THE EFFECT OF PERCEIVED HUMAN RESOURCE MANAGEMENT PRACTICES ON THE ORGANIZATIONAL COMMITMENT AMONG ACADEMIC AND AMINISTRATIVE STAFF: CASE OF UNIVERSITI MALAYSIA SABAH

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DECLARATION

The materials in this dissertation are original except for quotation, excerpts, summaries and references which have been duly acknowledged.

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ABSTRACT

This empirical study was conducted to evaluate the effect of perceived human resource management practices on the organizational commitment among academic and administrative staff in Universiti Malaysia Sabah (UMS). Human resource management practices consist of selection system, job design, training system, performance appraisal system, compensation system, career-planning system, and were chosen to represent the independent variables. The three-component model and measure of organizational commitment developed by Meyer and Allen (1991) was used to represent the dependent variable in this study. Moderating variables included employee's age, gender, income, years of service, educational level and job position were also be examined to evaluate the effect of demographic factors on the relationship between human resource management practices on the organizational commitment among the academic and administrative staff in UMS. A total of 140 usable questionnaires were collected for this study. The methodologies used for data analysis were multiple regression, independent sample t- test and hierarchical regression. It was found that selection system, job design, career planning, and communication have significant effect on the relationship between human resource management practices and organizational commitment. Besides, there was significant difference between academic and administrative staff perceptions of human resource management practices. In term of moderating variables, study found that respondent age has significant moderating effect on the relationship between human resource management practices and organizational commitment. Finally, research revealed that respondent's gender, monthly income, years of service, educational level and job position have no significant moderating effect on the relationship between human resource management practices and organizational commitment.

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ABSTRAK

PERSEPSI STAF AKADEMIK DAN PENTADBIRAN TERHADAP KESAN AMALAN PENGURUSAN SUMBER MANUSIA TERHADAP KOMITMEN KEPADA ORGANISASI: KAJIAN KES DI UNIVERSITI MALAYSIA SABAH

Tesis ini dijalankan untuk menguji persepsi staf akademik dan pentadbiran UMS terhadap kesan amalan pengurusan sumber manusia terhadap komitmen organisasi mereka. Enam faktor yang dipilih untuk mewakili ukuran amalan pengurusan sumber manusia terdiri daripada sistem pemilihan, rekabentuk kerja, sistem latihan, sistem penilaian persembahan, sistem pampasan, sistem perancangan kareer dan komunikasi. Manakala, model tiga- komponen dan ukuran komitmen kepada organisasi yang telah dibentuk oleh Meyer dan Allen (1991) digunapakai dalam kajian ini. Faktor pembolehubah yang termasuk umur, jantina, gaji bulanan, tempoh berkhidmat, tahap pendidikan dan kedudukan jawatan juga diuji untuk menilai kesan faktor demografi ke atas perhubungan di antara amalan pengurusan sumber manusia dengan komitmen kepada organisasi di antara staf akademik dan pentadbiran UMS. Sejumlah 140 borang soal seledik berjaya dikumpul balik untuk tujuan analisa data. Kaedah multiple regression, independent sample t- test dan hierarchical regression diguna untuk menganalisi data yang telah dikumpul. Adalah didapati bahawa sistem pemilihan, rekabentuk kerja, perancangan kareer dan komunikasi mempunyai hubungkait yang signifikan dengan komitmen kepada organisasi. Selain itu, kajian mendapati terdapat perbezaan yang signifikan dari persepsi staf akademik dan pentadbiran UMS terhadap amalan pengurusan sumber manusia. Kajian juga mendapati faktor pembolehubah iaitu umur menunjukkan hubungkait yang signifikan di antara amalan pengurusan sumber manusia dengan komitmen kepada organisasi. Akhir sekali, faktor pembolehubah iaitu jantina, gaji bulanan, tempoh berkhidmat, tahap pendidikan dan kedudukan jawatan tidak menunjukkan apa-apa kaitan dengan hubungan di antara amalan pengurusan sumber manusia dengan komitmen kepada organisasi. .

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CHAPTER 1

INTRODUCTION

1.0 Introduction

For the past 20 years, the concept of human resource management has received great attention worldwide as corporate managers and employees would have to change their strategies in order to compete effectively and efficiently. With the increasing importance of human capital in the organizations, human resource management has become more salient to organizations that believe their most important asset to assist them to achieve organizational objectives.

Human resource management originally referred to new approaches in the management of personnel which emphasize the value and potential of individuals. Modern human resources management has a fundamental to align to the strategy of the organization. Harvard University academics introduced a new concept that human resource management should lead to higher commitment among employees toward the organization. It stresses that human resources management should lead to commitment among employees - not simply as employer objectives of higher productivity and profits, but also can fulfill the needs o employees (Walton, 1985).

People are the organization's main asset to achieve sustained competitive advantage continues to attract much attention in the research literature and a lever for human resource practitioners (Preffer, 1994). Hence, the relationship between human resources management practices and employee and organizational has attracted considerable attention over the past decades both in the US and UK (Guest, 1997). The study of organizational commitment is vital as it is a component of organizational effectiveness (Lawson and Fukmi; 1994).

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1.1 Problem Statement

Nowadays, organizational commitment had become management compelling interest, incorporated into the new role of human resource management that emphasized the strategic approach to the management of employees. According to Ferris et al. (1995) and Dunphy (1987), due to intensified competition, globalization and workforce diversity, human resource management could contribute to the organization competitive advantage. Strategic alignment between human resource management and the organization business environment could improve competitive advantage and increase employee commitment (Tyson, 1995).

Until recently, there are very limited researches conducted in Sabah to evaluate the relationship between human resource management practices and organizational commitment among employees. Therefore, this research was focus to examine the effect of perceived human resource management practices on the organizational commitment among the academic and administrative staff in Universiti Malaysia Sabah (UMS).

The problem statement for this study included to what extent organizational commitment of academic and administrative staff to their organizations was affected by the human resource management practices in workplace. Besides, which dimensions of human resource management practices have significant effect on the organizational commitment among the academic and administrative staff in UMS, and which is the most significant human resource management practice that was influence the organizational commitment among the academic and administrative staff in UMS. Furthermore, the role of employee's demographic profile on the relationship between human resource management practices and organizational commitment.

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1.2 Research Objectives

The purpose of the study was to evaluate the effect of perceived human resource management practices on the organizational commitment among academic and administrative staff in UMS. Specially, the objectives of this study were:

i) To determine whether the organizational commitment of academic and administrative staff in UMS was affected by the human resource management practices in the workplace.

ii) To investigate which dimensions of human resource management practices that has significant effect on the organizational commitment among the academic and administrative staff in UMS.

iii) To examine which is the most significant dimensions of human resource management practices that was affect the organizational commitment among the academic and administrative staff in UMS.

iv) To investigate the effect of moderating variables on the relationship between human resource management practices and organizational commitment among the academic and administrative staff in UMS.

1.3 Scope of Study

The study was empirically examining the relationship between human resource management practices and organizational commitment among the academic and administrative staff in UMS. The study was conducted in UMS by sending questionnaire to the employees from March 2006 to April 2006. The employees targeted for this study were included both academic and administrative staff working in UMS.

1.4 Significant of the Study

This study aim to contribute to the analysis of the effect of perceived human resource management practices and organizational commitment among the academic and

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administrative staff of UMS. The previous studies on organizational commitment among higher learning institutions have focused only on lecturers. The study of employee commitment should take into consideration of non-academics staff, which comprises mostly of administrative support staff. This is important as more than half of the total employees in UMS are from this category. The findings of the research was help the management of UMS to determine to what extent their current human resource management practices one perceived to influence the employees' commitment.

1.5 Definition of the Variables

This study involved several variables. The independent variables used to represent human resource management practices included selection system, job design, training system, performance appraisal system, compensation system, career planning system, and communication. The dependent variable used was the organizational commitment. The moderating variables used to represent the employee demographic profile included age, gender, income, years of service, educational level and job position.

1.5.1 Selection System

Selection system is defined as the process of choosing the individual most suitable for a particular position in the organization from a group of applicants (Mondy, Noe and Premeaux, 2002)

1.5.2 Job Design

Job design is the duties and skill requirements of a specific job. It determines the duties of the position and also the characteristics of the people to hire for them (Mondy, Noe and Premeaux, 2002; Dessler, 2002)

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1.5.3 Training System

Training system refers to the system that is used to give new or existing employees the skills they need to perform their jobs (Dessler, 2002).

1.5.4 Performance Appraisal System

Performance appraisal refers the process to evaluate an employee's current and past performance relative to his performance standards (Dessler, 2002).

1.5.5 Compensation System

Henderson (2002) defined that the compensation system results from the allocation, conversion, and transfer of a portion of the income of an organization to its employees for their monetary and in kind claims on goods and services.

1.5.6 Career Planning System

Career planning system is defined as an ongoing process conducted by the organization to assist an individual sets career goals and identifies the means to achieve them (Mondy, Noe and Premeaux, 2002).

1.5.7 Communication

Torrington and Weightman (1994) defined organisational communication as the deliberate attempt by managers, to achieve four main objectives:

i) *regulation* – conformity of behaviour with organisations objectives;

ii) *innovation* – change aspects of organisational functioning;

iii) *integration* – morale of workforce and identity with organisation;

iv) *information* – passing out of information needed for everyday duties.

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1.5.8 Organizational Commitment

Allen and Meyer (1990) define organizational commitment as a multidimensional model which comprises of three different dimensions namely: affective, continuance and normative. Affective dimension refers to employee's emotional attachment to, identification with and involvement in the organization. The dimension of continuance represents the employee's awareness of costs of leaving the organization while normative dimension refers to the feeling of obligation to continue working for the organization.

1.6 Structure of Study

This study will determine the effect of perceived human resource management practices on the organizational commitment among academic and administrative staff in UMS. The study comprises of 5 chapters. Chapter 1 consists of introduction, objective, scope and structure of the study. Chapter 2 covers the literature review while chapter 3 was the research methodology for this study. Chapter 4 was included the research findings while Chapter 5 consist of research conclusion and discussion.

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CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

The rapid changes in business environments have affected the way employees are managed by organizations and the level of commitment among employees towards their organization. Therefore, managers have to make adjustments in order to increase the loyalty of their staff within a highly competitive operating condition.

Nowadays, It is widely accepted that employees create an important source of competitive advantage for organizations (Pfeffer 1994). Therefore, it is important that organization adopts human resource management practices that could make best use of its employees. The above scenario has led to increased interest in the effect of human resource management on organizational performance, and a number of researchers have found a positive relationship between so called 'high performance work practices' (Huselid, 1995) and different measures of company performance.

Storey (2001) concluded that imprecision, variability, ambiguity and contradiction pervade the definitions of human resource management. The relationship between human resources management practices and employee has been empirically studied over the past two decades in the US (Huselid, 1995; Pfeffer, 1998) and the UK (Guest, 1997; Wood and deMenzes, 1998). The impact of human resources management on organizational commitment is one of the widely studied topic (Legge, 1989). Employees are viewed as organization's key source of sustained competitive advantage and hence become an important research topic among human resources practitioners (Grattan, 2000; Pfeffer, 1994; Barney, 1995).

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2.1 Human Resource Management Practices

The influence of human resources management practices on organizational outcomes such as organizational commitment has become an important topic of research in the 1990s. Employees should be viewed as assets to organizations and that there should be an emphasis on commitment, adaptability and consideration of employees as a source of competitive advantage. Human resources management could assist in the development of an employee abilities and attitudes in order or him to grow personally and contribute towards organizational goals (Guest, 1989; Storey, 1992). It focused on the competency of individual employee, throughout his association with the organization, by improving his skills, attitudes and job knowledge (Ferris et al, 1999)

According to Storey (1989), employees should be regarded as valued assets and that there should be an emphasis on commitment, adaptability and consideration of employees as a source of competitive advantage for the organizations. Human resource management is an integrated strategy and planned development process for effective utilization of human resources for the achievement of organizational goals. It helps the development of abilities and the attitude of the individual employee in order to achieve personal growth, which eventually enables the individual to contribute to organizational objectives.

Human resource management regard that human potential as limitless and it is the duty of the organization to help the employees to identify their strengths and make full use of them. Storey (1992) also proposed three model of human resource management referred to as a normative, which prescribes the ideal approach, a descriptive model that focuses on identifying development and practices in the field and finally a conceptual approach that seeks to develop a model of classification.

Beer & Spector (1985) proposed that the set of assumptions underlying human resources management policies include: (a) employees considered as the key asset of the organization; (b) development of the interests of stakeholders for the

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common good; (c) participation and informed choice. In order to realize the idea of putting a high premium on employee contributions through participation, training and development is suggested as an important practice to achieve it. Quality rather than quantity of the employee is the most significant factor to assist organization to realize its goals if employees are viewed as the most important assets in the organization. Therefore, training and development is considered crucial to achieving Human resource management objectives.

According to Legge (1995), personnel management characteristically focused on a range of activities concentrate on the supply and development of labour to meet the immediate and short-term needs of the organization while human resource management aims to integrate all of the personnel function into cohesive strategy. The activities of recruitment, selection, rewards development and others are viewed as separate individual functions under personnel management. Personnel management was mainly referring to something that managers did to subordinates, whereas human resource management views the whole organization as a focal point for evaluation and targets development at all levels.

2.1.1 Selection System

Ogbonna (1992) suggests that selection system is the most widely cited human resource management practice for achieving commitment among employees. Many researches have assert that by carefully selecting the people who join their organizations, organizations can make sure there is coherent between the organization and the employee to an extent that organizational commitment could easily develop (Guest, 1987; Iles *et al.*, 1990; Meyer and Allen, 1991; Storey, 1992; Tepstra, 1994)

William *et al.* (1993) have discovered that many companies use psychological techniques to select staff who will conform with the existing or desired commitment culture. Storey and Sisson (1993) also identify that increased use of psychometric

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testing has been driven by the desire to get the "right" people on hand. Holzer (1987) concluded that a rigorous valid and sophisticated selection system helps in identifying a right candidate with a potential to perform. The mismatch between the candidate and the job requirement can jeopardize the organization while a sophisticated selection system can ensure a better fit between the candidate's abilities and the organization's requirement (Lado and Wilson, 1994).

2.1.2 Job Design

Job design is vital to the organization as it influenced employee motivation. If the job is tightly defined (where the staff has limited freedom to decide), this would result him with little scope to employ the abilities he possesses.

Although jobs have been differentiated on many dimensions (e.g., variety, interdependence, scope, and overload of tasks), job challenge (i.e., goal difficulty) and, especially, job specificity (i.e., conversely, goal ambiguity) have been identified increasingly as important antecedents of organizational commitment (Mowday, Porter, & Steers, 1982). In fact, job specificity, or, in Mathieu and Zajac's (1990) terms *role ambiguity*, appeared to have the greatest influence of any antecedent of organizational commitment in their meta-analysis across 21 studies.

Allen and Meyer (1990, 1993) also reported both job challenge and role clarity (i.e., job specificity) to be strong predictors of organizational commitment in several public and private sector samples. Subsequent research (Dunham, Grub, & Castaneda, 1994; Ko, Price, & Mueller, 1997), however, has suggested that the particular link between job specificity and affective commitment, although significant, is somewhat weaker than previously indicated.

2.1.3 Training System

McElroy (2001) proposes that training system could increase the organizational commitment among employees. He suggests that organizations which have invested

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in training send a clear message to their employees that the organization is committed to the development of its people. When the training involves organization specific skills, the training might induce continuance commitment if the skills acquired are perceived to be untransferable.

Retaining valuable and scarce personnel is an uphill task and challenging issue that companies in Russia must tackle with. Therefore, commitment to investments in development-oriented human resource management practices such as training system are likely to improve a firm's ability to retain key human resources (Fey and Bjorkman, 2000)

2.1.4 Performance Appraisal System

Performance appraisal is a form of evaluation whereby employee performance is measured and evaluated frequently accompanied by feedback from management. Ideally, appraisal enables management to assess the individual productivity level and suggest how they can develop and potentially become more effective in the future. Nevertheless, appraisal based- information could be used for changing the selection and training practices to select and develop employees with the desired behaviour and attitudes (Kuldeep Singh, 2004).

Performance appraisal consists of an assessment of an employee's performance and giving feedback that can influences future training needs and promotion possibilities. Appraisal may involve supervisors, peers, subordinates, customers or self-appraisal (Dessler, Griffiths, Lloyd- Walker, and Williams, 1999). Though subject to personal biases and distortions, appraisal can be an effective for an employee's self- development, personal growth, and goal commitment (Kramar et al., 1997).

In recent decades, given the flattening of organizational structures, promotions have been minimized so that evaluating and developing employees has gained significance (Kramar, 1997). Negative feedback given to employees has

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caused a significant and distinct drop in commitment (Robertson, 1991; Pearce & Porter, 1996), but findings show that positive feedback has maintained and enhanced affective commitment establishing the link between performance appraisal and affective commitment (Pearce & Porter, 1996; Lam, 2002)

Fletcher and Williams (1996) found that aspects of performance management such as seeing the strategic relevance of one goals and being aware of how well the organization is performing contribute to organizational commitment.

Taylor and Pierce (1999) examined that a significant change occurred in employees over the time that a performance management system was implemented at a regional environment council in New Zealand. They found a significant effect of the performance management system on the organizational commitment levels of those staff labeled as competent.

2.1.5 Compensation System

Pfeffer (1994,1995,1998) argues that reward systems such as a higher salary base, gain sharing, bonuses, and employee stock options, act as incentives for employees to be committed and motivated to achieve organizational goals. According to Stum (1999), stock purchase/ ownership plans, profit sharing/ cash bonus plans and defined benefit pension plans are the benefit plans that correlated best with employee commitment. Hence, Stum (1999) concluded that employees are likely to be highly committed to the organization when they clearly understand the overall compensation program and believe the compensation program provides internal pay equity.

McElroy (2001) pointed out that providing comparatively high compensation should lead to higher affective organizational commitment by virtue of several mechanisms. First, it allows the organization to attract a larger pool of applicants from which to selectively recruit. Second, it is another mechanism by which the organization shows how it values its employees, thereby enhancing their self-worth

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