

**THE IMPACT OF HUMAN RESOURCE MANAGEMENT
PRACTICES ON JOB SATISFACTION IN FELCRA BERHAD**

By

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ABSTRACT

This study explored the impact of human resource practices on job satisfaction in FELCRA Berhad. In this cross-sectional study, four dimensions of human resource practices namely compensation and benefit, training, performance appraisal and career progression were tested against job satisfaction. A total of 152 respondents, from FELCRA Berhad's headquarters participated in this study. Statistical Package for Social Science (SPSS) version 20.0 was used to analyze the data gathered through survey based questionnaires. The objectives of this study were answered using correlation and regression analysis, and results are also presented using descriptive statistics. All the four dimensions of human resource practices were positively related to job satisfaction, with career progression showing the strongest contribution to job satisfaction. Suggestions are made for further research on ways to increase job satisfaction among the employees.

Keywords: Human resource practices, job satisfaction, FELCRA Berhad.

ABSTRAK

Kajian ini meninjau kesan amalan sumber manusia terhadap kepuasan kerja di FELCRA Berhad. Dalam kajian keratan rentas ini, empat dimensi amalan sumber manusia iaitu pampasan dan faedah, latihan, penilaian prestasi dan kemajuan kerjaya telah diuji terhadap kepuasan kerja. Seramai 152 responden daripada ibu pejabat FELCRA Berhad telah mengambil bahagian di dalam kajian ini. “Statistical Package for Social Science” (SPSS) versi 20.0 digunakan untuk menganalisis data yang telah dikumpul melalui soal selidik berdasarkan borang kaji selidik. Objektif kajian ini terjawab dengan menggunakan korelasi dan analisis regresi, dan keputusan juga turut dibentangkan dengan menggunakan statistik deskriptif. Keempat-empat dimensi amalan sumber manusia adalah positif dan berkaitan dengan kepuasan kerja, dengan kemajuan kerjaya yang menunjukkan sumbangan yang paling kuat kepada kepuasan kerja. Cadangan adalah dibuat untuk penyelidikan di masa hadapan mengenai cara-cara untuk meningkatkan kepuasan kerja di kalangan pekerja.

Kata-kata: amalan sumber manusia, kepuasan kerja, FELCRA Berhad

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

This study focuses on an exploration into the factors that affect job satisfaction at FELCRA Berhad. This research was motivated by human resource management practices factors, namely, compensation and benefits, training, performance appraisal and career progression and its influence on job satisfaction.

This chapter will include the background to the research, the problem statement, the objectives of the research, the significance of the study, the scope and limitation of the study and the organization of the thesis.

1.1 Background of the Study

The importance of human resource to every organization cannot be denied. It becomes the backbone and the pillar of any successful organization. Managing employees in the organization is not an easy thing. It is because employees are view as a key resource that can attain competitive advantage. Indeed, the employees are the greatest asset of the organization as they are the most reliable resource that can keep away an organization from its rivals. Previous research discussed that good

management of human resource can increase and sustain competitive advantage of the organization (Khan, 2010). Therefore, the valuable management of human resource can lead to the success of the organization.

The strategic human resource management can help the organization to attain the optimal use of resource and contribute to effective and continuous achievement of the organization. According to Lee and Lee (2007), human resource management practices divided into training and development, HR planning, performance appraisal, compensation, teamwork and employee security. Furthermore, Ruwan (2007) discusses six human resource practices which are realistic job, job analysis, career development, compensation, work family balance and supervisor support. Good human resource management in the organization will be able to utilize the optimal use until the possible extent and this will help the organization to achieve its goals. The goals will be decided by employees' performance. When employees in the organization are performing well, it will help the organization to attain goals. Yet, the employee performance is influenced by motivation and job satisfaction (Rao, 2005).

Han & Kakabadse (2009) define job satisfaction as the general evaluative judgment of psychological and environmental situations that make employee happy with their work. Scott (2006) defines job satisfaction as employees' positive emotions toward their job. Besides that, DeWayne (2005) have classified five main

aspects of job satisfaction which are work itself, supervision, relationship with co-workers, promotion and pay. Job satisfaction can reflect employees' attitudes and commitment towards an organization. Therefore, managers have responsibility to make sure their subordinates are satisfied with their job in order to make sure their attitudes and commitment towards an organization (Tella, 2007).

Lee *et al* (2009) discuss about job satisfaction among employees and come out that job satisfaction is important due to two reasons. The first reason is job satisfaction become a sign for employees' general mental well-being. When an employee shows he or she is satisfied with his or her job, others will think that this employee is happy in general and loves his or her job. The second reason is general assumption at workplace that job satisfaction is related to job performance. When an employee shows that he or she is satisfied with his or her job, others will think that this employee is performing well in the organization.

According to Landy (1989), the connection between job satisfaction and job performance has been discussed broadly throughout the history of organizational psychology. Besides that, the relationship between workplace attitudes and behavioral outcomes also become prevalent research topic (Harrison, Newman & Roth, 2006). Job satisfaction is viewed as important to any successful organization. The employees who are happy and satisfy with their job are the valuable assets to an organization. Indeed, satisfied employees are more productive,

higher motivation level, high quality of performance and less absenteeism and turnover. Therefore, it is the responsibility for human resource managers to understand about employees' attitude and their level of job satisfaction. By understanding that, it will help them to attract high quality performers, train and manage them effectively.

1.2 Problem Statement

Federal Land Consolidation and Rehabilitation Authority (FELCRA) established in 1966. The objective is to develop rural sector through helping the community by improving their standard of living and encourage them to participate in national economic activities. FELCRA Berhad corporatize on 1st of September 1997. The current chairman for FELCRA Berhad is YB. Datuk Bung Moktar Radin.

Since YB Datuk Bung holding the position of chairman, he received many complaints from the employees regarding human resource practice within the company. YB Datuk Bung insists in several meeting that management have to enhance human resource practice and make employees happily come to work. He introduced special allowances that called Friday allowance that given to all employees on Friday with the amount of RM 10 for the purpose to compensate employees. He also proposed new salary scheme for manager and non-manager position due to market competition.

Furthermore, unions also raise the issue during Majlis Mesyuarat Bersama Bil 1 2015 between unions and management. Unions insist the management to improve the human resource management practices in FELCRA Berhad. Unions consist of Kesatuan Kakitangan FELCRA Berhad (KESKAF) and Kesatuan Eksekutif FELCRA Berhad (KEF) raised some issues of human resource practices that should be improved in the company. Some of them are lower salary range compared to market competitor, insufficient training provided to employees, unclear career progression and weak performance appraisal practices.

1.3 Research Questions

This study will initially be guided by the following questions:

- I. Does compensation and benefits affect job satisfaction?
- II. Does training affect job satisfaction?
- III. Is performance appraisal related to job satisfaction?
- IV. Is there any relationship between career progression and job satisfaction?

1.4 Research Objectives

The main purpose of the study was to identify the impact of HR practices on job satisfaction. In order to materialize this objective, the following specific objectives were considered:

- i. To determine whether compensation and benefits affects job satisfaction.
- ii. To examine whether training affects job satisfaction
- iii. To explore the relationship between performance appraisal and job satisfaction
- iv. To identify any relationship between career progression and job satisfaction

1.5 Significance of the study

Nowadays, with the competitive market and more opportunities available in various companies, it is not an easy job for the employers to retain good employees as well as make them satisfy with current job. Comparing with previous time, not all the employees are focusing on financial compensation and benefits to make them satisfy with their job. Other factors also will influence the job satisfaction of the employees. Therefore, as the employers, in order to retain good employees,

other human resource management practices should be tested to determine the relationship with job satisfaction of the employees.

Job satisfaction is a vital opinion of the employees toward the organization and will affect their job performance. When they are satisfied with their job, they will perform better. This research will enhance human resource management practices at FELCRA Berhad by discovering the relationship of human resource management practices and job satisfaction among the employees. Therefore, FELCRA Berhad will come out with better human resource management policies by revising the existence policy and procedures to improve job satisfaction as well as to reduce intention to leave and turnover among the employees.

This study is to explore and find out the relationship between human resource management practices and job satisfaction of employees at FELCRA Berhad. This study offers beneficial evidence in understanding the way that human resource management practices influence job satisfaction at FELCRA Berhad. Hence, the organization will adapt the most appropriate human resource management practices by investigating the information provided. Besides that, with the information provided in this study, can also be a reference for the organization to introduce better work practices.

1.6 Scope and Limitations of the Study

The major limitation of this study was the sample size. The coverage of respondents was limited to employees based at the headquarters. The total employee of FELCRA Berhad was 3167 all around Malaysia and the total employee based at the headquarters was 250. Therefore, the small sample size was not enough to portray the total population and cannot be generalized to the entire population. It might also interrupt this study to gain a precise and reliable result.

Another limitation of this study was time and the cost. As this study was conducted during a limited period of time, the information gathered was limited and the study was conducted with tools and methods that were feasible during this period.

1.7 Organization of the Thesis

Generally, the organization of this study follows the guidelines from OYA as below:

Chapter 1: Introduction part. It consists of background of the study, problem statement, research questions, research objectives, significance of the study, scope and limitations of the study and organization of the thesis.

Chapter 2: Literature review part. This section will critically reviews literature and theories that related to the topic. It is meant to act as a base for the experimental of analytical section of the thesis. Literature that selected in this chapter must be related to the research as a base to guide the development of research framework.

Chapter 3: Methodology part. This chapter describes the methods and technique as research framework, hypotheses, research design, and operational definition, measurement of variables, data collection, sampling, data collection procedures and techniques of data analysis.

Chapter 4: Results and Discussions part. This shall form the penultimate chapter of the thesis and shall include a thorough evaluation of the investigation carried out and bring out the contributions from the study. The discussion shall logically lead to inferences and conclusions as well as scope for possible further future work.

Chapter 5: The last chapter is consists of conclusion and recommendation. In this chapter, key findings are summarized according to the research objectives. The significance of the findings and their theoretical, practical and policy implications should be highlighted. Recommendation for future research should also be included.

CHAPTER 2

LITERATURE REVIEW

2.0 Chapter Objective

It is critical reviews of literature and theories related to the topic of the thesis. It is meant to act as a base for the experimental of analytical section of the thesis. Literature selected must be related to the research as a base to guide the development of research framework.

2.1 Job Satisfaction

The earlier definition of job satisfaction proposed by Locke (1976), who defines job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences" (p. 1304). Recent researcher, Aziri (2011) defines job satisfaction as an employees' general attitude towards their job.

Meanwhile, Malik, Saleem and Ahmad (2007) argue that job satisfaction among employees occur when they like their job. In another word, when employees like their job, they will enjoy working in that organization and motivated to carry out their responsibilities. For Joo and Park (2009), job satisfaction is related to

constructive psychology of the employees. It is the condition when employees are enjoy working and promotes proactive participation in order to create change. Moreover, job satisfaction also defined by employees' satisfaction with their achievement.

Employees who are satisfied with their job are attempting to be more committed and productive. Job satisfaction is not solely relies on the job itself, but it also depend on employees' expectation about their job (Hussami, 2008). Wubuli (2009) highlights that job satisfaction in vital to any organization and it is employers' responsibilities to keep their employees satisfied with their job. Furthermore, Ramasodi (2010) argues that job satisfaction is one of major factors for employees to perform better. It is a combination of job role, job responsibilities and rewards. When employees are satisfied with their job, their performance also will improve.

There are two different ways to define employees' job satisfaction which are intrinsic and extrinsic sources. Intrinsic sources will value employees' job satisfaction based on employees' personal characteristics such as attitudes, behavior and traits. On the other hand, extrinsic sources will value employees' job satisfaction based on the environment or working condition, such as organization culture and practice. For intrinsic sources, employers can trace employees' job satisfaction based on their personal characteristic such as their behavior during

working, how they react to the instruction from supervisor and their attitudes when dealing with customers or officemates. For extrinsic sources, employers can trace employees' job satisfaction based on organization culture and practice such as how the culture of the organization when dealing with hectic workload (Lu *et al*, 2005).

Malik, Ahmad, Saif & Safwan (2010) have found that job satisfaction among employees is related to employee's productivity. The research was conducted with the sample population of 450 employees and shows that when employees are satisfied with their work, they will be contributing more towards accomplishing organizational goals. Thus, employees who are satisfied with their job will score higher in productivity compared to employees who are dissatisfied with their job.

2.2 Compensation and Benefit

Compensation is financial rewards in exchange with employees' services. It can be salaries, commissions, wages, bonuses, insurance or any other benefits (Rowman, 2006). Tan (2011) indicates that compensation divide into base compensation, pay incentives and indirect compensation. Base compensation is fixed pay for regular basis either in the form of a salary or hourly wage. Wage is for employees paid hourly while salary is consistent payment regardless of number of

hours worked. Pay incentives is a designed program to reward employees for good performance. The last component of compensation is indirect compensation. The approach for indirect compensation is 42 percent of employees' compensation packages such as health insurance, vacation and unemployment compensation.

Dessler (2008) indicates that compensation is a popular issue that has influential effect towards organization achievement. Compensation also the condition when the employer providing tangible and intangible rewards to the employees as an exchange for employment relationship.

Casio (2006, p.124) suggests that:

“Definitions of total reward (compensation) typically encompass not only traditional, quantifiable elements like salary, variable pay and benefits, but also more intangible non-cash elements such as scope to achieve and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization”.

The Society of Human Resource Management (2012) defines compensation as systematic approach to offer monetary value as the exchange for employees' services. Compensation is also a connector between employer and employees in the

organization. Good compensation package will retain and attract capable, skillful and experiences employees.

Tan (2011) elaborates two aims of compensation management which are from the view of the organization and individuals. For the perspective of the organization, the aims of compensation management are acquire qualified employees, retain good employees, reward desirable behavior, ensure internal equity, recognize responsibility, further administrative efficiency, control costs and comply with legislation. On the other hands, aims of the individual regarding compensation are to be treated fairly according to his own valuation, and can help them during inflation and able to support their cost of living.

Meanwhile, benefits are indirect compensation given to employees besides salaries. Employers have to provide compulsory benefits to employees such as Social Security Organization (SOCSO) and Employees' Provident Fund (EPF) as requirement by the law. Employers are also encourage by the government to provide benefits like medical and hospitalization, insurance and housing loan for tax deduction. There are many types of benefits packages such as leave, insurance benefits, retirement and termination benefits etcetera (Tan, 2011).

2.3 Training

Training is vital for the growth of the organization. Employees are the most valuable resource of the organization. Indeed, the success of the organization relate to competence of the employees. Even though many organizations concern about the advantages of training towards the growth of the organization, many employers find the development opportunities are expensive and tend to neglect their responsibilities to train employees.

Arlond (2005) describes training as a planned and organized process which develops a person's ability to perform a function in order to achieve a goal. He demonstrates that training is similar with education. He also identified three main components of training. The first component are planned and organized. The second component is a process and the last component is develops ability. Besides that, Cascio (2006) defines training as having narrow goal with specifying the right way to do something. Similarly, Collins (2007) remark that training as a learning process that involves acquisition of skills, concepts, rules or attitude to enhance the employee's performance of in an activity. Denisi and Griffin (2008) recommend that, training as an application driven process and aim at identifying and developing skills that are useful immediately in the particular situation.

Furthermore, Sommerville (2007) indicates that training as the process that provides employees with the knowledge and the skills required operating within the systems and standards set by management. Group of employees and trainers who are responsible for training should observe those participants during training and differentiate between quick and slow learners. Different methods of training can be chosen for different categories of participants. During the training, employees' abilities and personalities will be easily acknowledged by qualified trainers, or some senior employees who are more knowledgeable. Consequently, better results will be obtained from training, so it helps in evaluating employee performance.

According to Armstrong (2006), there are some ideologies for effective training that can lead to several benefits within the organization. For the employees themselves, training and development does not imply only obtaining new knowledge, abilities and skills, but also the possibility to promote entrepreneurship, introduce employees to changes, encourage the changes of their attitude, introduce the employees to important business decisions and involve them actively in the process of decision making.

Although training can be costly to the organization, it can also pay off in more capable and loyal employees. An international survey of more than 5000 organizations in 26 countries examined the relationship between firms' investments in training and their profitability. A key finding of the survey was that the greater

the investment in employee training, the more profitable the firm (Hansson *et al*, 2006).

2.4 Performance appraisal

Performance appraisal is a part of performance management. It is a continuing process of reviewing and evaluating employees' performance. Chang (2006) discusses that performance appraisal is one of the most vital human resource management practices. Eunmi and Juhee (2006) argue that the most significant challenge that face by managers in appraising employees' performance is to maintain the fairness of the appraisal system.

Dessler (2008) defines performance appraisal as system that determines employee standards, evaluate and assessing employees' actual performance, giving response and coaching employee to improve in the performance and helping employees to set new goals in the future. Maimunah (2009) indicates that performance appraisal is a systematic and formal method for evaluating individual employee's work performance over an agreed time period.

Performance appraisal is conduct for the purpose of promotion, pay adjustment, feedback to employees and career growth (Conway and Monks, 2008). Performance appraisal also is suitable to trace strengths and weaknesses of

employees. This is good for the sake of improvement of employees' performance and retains good employees. The assessment of employees is the common practices in every organization. It is good for maintaining good performance among the employees as well as organization itself (Karimi, Malik & Hussain, 2011). Some organizations are using performance appraisal in order to determine the distribution of pay, promotions and other rewards, while other organizations are merely using performance appraisal for the purpose of evaluation of employee attitudes and performance (Swiercz *et al.*, 2012).

Tan (2011) contends that employers should set performance standard in order to make performance appraisal process succeed. A performance standard is benchmarks for measuring performance and related to the desired results of each job so that appraisal is less subjective. The failure to provide performance standard, the appraisal will be very subjective and become more of the process of appraising the person rather than the job performance.

He also discusses that type of appraisal system may vary depending on the main purpose of the performance appraisal itself. For the purpose of promotion, traditional method such as rating scale is the most suitable method. On the other hand, for the purpose of assisting employees to develop themselves, collaborative system such as Management by Objectives (MBO) may be appropriate. Other type of appraisal system that can be practice by organization are rating scales, grading,

setting objectives or Key Performance Indicators, Balanced Scorecard, Peer Review, Upward Appraisal, 360-degree appraisal and self-appraisal.

Therefore, it is important to have an effective appraisal system in every organization. So, performance appraisal can be a tool for developing and motivating the employees. The usefulness of the appraisal system depends whether the system can provide accurate data on employee performance. Employees' perception on the effectiveness of the appraisal system is also essential to determine the effectiveness of the system (Prowse and Prowse, 2009).

2.5 Career Progression

Mello (2010) divides career into external and internal careers. An external career is a situation whereby the organization and society determine the formal stages and roles. While internal career is where one is going in one's work life. Schreuder & Coetzee (2006) mention that career comprises of different levels and an employee will face varied difficulty in each level. For Baer, Flexer, Luft and Simmons (2008), career progression begins from childhood and growth until an individual enters working environment and ends up at retirement stage.

Mathis and Jackson (2010) propose that the best way to describe career in the 21st century is no longer rely on stages or levels rather than learning and

changes of identity. Besides that, he also mentions that career in the organization will strengthen the relationship between employees and organization. When the organization promotes career progression for employees, it will make employees more loyal to the organization. This also agreed by Newstrom (2007) as he mentions that career progression will enhance the commitment of the employees to remain within the organization when they experience their own success.

Based on research made by Armstrong (2011), career progression is important to both employees and the organization. The interaction happens through career progression whereby the employees increase in professional skills and experiences within the organization that she/he works. On the other hands, the organization can take benefit from the employees' performance in term of productivity and revenue. Heneman and Judge (2006) argue that career progression involve higher status and responsibilities which cover within organization or movement between organization. In other words, career progression allows employees to move within the organization or move outside the organization.

Holland *et al* (2007) indicate that career progression should not be seen as cost to the organization rather than an investment. They illustrate that the organization will be more difficult when dealing with problematic employees with bad performance and low commitment. Therefore, when dealing with high capable employees who are willing to work, well managed, well-motivated, the organization

should provide best platform for them and built their career. They give some activities that can promote the career progression including on-the job training, short courses, professional courses, post graduate degrees or diplomas.

2.6 Human Resource Practices and Job Satisfaction

According to Armstrong (2006), the definition of Human Resource Management is a strategic approach to the management of employees who are the individuals who contributes to the attainment of the objective. Furthermore, Gerhart (2007) defines HRM as a combination of various factors which consist of practices, policies, and system which affect towards the attitude, behavior and productivity of the employee to an organization in a good way. HRM practices are about the administration of human resource, related activities for staffing and sustaining potential employees (Mathis and Jackson, 2010). Besides that, Yeganeh and Su (2008) give examples for HRM practices which are recruitment, training and development, compensation, industrial relation and recognition.

Some scholars agree that job satisfaction has a major influence on employees' organizational commitment, turnover rate, absenteeism, tardiness, accidents, and grievances (Arlond, 2005; Branham, 2005). Kavanaugh (2006) suggests that job satisfaction also connected with output of the company, low absenteeism of the employees and low turnover rate. This study also support by

Cowin *et al* (2008) who portray that less distraction caused by absenteeism or turnover, few incidences of destructive behavior and low medical costs will increase the level of job satisfaction among employees.

Furthermore, Scott (2006) studies that HR practices have strong relationship with job satisfaction among employees. At the same time, some practitioners also believe that HR practices affect the level of job satisfaction which later will improve organizational performance (Kavanaugh, Duffy, and Lilly, 2006). Besides that, Scott (2006) discovers that HR practices have positive consequences on job satisfaction of the employees of Dutch public sector compared to individual characteristics such as age, gender, and education.

Several studies demonstrate that HR practices can affect the employees' job satisfaction. Taseem & Soeters (2006) propose eight HR practices which interconnect with employees' job satisfaction. There are recruitment and selection, placement, training, compensation, performance evaluation, promotion, empowerment and pension. Moreover, Deckop *et al* (2006) also consider eleven practices of HR practices which he thinks relate with employees' job satisfaction. Some of them are personnel selection, performance appraisal, incentive compensation, job design, empower of decision, information sharing, attitude assessment, labor management participation, recruitment efforts, employee training and promotion criteria. They also agree that HR practices are expected to improve

the general performance of employees through job satisfaction and will affecting the betterment of organizational performance.

2.6.1 Compensation and Benefits

Kerr and Slocum (2005) examine the positive relationship between compensation practices and job satisfaction among employees. Besides that, Khan, Farooq, and Imran Ullah (2010) also agree that pay strategies can enhance employee performance. Paik *et al* (2007) explain that if employee satisfied with how company practices its compensation policies, they will loyal to the company.

Based on research done by the Society of Human Resource Management (2012), 6 out of 10 employees agreed that compensation is very vital to their job satisfaction. For marketing strategy, good compensation package also recommended to recruit and retain the best employees. Employer has to think with strategic mindset to reduce turnover in the organization by providing competitive compensation package.

Furthermore, Dessler (2008) indicates that employee pay is responsible to job satisfaction. He claims that when employees feel the company provides unjust pay structure to the employees, they will feel dissatisfy and disappoint to work in

the company. This study is similar with the research done by Yang *et al* (2008). They argue that in Chinese forces, compensation and benefit and satisfaction are influence each other. They also stress that compensation and benefit especially basic pay has direct influence on satisfaction level of employees.

Besides that, NL (2012) illustrates that well-structured compensation and benefit package in the organization can enhance satisfaction level of employees. He explains, when employees feel that they got fair and marketable compensation package according to their need, they will satisfy and willing to sacrifice their time, energy and effort to the company even though they need to do overtime. He gives an example of nurses who willing to work overtime because they are happy with compensation package that they receive from the organization.

Paik *et al* (2007) describe that compensation is one of those hygiene factors in Herzberg's motivation-hygiene theory which eliminate job dissatisfaction. Salary is a factor which leads employees from dissatisfaction to no dissatisfaction. Besides that, expectancy theory also explains that employees do effort because they want some rewards in term of money, promotion as return to their effort. They expect that the company will increase their salary and get promote if they perform well in the company. This expectation actually boosts their level of job satisfaction.

2.6.2 Training

Some research highlight the relationship between training and employees' job satisfaction in the organization (Laroche and Rutherford, 2007; Mathis and Jackson, 2010). Training that set up by the organization to the employees will increase their satisfaction as well as motivate them. They found that employee who are not involve in training usually less motivate and cannot handle stress management compared with employee who are involve in training. Mello (2010) suggests that mentoring programs can improve job satisfaction among new joiner in the organization. Furthermore, train-the-trainer programs for trainers or supervisors have been shown positive effects on job satisfaction (Kaliprasad, 2006).

It is the responsibilities of employers to provide sufficient training to the employees. Failure to do that will not only give negative impact in term of low productivity, it also will ruin employees' motivation and emotion towards the organization. It is because employees are depending on training that they receive in order to evolve and become skillful in their career. Thus, there are relationship between training and job satisfaction in the organization (Mathis and Jackson, 2010).

According to Snowden (2011), employees will demonstrate the intention to leave the company when they feel the company not provide them with adequate training. Holland *et al* (2007) explain that trained employees tend to more satisfy to

their job compared to untrained employees. Besides that, they also mention that training program also give advantages to the employees such as it can rise up the employees' development which is good for competencies.

Furthermore, another study also suggests that training has a significant relationship with job satisfaction (Jun *et al.*, 2006). They also explain the vital of training to the employees as it can help them to get self assured, evolution of career, and have positive thought to the company. In addition, training also related with current performance and progress of an employee, while development is related with the future performance and progress (Miller, 2006). He also stresses that training will help employees to increase their job satisfaction and makes them work better.

2.6.3 Performance Appraisal

Prowse and Prowse (2009) argue that performance appraisal has tendency to give negative impact towards the organization and employee satisfaction. Kuvaas (2006) also proposes the same idea where the performance appraisal can also reduce employees' motivation and give a bad experience to the good employees.

According to Heneman and Judge (2006), performance appraisal can give both positive and negative feedback towards employees' performance and job

satisfaction. For positive feedback will go to employees who receive a good result from his/her appraisal. This group will satisfy and motivate to perform well. However, negative feedback will go to employees who receive poor result on his/her appraisal. This group will feel demotivate to perform in the future. Therefore, both positive and negative feedback from appraisal can impact their job satisfaction (Mellahi, 2007).

Previous studies have shown that performance appraisal is associated with employees' job satisfaction level (Heywood and Wei, 2006; Green & Heywood, 2008). Besides that, Pichler (2012) also analyzed the impact of the social context of performance appraisal on employee reactions to this appraisal. The topic focuses on the rater-ratee relationship including the issues of supervisor support, trust, rating accuracy, and reliability as a precondition for the acceptance and usefulness of formal appraisal systems. Another research also discusses about the similar issues and added rating distortion in his study (Moers, 2005). He claims that rating distortion may lead to fewer acceptances among employees. He also proposes the reasons for rating distortion including strategic incentives of the raters such as favoritism or punishment or interpersonal motives. All of these issues later on can affect employees' job satisfaction in the organization. Employees who experienced rating distortion, will have lesser job satisfaction when they perceived performance ratings to be manipulated for affective reasons such as personal liking and for the purpose of punishing employees.

Additionally, employee participation in the performance appraisal process is positively related to the satisfaction with the performance appraisal system (Kuvaas, 2006). Brown *et al.* (2010) evaluate the relationship between performance appraisal quality measured by clarity, communication, trust, and fairness of the performance appraisal process and job satisfaction for 2,300 Australian non-managerial employees of a large public sector organization. They find that employees who complaint about a low performance appraisal quality due to several reasons such as lowest levels of trust in supervisor, poor communication, lack of clarity about expectations also complaint that they have lower levels of job satisfaction and commitment in the organization.

2.6.4 Career Progression

Previous researchers agree that there are no empirical research exists investigating the relationship between career progression and job satisfaction (Gibbon, 1995; Johnson, 1994; Marvin, 1998; Ramirez, 1999). However, recently many research come across this study about the relationship between career progression and job satisfaction. For an example, research done by Umer & Akram (2011) indicates that when organizations provide platform for career progression, the employees are more satisfied with their job. It is happen when their career in the

organization are developed, they will feel appreciated for the work performed and ultimately leads them to satisfy with their job.

Another finding also found that there is connection between career progression and job satisfaction (Walia & Bajaj, 2012). They suggest that mentoring as one of activities for monitoring career progression among employees and at the same time can enhance job satisfaction among employees. Senior employees are encouraged to monitor the progress of junior employees and give them guidelines. So that the employers can monitor the learning progress and at the same time can plan the career progression among employees.

The organizations which promote career progression to its employees are more likely to increase employees' job satisfaction (Brown, 2011). Furthermore, Monis and Sreedhara (2011) also agree that career progression has a significant relationship with job satisfaction. They explain later in their study that career needs at different career stages and the influence on job satisfaction, professional development and productivity among the employees.

Moreover, career progression also directly linked to the employees' job satisfaction. It is because when their supervisors and organization appreciate them and allow the career progression for the employees, they will feel satisfied with their supervisors as well as the organization. In this case, employees become more

satisfied with their job and would never want to leave the organization. At the same time, the organization also get benefit by retain the high performer employees to achieve its objectives and long term corporate goals. Therefore, it is the accountability for the organization to provide career progression to its employees and to make both employees as well as organization successful (Armstrong-Stassen and Cameron,2005).

Shelton (2011) conducts research to analyze the impact of career progression on employees' job satisfaction with regard to business success. He found that human resource is key asset for any organization. For that reason, the employers have to satisfy their employees in the organization to make sure that they can help the organization to achieve successful business in the market. It is not only enough to fulfill their financial needs, their satisfaction matter such as career progression can make them happy, so the organization should have proper career progression plan to its employees (Ashar,2013).

2.7 Conclusion

This chapter has discussed on literature review of the research. The independent variable is HR Practices that consist of Compensation and Benefits, Training, Performance Appraisal and Career Progression. On the other hands, the dependent variable in this research is job satisfaction. On the next chapter, we will

discuss more on overview of the research methodology that divided of research framework, research design, and operational definition, measurement of variable or instrumentation and data collection.

CHAPTER 3

METHODOLOGY

3.0 Chapter Objective

This chapter analyses the method used to study the relationships between the dependent variables and the independent variables, which was the effect of human resource management practices towards job satisfaction at FELCRA Berhad. Therefore, this chapter illustrates how the research was carried out in terms of the research framework, research design and data collection.

3.1 Research Framework

This research aimed to study the relationship between HR Practices and job satisfaction among staff at FELCRA Berhad. The theoretical framework is shown in Figure 3.1 below. As an introduction and clarification, the independent variable was HR Practices which consist of Compensation and Benefits, Training, Performance Appraisal and Career Progression. Therefore, the dependent variable in this research was job satisfaction.

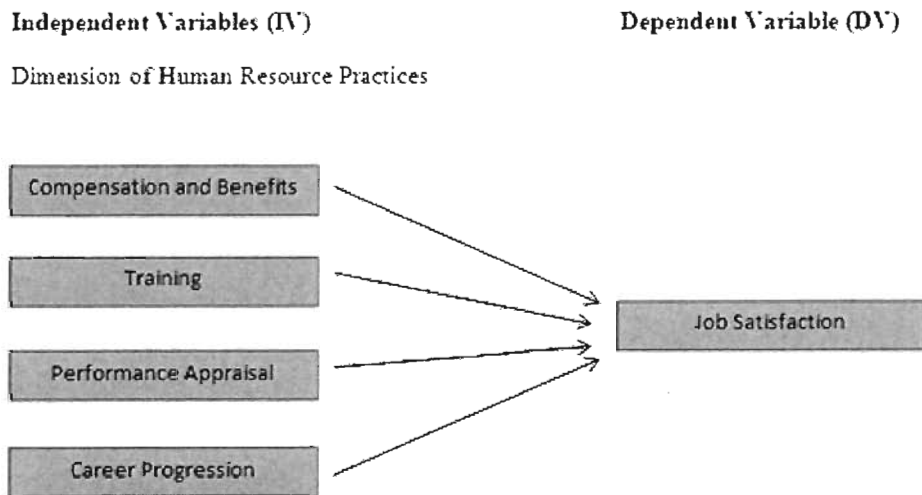


Figure 3.1 : Proposed Theoretical Model

3.2 Research Design

According to Zikmund *et al* (2010), research design was detailing the procedures and methods that used by researcher in order to collect and analyze the required information. Research design was also a structure that help researcher to plans the movements of the research project and assist in solving problems.

Quantitative research using questionnaire as survey method to gather data was used in this research because of the large number of respondents who have participated. Quantitative research was a study where the findings of the research are generally from the statistical summary and analysis. Quantitative research also involved hypothetical-deductive method where hypothesis was formulated according to literature review. Furthermore, quantitative techniques were used in

this research for the purpose of data collection and data analysis. A structured questionnaire was used to help the researcher in data collection. The questionnaires were distributed to a large representative sample to make ensure the result can be applied to the entire population. The collected data from distribution of questionnaires were then analyzed by the researcher to confirm or disprove the hypotheses. The results were then generalized to the entire population.

In addition, quantitative method was used in this research because of the large number of respondents can be covered and time saving compared to qualitative method. Therefore, this research adopted quantitative research as it uses questionnaire to understand about the impact of human resource practices effect towards job satisfaction at FELCRA Berhad. Quantitative data can be effective tool to evaluate the employee's job satisfaction due to it was more efficient and able to analyze the hypotheses.

3.3 Operational Definition

This definition was referring only to this research. Some of them were:

Employees: Refer to all employees at Headquarters FELCRA Berhad from various positions. Total number of employees at Headquarters FELCRA Berhad was 250 employees.

Human resource management practices: Refer to the practices of compensation and benefits, training, performance appraisal and career progression that engage by Human Resource Department at FELCRA Berhad.

Job satisfaction: Refer to the feeling of employees and how they perceive their jobs as favorable or unfavorable. Job satisfaction was also about the opinion of employees about their work and it can affect the environment of organization internally and externally.

Compensation and benefits: Refer to total reward that received by employees in exchange with their services in the organization. Compensation and benefits can be direct pay such as salary and wages and indirect pay such as benefits program.

Training: Refer to the process that provided the employees with the knowledge and the skills required operating within the systems and standards set by management. Training can help to enhance the employee's performance in the organization.

Performance Appraisal: Refer to continuing process of reviewing and evaluating employee performance. Performance appraisal were also system that set employees standard, evaluate and assessing employees' actual performance. In

performance appraisal process, manager or supervisor should giving response and coaching employee in order to help them to motivate them and improve their performance. Performance appraisal in the organization should aim to help employees to set new goals in the future.

Career progression: Refer to the management plan to help employees to carry out and achieve their career goals in the organization. Some activities that can promote the career progression including on-the job training, short courses, professional courses, post graduate degrees or diplomas.

3.4 Measurement of Variables/Instrumentation

Questionnaire was a research instruments this research. One of the advantages of using questionnaire as a research instrument was because save time data to collect the data from respondents compared with other methods. Besides that, by using questionnaire, the researcher can also get large amounts of information from a large number of people in a short period of time.

The questionnaire that used in this research consists of two sections which were section A and section B. For section A, the questions are based on demographic profile. The reason behind this was to seek some basic information

about the respondents such as their gender, age, level of education, level of position, job title and years of service.

In the next section which was Section B, the respondents need to answer the questions which were based on independent and dependent variables. They need to answer the four human resource practices dimensions which were compensation and benefits, training, performance appraisal and career progression as independent variables and job satisfaction as dependent variable of the research. This section allowed the researcher to identify the relationship between independent and dependent variables.

The scale measurements used in this study were nominal, ordinal and likert scale. The first scale was nominal scale. It was the most basic and simplest level in measurement scales. The respondents were required to fill up the provided answer in questionnaire by circle or tick the selected answer. However, the provided answers were not representing any ranking and quantities. Nominal scale also allowed the researcher to design the questionnaire with assign a value to a subject for identification and classification purpose for example name and gender (G.Zikmund, J.Babin, C.Carr & Griffin, 2010). Below was the example of the question that was available in this questionnaire:

Gender:

- ☐ Female
- ☐ Male

On the other hand, the second scale measurement was ordinal scale. This scale allowed the researcher to provide answers by representing any ranking and quantities. According to Zikmund *et al* (2010), ordinal scale allowed the provided answers to be placed in accordance to ranking and quantities. Differ with nominal scale, ordinal scale was not identification and classification the variable, however it was rank orders the subject properly. Thus, ordinal was similar to a ranking scale. Below was the example of the question that was available in this questionnaire:

Please indicate your ranking in company

- ☐ Managerial Level
- ☐ Executive Level
- ☐ Non-executive Level

The last scale measurement was likert scale. This scale enables the respondents to determine the question and answer based on either subjective or objective criteria. According to Zikmund *et al* (2010), likert scale was measure agree and disagree. They also stated that regularly likert scale having five options which were strongly disagree (SD), disagree (D), neutral (N), agree (A) and strongly agree (SA). In this research, all questions in section B were using likert scale. For example:

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. Generally speaking, I was very satisfied with my job.	1	2	3	4	5

The questionnaire used in this study was adopted from various sources as Table 3.2 below:

Table 3.1: Sources of questions in questionnaire

Items	No of questions	Sources
Job Satisfaction	8	D'Abate et al.'s , 2009
Compensation and Benefits	8	Edgar & Geare, 2005
Training	8	Edgar & Geare, 2005
Performance Appraisal	8	Chang, 2005
Career Progression	8	Chang, 2005

3.5 Data Collection:

Data was collected mainly from primary source. Questionnaires were use for primary data collection from the selected employees at FELCRA Berhad. The questionnaires were distributed personally to the respondents by visiting each department. A cover letter was attached to inform the respondents that the

questionnaires will be collected within 7 days. After 7 days, the questionnaires were collected personally. Hence, 100 percent questionnaires were collected.

Questionnaire distributed among respondents through hard copy. The questionnaire allow the response from the respondents in a standard way, unbiased approach and objective oriented. The use of questionnaire also was a simple and effective research tool besides enable the information to be presented in a numeric way (Zikmund et al, 2010). Some of the advantages of using questionnaires was cost-effective, can be completed easily and quick and question responses can be highly structured and easily code. For this research, respondents need to answer the question about personal attitudes and beliefs. Therefore, using questionnaire, they express their perception freely compared to using interview method. However, questionnaire method also has several limitations as lackadaisical attitude of respondents, non-attendance and lack of cooperation.

3.5.1 Population and Sampling of the Study

According to Hair et al (2006), the definition of target population was a specified group of population which the researchers are concern to collect data from them. For this research, the target population was all employees based at FELCRA Berhad's Head Office.

In this research, target population was calculated according to the simplified decision model which was developed by Krejcie and Morgan (1970), in sample size (Sekaran and Bougie, 2010). The total population of employees at FELCRA Berhad's Head Office is 250. Therefore, the recommended sample size for this research was 152. Thus, 152 questionnaires distributed and sent to the respondents.

This study used stratified random sampling procedure to select employees from managerial level, executive level and non-executive level. The list of employees was obtained from the HR department. The completed list for employees from managerial level, executive level and non-executive level were combined and arranged in accordance to the names in alphabetical order to constitute the sampling frame.

Total population of this study was 250. Out of this number, 20% represented the managerial level, 30% represented the executive level and 50% represented non-executive level. Out of 125 sample size, 30 respondents came from managerial level, 46 respondents from executive level and 76 respondents from non-executive level. Below Table 3.5 illustrates the sample distribution of the population. Random numbers table used for the sake of randomization. Therefore, all employees had an equal chance of being selected to participate in this research.

Besides that, randomization also can help to avoid any bias and in the same time to ensure the results of the research are reliable and could be generalized.

Table 3.2: Sample distribution

Strata	Population Frequency	Multiplier Factor (10%)	Sample Size	Percentage (%)
Managerial Level	50	0.1	30	20
Executive Level	75	0.1	46	30
Non-executive Level	125	0.1	76	50
Total	250	0.1	152	100

3.5.2 Techniques of Data Analysis

This study used three techniques to analyze the data which were descriptive statistics, reliability test, Pearson’s correlation analysis and multiple regressions. Statistical Package for Social Sciences version 20.0 was employed in this study to further analyze the data. In addition, tables and a chart were used for the purpose of data presentation.

Descriptive statistics for examples were mean, percentages and standard deviation used to present the results that obtained from the respondents. Furthermore, reliability test used to examine the reliability of the variables. Besides that, Pearson’s correlation analysis was used to examine the strength of the

relationship between the variables. Finally, multiple regressions used in this study to identify and specify the most dominant factor that impacts the dependent variable.

3.5.2.1 Descriptive Statistics

According to Zikmund et al (2010), descriptive analysis was the statistics that can portrays the information of a population or sample. On the other hands, Groenewald (2010) discussed that descriptive analysis is transforming the raw data into statistic data that can easily to understand before reorganizing, interpreting, ordering and manipulating them into structured descriptive information.

Some techniques that used in order to summarize the data in this study were by calculated the average, percentage and frequency distribution. In this study, the researcher used frequencies and percentages of tables and graphics for the sake of illustrate the descriptive statistics. Furthermore, the fields that were tested in this study included gender, age, educational level, position and years of services in the company. All of these fields could bring a significant impact towards the job satisfaction at FELCRA Berhad.

3.5.2.2 Reliability Test

This study used Cronbach's Alpha to test the reliability of the result. The closer the Alpha to 1.0 indicated the higher the internal consistency reliability. The requirements for acceptability of the reliability were used on the value of the Cronbach's Coefficient Alpha as recommended by Tabachnick & Fidell (2001) and Hair et al. (2010). Cronbach measures were reliability less than 0.6 considered poor, reliability in the range 0.7 is considered to be acceptable and reliability more than 0.8 are considered to be good.

3.5.2.3 Pearson's Correlation Analysis

According to Zikmund *et al* (2010), Pearson's correlation analysis can be describing the degree of a variable that related to others. Therefore, Pearson's correlation analysis can be used to determine the strength and direction of linear relationship between two variables.

The values from -1 to +1 indicate the Pearson correlation coefficient. When the Pearson correlation coefficient value shows +0.1, it showed that the variables were related to each other by increasing relationship. On the other hands, When the Pearson correlation coefficient value showed -0.1, it showed that the variables were related to each other by declining relationship. For non-related linear relationship, the Pearson correlation coefficient showed a zero value. For this case, it indicated that the variables were not linked by each other.

R² defined as the coefficient of determination. It can be provides the data on the variation proportion in the dependent variable with the variation in independent variables. In this study, Pearson correlation analysis used in order to examine the correlation between the independent variables which were compensation and benefits, training, performance appraisal and career progression, while the dependent variable was job satisfaction.

The symbol of correlation coefficients can illustrate two things on the relationship which were the direction of the relationship and the magnitude of the relationship between two variables. The nearer the value to 1.00, the greater the likelihood of that relationship is statistically significant. The interpretation of the strength of the correlation is defined using the “Guilford Rule of Thumb” which proposed by Guildford (1973) is known in Table below:

Table 3.4: The interpretation of the strength of the correlation according to “Guilford Rule of Thumb”

Value of Coefficient Relation Between Variables	The interpretation of the strength of the correlation
a. 0.00-0.30	Very low relationship
b. 0.31-0.50	Low relationship
c. 0.51-0.70	High relationship
d. 0.71-1.00	Very high relationship

3.5.2.4 Multiple Regressions

Multiple Regressions method used to identify and specify the most dominant factor of independent variables that gives impacts towards dependent variable. The most dominant dimension had shown the largest beta value. Multiple regressions also can be defined as a set of independent variables which describe the variance proportion in a dependent variable at a significant level and hence set up the relative predictive importance of independent variables.

Besides that, by using hierarchical regression, we can determine the variance of dependent variable which can be explained by a set of independent variables. According to Garson (2010), the higher value of the correlation, the closer the scores will fall to the regression line. After that, it would yield a more accurate prediction. Associated with multiple regression was multiple correlations (R^2), it means that the dependent variable's variance (%) can be explained by all of the independent variables.

In this study, independent variables which were compensation and benefits, training, performance appraisal and career progression, while the dependent variable was job satisfaction. Therefore, the researcher would collect data on all of these variables to explore the most significant independent variables that affected job satisfaction.

3.6 Summary

This chapter explains the methodology used to determine the relationship of the variables being evaluated in the study. It has drawn the instruments of the study, location of the study and selection of respondents. In the next chapter, it will reveal the findings from the data gathering that has been made via questionnaires that has been distributed around area of study. The analysis and discussion will be made in the final chapter which will include some confirmation of the study and recommendations for further research.

CHAPTER 4

RESULTS AND DISCUSSION

4.0 Chapter Objective

The objective of this chapter is to analyze, interpret and summarize the result for this research after the data has been collected. As mentioned before, SPSS version 20.0 software is used to analyze the analytical tool to interpret the research finding. There are several analysis involved in the chapter included descriptive analysis, reliability test, Pearson's correlation analysis and multiple regression.

In this chapter, the results of 152 sets of questionnaires were being analyzed. This chapter will state the quantitative research findings of the research investigating the impact of human resource practices towards job satisfaction at FELCRA Berhad. Frequency of respondents' answer in the questionnaire is found using descriptive analysis followed by the scale measurements which provide the result of reliability analysis.

Furthermore, the last section in this chapter will be involved with inferential analysis which included Pearson's correlation analysis and multiple regression analysis. Pearson's correlation analysis used to find out the relationship between each dependent variable and the independent variables. While, multiple regressions

used in this research to examine the relationship of independent variables on dependent variable. In order to provide clearer information, tables, bar charts and pie chart were used to present the result.

4.1 Background of the respondents

Table 4.1: Background of the Respondents

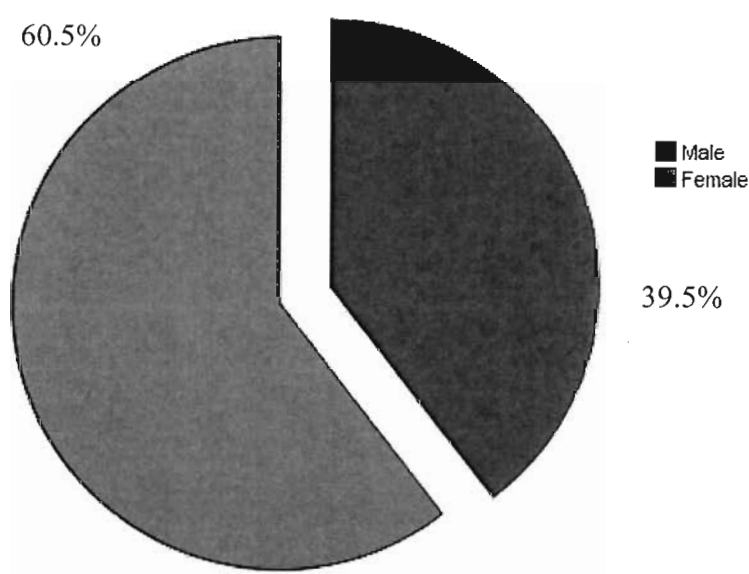
	Frequency	Percentage
Gender		
Male	60	39.5
Female	92	60.5
Age (Years)		
<20	5	3.3
20-30	34	22.4
31-40	45	29.6
41-50	56	36.8
Above 50	12	7.9
Rank		
Managerial Level	30	19.7
Executive Level	46	30.3
Non-executive Level	76	50.0
Years of Service		
<5	33	21.7
5-10	39	25.7
11-20	54	35.5
>20	26	17.1
Education		
High School	36	23.7
Diploma	54	35.5
Bachelor Degree	43	28.3
Master Degree	18	11.8
Phd	1	0.7

N = 152

Table 4.1 showed the distribution of the respondents according to their demographic background using frequency analysis. The analysis included gender, age, position, service length in FELCRA Berhad and education level. In order to obtain this data, the questions on demographic profile included at the section A of the questionnaire. 152 questionnaires were distributed and full sets were returned. All 152 questionnaires were useable in this study.

4.1.1 Gender

Figure of 4.1: Statistics of Respondents' Gender



Based on figure 4.1, there were 60 male respondents and 92 female respondents from the 152 set of questionnaires that had distributed. The result

showed that among 152 respondents, there were 39.5% of the respondents were male and 60.5% were female which were majority in the gender category.

4.1.2 Age

Figure of 4.2: Statistics of Respondents' Age

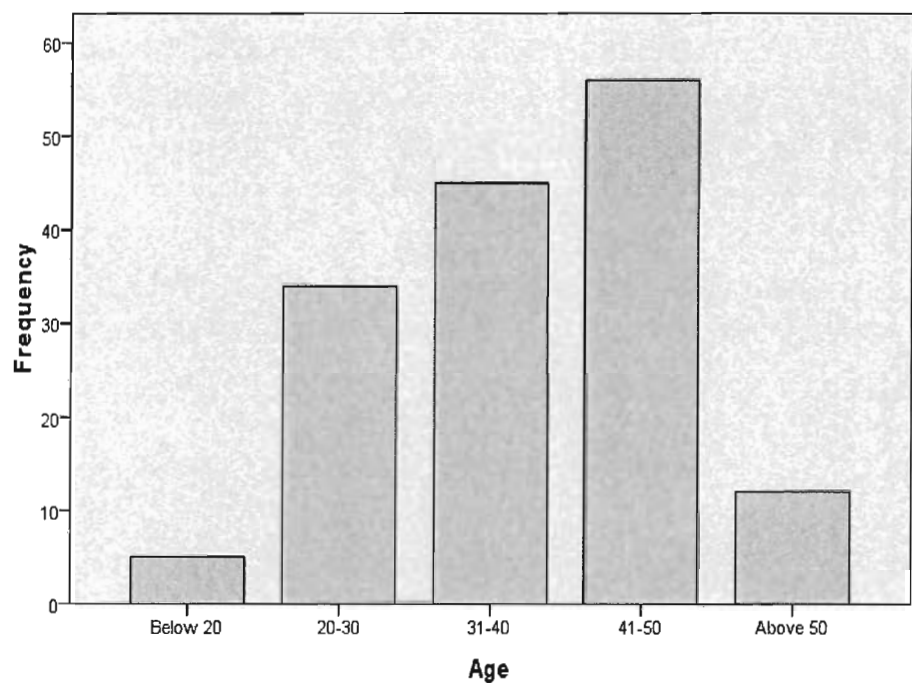
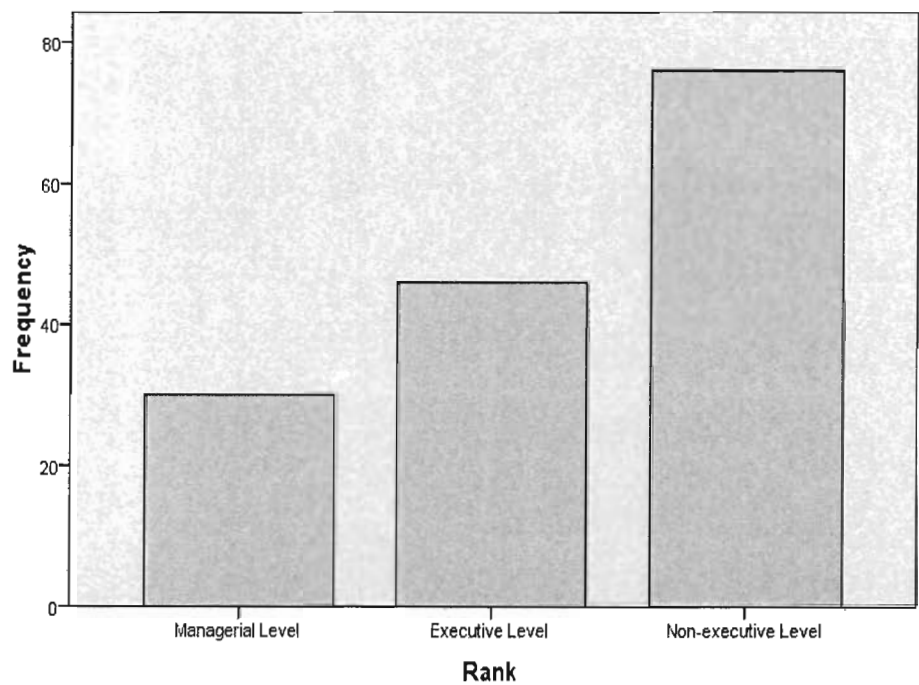


Figure 4.2 shows the age group of respondents in the survey. The result showed that the largest age group of respondents was between 41 years old to 50 years old which contributed 36.8%, consists of 56 respondents. This followed by 29.6% second largest age group of respondents were between 31 to 40 years old which were 45 respondents. The respondent from the age group 20 years old to 30

years old contributes 22.40% which were 34 respondents. The respondent from the age group above 50 years old contributed 7.9% which were 12 respondents. The respondent from the age group below 20 years old contributes 3.3% which were 5 respondents. Overall, there were 152 respondents who assist in completing this survey.

4.1.3 Rank

Figure of 4.3: Statistics of Respondents' Rank

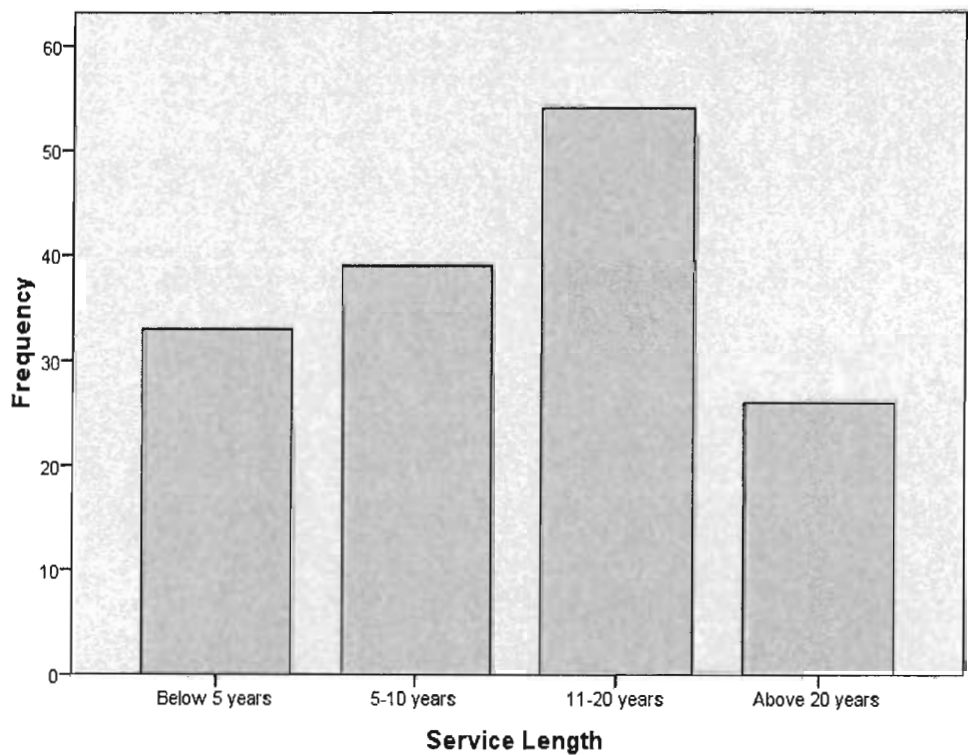


For ranking, there were three ranking at FELCRA Berhad. Figure 4.3 above showed that there were 50% of the respondents which consist of 76 respondents work at non-executive level. It followed by 30.3% of the respondents at executive

level which at 46 respondents. Lastly, there were 19.7% of the respondents were from managerial level, which were consist of 30 respondents.

4.1.4 Service Length

Figure of 4.4: Statistics of Respondents' Service Length

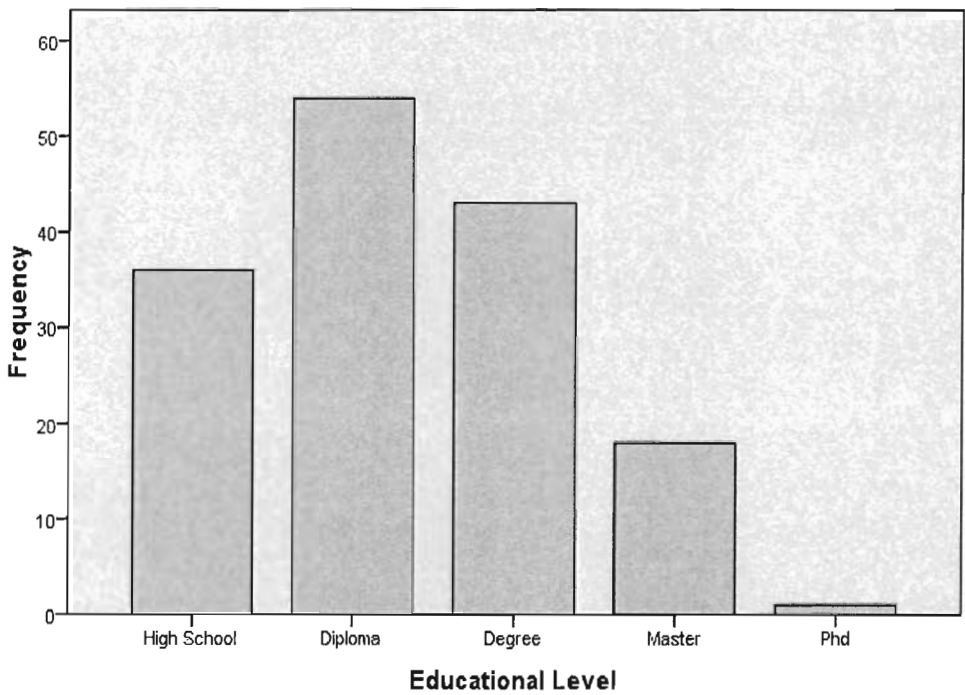


Based on the result above, most of the respondents have working between 11 years to 20 years at FELCRA Berhad, which were 54 respondents and consists 35.5% of the respondents. There are 25.7% of respondents were working at the

company between 5 years to 10 years which consists of 39 respondents. Besides, there were 21.7% of the respondents have working below 5 years in current company which are 33 respondents. This follows by 17% of respondents which consists of 26 of respondents who work for more than 20 years.

4.1.5 Educational Level

Figure of 4.5: Statistics of Respondents' Educational Level



In the term of education level, there were five levels of qualification which were high school, Diploma, Bachelors' Degree, Master and Phd. Table 4.6 and figure 4.6 show that there were 35.5% of the respondents which consists of 54

respondents were diploma holder. It followed by 28.3% of the respondents were degree holder, which consists of 36 respondents and 23.7% of the respondents were from high school, which were only 36 respondents out of 152. It followed by 11.8% of the respondents who were master holder which was 18 respondents out of 152 respondents and 0.7% of the respondents which only one respondent from Phd qualification.

4.2 Reliability Test

This study used Cronbach’s alpha to test the reliability of the instruments. The Cronbach’s alpha values for all variables showed 0.979. According to Tabachnick & Fidell (2001) and Hair et al. (2010), Cronbach measures more than 0.8 are considered to be good. The specific Cronbach’s alpha values for each variable illustrated in Table 4.2 below.

Table 4.2: Reliability Coefficient of the Variables

	Cronbach’s Alpha
Compensation and Benefit	.949
Training	.974
Performance Appraisal	.948
Career Progression	.835
Job Satisfaction	.968

Based on suggestion from Tabachnick & Fidell (2001) and Hair et al. (2010), the acceptable point for measuring the reliability for the research was coefficient alpha of above 0.7. Therefore, based on this rules, the result for

reliability test was above the cut-off point. The above table shows the Cronbach Alpha values for dependent (Job Satisfaction) and independent (Compensation and Benefit, Training, Performance Appraisal and Career Progression) are considered acceptable.

The highest Cronbach's alpha values was training which indicated .974, followed by job satisfaction which .968, compensation and benefit which .949, performance appraisal .948 and career progression which showed .835.

4.3 Correlation Analysis

This study used the Pearson's correlation coefficient as a method to measure the correlation. The result will indicate the strength, direction and significant of the bivariate relationship among all the variables that were measured (i.e. job satisfaction, compensation and benefits, training, performance appraisal and career progression). The number to represent the Pearson correlation called correlation coefficient. If there is Correlations of +, it means that there is a perfect relationship between two variables. If there is Correlations of zero value, it means that there is non-related linear relationship.

Table 4.3: Correlation Analysis Human Resource Practices and Job Satisfaction

	Compensation and Benefit	Training	Performance Appraisal	Career Progression	Job Satisfaction
Compensation and Benefit	1				
Training	.671**	1			
Performance Appraisal	.740**	.441**	1		
Career Progression	.822**	.842**	.698**	1	
Job Satisfaction	.856**	.857**	.574**	.881**	1

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

4.3.1 Relationship between Compensation and Benefit and Job Satisfaction

Based on table 4.3, there was a positive relationship between compensation and benefit and job satisfaction because of the positive value for correlation coefficient. Therefore, when compensation is high, job satisfaction is high. The Pearson’s Correlation Coefficient, $r = 0.856$, showed that there was a strong relationship between compensation and benefit and job satisfaction.

Value of Coefficient Relation Between Variables	The interpretation of the strength of the correlation
e. 0.00-0.30	Very low relationship
f. 0.31-0.50	Low relationship
g. 0.51-0.70	High relationship
h. 0.71-1.00	Very high relationship

Table 3.5: The interpretation of the strength of the correlation according to “Guilford’s Rule of Thumb”

Based on Guilford’s Rule of Thumb, the value of this Pearson’s correlation coefficient, $r = 0.856$ fell under coefficient range from ± 0.71 to ± 1.00 . Thus, the

relationship between compensation and job satisfaction was a very high relationship. The relationship between compensation and benefits and job satisfaction was significant with the p-value 0.000 is less than alpha value 0.01.

This result supported the research of Kerr and Slocum (2005). They examined the positive relationship between compensation practices and job satisfaction among employees. This showed that compensation and benefits contributed to employees' job satisfaction. Therefore, the company should strengthen the compensation and benefits policies such as basic pay, allowances, leaves and other compensation and benefits policies in order to increase job satisfaction among employees. That was the reason why the government encouraged all employers to provide benefits their employees such as medical and hospitalization, insurance and housing loan for tax deduction. Tan (2011) also listed some suggestions of benefits packages that can be provided by the employers to enhance the job satisfaction among employees such as leave, insurance benefits, retirement benefits and termination benefits.

4.3.2 Relationship between Training and Job Satisfaction

Based on table 4.3, there was a positive relationship between training and benefit and job satisfaction because of the positive value for correlation coefficient. Therefore, when training is high, job satisfaction is high. The Pearson's Correlation

Coefficient, $r = 0.857$, showed that there was a strong relationship between training and job satisfaction.

Based on Guilford's Rule of Thumb, the value of this Pearson's correlation coefficient, $r = 0.857$ fell under coefficient range from ± 0.71 to ± 1.00 . Thus, the relationship between training and job satisfaction was a very high relationship. The relationship between training and benefits and job satisfaction was significant with the p-value 0.000 is less than alpha value 0.01.

This result was similar with the research that done by some scholars which highlighted the positive relationship between training and employees' job satisfaction in the organization (Laroche and Rutherford, 2007; Mathis and Jackson, 2010). The research found that employee who were not involved in training usually less motivate and cannot handle stress management compared with employee who were involved in training. As we know the significance of training towards job satisfaction, employers cannot neglect their responsibilities to provide sufficient training towards their employees. Employers who viewed training as costly and choose to not providing training were actually ruining the productivity of the company as well as employees' motivation. Therefore, employers should invest some amount for the sake of training.

4.3.3 Relationship between Performance Appraisal and Job Satisfaction

Based on the above table, there was a positive relationship between performance appraisal and job satisfaction because of the positive value for correlation coefficient. Therefore, when performance appraisal is high, job satisfaction is high. The Pearson's Correlation Coefficient, $r = 0.574$, showed that there was a strong relationship between performance appraisal and job satisfaction.

Based on Guilford's Rule of Thumb, the value of this Pearson's correlation coefficient, $r = 0.574$ fell under coefficient range from ± 0.51 to ± 0.70 . Thus, the relationship between performance appraisal and job satisfaction was a high relationship. The relationship between performance appraisal and job satisfaction was significant with the p-value 0.000 is less than alpha value 0.01.

The relationship between performance appraisal and job satisfaction was discussed by various scholars (Prowse and Prowse, 2009; Kuvaas, 2006; Heneman and Judge, 2006). Therefore, it is important to an organization to choose the most effective type of appraisal system to be a tool for developing and motivating the employees. The failure to provide the effective appraisal system in the organization will later on reducing employees' job satisfaction as well as reducing their trust towards the organization.

4.3.4 Relationship between Career Progression and Job Satisfaction

Based on table 4.5, there was a positive relationship between career progression and job satisfaction because of the positive value for correlation coefficient. Therefore, when career progression is high, job satisfaction is high. The Pearson's Correlation Coefficient, $r = 0.881$, showed that there was a strong relationship between compensation and benefit and job satisfaction.

Based on Guilford's Rule of Thumb, the value of this Pearson's correlation coefficient, $r = 0.856$ fell under coefficient range from ± 0.71 to ± 1.00 . Thus, the relationship between career progression and job satisfaction was a very high relationship. The relationship between career progression and job satisfaction was significant with the p-value 0.000 is less than alpha value 0.01.

Therefore, the result above showed that there was a positive relationship between career progression and job satisfaction. This supported the research done by Umer & Akram (2011). They mentioned that satisfaction among employees will increase when the organization provide them a platform for career development. The availability of career progression in the organization will make employees more confident with their career in the future. This showed that career progression in the organization will affect employees' job satisfaction.

Furthermore, Walia and Bajaj (2012) also agreed that there was a connection between career progression and job satisfaction. They suggested for the employers to monitor employees' career progression time to time as it can enhance their job satisfaction. They also suggested that monitoring process being done in the organization by senior employees monitoring the progress of junior employees and give them guidelines and some advice to improve their productivity. By having this kind of activity in the organization, employers can monitor the learning progress, control the productivity and at the same time employers also can plan the career progression among employees.

4.4 Regression Analysis

Regression analysis was a method which was uses more than one independent variable to explain the variance in a dependent variable. The table 4.6 indicates model summary for this study.

Table 4.4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.943	.889	.886	.29928

As shown in table 4.6 above, the R Square value indicated the percentage or extent of the independent variables explained the variations in the dependent variable. In this study, the independent variables explained 88.9% of the variations in the dependent variable (Job Satisfaction). Other factors not included in this study contributed 11.1% (100% - 88.9%). There are other variables that are important in explaining job satisfaction that have not been considered in this study.

4.5 Summary

All of the independent variables consist of compensation and benefit, training, performance appraisal and career progression for this research are found that have significant relationship with the independent variable which is job satisfaction. Results from this chapter four will be used for further discussion in the following chapter and the implication and recommendation for future research of are included as well.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.0 Chapter Objective

In this chapter, the details of interpretation of research results and determination whether the research objectives were supported by data will be given. Furthermore, this chapter consist overall conclusion of the entire study, the summary of the major findings, discussion and implications of study. Other than that, recommendations for future research also covered in this chapter.

5.1 Conclusion to the Study

Human resource practice is a backbone to any organizations. Without well-manage human resource practice, it is hardly for an organization to survive in the market. Referring to FELCRA Berhad, many complaints regarding human resource practice received. This shows employees are not satisfied with current human resource practices and policies. Therefore, the company should not take it for granted. Otherwise, the company will face a greater problem in the future. Indeed, retaining good employees is not an easy thing for the company. However, the company should pay an extra attention to demand from employees specifically

related to human resource practice. This can also help the company to control turnover rate and contribute to the organizational effectiveness.

The main purpose of the study was to identify the impact of human resource practices on job satisfaction at FELCRA Berhad. To achieve this, four specific objectives were set; these were; to determine whether compensation and benefits affects job satisfaction; to examine whether training affects job satisfaction; to explore the relationship between performance appraisal and job satisfaction and to identify any relationship between career progression and job satisfaction.

The research followed an explanatory cross-sectional design. Data for the study was collected through close-ended questionnaires. The target population for this study consists of employees working at the FELCRA Berhad headquarters. The target respondents comprised of three ranking which were managerial level, executive level and non-executive level. Out of 250 employees working at the FELCRA Berhad headquarters, 152 employees were sampled to participate in this study. A stratified random sample of 152 respondents was targeted for the survey. In all, a total number of 152 questionnaires representing a response rate of 100% were used for the analysis.

This study used three techniques to analyze the data which were descriptive statistics, reliability test, Pearson's correlation analysis and multiple regressions.

Statistical Package for Social Sciences version 20.0 was employed in this study to further analyze the data. In addition, tables and a chart were used for the purpose of data presentation. Descriptive statistics for examples were mean, percentages and standard deviation used to present the results that obtained from the respondents. Reliability test used to examine the reliability of the variables. Besides that, Pearson's correlation analysis used to examine the strength of the relationship between the variables. Finally, multiple regressions used in this study to identify and specify the most dominant factor that impacts the dependent variable.

The findings obtained in this study have answered all the research questions objectives outlined in Chapter 1. The research questions are:

- I. Does compensation and benefits affect job satisfaction?
- II. Does training affect job satisfaction?
- III. Is performance appraisal related to job satisfaction?
- IV. Is there any relationship between career progression and job satisfaction?

Basically, all human resource practices indicated relationship with job satisfaction. Based on the results, it was established that compensation and benefit, training, performance appraisal and career progression were significantly predicted job satisfaction. The full interpretation and discussion of data have been done in

chapter four and chapter five provides among other things the summary of the main findings as well as conclusions and recommendations.

5.2 Conclusion of the Research Objectives

The main purpose of the study was to identify the impact of human resource practices on job satisfaction. In order to materialize this objective, the following specific objectives were considered:

- I. To determine whether compensation and benefits affects job satisfaction.
- II. To examine whether training affects job satisfaction
- III. To explore the relationship between performance appraisal and job satisfaction
- IV. To identify any relationship between career progression and job satisfaction

5.2.1 Research objective 1

The first research objective for this study was to determine whether compensation and benefits affects job satisfaction. As mentioned by previous study, there was a positive relationship between compensation practices and job satisfaction among employees (Kerr and Slocum, 2005). Paik *et al* (2007) also suggested if employees were satisfied with the package of compensation and benefit in the company, they tend to loyal to that company. Besides that, compensation also

viewed as very much important for employees because it was one of the main reasons for which people work. Employees' living status in the society, satisfaction, loyalty, and productivity were influenced by the compensation (Aswathappa, 2008).

Based on the result in the previous chapter, it was found that the Pearson's Correlation Coefficient, $r = 0.856$, showed that there was a strong relationship between compensation and benefit and job satisfaction. This result supported the research that was done by (Kerr and Slocum, 2005; Aswathappa, 2008). Therefore, the first objective of the study achieved through this result.

5.2.2 Research objective 2

The second research objective for this study was to examine whether training affects job satisfaction. Garcia (2005) explained that training has a significant positive impact on employees' job satisfaction. Some research agreed with research on the relationship between training and employees' job satisfaction in the organization (Laroche and Rutherford, 2007; Mathis and Jackson, 2010). Mello (2010) suggested that one of training activities that can be done in the organization was mentoring program. By conducting this kind of program, employers can improve job satisfaction among employees especially for new joiners in the organization.

Based on Chapter 4, the Pearson's Correlation Coefficient for training and job satisfaction was indicated, $r = 0.857$. This showed that there was a strong relationship between training and job satisfaction. Based on Guilford's Rule of Thumb, this value can be categorized as very high relationship. In a conclusion, the result of correlation analysis was similar with the previous research which proposed that there was a strong relationship between training and job satisfaction (Garcia, 2005; Laroche and Rutherford, 2007; Mathis and Jackson, 2010). This accomplished the second research objective which was to examine whether training affects job satisfaction.

5.2.3 Research objective 3

The third research objective for this study was to explore the relationship between performance appraisal and job satisfaction. According to research done by Prowse and Prowse (2009), they argued that performance appraisal had a relationship with job satisfaction. They explained that performance appraisal had tendency to give negative impact towards the organization and employee satisfaction. This research was similar with the research done by Kuvaas (2006). He also proposed the same idea where the performance appraisal can also reduce employees' motivation and give a bad experience to the good employees. Additionally, Heneman and Judge (2006) also proposed that performance appraisal can give both positive and negative feedback towards employees' performance and

job satisfaction. Employees who received good result in the appraisal will be more satisfied compared to employees who received bad result.

Referring to previous chapter, the Pearson's Correlation Coefficient, $r=0.574$, showed that there was a strong relationship between performance appraisal and job satisfaction. Therefore, when performance appraisal is high, job satisfaction is high. This confirmed the research that proposed by previous scholars, which stated that there was a relationship between performance appraisal and job satisfaction among the employees (Prowse and Prowse, 2009; Kuvaas, 2006; Heneman and Judge, 2006). This result asserted the third research objective which was to explore the relationship between performance appraisal and job satisfaction.

5.2.4 Research objective 4

The last research objective for this research was to identify any relationship between career progression and job satisfaction. Even though earlier researchers agreed that there are no empirical research exists investigating the relationship between career progression and job satisfaction (Gibbon, 1995; Johnson, 1994; Marvin, 1998; Ramirez, 1999). Recently, many researches come across this study and proposed that there was a relationship between career progression and job satisfaction (Umer and Akram, 2011; Aswathappa, 2008). They believed that when the organization provided platform for career progression, the employees were more

satisfied with their job. They also agreed that career progression was one of the methods to motivate the employees.

Referring to the previous chapter, it was found that there was a positive relationship between career progression and job satisfaction because of the positive value for correlation coefficient. The Pearson's Correlation Coefficient for career progression and job satisfaction showed, $r = 0.881$. This illustrated that there was a strong relationship between compensation and benefit and job satisfaction. This result approved the finding from previous researchers who claimed that there was a significant relationship between career progression and job satisfaction (Umer and Akram, 2011; Aswathappa, 2008). Therefore, this result also affirmed the last research objective which was to identify any relationship between career progression and job satisfaction.

5.3 Implication

According to the achieved results, all of the human resource practices had the significant impact on job satisfaction. Therefore, FELCRA Berhad should concern with all of human resource management practices in the organization to control the level of job satisfaction among employees.

As shown in Chapter 4, the most significant relationship with job satisfaction was career progression which contributed the Pearson's Correlation Coefficient, $r = 0.881$, followed by training, $r = 0.857$. The third significant among all variables was compensation and benefit, $r = 0.856$ and the last one was performance appraisal which $r = 0.574$. Thus, among all of the influential factors, career progression had the maximum impact. This portrayed that most of the employees at FELCRA Berhad believed that the career progression will be beneficial for them.

Therefore, first implication is FELCRA Berhad as a good employer, should convince the employees that the company provides them with brighter career plan. This effort can ensure the employees are not jumping to other companies to find better career platform. Besides that, human resource department also should play an important role in providing career progression to its employees. They should develop succession plan system and target some group of people to hold important position in the future before grooming them to be a good leader. Besides that, they also should concern with employees' position and qualification. This is because, some of employees were underpaid. Some of them had higher qualification than the requirement for the position. For an example, non-executive employees had a bachelor degree while the required certificate for that position only high school. By concerning to this group of people and give them chance for promotion and place

them with suitable position, this can boost their satisfaction towards the job as well as company.

Second implication is the organization should provide sufficient training programs to all the employees. Indeed, training had the positive relationship with job satisfaction. Employees who feel that the organization is not providing them with sufficient training will feel demotivated and less satisfied with the organization. Therefore, the organization should concern with this issue. The organization should have a systematic data on tracking the employees' training list. The participants name should not be redundant with similar training and the organization also should ensure that the employees are being providing with suitable training with their job scope. In short, the organization should strengthen the human resource development department in the organization and allocate sufficient budget to conduct training.

Third implication is the organization should revise and compare the compensation and benefits policies with the current market and its competitors. This to ensure that compensation and benefit package provided in the organization is updated and marketable enough to retain employees. As result in Chapter 4 shown, compensation and benefit also had a significant relationship with job satisfaction. Thus, employer should offer a reasonable compensation to the employees and must not interpret it as the only basis for retaining their employees.

It is because employees must deserve the kind of compensation that they receive. Certainly their qualifications, experience and productivity must be commensurate with the compensation they receive. Employer also can hire external agency to review the compensation and benefits provided in the company and advise them with the new package of compensation and benefits. Usually, the agency will be study specifically the provided package and come out with new one with cover the whole compensation and benefits including basic salary, allowances, bonuses, type of leaves, accommodation provided and so on.

The next implication is the organization should provide systematic performance appraisal system. The organization also should provide sufficient information regarding on the performance appraisal process. So that, the employees are well-known and this can make the process can be conducted accordingly. The organization also should do some research and choose the best performance appraisal system to implement in the company. Besides that, manager or supervisor should giving response and coaching employees in order to motivate them and improve their performance. The interview session between superior and subordinate after the appraisal process can help them to discover and improve their weaknesses.

The final implication is this study can assist employer and especially human resource managers to make informative decisions regarding the development of their human resources. The findings will help them to proactively identify both

contemporary and traditional human resource management practices that will equip and retain their diverse employees as well as maintain workforce productivity. Therefore, human resource management practices should be review from time to time because needs of the employees may change over time. At the moment, career progression is the most significant to employees' job satisfaction. However, human resource department should alert with the demand of the employees time to time. The management can get the information by negotiation with the union. Besides that, human resource department can conduct "exit interview" with the employees who intend to resign from the company. This interview will help the human resource department to determine the reasons of turnover among the employees.

5.4 Recommendation for future research

In the future research, researcher can use qualitative study to gather an in-depth understanding and more accuracy data on the research. By qualitative study, it will enhance the understanding of the impact of human resource management practices on job satisfaction at chosen company.

Secondly, due to time and financial constraints, this research was conducted in cross-sectional study. Therefore, it is better for other researchers to choose a longitudinal study to assess the human resource practices that affect employees' job satisfaction. Some benefits for future researchers to conduct longitudinal studies

including the researchers can learn more about cause and effect relationships and connections between human resource practices and job satisfaction. Besides that, more data collected by researchers over longer periods of time will enable them to get better and more concise results compared to cross-sectional study.

Besides that, this study merely focused on respondents from Headquarters. Future researcher should get bigger sample size and not just focusing on Headquarters only. This is because; respondents from various the regions can reflect more reliable results. Furthermore, it is recommended that the researchers to use different method such as personal interview or telephone interview to collect data, so that we can get a reliable data after explain more detail the question to the respondent. It can decrease the falsification of respondents although it is time consuming.

Moreover, other variables such as recruitment and selection, employee relation, industrial relation and occupational safety and health can be add in the future research to determine their relationship with job satisfaction. It is because, the result of regression analysis in this study showed that there will be other factors that contributed to 11.1% (100% - 88.9%) and not included in this study. Even though the percentage was not big, it still contributed to job satisfaction.

5.5 Conclusion

After conducting this research, there is a better understanding about the impact of human resource management practices on job satisfaction at FELCRA Berhad. The result of this study showed there is relationship between all independent variable which were compensation and benefit, training, performance appraisal and career progression towards job satisfaction at FELCRA Berhad. Therefore, this study could recommend some potential implications for top management to make changes on human resource policies in order to meet employees' expectation. Besides, the summary and discussion of the study, implication of the study and recommendation for the future research have been discussed in this chapter.

Last but not least, the finding from this study will benefit the employees as the management will concern more on their demands. As a return, employees should be more energetic to work and loyal towards the organization who always take care about their welfare. Employees also should assist the organization to achieve their company's goals and will not simply quit. In other words, this study will help to retain the employees and reduce turnover rate due to the increase their level of job satisfaction.

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