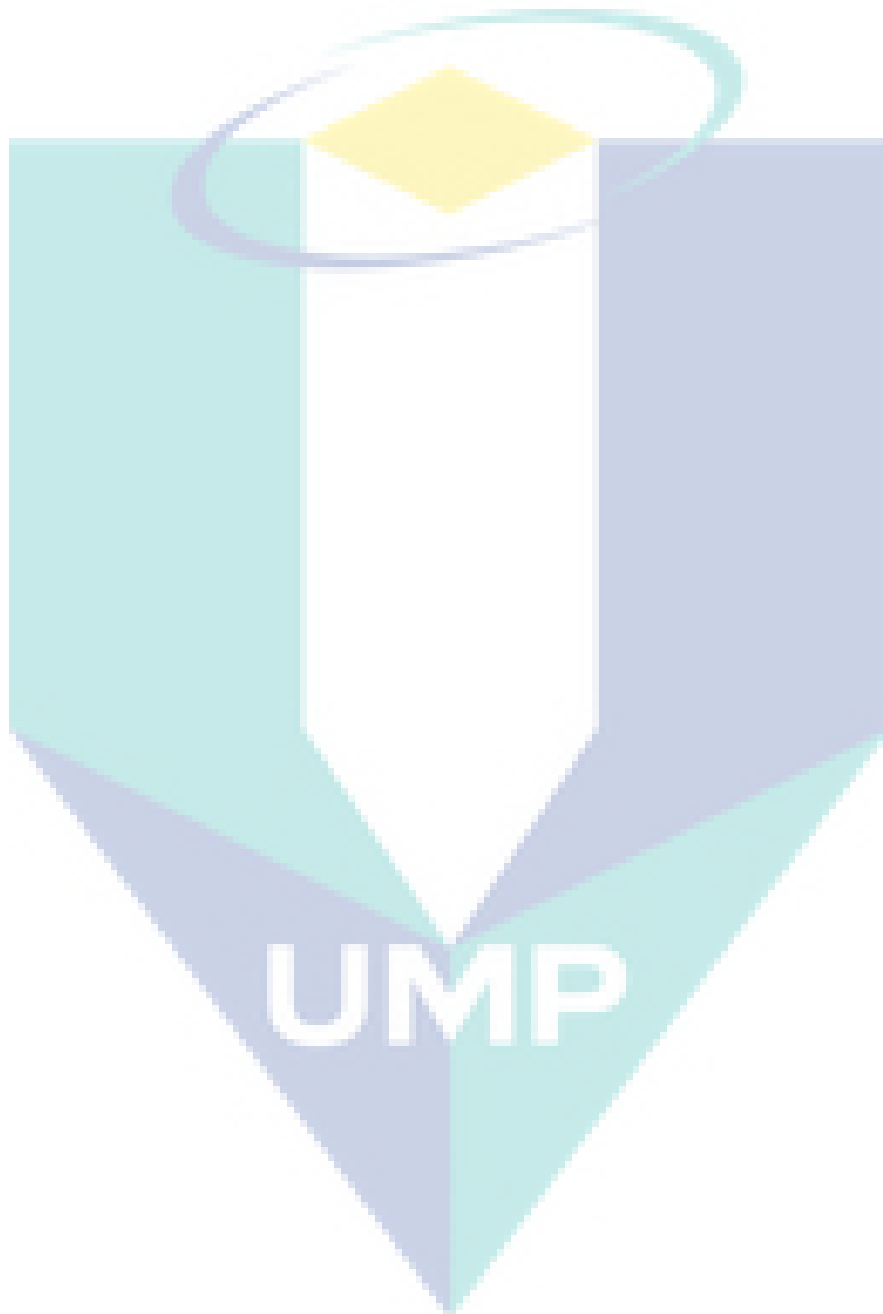
Source: UMP Advanced Webpage (2017)

The main aim of the program is to enhance community well-being through strategic partnership with certain industries and the program has been launched since year 2011. Some of the academic programs under Empower ECER are Super Camp Program for Orang Asli Students, empower Boot Camp, Q-Gen Intensive program, Expert Teacher Program and many others.

2.7 Summary

This chapter has covered on the three main parts involved in this study which are elements of HR effectiveness (independent variables), organization performance

(dependent variables), and the relationship between them. All the discussion is based on literature finding that ease researcher for a better understanding towards the topic of interest. From that, researcher has developed a few hypothesis for this study.



CHAPTER 3

METHODOLOGY

3.1 Introduction

In this chapter, the methodology used in conducting the research are discussed, which covers the research design, research method, development of instrument, data analysis as well as validity and reliability test. It aims to allow greater understanding on how this research is conducted that explains on the research process as well as respondents selection technique to collect relevance data. At the same time, analysing of data using reliable software shall help researcher answer research objectives and research questions by using the method precisely and correctly for easier data interpretation later on.

3.2 Research design

Research design is a detailed outline of how research process are conducted from the beginning to the end of a research study. It is also a process of how to conduct a study based on several sequential steps. The research design for this study is sequential explanatory design.

First of all, identification of a problem is done and information regarding the topic is obtained via research from various sources. The example of sources are online journals, books, internet, newspaper and others. It is important to understand why the research should be conducted and what the research is aiming to investigate regarding the topic of interest. Understanding on the issue enlightens researcher to formulate objectives for the study and determining the scope to suit the formulated objectives.

Then, literature review is conducted to gather more related information and to have a thorough thoughts of the interest topic. It also ease the establishment of

theoretical framework as well as enhancing understanding for the study. Next, respondents are determined according to the study. The total population is identified in order to determine the sample size required to conduct this study as to achieve a viable result. The total population are filtered first according to the scope of study and then only determine the size of respondents required.

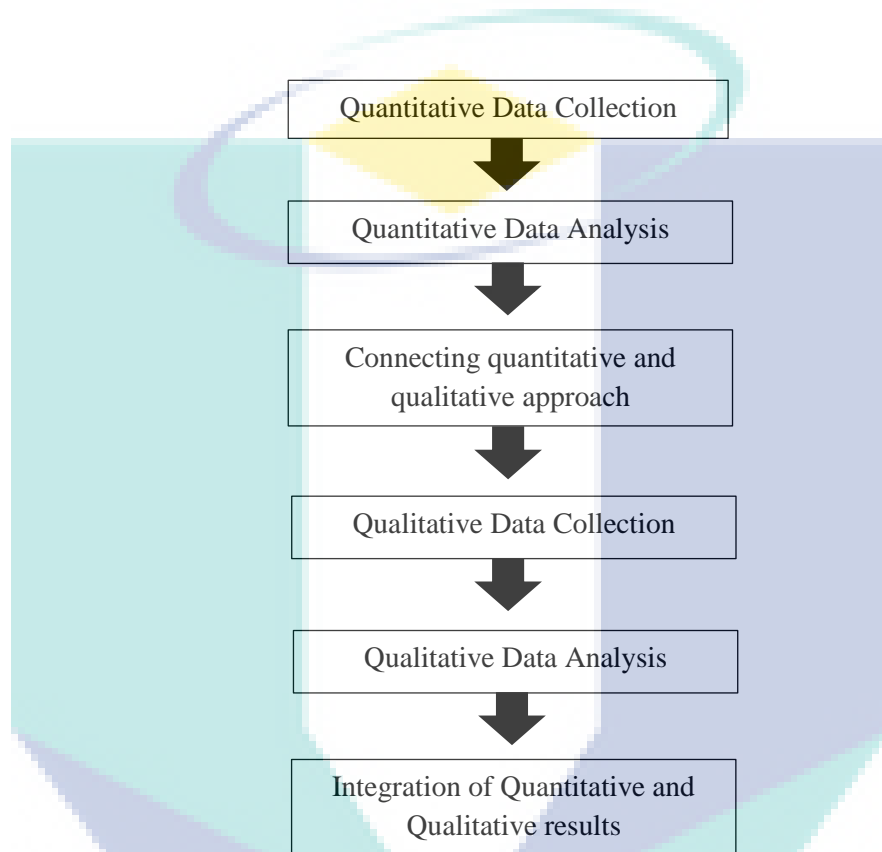


Figure 3.1 Research Flow Process

After that, quantitative measures took place where researcher develop questionnaires suitable for the study for respondents to answer. The questionnaires are refined repeatedly during the preparation, and then be finalized and validated by conducting review with expert to allow a more valid and reliable questionnaires to be formulated.

Once the questionnaires are validated, the hard copy version are then distributed face-to-face to the targeted respondents. The completed survey are collected after they have finished answering and data are analyzed using SPSS software. Then, qualitative measure took place after getting and acknowledging the results.

Respondents are selected purposefully and focus interview are conducted to have an in-depth understanding regarding to the results obtained earlier for explanation to collect qualitative data. Analysis are conducted from qualitative approach and afterwards be integrated with quantitative results. Lastly, results are discussed and concluded from this study.

3.3 Research method

Research method generally means in which way that a study are carried out or known as the designed process to obtain information for the use of study. There are two categories of data collection method which are quantitative approach and qualitative approach. Besides, there is also one mixed method, where qualitative and quantitative data and methods are combined. Any one of these methods used is essential to aid data analyzing effort.

For the purpose of this study, the researcher chose to use one of the types of mixed method, which is sequential explanatory design. According to Meissner, Creswell, Klassen, Plano, and Smith (2011), sequential explanatory design is first obtaining quantitative data and then obtaining qualitative data to help explain on the quantitative results. By using this method as discussed earlier, it consists of two different phases, quantitative and followed by qualitative.

This study used the evaluation model as suggested by Koortzen and Baloyi (2004) to measure the effectiveness of HR practices on organization performance from employee perspective. The model consists of 9 phases including determining evaluation purpose, identifying stakeholder and their needs, defining questions, conducting needs assessments, identifying criteria, developing evaluation plan, implementing it, reporting and making correction action. The phases are divided into 3 major types illustrated in the table below.

Table 3.1 Phases of Evaluation Model to Measure HR Effectiveness and Organization Performance

	Phases	Description	Methods
I	Determining evaluation purpose, identifying stakeholder and their needs, and defining questions.	Determining purpose of evaluation, identifying relevant stakeholders and their needs and defining evaluation questions that address stakeholders' needs.	Focus interview with top management of UMP Advanced to verify the instrument.
II	Conducting needs assessments, identifying criteria and developing a full evaluation plan.	Assessing needs using different methods of data collection, identifying evaluation criteria and developing a full evaluation plan involves finalizing both quantitative and qualitative components of the formal evaluation.	Quantitative survey questionnaires and qualitative interview method and analysis of data.
III	Implementing, reporting and making corrective actions	Implementing the plan involves monitoring the evaluation activities as well as results obtained, consolidating and reporting the analyzed result and providing feedback and improvements for management to decide on appropriate corrective actions.	Report and making suggestions for improvements.

The evaluation of the effectiveness of HR practices in influencing organization performance follows the phases of the above model to ensure an effective final evaluation. On the other hand, the reason behind using sequential explanatory design is because a broader prospect of the research problem can be provided through quantitative data and results while the refinement and explanation of the general picture is obtained through qualitative data and results. In other words, it uses qualitative method to explain quantitative results to determine whether it is significant or not, any outliers existing or having unexpected results (Bian, 2016). It is one of the well-known method used by the researchers (Subedi, 2016).

Questionnaire survey is chosen as quantitative method for this study while 2 weeks is allocated to collect data from respondents. Then, several respondents are selected as representatives from different departments to conduct focus group interviews to have in-depth understanding in which the data collected are used to interpret an explanation of the summarized results.

3.3.1 Population and sampling

This study is conducted in one of the selected organization from service sector, which is UMP Advanced in Gambang, Kuantan, Malaysia. The total population of UMP Advanced is 35, which exclude the Chief Executive Officer and two General Managers. Purposive or judgemental sampling technique is used for selecting the respondents, where the selection is defined with a predefined group in mind. The technique is used where the target respondents are employees of all levels in the organization who involve with the HR practice, which are supporting staffs, executives, senior executives, managers and senior managers. Respondents for this study are ensured to have met the requirement to participate in the study.

Sample size is identified based on the total population of UMP Advanced. The chosen respondents are believed to be good enough to represent the total population to obtain valid results. In order to determine the number of sample size that is appropriate to this study, the sample size table developed by Krejcie & Morgan (1970) is used.

Table 3.2 Table for Determining Sample Size from a Given Population

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379

180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Source: Krejcie and Morgan (1970)

Based on the sample size table, the sample size that is suitable to be used for UMP Advanced is 32. Therefore, 32 questionnaires are expected to be collected from employees of UMP Advanced.

3.3.2 Questionnaire survey

This study uses questionnaire as the quantitative approach in data collection. The questions from the questionnaire are created in simple and understandable form that ease the answering of respondents. Respondents are able to provide accurate answer for this study if questionnaire is well-developed. Therefore, questionnaire are validated with expert beforehand to ensure the designed questionnaire is valid to be used for this study. Besides, questionnaire are tested for reliability via pilot test to ensure the designed questionnaire is reliable to be used for this study. The questionnaire is developed based on simple term and in English version.

3.3.3 Interview

This study uses interview as the qualitative approach in data collection. The interview type is focus group interview with selected representatives from different departments. The questions for interview are formulated after obtaining the results from analysis of questionnaire. The purpose is to get more information or wanting to identify specific quantitative results for further explanation for the results obtained. The main advantage is that researcher are contacted directly with respondents to avoid confusion. The questions are developed in relation to be able to explain relationships found in the quantitative data. The sample size uses for this method are smaller than quantitative study. The questions are asked accordingly to their positions in the institution where they are divided into managerial group and non-managerial group. Interviewees are allowed to express their thoughts and provide more relevant information based on their experience in the organization.

3.4 Development of instrument

The development of questionnaires are based on literature review in which related studies from other researchers are used as a guideline. From that, research objectives can be achieved through this method. There are three sections in the questionnaire, namely section A, B, and C. All questions in the questionnaire are close-ended questions that can be understood and answered easily by respondents. The questionnaire is in English version and are distributed to respondents in hard copy.

Section A covers the demographic information of respondents in which age, gender, race, position level and working experience are included. On the other hand, literature review has answered on elements of HR effectiveness which reflect the very first research objective. Then, section B focuses on investigating the effectiveness of HR practices whereas section C focuses on evaluating the effectiveness of HR practices in influencing organization performance that answer the second research objective.

Besides, focus group interviews are used in this research. The development of interview questions were designed to relate in answering third research objective and research questions. In this interview process, the interviewees are given opportunity to elaborate or provide more and more relevant data and information. Those interviewees who have considerable experiences within the field can provide their personal experience with professional opinions.

3.4.1 Measures

Section B of the questionnaires was designed to evaluate employees' perception about effectiveness of HR practices which are recruitment and selection, training and development, compensation and reward as well as performance appraisal. The elements were measured through 5 items for each elements adopted from Quansah and Osei (2013) with a 5 point Likert scale ranging from (1- Strongly disagree to 5- Strongly agree). Higher score indicates a higher agreement on effectiveness of HR practices.

Section C of the questionnaires was designed to evaluate the organization performance in the aspect of employee retention and perceived financial performance. Employee retention were measured through 5 items adopted from Gurbuz and Mert (2011) with a 5 point Likert scale ranging from (1- Strongly disagree to 5- Strongly

agree). On the other hand, perceived financial performance were measured through 4 items adopted from Hong et al. (2012) with a 5 point Likert scale ranging from (1- Very low to 5- Very high). Higher score indicates a high organization performance.

3.5 Validity and reliability test

Validity and reliability test is important for producing a valid and reliable results at the end of this study. The data are proved to be of value and of good use after the tests are done.

3.5.1 Face validity

According to Lacity and Janson (1994), validity is defined as making common sense, and being convincing and seeming right to the reader. Face validity simply means the validity at face value or a theory that reflects the results that show the truth or reality (Polkinghorne, 1988). The questionnaire prepared has been validated by expert of its content before being distributed to targeted respondents. This form of validity exploits how well the idea of the intended measures items is represented in an operational measure or known as questionnaire. It is to ensure that the questionnaire are suitable to be used for this study. The experts chosen are based on their expertise in the areas of study. Experts received the questionnaire and reviewed each and every questions in the list and gave comments about it. Researcher made improvement or changes according to expert opinions.

Face validity has been conducted with the manager of Human Resources and Corporate department and senior executive from UMP Advanced. Both of them were chosen based on their expertise on human resources as they have greater knowledge relating topic covered. The questionnaires were distributed to them by hand for their review and all comments have been noted by researcher. Researcher than made improvement based on their comments.

Table 3.3 Results of Face Validity

Respondent	Position	Comments
Mr. Idahar bin Zulkuply	Manager (Human Resources and Corporate)	1. Questionnaire of bilingual language (English and Malay) 2. Refine questions in Section C (Perceived financial performance) to be in a more understandable form
Mr. Mohd Afiq bin Mohama Ali@ Mohamad Ali	Senior Executive	3. Change certain terms to avoid confusion (Ex: Line managers, discharge)

Some actions has been taken to make improvement on the questionnaire based on the comments given. First of all, questionnaire of bilingual language has been created which are English and Malay version as to ease understanding for respondents. Secondly, questions in Section C which is perceived financial performance, has been refined accordingly to be in a more understandable form. Verification has been conducted with Mr. Mohd Azlizal bin Abu Bakar, the general manager in Finance department, from UMP Advanced for the refined questions in Section C of questionnaire and proved that the refined questions do reflect the full meaning from the original questions. Thirdly, some terms in the questionnaire has been changed to terms that are more suitable to be used to avoid confusion.

3.5.2 Pilot study

Pilot study is a small-scale test of the methods to be used on a larger scale to demonstrate that these methods are workable (Porta, 2008). The questionnaire prepared are tested via pilot study before being distributed to targeted respondents. It is to test the suitability and appropriateness of research instrument in meeting the research objectives and at the same time improve the quality of the questionnaire. After data are collected, the reliability of the questionnaire has been investigated using SPSS software. The reliability of the questionnaire is tested using Cronbach's alpha.

Cronbach's alpha	Internal consistency
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

Figure 3.2 Cronbach's Alpha Value Indication

Source: Tavakol and Dennick (2011)

Cronbach's alpha test is a measurement of internal consistency scale show how closely related a set of items are as group to gauge its reliability. The greater the internal consistency among the items, the closer the Cronbach's alpha value to 1.00. According to Tavakol & Dennick (2011), they proposed the following rules of thumb: $\alpha \geq 0.90$ is excellent, $0.90 > \alpha \geq 0.80$ is good, $0.80 > \alpha \geq 0.70$ is acceptable and anything below 0.70 are questionable, poor and unacceptable.

Table 3.4 Cronbach's Alpha of Variables

Variables	Cronbach's alpha	Number of item (N)	Internal consistency
Recruitment and selection	0.92	5	Excellent
Training and development	0.93	5	Excellent
Compensation	0.91	5	Excellent
Performance appraisal	0.96	5	Excellent
Employee retention	0.89	5	Good
Perceived financial performance	0.95	4	Excellent

Table above shows the Cronbach's alpha for all variables in the questionnaire, which are recruitment and selection, training and development, compensation, performance appraisal, employee retention and perceived financial performance. The Cronbach's alpha values for all variables are above 0.80, which are considered good and excellent. Therefore, it can be said that the questionnaire used are reliable and can be used for the analysis of study.

3.6 Data analysis

3.6.1 Quantitative data analysis

Analyzing of quantitative method, which is questionnaire is done by using SPSS software. SPSS software is one of the most famous and widely used windows based program that is used to perform entry of data as well as analysis of data to create tables and graphs (“Introduction to SPSS,” 2009). It is commonly used as it is user friendly where it can produce graphical display as well as results report at the end of results which makes interpretation of data more convenient and easy. The dependencies from all fields of studies such as social science, business, education and many more on the use of computer has made it almost impossible to understand research without substantial knowledge of statistics and the use of statistical software (Arkkelin, 2014).

3.6.1.1 Reliability test

Reliability is an index that estimates dependability or consistency of scores (Delarozée, 1999). Reliability is also the degree to which a test consistently measures whatever it measures. Reliability test on the questionnaire is done to measure consistently in order to produce good results. It is measured using Cronbach’s alpha to check for internal consistency. The greater the internal consistency among the items, the closer the Cronbach’s alpha value to 1.00. According to Tavakol & Dennick (2011), they proposed the following rules of thumb: $\alpha \geq 0.90$ is excellent, $0.90 > \alpha \geq 0.80$ is good, $0.80 > \alpha \geq 0.70$ is acceptable and anything below 0.70 are questionable, poor and unacceptable.

3.6.1.2 Descriptive statistics

Descriptive statistics deals with the presentation of numerical facts, or data, in either tables or graphs form, and with the methodology of analyzing the data (Press, 2009). In other words, it is used to describe the basic factors of data in a research study which provides easy summaries about the data and measures. Descriptive statistics is simply describing what is or what the data shows in a quantitative research studies in a manageable form. It can be broken down into measures of central tendency which include the mean, median and mode as well as measure of variability which include standard deviation, variance, minimum and maximum variables (Lynch, 2009). Two of

these measures use tables, graphs or general discussion to aid people know the significance of the data being analyzed.

3.6.1.3 Correlation analysis

Correlation or known as correlation analysis is to measure the relationship between the two or more quantitative variables (Peronja, 2017). Correlation quantifies the extent of degree of relationship between two quantitative variables and also its direction. The result of correlation analysis is correlation coefficient where the values ranges from -1 to +1, in which -1 indicates perfectly negative correlated, 0 indicates no linear relationship between the two variables while +1 indicates perfectly positive correlated.

3.6.1.4 Multiple linear regression

Multiple linear regression is the most common form of linear regression analysis. It is used in this study for the data analysis of quantitative method to explain the relationship between dependent variable from two or more independent variables. According to Field (2009), regression analysis enables us to predict future outcomes based on the predictor variables. This study uses multiple linear regression as it involves multiple variables to explain variance in dependent variable. This methodology produces several statistical analysis of the value of data.

3.6.2 Qualitative data analysis

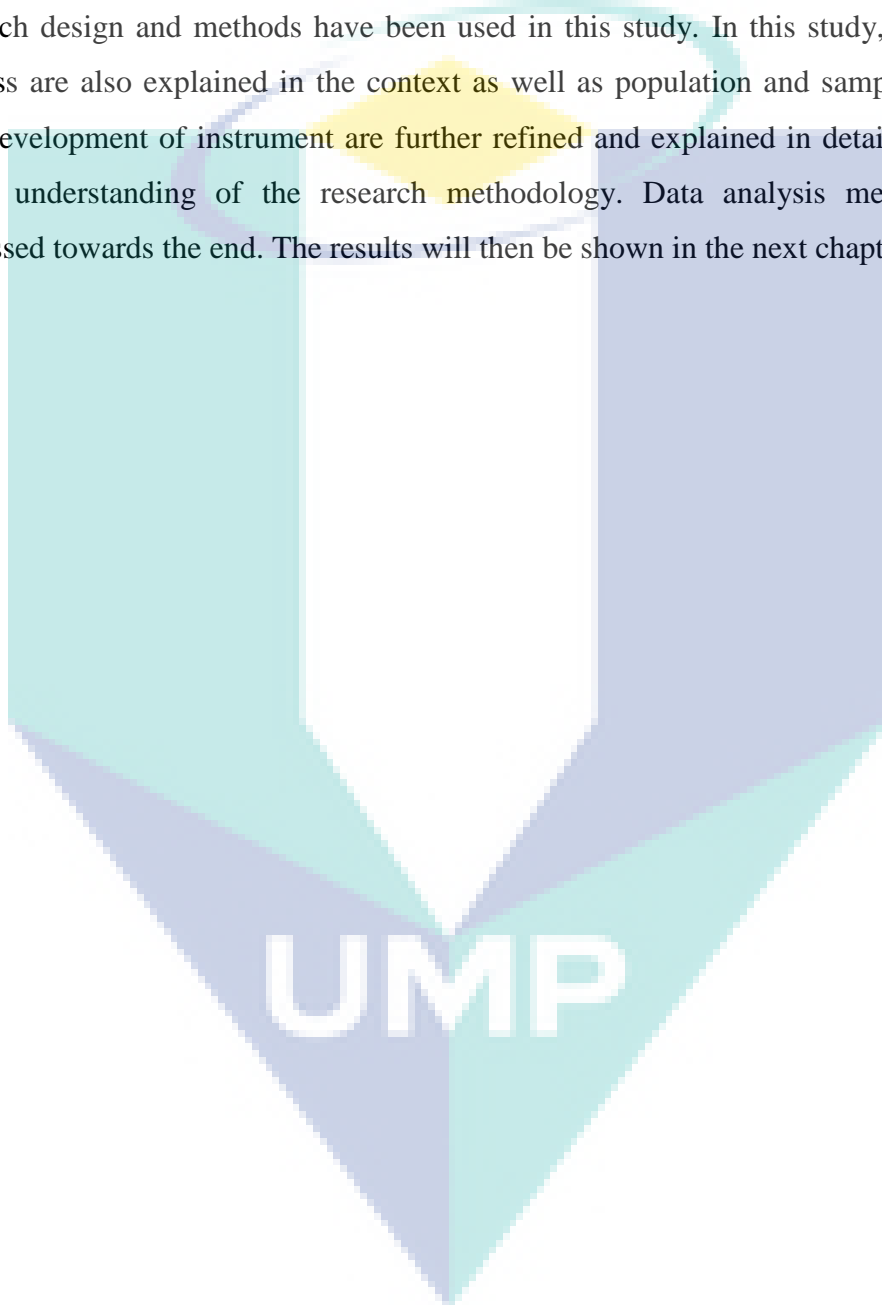
3.6.2.1 Content analysis

Content analysis is a research technique used to make replicable and valid inferences by interpreting and coding textual material (Krippendorff, 2013). It is used in this study for the data analysis of qualitative method. The analyzing of qualitative method is done by detailed readings of the respondent's perspective towards the questions that researcher are aiming at. It involved content analysis to analyse verbal, written or visual communication messages through interview (Cole, 1988 cited in Elo & Kyngäs, 2008). In other meaning, this analysis studied the content with reference to the meaning, contexts and intentions contained in messages (Prasad, 2008). It is used to

evaluate the results gotten from the interview to get further explanation about it. Researcher can verify the information and develop understanding from it.

3.7 Summary

This chapter has covered on the methodology part, which explains which research design and methods have been used in this study. In this study, the research process are also explained in the context as well as population and sampling method. The development of instrument are further refined and explained in details allowing a better understanding of the research methodology. Data analysis method is also discussed towards the end. The results will then be shown in the next chapter.



CHAPTER 4

DATA ANALYSIS AND RESULTS

4.1 Introduction

In this chapter, the results were obtained from data analysis conducted. Firstly, the quantitative data were analyzed using SPSS software and were presented in the form of tables and other statistical representations. It aims to allow smooth explanation and interpretations on the data collected from the institution that aims to measure human resource effectiveness and organization performance. After that, focus group interview was conducted and collected qualitative data were used to refine and explain on the results obtained from quantitative data analysis.

4.2 Quantitative data analysis

4.2.1 Demographic analysis

In the study, demographic analysis is to determine the frequency of respondents on measures in terms of gender, age, race, position level and working experience. The table below shows the summarized frequencies and percentage of the respondents on the measures.

Table 4.1 Demographic analysis

Measure	Item	Frequency	Percent (%)
Gender	Male	16	48.5
	Female	17	51.5
Age	20 and below	0	0.0
	21 – 30	19	57.6
	31 – 40	12	36.4
	41 – 50	2	6.1
	51 and above	0	0.0
Race	Malay	33	100.0
	Chinese	0	0.0
	Indian	0	0.0
	Other race	0	0.0
Position level	Supporting level	22	66.7
	Executive level	10	30.3
	Managerial level	1	3.0
Working experience	Below 5 years	19	57.6
	6 – 10 years	8	24.2
	Above 10 years	6	18.2

In Table 4.1, it can be seen that there were 16 (48.5%) male and 17 (51.5%) female staffs in UAE Advanced. The proportion of the gender is almost equally distributed. The majority of respondents are ages from 21 – 30, which accounts for 19 respondents (57.6%) whereas 12 (36.4%) of them are ages from 31 – 40 and 2 (6.1%) of them are ages from 41 – 50. This indicates that the institution is dominated by youthful people because they are the lower level employees which form the non-managerial group in the institution.

All the respondents were Malays, which were 33 (100%). In addition, 22 (66.7%) of them were supporting level staffs, 10 (30.3%) of them were executive level staffs while only 1 (3.0%) of them was managerial level staff. Lastly, majority of respondents of 19 (57.6%) have working experience below 5 years, 8 (24.2%) of them have experience of 6 – 10 years and 6 (18.2%) of them have experience above 10 years.

4.2.2 Reliability test

As mentioned in the previous chapter, Cronbach's alpha can be used to test the reliability of the items in the questionnaire. Cronbach's alpha value of above 0.7 are considered acceptable whereas value below it are unacceptable and considered poor.

Table 4.2 Cronbach's Alpha of Variables

Variable	Cronbach's alpha	Number of item (N)	Internal consistency
Recruitment and selection	0.87	5	Good
Training and development	0.91	5	Excellent
Compensation	0.94	5	Excellent
Performance appraisal	0.94	5	Excellent
Employee retention	0.89	5	Good
Perceived financial performance	0.93	4	Excellent

Table 4.14 represents the reliability statistics of human resource practices which are recruitment and selection, training and development, compensation and performance appraisal as well as organization performance which are employee retention and perceived financial performance. Based on table above, the Cronbach's alpha value for recruitment and selection is 0.87 whereas for training and development is 0.91. On the other hand, compensation and performance appraisal shares the same value of 0.94 whereas employee retention and perceived financial performance accounts for the Cronbach's alpha value of 0.89 and 0.93 respectively. All of the Cronbach's alpha value indicates an appreciable level of internal consistency of reliability in measuring human resource effectiveness and organization performance.

4.2.3 Descriptive analysis

4.2.3.1 Recruitment and selection

There are 5 items under recruitment and selection practice in the questionnaire. The table below shows the item statistics of recruitment and selection practice in UMP Advanced.

Table 4.3 Item Statistics of Recruitment and Selection Practice in UMO Advanced

No.	Description	Mean	Standard deviation	N
1.	Applicants are fully informed about the qualifications required to perform the job before being hired.	3.79	0.82	33
2.	There is a formal induction, orientation and familiarization process designed to help new recruits understand the organization.	3.64	0.78	33
3.	In this organization, managers participate in the selection process.	3.91	0.77	33
4.	Selection systems selects those having the desired knowledge, skills and attitude.	3.79	0.82	33
5.	Vacancies are filled from qualified employees internally.	3.39	1.00	33

A mean of 3.79 shows that the respondents agree that applicants are fully informed about the qualifications required to perform the job being hired. The respondents also agree that there is a formal induction, orientation and familiarization process designed to help new recruits understand the organization, which is represented by a mean of 3.64. Other than that, the respondents agree that in this organization, managers participate in the selection process as well as selection systems selects those having the desired knowledge, skills and attitude represented by a mean of 3.91 and 3.79 respectively. This is because managers from different departments wanted to have a say in the recruitment and selection of the employees under their department as they are concern with the capabilities of the individuals to perform any tasks given. A mean of 3.39 shows that the respondents slightly agree that vacancies are filled from qualified employees internally, which reflects that the institution hire employees with other methods other than internal recruitment.

Table 4.4 Summary Item Statistics of Recruitment and Selection Practice in UMP Advanced

	Mean	Minimum	Maximum	Range	N of items
Item means	3.70	3.39	3.91	0.52	5

Table 4.3 shows the summary item statistics of recruitment and selection practices carried out by UMP Advanced. The table gives an average mean of 3.70 which means the respondents agree to all the practices related to recruitment and selection in the institution. The viewpoint expressed by the minimum mean of 3.39, accounts for the item with the least agreement which asked if vacancies are filled from qualified employees internally. On the other hand, the maximum mean of 3.91 means that some respondents strongly agree on the recruitment and selection practices, which depicts the item that in this organization, managers participate in the selection process.

4.2.3.2 Training and development

There are 5 items under training and development practice in the questionnaire. The table below shows the item statistics of training and development practice in UMP Advanced.

Table 4.5 Item Statistics of Training and Development Practice in UMP Advanced

No.	Description	Mean	Standard deviation	N
1.	There is a training strategy and coherent training programs.	3.52	0.71	33
2.	Every employees goes through various training programs every year.	3.45	0.83	33
3.	There is a budget dedicated to training and development every year.	3.94	0.83	33
4.	Organization provides formal training to promote skills to new hires as well as to promoted or existing employees.	3.55	0.91	33
5.	Training incorporates the interests of the organization as well as the individual.	3.73	0.80	33

A mean of 3.52 shows that the respondents are partially agree that there is a training strategy and coherent training programs provided by UMP Advanced. Same goes to the partial agreement that every employees goes through various training programs every year represented by a mean of 3.45. However, the respondents agree that there is a budget dedicated to training and development every year, which is represented by a mean of 3.94. The institution seems to have budget allocated for training and development but the respondents do not show a strong agreement point in conforming that the organization provides formal training to promote skills to new hires as well as to promoted or existing employees. This shows in the mean of 3.55 for that

item. Also, the training provided does not seem to fully incorporate the interests of the organization as well as the individual, shown by the evidence of mean of 3.73.

Table 4.6 Summary Item Statistics of Training and Development Practice in UMP Advanced

	Mean	Minimum	Maximum	Range	N of items
Item means	3.64	3.45	3.94	0.49	5

Table 4.5 shows the summary item statistics of training and development practices carried out by UMP Advanced. The table gives an average mean of 3.64 which reflects the respondents show a partial agreement to all the practices related to training and development in the institution. The table also gives the minimum and maximum mean of items which are 3.45 and 3.94 respectively. The minimum mean indicates that the item questioning whether every employee goes through various training programs every year, where it has the lowest agreement among all items. The maximum mean on the other hand indicates that there is a budget dedicated to training and development every year with the most agreements among all. It seems like budgets are allocated to training and developments to employees as responded by most respondents, but not necessary the budget is fully used or utilized for the intended purpose.

4.2.3.3 Compensation

There are 5 items under compensation practice in the questionnaire. The table below shows the item statistics of compensation practice in UMP Advanced.

Table 4.7 Item Statistics of Compensation Practice in UMP Advanced

No.	Description	Mean	Standard deviation	N
1.	Pay for performance improves performance.	3.94	0.93	33
2.	Employees are rewarded based on performance.	3.91	0.95	33
3.	Employees are recognized and rewarded appropriately in this organization.	3.64	0.96	33
4.	Profit sharing/ bonuses are used as a mechanism to reward higher performance.	3.91	0.88	33
5.	Reward encourage employees to achieve organization's objectives.	3.97	0.85	33

A mean of 3.94 shows that the respondents agree that pay for performance improves performance. Same goes to agreement of respondents that employees are rewarded based on performance, profit sharing or bonuses are used as a mechanism to reward higher performance as well as reward encourage employees to achieve organization's objectives, with the mean of 3.91, 3.91 and 3.97 respectively. Respondents agree that the practice of pay for performance can motivates employees further for better performance and achieving organizational objectives. However, respondents have a more neutral stance on whether employees are recognized and rewarded appropriately in this organization with a mean of 3.64. The agreement of respondents towards compensation can improve performance do not guarantee the practice in reality.

Table 4.8 Summary Item Statistics of Compensation Practice in UMP Advanced

	Mean	Minimum	Maximum	Range	N of items
Item means	3.87	3.64	3.97	0.33	5

Table 4.7 shows the summary item statistics of compensation practices carried out by UMP Advanced. The table gives an average mean of 3.87 which reflects the respondents show agreement to all the practices related to compensation in the institution. The minimum mean of 3.64 represents the item “employees are recognized and rewarded appropriately in this organization” which has the least agreement and hovering around neutrality. On the other hand, the maximum mean of 3.97 represents the item “reward encourage employees to achieve organization's objectives” which gives the most agreement from respondents.

4.2.3.4 Performance appraisal

There are 5 items under performance appraisal practice in the questionnaire. The table below shows the item statistics of performance appraisal practice in UMP Advanced.

Table 4.9 Item Statistics of Performance Appraisal Practice in UMP Advanced

No.	Description	Mean	Standard deviation	N
1.	In this organization, employees are provided performance based feedback and counselling.	3.36	0.74	33
2.	The appraisal data is used for decision making like promotion, job rotation, training, compensation, transfers and termination.	3.64	0.86	33
3.	There are corrective-measures for under-performance.	3.48	0.76	33
4.	Organization uses employee's self-ratings on performance.	3.42	0.75	33
5.	Retraining and redeployment takes precedence over downsizing.	3.42	0.83	33

A mean of 3.36 shows that the respondents neither agree nor disagree to the question that in this organization, employees are provided performance based feedback and counselling. It appears that feedback and especially counselling are not made available to employees in the institution based on researcher's observation. Besides, respondents have a more neutral stance on that the appraisal data is used for decision making like promotion, job rotation, training, compensation, transfers and termination with a mean of 3.64. Same goes to the question that there are corrective-measures for under-performance, respondents neither agree nor disagree, represented by a mean of 3.48. On the other hand, the question that says organization uses employee's self-ratings on performance and retraining and redeployment takes precedence over downsizing shares the same mean of 3.42. This means that the respondents have a neutral stance to these practices.

Table 4.10 Summary Item Statistics of Performance Appraisal Practice in UMP Advanced

	Mean	Minimum	Maximum	Range	N of items
Item means	3.47	3.36	3.64	0.28	5

Table 4.9 shows the summary item statistics of performance appraisal practices carried out by UMP Advanced. The table gives an average mean of 3.47 which reflects that respondents shows more to a neutrality point of view towards performance appraisal practice in the institution. The item with the minimum mean of 3.36, which is in this organization, employees are provided performance based feedback and counselling, has the least of agreements. On the other hand, the item with the maximum mean of 3.64, which is the appraisal data is used for decision making like promotion,

job rotation, training, compensation, transfers and termination, attracts the maximum mean.

4.2.3.5 Employee retention

There are 5 items under employee retention in the questionnaire. The table below shows the item statistics of employee retention in UMP Advanced.

Table 4.11 Item Statistics of Employee Retention in UMP Advanced

No.	Description	Mean	Standard deviation	N
1.	I am prepared to put in a great deal of effort beyond what is normally expected in order to help this organization to be successful.	3.94	0.56	33
2.	I plan to make this organization my own career.	3.70	0.68	33
3.	I feel a lot of loyalty to this organization.	3.73	0.72	33
4.	This is the best organization for me to work for.	3.73	0.76	33
5.	I would recommend this organization to a friend if he/she is looking for a job.	3.67	0.78	33

Overall, the means for the items for employee retention shows agreement to those issues. A mean of 3.94 is the highest shows that the respondents are prepared to put in a great deal of effort beyond what is normally expected in order to help the organization to be successful. Followed by the two items who shares the same mean of 3.73 stated that the employees feel a lot of loyalty to the organization as well as respondents think that it is the best organization for them to work for. In addition, the respondents' opinion lies more on the agreed point of view that they plan to make the organization their own career with a mean of 3.70. On the other hand, respondents also partially agree that they would recommend the organization to a friend if he or she is looking for a job, represented by a mean of 3.67.

Table 4.12 Summary Item Statistics of Employee Retention in UMP Advanced

	Mean	Minimum	Maximum	Range	N of items
Item means	3.75	3.67	3.94	0.27	5

Table 4.11 shows the summary item statistics of employee retention given by respondents in UMP Advanced in relation to organization performance. The table gives an average mean of 3.75 which reflects the respondents show more to agreement point of view in terms of employee retention. The minimum mean of 3.67 represents the item "I would recommend this organization to a friend if he or she is looking for a job"

which has the least agreement. On the other hand, the maximum mean of 3.94 represents the item “I am prepared to put in a great deal of effort beyond what is normally expected in order to help this organization to be successful” which gives the most agreement from respondents. From that, we can tell that employees in UMP Advanced seem to be committed in giving their best to the institution based on their response.

4.2.3.6 Perceived financial performance

There are 4 items under perceived financial performance in the questionnaire. The table below shows the item statistics of perceived financial performance in UMP Advanced.

Table 4.13 Item Statistics of Perceived Financial Performance in UMP Advanced

No.	Description	Mean	Standard deviation	N
1.	The number of business activities have increased.	3.85	0.76	33
2.	The demand of the services provided by organization have increased.	3.97	0.64	33
3.	Your organization is performing better compared to the competitors.	3.73	0.67	33
4.	New business activities have contributed to the company sustainability.	3.85	0.71	33

Overall, the means for the items for perceived financial performance shows agreement to those issues. A mean of 3.97 is the highest shows that the respondents are agreed that the demand of the services provided by organization have increased. Followed by the two items who shares the same mean of 3.85 stated that the respondents agreed on the number of business activities have increased and new business activities have contributed to the company sustainability. In addition, the respondents’ opinion lies more on the agreed point of view that their organization is performing better compared to the competitors with a mean of 3.73.

Table 4.14 Summary Item Statistics of Perceived Financial Performance in UMP Advanced

	Mean	Minimum	Maximum	Range	N of items
Item means	3.85	3.73	3.97	0.24	4

Table 4.13 shows the summary item statistics of perceived financial performance given by respondents in UMP Advanced in relation to organization performance. The table gives an average mean of 3.85 which reflects the respondents show more to agreement point of view in terms of perceived financial performance. The minimum mean of 3.73 represents the item “your organization is performing better compared to the competitors” which has the least agreement. On the other hand, the maximum mean of 3.97 represents the item “the demand of the services provided by organization have increased” which gives the most agreement from respondents.

4.2.4 Correlation analysis

Correlation is a bivariate analysis which measures the strengths of association between two variables and the direction of the relationship. In terms of the strength of relationship, the value of the correlation coefficient lies between +1 and -1. The correlation value between ± 0.00 to ± 0.19 shows a very weak correlation, value between ± 0.20 to ± 0.39 shows a weak correlation, value between ± 0.40 to ± 0.59 shows a moderate correlation whereas value between ± 0.60 to ± 0.79 shows a strong correlation and lastly the value between ± 0.80 to ± 1.0 shows a very strong correlation (Evans, 1996). Pearson correlation measure the degree of the relationship between linearly related variables.

Table 4.15 Correlation of HR Practices with Organization Performance

		Employee retention	Correlation strength	Perceived Financial Performance	Correlation strength
Recruitment and Selection	Pearson Correlation Sig. (2-tailed)	0.57** 0.00	Moderate	0.38* 0.01	Weak
Training and Development	Pearson Correlation Sig. (2-tailed)	0.57** 0.00	Moderate	0.55** 0.00	Moderate
Compensation	Pearson Correlation Sig. (2-tailed)	0.31 0.09	Weak	0.61** 0.00	Strong
Performance Appraisal	Pearson Correlation Sig. (2-tailed)	0.43* 0.01	Moderate	0.58** 0.00	Moderate

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Table 4.15 represents the correlation of HR practices with organization performance in UMP Advanced. Recruitment and selection shows a weak correlation with perceived financial performance with a value of 0.38 at 0.05 significant level. Besides, training and development shows a moderate correlation for both employee retention and perceived financial performance with the value of 0.57 and 0.55 at significant level of 0.01 and 0.05 respectively.

On the other hand, compensation shows a weak correlation with employee retention with the significant value of more than 0.05, which is 0.09 and does not show significance with the result provided. This means that any changes in compensation factor will have no effect on employee retention because there is no statistically significant correlations between the two variables. Performance appraisal shows a moderate correlation relationship with employee retention with a value of 0.43 at 0.05 significant level.

4.2.5 Multiple linear regression analysis

Multiple linear regression analysis is used to relate one dependent variable to a combination of one or more independent variables. Regression identifies how much dependent variable is impacted by each independent variables (Osemeke, 2012). The significant value or known as p-value lower than 0.05 ($p < 0.05$) indicates that the null hypothesis can be rejected. In other words, a variable with low p-value is likely to be a meaningful addition to the model because changes in the independent variable's value are related to changes in the dependent variable. In contrast, a larger p-value ($p > 0.05$) indicates that changes in the independent variable are not associated with changes in the dependent variable (Frost, 2013). Therefore, for the relationship to be statistically significant, its p-value should be less than 0.05.

The table below shows the coefficients table of recruitment and selection and training and development on perceived financial performance. An equation is formulated to examine the relationship between the variables.

Table 4.16 Coefficients Table of Recruitment and Selection and Training and Development on Perceived Financial Performance

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. error	Beta		
(Constant)	2.09	0.56		3.75	0.00
Recruitment and selection	-0.05	0.21	-0.06	-0.25	0.80
Training and development	0.54	0.21	0.60	2.63	0.01

Dependent variable: Perceived financial performance

The multiple linear regression equation can be formulated as follows:

$$Y_1 = a + \beta X_1 + \beta X_2 \quad 4.1$$

Initial equation:

$$Y_1 = 2.09 - 0.05(RS) + 0.54(TD) \quad 4.2$$

Revised equation (due to non-significant value of RS)

$$Y_1 = 2.09 + 0.54 (TD) \quad 4.3$$

Where,

Y1 = Perceived financial performance

a = Constant

RS = Recruitment and selection

TD = Training and development

In equation 4.2, it can be explained that training and development have a significant relationship with perceived financial performance as the significant level is less than 0.05. However, recruitment and selection do not have a significant relationship with perceived financial performance since it has the significant value of 0.80 which is more than 0.05. Recruitment and selection is removed from the initial equation as it is not significant. Therefore, it can be concluded that hypothesis 2 is accepted whereas hypothesis 1 is rejected.

H2: There is a positive relationship between training and development and financial performance.

The table below shows the coefficients table of training and development and performance appraisal on employee retention. An equation is formulated to examine the relationship between the variables.

Table 4.17 Coefficients Table of Training and Development, Compensation and Performance Appraisal on Employee Retention

Model	Unstandardized coefficients		Standardized coefficients		Sig.
	B	Std. error	Beta	t	
(Constant)	2.04	0.51		3.98	0.00
Training and development	0.50	0.20	0.59	2.50	0.02
Performance appraisal	0.07	0.19	0.09	0.39	0.70

Dependent variable: Employee retention

The multiple linear regression equation can be formulated as follows:

$$Y_2 = a + \beta X_1 + \beta X_2 \quad 4.4$$

Initial equation:

$$Y_2 = 2.04 + 0.50(TD) + 0.07(PA) \quad 4.5$$

Revised equation (due to non-significant value of C and PA)

$$Y_2 = 2.04 + 0.50(TD) \quad 4.6$$

Where,

Y_2 = Employee retention

a = Constant

TD = Training and development

PA = Performance appraisal

In equation 4.4, it can be explained that training and development has a significant relationship with employee retention as the significant level is less than 0.05. However, performance appraisal do not have a significant relationship with employee

retention since it has the significant value of 0.70 which is more than 0.05. Performance appraisal is removed from the initial equation as it is not significant.

Compensation has already been proven from correlation analysis that it has no significance with employee retention. Therefore, it can be concluded that hypothesis 5 is accepted whereas hypothesis 3 and hypothesis 4 is rejected.

H5: There is a positive relationship between training and development and employee retention.

4.2.6 Hypothesis testing

There are 5 hypothesis that were formulated in Chapter 2 and are being tested using SPSS software. The result obtained from correlation analysis and multiple linear regression is depicted in table 4.18 below.

Table 4.18 Hypothesis Testing

Hypo	Relationships	Beta (β)	Std. error	t-value	p-value	Decisions
H1	Recruitment and selection -> Perceived financial performance	-0.05	0.21	-0.25	0.80	Not supported
H2	Training and development -> Perceived financial performance	0.54	0.21	2.63	0.01*	Supported
H3	Performance appraisal -> Employee retention	0.07	0.19	0.39	0.70	Not supported
H4	Compensation-> Employee retention	-0.09	0.15	-0.63	0.53	Not supported
H5	Training and development -> Employee retention	0.50	0.20	2.50	0.02*	Supported

From the multiple linear regression results, it was revealed that only hypothesis 2 and hypothesis 5 are supported by the findings. Training and development is proved to have positive relationship with both perceived financial performance and employee retention. On the other hand, hypothesis 1, hypothesis 3 and hypothesis 4 are not supported by the findings. Recruitment and selection is proved that it has no positive relationship with perceived financial performance whereas compensation and

performance appraisal are proved that they have no positive relationship with employee retention.

4.3 Qualitative data analysis

Content analysis was used to analyze the data collected from the focus group interview with the employees of UMP Advanced. There were two rounds of focus group interviews being conducted. Firstly, the focus group interview was done with the representatives from different department of executive staffs and supporting staffs, namely Academic and Student Consultation department, Business Development and Marketing department, Finance and Investment department, Socio-economy and Special Project department and CEO Office department. Secondly, the focus group interview was done with managerial level employees, which are managers and senior managers.

4.3.1 Respondent's information

The information of the respondents from the 1st round focus group interview, which are the position level in the organization, are presented in table 4.19, whereas information of respondents from the 2nd round focus group interview are presented in table 4.20.

Table 4.19 Respondent's Position Level for 1st Round Focus Group Interview

Respondents from 1st round focus group interview	Position level
Respondent 1	Executive staff
Respondent 2	Executive staff
Respondent 3	Executive staff
Respondent 4	Executive staff
Respondent 5	Supporting staff
Respondent 6	Supporting staff
Respondent 7	Supporting staff
Respondent 8	Supporting staff
Respondent 9	Supporting staff
Respondent 10	Supporting staff

Table 4.20 Respondent's Position Level for 2nd Round Focus Group Interview

Respondents from 2nd round focus group interview	Position level
Respondent A	Managerial staff
Respondent B	Managerial staff
Respondent C	Managerial staff

There are 10 respondents as representatives for executive staffs and supporting staffs while there are 3 respondents as representatives for managerial staffs.

4.3.2 Themes of qualitative result

4.3.2.1 Theme 1: The importance of competencies to carry out the task

All of the interviewees think that competencies and skills of an individual are essential in completing tasks. Competencies and skills of the employees are known to develop through training and learning from experience. Some employees say that their skills are developed through completing a certain project, some say are from previous work experience, and some say learning through superior or colleagues during conducting a task. According to interviewees, social skills, or also referred to soft skills are also learnt from past experiences and hands on experiences during work and apply that learning to social interactions. The example of soft skills learnt are general skills which involve communication skill and presentation skill. The statement can be supported by the respondent's answer as follow:

Respondent 5: "I think that the competency and skills that I am equipped now is based on learning from the process during executing the project work. We can learn a lot throughout the process although some mistakes are made, but we can improve ourselves from that."

Respondent 1: "I actually further enhance my presentation skill through practice and training. I was given the opportunity to present a package or product to clients, but before this I was being trained by mentor first and then he gave guidance and advices to me throughout the whole process."

Respondent 6: “I was not from the background of the profession of the position that I am holding now, but my previous work experiences has strengthen some of my skills and therefore I am able to carry out the task given.”

Respondent 7: “I believe that competencies are important in carrying out tasks, and mine was largely contributed from the guidance of superior and colleagues, as they are more experienced than me, so they always give me advices on how I should perform better in completing the tasks.”

Most of the interviewees agreed that training and development is essential for the development of competencies and skills of an individual to perform better in the organization. For instance, Respondents 8 mentioned that computer skill play a major role in completing the task given. If he himself do not equipped with the skill required, then he will have to struggle in finishing the task within certain timeframe. Another example would be communication skill in which it is utterly important for all employees to deal with stakeholders, clients, co-workers and others when necessary.

Initiatives are taken by organization to provide training, and the training is mainly on in-house training, such as Microsoft Excel workshop and Infographic workshop. From that, the essential technical skill, which is the computer skill mainly focusing in using Microsoft programs are acquired through training provided by organization. Employees get the opportunity to attend Microsoft Excel workshop to further enhance their knowledge on the usage of it as well as Infographic workshop to widen employees prospective in learning on how to communicate visually through the use of infographics in better conveying a message or information to others.

However, there is low commitment by all employees in attending the training programs provided due to time constraint. The statement are supported from the respondent’s point of view as followed:

Respondent 9: “UMP Advanced has actually provided a lot of opportunities for us to attend training so that we can better enhance our knowledge and skills, but we are too busy and could not spare time for the training session.”

Respondent 2: “I was very keen to attend the training provided at first, but I can barely spare some time out because I have too many appointments with clients that could not be defer or delay to some other time.”

Not all employees are committed to attend the trainings provided due to time constraint. This is because the training provided is in-house training where the organization invite trainers from outside to conduct a workshop in the organization. Therefore, it is hard to match each other's available time to attend the training. Although not all employees attended the training, but the training provided received good feedback from employees who attend saying that it was very helpful in improving their skill in using computer.

Besides that, UMP Advanced also emphasized on the style of on-the-job training and personal coaching by mentor. Employees are trained at the workplace while he or she is carrying out the actual job. Experienced employee, such as senior executive or manager are serve as the course instructor in providing hands-on training. It is one of the many ways that employees can learn through performing the job while given guidance throughout the process. Although in-house training and on-the-job training are provided by UMP Advanced in developing employees competencies, but off-the-job training or known as external training is recommended to be conducted by some of the employees.

According to Respondent 3, she mentioned that on-the-job training and external training should be done concurrently. The knowledge learn from outside organization can be used during performing the job and is convenient to raise up any issue occurring during on-the-job training. On the other hand, Respondent 10 mentioned that training conducted within organization is not as effective as off-the-job training or external training. The suggestion provided is sending small number of employees for external training since there is problem in the availability and commitment of all employees. Some other suggestion include providing soft skill training, such as communication training, client relationship management or human relation management.

On the other hand, there is a differing opinion regarding the training provided by organization that it is not structured according to needs of employees entirely. The statement can be further justified by response from the following:

Respondent A: "Somehow I do not think that the training arranged for the employees are really structured according to their needs entirely. From my point of view, Human Resource Department only arrange training programs when the top management asked to do so, they do not plan properly according to needs of employees.

I hope the responsible party can also revise on the types of training provided, where no classroom training is held but is in a more flexible way to different individuals at suitable timing according to their needs where it can really improve their skills.”

4.3.2.2 Theme 2: Work life balance and staff engagement

Based on the views of the interviewees, work life balance is demanded by employees. All of the interviewees think that they do not face any problem temporary with the staffing in the organization. However, they emphasize on the nature of the work setting in the organization which requires multitasking. The work environment promotes all employees do multitask in own department. Multitask can cause both good and bad effects depending on individuals competencies and their readiness towards it. Some employees say it is challenging to them while some say it causes more workload to them. Therefore, multitasking can either be challenging to some individuals or can be burdensome which leads to quality of work affected. The statement can be supported by the respondent’s answer as follow:

Respondent 1: “I understand that multitasking is greatly needed for the work setting in UMP Advanced, therefore I look at it as one of the challenges that I have to overcome but at the same time take it as an opportunity to learn and grow.”

Respondent 4: “Multitasking is depends on the competency of an individual, it can either be a motivation factor to drive an individual to perform in many aspects or it can be stressful as there is more workload. I think the readiness to accept multitasking is important and differ according to different individuals.”

Respondent 6: “Multitasking for me is a little burdensome and quite stressful because I have so many tasks to take care of within a certain time given. Also, there is no sense of ownership towards the tasks therefore I think the quality of the work more or less will be affected.”

Organization did take alternative initiatives in recruiting employees such as hiring part timers to ensure they are appointed to help in the operation of each departments. The main aim that organization recruit part timers is to decrease the workload and ease the smooth operation in all departments. All employees say it is critical for all departments except for Finance department. This is because there is no

authorization power given to part timers in using the accounting system, therefore the full time employees can only allow part timers to assist in documentation and paper work.

The current situation is that employees are dealing the tasks with high stress. There is some suggestions from the interviewees who recommend, which is organizing employee engagement programs periodically to relieve stress, such as Family day, themed office days, mini games and others.

4.3.2.3 Theme 3: Performance appraisal process and compensation

In terms of performance appraisal, all of the interviewees commented that the performance appraisal process or system is not made known by employees. The employees are not clear of how the management evaluate and document their performance of work. Employees facing difficulties in evaluating self-performance without indicators provided, and therefore they could not identify their strengths and weaknesses of themselves to further improve in their performance. The statement is explained by the following:

Respondent 9: “There is not any evaluation towards my performance, or at least I did not know how it is being conducted because I was not being informed anything about it. Normally, my superior will point out the mistakes that I made and explain to me on how I can improve myself in order not to repeat the same mistakes again.”

Respondent 5: “I wished I know the indicators for performance appraisal because I could not identify my own strengths and weaknesses. The time when I knew that my performance is not up to organization’s standard is when I receive bonus with lower amount.”

In terms of compensation perspective, all of the interviewees are pretty satisfied with their current pay but are expecting to get bonus for their hard work committed. Compensation can shape an employee’s behaviour as well as their performance during work. Most employees commented that bonus can makes them more motivated as they have given their best and commitment. According to one of the employees, she has gotten bonus 2 times throughout her service in the organization, but the amount vary among each other and is different for each time. This reflects that the bonus given is vary accordingly to performance of each individuals.

4.3.2.4 Theme 4: Heavy workload and time management issue causes turnover of project members

Based on the opinions from most interviewees, workload for them is too heavy when it involves tasks across departments. They mentioned that multitask within the department is still manageable but when it involve multitask across departments, they started feeling burdensome and are afraid would influence the rate of progress of the task. Besides, project members turnover also increased saying workload is part of the main reason. It can be proved by the following:

Respondent 10: “The workload in my department is quite heavy. Also, many other departments are dependent on my department before they can proceed with their work which makes me stress. The process are taking a lot of time and I am afraid it would affect the progress of the task.”

Respondent C: “My department is currently facing shortage of competent staff because some of the employees decided to leave the organization. The reason behind is because the workload is too heavy for them as compared to their previous work experience. They mentioned that the pay does not meet the workload so they chose to leave.”

Apart from that, time management is an essential element to manage a project and to ensure its successful implementation. However, time management issue existing causes employees unable to attend training leading to lower competencies and skills. As a result, it causes more errors at work and leads to lower productivity. If employees managed to manage time accordingly in completing the tasks, then employees will have lesser stress and burden which will leads to a more happy work life. Suggestion has been given as the following:

Respondent A: “My suggestion is that organization should provide systematic on-the-job training with a flexible course scheduling where employees can arrange their availability with person in charged or provide flexible training such as online training or on-site training. Also, course or training certificate has to be made available because it is one of the aspects that the employees are value on.”

4.3.2.5 Theme 5: Unclear roles and responsibilities in organizational functional department

Some interviewees have mentioned that the roles and responsibilities in the functional department of the organization is not clearly mentioned and justified. They believed that this is one of the main cause that leads to ineffective management. The statement can be justified by the following:

Respondent B: “We are actually confuse with the job scope with which department is responsible at times. For example, Business and Development department is in-charge of analyzing market strategies and locates potential business opportunities by contacting potential partners by engaging them to the business of organization. On the other hand, Human Resource and Corporate also involves in the corporate strategy where strategic partners are to be considered.”

Respondent A: “I think the basic HR function does not been carried out effectively. There is a certain department who waits the instructions from top management to only start planning ahead the activities. Also, the method of delivery of the human resource practice in organization are not meeting the core objectives desired. For example, the training method is not flexible enough as it does not meet the requirement and needs of the employees who are busy.”

The interviewees hope that a clarity of the roles and responsibilities of each department can be made clearly to avoid any confusion.

4.3.2.6 Theme 6: Management style among leader and project team members

There is opinion from one of the interviewees who emphasize on the management style among leader and project team members. Management style is depending on the way a leader makes decision and relating to subordinates. In a successful business organizational setting, the leader needs to be both strong and flexible to get the team on board towards the vision of success. He mentioned that a suitable leadership style is important especially in such an organization whose work setting is very busy. The statement can be further explained as the following:

Respondent C: “A leadership that a person holds must be suitable to the work setting where it is flexible in order to let team members willing to give and take where

compromisation could take place. A good leader must be able to put appropriate pressure to subordinates to meet key performance indicators within limit time but at the same time also be tolerance to circumstances than the subordinates faced. He or she must be adaptive according to scenarios.”

Suggestion given by the interviewee is that management style of the leader is preferably to be flexible and adaptive, like Adaptive leadership style, as the nature setting of the work is busy which involves multitasking.

4.3.2.7 Theme 7: Communication and project success

All of the interviewees come up with a conclusion that communication skill is the most important competencies in managing a project. Employees are not only given responsibilities on a certain project but multiple tasks to complete, therefore the ability of an individual to be able to achieve effective communication with various parties at the same time is essential for this organization. Communication involves conveying information or important message to all key stakeholders at appropriate time. Employees need to determine and utilized the appropriate communication channels to ensure effective communication has taken place. However, communication is not going as smooth as expected in the organization, justified as the following:

Respondent A: “Communication is very important regardless of top down communication or bottom up communication. The policy and procedures in the organization are not clear and the conveying of the important message is not delivered and understood properly by employees. For example, the basic concept or the reason behind the decision of certain actions is not being explained which causes doubt to everybody.”

The current situation causes employees faced obstacles and problem when handling project and conducting operational activities. A good communication is critical in a project’s success. It seems to be the root cause of the success or failure of a project to deliver the expected outcomes.

4.3.2.8 Theme 8: Challenges in managing project

There are several opinions regarding to challenges faced when managing UMP Advanced projects. Firstly, communication problem exists when dealing with various

stakeholders, training partners and clients. There are a number of people that need to know the progress or any issue during execution of project, and therefore it is hard to make sure everyone up-to-date and informed. Also, there is difficulty faced when addressing a person's name by calling his or her title due to the existence of protocol. It can be explained as the following:

Respondent 4: "I am facing difficulties in knowing every stakeholder's title when addressing them while communicating with them and therefore mistakes might occur. I am afraid that I will spoil organization's reputation as the impression made to stakeholder is not very good."

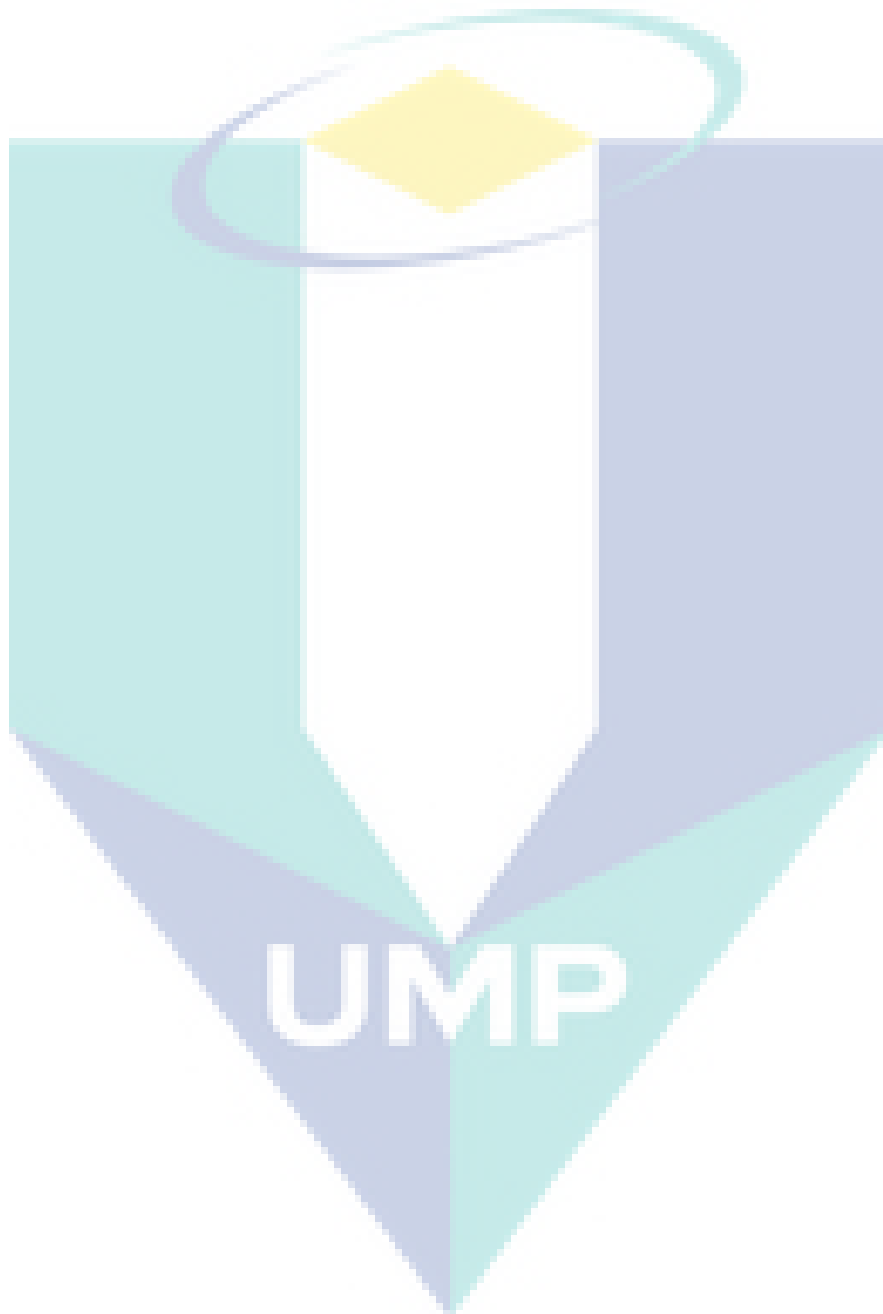
Suggestion by some other interviewees is that organization can provide soft skill training to individuals that requires it to reduce the mistakes made when dealing with stakeholders. The recommendations are communication training, client relationship management and human relation management.

Besides that, the challenge faced is way in handling an event. In other words, event management. This is because not all employees are experienced and equipped with the skill in managing an event due to their non-compatibility of their profession to their current job compared to previous job. Therefore, employees have to be quick learner and adapt to the new challenges given. Other than that, employees have to be always ready for unexpected situation occurring since risk existing in all projects and uncertainties occur. Employees have to make sure the event will go smoothly and successfully regardless of what is happening. It is justified as the following:

Respondent 2: "I do not have experience in handling event previously because my education background is not about event management. I am trying my best now to learn about it and adapt with it. There are too many risks and uncertainties when handling an event or project so I have to make sure everything will go smoothly with my very best."

Other than that, stress management is also another challenge faced by employees in UMP Advanced when handling a project. There are too many things to be handled in a project, especially arranging activities and tasks that needed to be done according to schedule and ensuring they are done effectively and efficiently. Sometimes it is hard to know how to prioritize when faced with a series of seemingly-urgent tasks.

Employees are feeling that the workload is too heavy especially involving tasks across departments. They are dealing the tasks with high stress.



4.3.3 Summary of themes of qualitative result

Table 4.21 Summary of Themes of Qualitative Result

No.	Themes	Descriptions	Remarks
1.	Theme 1: The importance of competencies to carry out the task Sub-themes: - On-the-job training - Off-the-job training (External training) - In-house training	<ul style="list-style-type: none"> - Competencies and skills are essential in completing tasks. - Initiatives are taken by organization to provide in-house training but the biggest obstacle is time constraint. - On-the-job training and external training should be done concurrently. - Training conducted within organization is not as effective as external training. - Suggestion is sending small number of employees for external training due to availability and commitment of all employees. - Training provided by organization is not structured according to needs of employees entirely. - Suggestion is to be flexible in terms of arranging types of training to different individuals at suitable timing. 	<ul style="list-style-type: none"> - 1st round interview - 2nd round interview - 1st round interview - 2nd round interview
2.	Theme 2: Work life balance and employee engagement Sub-themes: - Multitask - Stress	<ul style="list-style-type: none"> - Work life balance is demanded by employees. - The work environment promotes all employees do multitask in own department. - Multitask can cause both good and bad effects depending on individuals competencies and their readiness towards it. It can be challenging to some individuals and can be burdensome which leads to quality of work affected. - Organization takes alternative initiative in staffing of human resources, which is hiring part timers. - Critical for all departments except Finance department. - Employees are dealing the tasks with high stress. - Suggestion is organize employee engagement programs periodically to relieve stress, such as Family day, themed office days, mini games and others. 	<ul style="list-style-type: none"> - 1st round interview - 2nd round interview - 1st round interview - 2nd round interview

- | | | |
|---|---|--|
| <p>3. Theme 3:
Heavy workload and time management issue causes turnover of project members
Sub-theme:
- Competencies and skills</p> | <ul style="list-style-type: none"> - Workload is too heavy involving tasks across departments therefore project member turnover increased. - Time management issue existing causes employees unable to attend training leading to lower competencies and skills. - Causing more errors at work and leads to lower productivity. - Suggestion is to provide systematic on-the-job training or provide flexible training such as online training or on-site training with flexible course scheduling. - Course or training certificate has to be made available. | <ul style="list-style-type: none"> - 1st round interview - 2nd round interview - 2nd round interview |
| <p>4. Theme 4:
Unclear roles and responsibilities in organizational functional department</p> | <ul style="list-style-type: none"> - Organizational functional department are not clear with respective job scope. For ex: Business Development and Marketing department and Human Resource and Corporate department. - Basic HR function does not being carried out effectively. For ex: Method of delivering training to employees. | <ul style="list-style-type: none"> - 2nd round interview |
| <p>5. Theme 5:
Management style among leader and project team members</p> | <ul style="list-style-type: none"> - Management style preferably to be flexible and adaptive (Adaptive leadership style) as the nature setting of the work is busy which involves multitasking. | <ul style="list-style-type: none"> - 2nd round interview |
| <p>6. Theme 6:
Communication and project success</p> | <ul style="list-style-type: none"> - Policy and procedures are not made clear to all employees. - Faced obstacles and problem when handling project and conducting operational activities. - Communication is critical in a project's success. | <ul style="list-style-type: none"> - 2nd round interview |
| <p>7. Theme 7:
Performance appraisal process and compensation</p> | <ul style="list-style-type: none"> - Performance appraisal process or system is not made known by employees. - Employees facing difficulties in evaluating self-performance without indicators provided. - Employees received bonus based on performance (Different amount for everybody). | <ul style="list-style-type: none"> - 1st round interview |

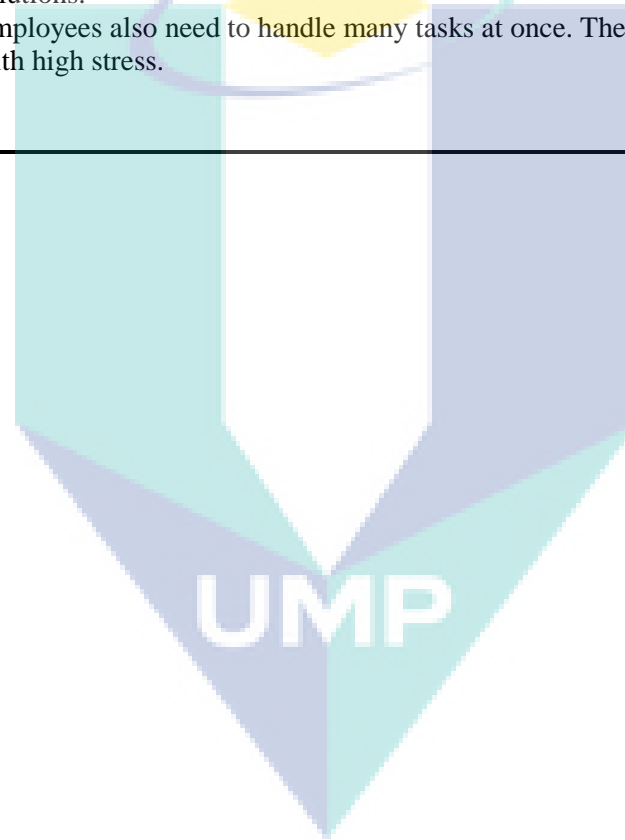
8. Theme 8:
Challenges in managing project

Sub-themes:

- Communication problem
- Event management
- Stress management

- Communication problem arose when dealing with stakeholders, training partners and clients.
- Suggestion is to provide soft skill training (Communication training/ Client relationship management/ Human relation management)
- Employees are not proficient in event management. They need to be always ready for unexpected situations as well as being more creative for the solutions.
- Employees also need to handle many tasks at once. They are dealing the tasks with high stress.

- 1st round interview



CHAPTER 5

DISCUSSION AND CONCLUSION

5.1 Introduction

In this chapter, discussion, conclusion, limitations and recommendation are discussed. The results obtained from the previous chapter are elaborated and explained further and the conclusion for this research are mentioned which answered on the research questions. Also, limitation for this research are covered. Lastly, recommendation for future research are also included in this chapter.

5.2 Discussion and conclusion

In this study, the target is to find out and answer the research questions as proposed earlier to meet the research objectives. The first objective of the research is to investigate elements of HR effectiveness for service organizations while the second objective is to evaluate the effectiveness of HR practices in influencing UMP Advanced organization performance. Then, the third objective is to explore why UMP Advanced performance is influenced by specific HR practices. All of these are divided into parts to be discussed accordingly.

5.2.1 Elements of HR effectiveness for service organizations

The elements of HR effectiveness are the elements of HR practices which has been carried out effectively to the degree where desired objectives or results are pursued by the organization. The basic understanding of HR effectiveness is that HR practices must be present and effectively implemented in organization. As discussed earlier in Chapter 2, there are 4 elements of HR practices that are most mentioned for service organizations by many other researchers and supported by journals, which are recruitment and selection, training and development, compensation and performance

appraisal. Therefore, it can be said that recruitment and selection, training and development, compensation and performance appraisal are the important elements of HR effectiveness for service organizations which answer the first research question.

5.2.2 Effectiveness of HR practices in influencing UMP Advanced performance

According to the correlation analysis results obtained from Chapter 4, training and development shows a moderate correlation with both employee retention and financial performance in UMP Advanced. The multiple linear regression analysis has proved that only training and development has significant relationship with employee retention and financial performance. The results obtained can be further explained by the qualitative results from the focus group interviews. All of the interviewees think that competencies and skills of an individual are essential and important to carry out task. Respondent 1, respondent 5, respondent 6 and respondent 7 has explained on how they equipped themselves with the competencies required at work through various methods.

Only through better competencies and skills of an individual can enhance work performance and explore more work opportunities in which financial performance can be increase as well. Several researchers also found that some types of training activities, including on-the-job training and training, were positively related to an organization financial performance (Antonio Aragón et al., 2003). Training provided by organization are valued by employees and many of them said it was very helpful in improving their skill, however, there are suggestions from respondents on how to improvise the training method provided. Still, the effectiveness of training and development in UMP Advanced has proved to have retain employees from leaving the organization. From this, we can reflect on how important and critical training and development towards organization performance.

Based on the correlation analysis results obtained from Chapter 4, recruitment and selection shows a moderate correlation with employee retention and a weaker correlation with financial performance. After that, multiple linear regression analysis has proved that recruitment and selection has no significant relationship with employee retention and financial performance in UMP Advanced. It can be deduced that recruitment and selection by UMP Advanced is not effectively being carried out in finding the right person for the job where project member turnover increases due to

heavy workload. The statement can be supported from the answer given by respondent C. The current situation of UMP Advanced is that they take alternative initiative in staffing of human resources, which is hiring part timers to counter the problem of shortage of permanent employees. From this, we can say that recruitment and selection practice is not effectively conducted in UMP Advanced and thus could not retain employees or increase organization's financial performance.

According to the correlation analysis results, compensation shows no correlation with employee retention and a moderate correlation with perceived financial performance. The result shown from multiple linear regression is that compensation has no significant relationship with both employee retention and financial performance. It can be deduced that compensation is not the factor who can retain employees as well as giving positive influence on organization financial performance in UMP Advanced. Most respondents are pretty satisfied with their current pay, and are only expecting to get bonus for their hard work committed. From qualitative results, most employees commented that bonus can makes them more motivated but not saying they feel is the best organization for them to work for. Therefore, there may be other factors who play a bigger role in it.

According to the correlation analysis results, performance appraisal shows a lower correlation with employee retention and a moderate correlation with financial performance. After that, the multiple linear regression results shows that performance appraisal has no significant relationship with both employee retention and financial performance. It can be deduced that performance appraisal is not effectively being carried out in appraising the performance of employees in UMP Advanced. Qualitative results has proved that the performance appraisal process or system is not made known by employees. The only time they figure out is when bonus given and the amount received are not as expected by employees. Therefore, performance appraisal does not show significance in employee retention and financial performance.

5.2.3 Suggestions for improvements of HR practices in UMP Advanced

There are some suggestions for improvements of HR practices in UMP Advanced. In the aspect of training and development, there is low commitment by all employees to attend the training due to time constraint. Therefore, suggestion proposed

by employees is that organization can send small number of employees for external training since there is problem in the availability and commitment of all employees. Schedule should be arranged and formulated in which the training date and which person to attend is clearly specified.

Besides, the types of training are recommended to be revised, where no classroom training is held but can organize in a more flexible way according to their needs. Some employees suggested that organization should provide systematic on-the-job training with a flexible course scheduling where employees can arrange their availability with person in charged or provide flexible training such as online training or on-site training. Also, course or training certificate has to be made available because it is one of the aspects that the employees are value on. Other than that, the examples of training proposed are soft skill training which includes communication training, client relationship management as well as human relation management. The main purpose is to enhance employees' communication skill especially dealing with stakeholders, clients and partners.

On the other hand, there is opinion from interviewees saying that the roles and responsibilities in the functional department of the organization is not clearly mentioned and justified. The interviewees hope that a clarity of the roles and responsibilities of each department can be made clearly to avoid any confusion. In terms of work life balance and staff engagement, employees recommend to organize employee engagement programs periodically to relieve stress and tension at work, such as Family day, themed office days, mini games and others. Employees do want to have bonding session with colleagues and superior outside office place and hours. They commented that having employee engagement programs could bring each other's relationship closer and at the same time having some relaxing time not to think about work.

In terms of management style among leader and project team members, suggestion given is that management style of the leader is preferably to be flexible and adaptive, like Adaptive leadership style, as the nature setting of the work is busy which involves multitasking. A good leader must be able to put appropriate pressure to subordinates to meet key performance indicators within limit time but at the same time also be tolerance to circumstances than the subordinates faced. He or she must be adaptive according to scenarios. In terms of performance appraisal process and

compensation, employees hope organization can explain on how performance appraisal process takes place and on what indicators the organization evaluate the performance so employees could identify their strengths and weaknesses of themselves to further improve in their performance.

5.3 Limitations

In this research, the limited scope of the study, being only four HR practices investigated in one institution does not promote generalization of the findings. It can only be used for the reference of other similar institutions. Also, the data collection is considered as one of the limitations. The methods used for this research are first obtaining quantitative data through questionnaires and later on obtain qualitative data to explain on the findings from quantitative results through focus group interviews. However, there is a chance of bias on the information that has been collected from the respondents, such as perception towards certain issue, different experiences, self-favourable and others. Besides that, another limitation is the insufficient of time. The limited time allocated for researcher to complete this research is one of the constraint faced. The accuracy and quality of the results may be affected.

5.4 Recommendation

This research is limited to only one institution in Gambang, Kuantan, Malaysia. Recommendations is that further research can be conducted into the HR practices of all lifelong learning institutions as part of the service organizations in Malaysia. From that, it can enable a better generalization of findings.

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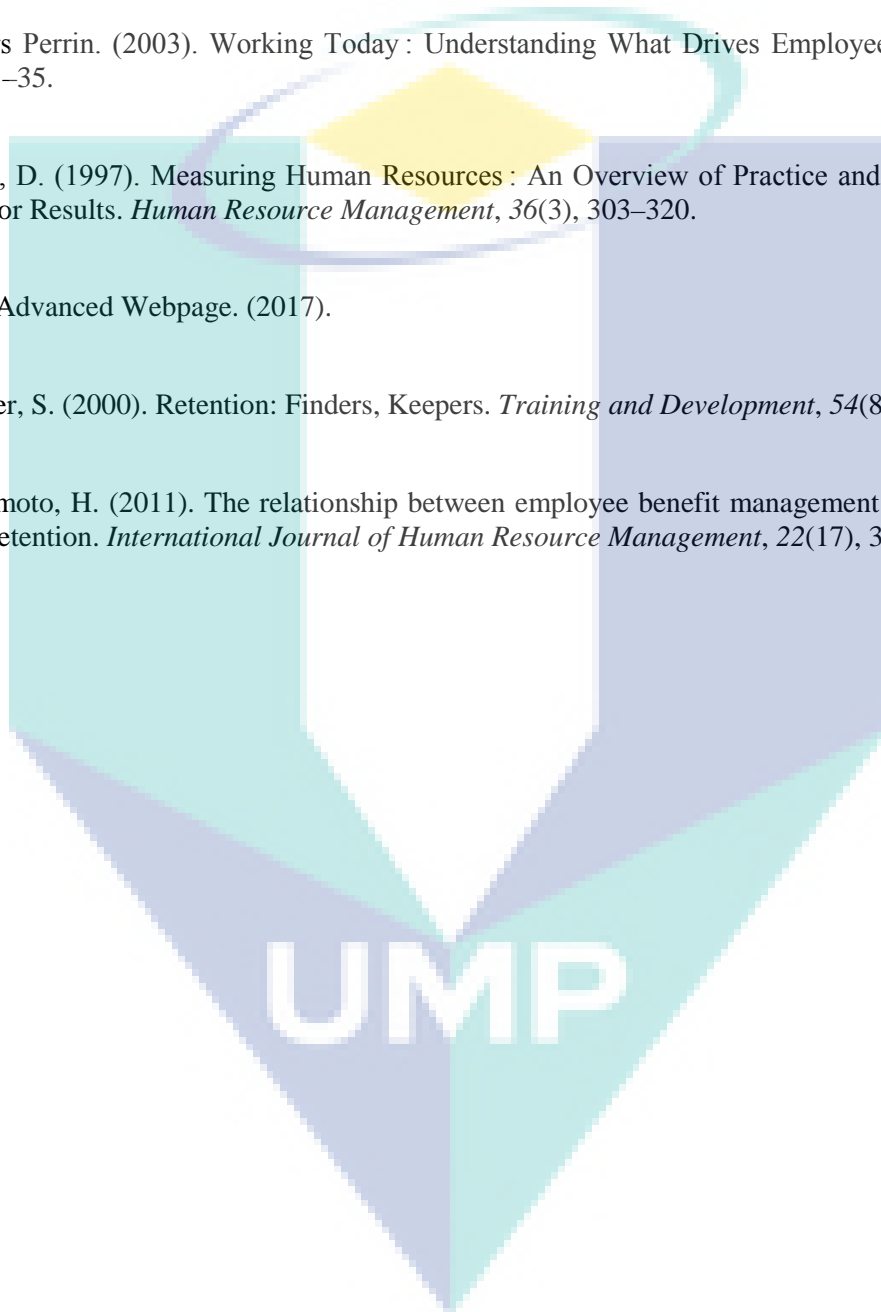
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APPENDIX A QUESTIONNAIRE



RESEARCH ON UMP ADVANCE HUMAN RESOURCE ADMINISTRATION AND MANAGEMENT EFFECTIVENESS

Dear Sir/Madam,

This study aims to measure human resource effectiveness and organization performance, from the point of view of employees.

This topic is chosen as it may be useful in enhancing our understanding of the relationship between human resource effectiveness and organization performance in the service sector.

This survey will take about 10 - 15 minutes to complete.

All completed questionnaires will remain anonymous. The information provided would be treated with the utmost confidentiality.

The identities of all respondents will also be held under strictest confidence. Only my supervisor and I will have the access to the data collected.

It will be much appreciated if you could spare some minutes to complete this questionnaire. You can answer the questions in English or Bahasa Melayu version.

Thank you for your participation.

Section A: Demographic information

Please respond to the questions below by ticking (/) the right option.

- 1) Gender
 - (a) Male
 - (b) Female
- 2) Age
 - (a) 20 and below
 - (b) 21 – 30
 - (c) 31 – 40
 - (d) 41 – 50
 - (e) 51 and above
- 3) Race
 - (a) Malay
 - (b) Chinese
 - (c) Indian
 - (d) Other race
- 4) Position level
 - (a) Supporting level
 - (b) Executive level
 - (c) Managerial level
- 5) Working experience
 - (a) Below 5 years
 - (b) 6 – 10 years
 - (c) Above 10 years

Section B: Measuring human resource effectiveness

Please respond to the questions using the following level of agreement.

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

Recruitment and selection

Applicants are fully informed about the qualifications required to perform the job before being hired.	1	2	3	4	5
There is a formal induction, orientation and familiarization process designed to help new recruits understand the organization.	1	2	3	4	5
In this organization, managers participate in the selection process.	1	2	3	4	5
Selection systems selects those having the desired knowledge, skills and attitude.	1	2	3	4	5
Vacancies are filled from qualified employees internally.	1	2	3	4	5

Training and development

There is a training strategy and coherent training programs.	1	2	3	4	5
Every employees goes through various training programs every year.	1	2	3	4	5
There is a budget dedicated to training and development every year.	1	2	3	4	5
Organization provides formal training to promote skills to new hires as well as to promoted or existing employees.	1	2	3	4	5
Training incorporates the interests of the organization as well as the individual.	1	2	3	4	5

Compensation

Pay for performance improves performance.	1	2	3	4	5
Employees are rewarded based on performance.	1	2	3	4	5
Employees are recognized and rewarded appropriately in this organization.	1	2	3	4	5
Profit sharing/ bonuses are used as a mechanism to reward higher performance.	1	2	3	4	5
Reward encourage employees to achieve organization's objectives.	1	2	3	4	5

Performance appraisal

In this organization, employees are provided performance based feedback and counselling.	1	2	3	4	5
The appraisal data is used for decision making like promotion, job rotation, training, compensation, transfers and termination.	1	2	3	4	5
There are corrective-measures for under-performance.	1	2	3	4	5
Organization uses employee's self-ratings on performance.	1	2	3	4	5
Retraining and redeployment takes precedence over downsizing.	1	2	3	4	5

Section C: Measuring organization performance

Please respond to the questions using the following level of agreement.

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

Please respond to the following statements about your organization for the past **three years**.

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

Employee retention

I am prepared to put in a great deal of effort beyond what is normally expected in order to help this organization to be successful.	1	2	3	4	5
I plan to make this organization my own career.	1	2	3	4	5
I feel a lot of loyalty to this organization.	1	2	3	4	5
This is the best organization for me to work for.	1	2	3	4	5
I would recommend this organization to a friend if he/she is looking for a job.	1	2	3	4	5

Perceived financial performance

The number of business activities have increased.	1	2	3	4	5
The demand of the services provided by organization have increased.	1	2	3	4	5
Your organization is performing better compared to the competitors.	1	2	3	4	5
New business activities have contributed to the company sustainability.	1	2	3	4	5

Thank you for your time and participation in this study.

Seksyen A: Maklumat demografi

Sila jawab soalan di bawah dengan menandakan (/) pada pilihan jawapan.

- 1) Jantina
 - (a) Lelaki
 - (b) Perempuan
- 2) Umur
 - (a) 20 dan ke bawah
 - (b) 21 – 30
 - (c) 31 – 40
 - (d) 41 – 50
 - (e) 51 dan ke atas
- 3) Kaum
 - (a) Melayu
 - (b) Cina
 - (c) Indian
 - (d) Kaum lain
- 4) Tahap peringkat
 - (a) Peringkat sokongan
 - (b) Peringkat eksekutif
 - (c) Peringkat manager
- 5) Pengalaman bekerja

(a) 5 tahun dan ke bawah

(b) 6 – 10 tahun

(c) 10 tahun dan ke atas Sumber manusia

Sila beri maklum balas terhadap soalan dengan menggunakan tahap persetujuan di bawah.

Sangat tidak setuju	Tidak setuju	Neutral	Setuju	Sangat setuju
1	2	3	4	5

Pemilihan dan lantikan

Pemohon dimaklumkan sepenuhnya mengenai kelayakan yang diperlukan bagi melaksanakan tugas sebelum dilantik.	1	2	3	4	5
Induksi, orientasi dan sesi suai kenal disediakan untuk membantu pekerja baru memahami organisasi.	1	2	3	4	5
Pengurus terlibat dengan proses pemilihan dalam organisasi ini.	1	2	3	4	5
Sistem lantikan hanya memilih calon yang mempunyai pengetahuan, kemahiran and sikap yang dikehendaki.	1	2	3	4	5
Kekosongan posisi kerja akan diisi oleh kakitangan dalaman yang mempunyai kelayakan.	1	2	3	4	5

Latihan dan pembangunan

Program latihan and strategi latihan disediakan oleh organisasi ini.	1	2	3	4	5
Setiap pekerja akan melalui pelbagai program latihan setiap tahun.	1	2	3	4	5
Bajet akan disalurkan untuk latihan dan pembangunan setiap tahun.	1	2	3	4	5
Latihan yang formal disediakan kepada pekerja baru dan juga kepada pekerja yang dinaik pangkat atau pekerja sedia ada dalam organisasi.	1	2	3	4	5
Program latihan mengambil kira kepentingan organisasi dan juga individu.	1	2	3	4	5

Pampasan

Ganjaran bagi prestasi kerja akan meningkatkan prestasi pekerja.	1	2	3	4	5
Pekerja diberi ganjaran berdasarkan prestasi.	1	2	3	4	5
Pekerja diiktiraf dan diberi ganjaran sewajarnya dalam organisasi.	1	2	3	4	5
Perkongsian keuntungan/ bonus digunakan sebagai mekanisme untuk	1	2	3	4	5

menghargai pekerja yang berprestasi tinggi.					
Ganjaran menggalakkan pekerja untuk mencapai matlamat organisasi.	1	2	3	4	5

Penilaian prestasi kerja

Dalam organisasi ini, pekerja diberikan maklum balas dan kaunseling terhadap prestasi kerja.	1	2	3	4	5
Data penilaian digunakan untuk membuat keputusan seperti kenaikan pangkat, pertukaran tugas (job rotation), latihan, pampasan, pemindahan dan pemberhentian kerja.	1	2	3	4	5
Terdapat langkah pembedahan bagi pekerja yang tidak berprestasi baik.	1	2	3	4	5
Organisasi menggunakan kaedah penilaian diri sendiri (self-ratings) terhadap prestasi kerja.	1	2	3	4	5
Latihan semula dan pembangunan semula pekerja diberi keutamaan berbanding pengurangan pekerja dalam organisasi.	1	2	3	4	5

Seksyen C: Menilai prestasi organisasi

Sila beri maklum balas terhadap soalan dengan menggunakan tahap persetujuan di bawah.

Sangat tidak setuju	Tidak setuju	Neutral	Setuju	Sangat setuju
1	2	3	4	5

Employee retention

Saya bersedia untuk mencurahkan usaha di atas jangkaan untuk menjayakan organisasi ini.	1	2	3	4	5
Saya bercadang untuk menjadikan organisasi ini sebagai kerjaya saya sendiri.	1	2	3	4	5
Saya mempunyai kesetiaan yang tinggi terhadap organisasi ini.	1	2	3	4	5
Organisasi ini merupakan organisasi yang terbaik bagi kerjaya saya.	1	2	3	4	5
Saya akan mengesyorkan organisasi ini kepada rakan jika dia sedang mencari pekerjaan.	1	2	3	4	5

Sila beri maklum balas terhadap soalan dengan menggunakan tahap persetujuan di bawah mengenai organisasi anda bagi tempoh **tiga tahun** yang lalu.

Sangat tidak setuju	Tidak setuju	Neutral	Setuju	Sangat setuju
1	2	3	4	5

Perceived financial performance

Bilangan aktiviti perniagaan telah meningkat.	1	2	3	4	5
Permintaan terhadap perkhidmatan yang disediakan oleh organisasi telah meningkat.	1	2	3	4	5
Organisasi anda menunjukkan prestasi yang lebih baik berbanding dengan pesaing lain.	1	2	3	4	5
Aktiviti perniagaan baru telah menyumbang kepada kemapanan organisasi.	1	2	3	4	5

Terima kasih atas masa dan penyertaan anda dalam kajian ini.

APPENDIX B INTERVIEW QUESTIONS

Part A- Respondent's information

Firstly, I would like to know some basic information about you (mentioned below).

1) May I know your age group?

21 – 30 31 – 40 41- 50

2) May I know your position level in the company?

Supporting level
Executive level Please specify your department: _____

3) May I know your working experience in the company?

Below 5 years
6 – 10 years
Above 10 years

Part B (Questions for 1st round focus group interview)

1) Can you briefly explain the function of your department in UMP Advanced?

2) Regarding to Human Resource (HR) practices in your department, briefly explain from:

- (i) Recruitment and selection perspective.
- (ii) Training and development perspective.
- (iii) Compensation perspective.
- (iv) Performance appraisal perspective.

3) In your opinion, which HR practice is essential or important for your department?

4) In your opinion, what are the important competencies required to manage any event or project?

5) Can you briefly explain what are the difficulties when managing UMP Advanced projects and events?

6) Currently, how do you acquire those competencies needed?

7) Does UMP Advanced give enough opportunities to develop those competencies? If no, what is your suggestion?

- 8) In general, do you agree that having good competencies through training and development will improve performance of your organization? Will it also improve your engagement with UMP Advanced?
- 9) If you are provided opportunities to improve yourself, do you think UMP Advanced can perform better in the industry compared to other competitors?

Part B (Questions for 2nd round focus group interview)

- 1) Regarding to Human Resource (HR) practices in UMP Advanced, briefly explain from:
 - (v) Recruitment and selection perspective.
 - (vi) Training and development perspective.
 - (vii) Compensation perspective.
 - (viii) Performance appraisal perspective.
- 2) In your point of view, what are the important competencies required to manage any event or project?
- 3) Can you explain on how having competencies will enhance employees' performance in terms of multitasking?
- 4) What are the main concern for the initiative taken by UMP Advanced to provide training for employees?
- 5) Time management is essential in any form of work, how does the employees equipped themselves with the skill?
- 6) Work life balance is an important element. How do you ensure employees are happy with their current state? Any effort being carried out?
- 7) How are stress management carried out in UMP Advanced?
- 8) Can you briefly explain what are the difficulties when managing UAE projects and events?