



**THE INFLUENCE OF HUMAN RESOURCE PRACTICES ON JOB
SATISFACTION: A STUDY AMONG EXECUTIVE EMPLOYEES' OF A
SEMICONDUCTOR MANUFACTURING ORGANISATION**

**A project paper submitted to the College of Business in partial fulfillment of
the requirements for the degree of Master of Human Resource Management**

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AMONG EXECUTIVE EMPLOYEES' OF A SEMICONDUCTOR MANUFACTURING ORGANIZATION**

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ABSTRACT

The purpose of this paper is to investigate the relationship between human resource management (HRM) practices with the perception of the executive employees' with their job satisfaction. First of all, the paper aims to test the three-component model of human resource practices. There are performance management system, training and development and compensation and benefits in the semiconductor manufacturing organization. Among the above variables, the aims are to identify performance management system, training and development or compensation and benefits were positively correlated with employee's job satisfaction.

The participants of the study were involved 133 executives employees working in various departments in one of the largest MNC semiconductor company located in Klang Valley.

The results of the investigation revealed that the three-component measure of human resource practices is valid. Contrary to expectations, it was found that there was a significant relationship between human resource practices and employees' job satisfaction.

The design of the study does not allow making causal statements. In addition, the sample is quite small and may not be representative, so one should be careful to make generalizations to other populations. Third, since all measures used are self-reports, common method variance is a problem, as well as social desirability effects.

Job satisfaction is an important research topic of human resource management, having both practical and theoretical implications. Managers or the organization would benefit and through retention of talents in their organization.

TABLE OF CONTENTS

	Page
PERMISSION TO USE	i
DISCLAIMER	ii
ABSTRACT	iii
ACKNOWLEDGMENT	iv
TABLE OF CONTENTS	v
LIST OF TABLES	vi
LIST OF FIGURE	vii
 CHAPTER ONE: INTRODUCTION	
1.1	Background of the Study
1.2	Problem Statement
1.3	Research Objectives
1.4	Significance of the Study
 CHAPTER TWO: LITERATURE REVIEW	
2.1	Introduction
2.2	Job Satisfaction
2.3	Human Resource Management Practices
2.4	The Importance of Human Resource Practices in the Organization
2.5	Human Resource Practices and Job Satisfaction
2.6	Summary

CHAPTER THREE: RESEARCH METHODOLOGY

3.1	Introduction	32
3.2	Research Framework and Hypothesis Development	32
	3.2.1 Hypothesis Development	33
3.3	Research Design	39
3.4	Measurement and Instrument	40
3.5	Data Collection	40
3.6	Variables and Measures	41
	3.6.1 Questionnaire Design	41
3.7	Pilot Test	44
3.8	Data Collection	46
3.9	Data Analysis	46
	3.9.1 Descriptive Statistics	47
3.10	Summary	48

CHAPTER FOUR: RESULTS AND FINDINGS

4.1	Introduction	49
4.2	Sample Characteristics	49
	4.2.1 Demographic Characteristics	50
4.3	Goodness of Measure	54
	4.3.1 Reliability Test	54
4.4	Descriptive Analysis	55
4.5	Correlation Matrix	60
4.6	Hypothesis Testing	61
4.7	Summary of Findings	64

CHAPTER 5: DISCUSSION AND CONCLUSION

5.1	Introduction	65
5.2	Recapitulation of Findings	65
5.3	Discussion	66
	5.3.1 Performance Management System	66
	5.3.2 Training and Development	67
	5.3.3 Compensation and Benefits	67
5.4	Limitation of Research	68
5.5	Managerial Implications	69
5.6	Recommendation for Future Research	73
5.7	Conclusion	75
	References	76
	Appendix A: Letter and Survey Questionnaires	79

TABLES LIST

		Page
Table 3.1	Five Point Scale	43
Table 3.2	Alpha Coefficient for Each Section	45
Table 3.3	Interpretation of Strength of Correlation Coefficient	48
Table 4.0	Response Rate	40
Table 4.1	Frequency Distribution – Designation	50
Table 4.2	Frequency Distribution – Gender	51
Table 4.3	Frequency Distribution – Age	51
Table 4.4	Frequency Distribution – Race	52
Table 4.5	Frequency Distribution – Marital Status	52
Table 4.6	Frequency Distribution – Education Level	53
Table 4.7	Frequency Distribution – Length of Service	53
Table 4.8	Frequency Distribution – Department	55
Table 4.9	Instrument Reliabilities	56
Table 4.10	Descriptive Analysis for Major Variables	57
Table 4.11	Descriptive Results of satisfaction with Performance Management Appraisal	58
Table 4.12	Descriptive Results of satisfaction with Training and Development	59
Table 4.13	Descriptive Results of satisfaction with Compensation and Benefits	59
Table 4.14	Inter-correlations of the Major Variables	61
Table 4.15	Results of regression analysis	62
Table 5.1	Regression results	66

FIGURE LIST

	Page
Figure 3.1 Research Model	33

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

At present, Malaysia is among the world's largest exporters and the world's leading location for semiconductor assembly and test operations. Semiconductor devices make up the largest share of the electronic components sub-sector. Semiconductor devices accounted for RM90 billion in terms of exports in 2005 or 37.7 per cent of the total electronic exports. (*Source from Ministry of International Trade and Industry Malaysia-MITI*). Total employees engaged in the Manufacturing sector in March 2010 were 962,833, an increase of 10,644 persons or 1.1% compared with the preceding month. Year- on- year, the number of workers employed also increased 8,407 persons or 0.9%, as compared to 954,426 persons in March 2009 (*Source from Malaysia Statistic Department*). The electrical and electronics (E&E) industry is today, a key component of the manufacturing sector in Malaysia. Investments 1980- in the E&E industry between August 2006 : RM116.9 billion and number of employees are 343,000.

For Malaysian firms to survive in a global economy in the new millennium, they need to exploit all the available resources as a means of achieving competitive advantage. One resource recently recognized as providing a source of competitive advantage is the human resources of the firm and it is widely accepted that people in organizations are an important source of competitive advantage for firms (Pfeffer, 1994). Many scholars have reiterated that the increasing interest in human resources is due to the assumptions that employees and the

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