THE RELATIONSHIP BETWEEN HUMAN RESOURCE MANAGEMENT PRACTICES AND ORGANIZATIONAL CULTURE TOWARDS ORGANIZATIONAL COMMITMENT: A CASE AT TENAGA NASIONAL BERHAD

A project paper submitted to the College of Business in partial fulfilment of the requirements for the degree of Master of Human Resource Management Universiti Utara Malaysia

BY

RAJA HANG TUAH BIN RAJA ISKANDAR

805502

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DECLARATION

I declare that the substance of this project paper has never been submitted for any degree or post graduate program and qualifications.

I certify that all the supports and assistance received in preparing this project paper and all the sources abstracted have been acknowledge in this stated project paper.

Raja Hang Tuah Bin Raja Iskandar
805502

College of Business
Universiti Utara Malaysia
06010 Sintok
Kedah Darul Aman
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ABSTRACT

Common to most conceptualizations of commitment found in the literature is a link with turnover; employees who are strongly committed are those who are least likely to leave the organization. However, there are other factors that lead to the development of commitment and employee positive behaviour apart from the issue of remaining with the organization. This involved the psychological state as portrait in commitment that is link to the employee’s attitude and it reflect the employee’s relationship with the organization. Therefore, this study aims to prove whether there is a relationship and influence between human resource management practices (HRM) and organization culture towards organization commitment. Four dimensions of HRM practices namely, training and development; career development; salary and benefit; and performance appraisal; along with five dimensions of organization culture namely, job autonomy; external orientation; interdepartmental orientation; human resource orientation; and improvement orientation; on the influence and relationship towards Organization Commitment will be the focus of this study. This study will use the research instruments develop by the experts and original researcher already proven in terms of reliability and validity on human resource management practices (Desimone, Werner and Harris, (2002); Hirsh et. al., (1995) and Maya, (1991); Kim, Price, Mueller and Watson, (1996); Hackman and Oldman, (1980); organizational culture (Van den Berg and Wilderom (2004) and Van der Post, De Coning and Smit (1997); and organizational commitment (Allen and Meyer, 1990). The data in this research was obtained through random sampling from the employees working at Institut Latihan Sultan Ahmad Shah (ILSAS). From a population of 240 employees at the institute, a total of 137 participated through the questionnaire that was distributed randomly. A total of 92 employees (67%) had duly completed and returned the forms. Mean analysis, standard deviation, Pearson correlation and linear regression were used to achieve the objectives of the study. Mean analysis shows that the level of agreement of the employees on the human resource practices and organizational culture is at the moderate level. The result of the Pearson correlation analysis shows that there is a significant and very high positive relationship between the human resource management practices and organizational culture towards organizational commitment. Whereas the linear regression analysis shows that the performance appraisal factor is the most influential factor ($\beta = .675, p = .000$) on the organizational commitment in Tenaga Nasional Berhad (TNB). TNB needs to relook at the HRM practices and HRM orientation to ensure that commitment to the organization can be improve and strengthen.
ABSTRAK

DEDICATIONS

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CHAPTER 1
INTRODUCTION

1.1 Introduction

Every organization will have to develop its human resource policy to meet its business and operational goals. This policy will form the guiding principle to determine the organization human resource strategy from the outset. It will then form the basis for its human resource planning, selection, recruiting, compensation, training, development and retention systems and practices. This will have an impact on its existing and future employees. A good human resource policy and system will be able to deliver the organization manpower requirement not only in terms of quantity but most importantly in terms of quality. Before any human resource policy can be established and placed into practice a strategy will have to be formulated. This strategy will require in-depth thoughts on the present and future needs of the organization. Literatures are in abundance in explaining that human resource strategy must be aligned with the organizational business strategy.

Though there are conflicting views on how organization culture is created, there are also growing literatures linking the human resource practices to organization culture. Schein (1985) maintains that ‘organizational culture are created by leaders, and one of the most decisive functions of leadership may well be the creation, the management, and – if and when that may well become necessary – the destruction of culture’. Findings from studies lend support to the view that organizational culture can shape organizational behaviour (Brossard and Maurice, 1976; Child, 1981; Evan, 1975; Tayeb, 1981; Warner and Sorge, 1981).

From another perspective, employees’ commitment to their organization is associated with positive behaviours such as absenteeism and quits, improved job performance and such behaviours would then have positive consequences for organizational performance. Some studies have showed that organizational commitment and employee behaviours such as absenteeism and employee quits (voluntary turnover) mediate the relationship between HR
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