THE IMPACT OF HUMAN RESOURCE PRACTICES AND ORGANIZATIONAL CLIMATE TOWARDS THE HIGH PERFORMANCE WORK SYSTEMS - A CASE STUDY OF ANGKASA

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

BY
ABDUL HALIM BIN HASSAN
805425

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DECLARATION

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

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

ABDUL HALIM BIN HASSAN
805425
College of Business
Universiti Utara Malaysia
06010 Sintok
Kedah DarulAman
Malaysia
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ABSTRACT

In recent years, the High Performance Work Systems (HPWSs) has been deliberated among the academicians and business players within the industries. Unfortunately, the study on this issue has been, mostly focus on the big size organization and conglomerates. Considering this phenomenon, it has created a high level of desire and curiosity to conduct a study on HPWSs in the sector of cooperatives. After considering all factors, AngkatanKoperasiKebangsaan Malaysia Berhad (ANGKASA) has been selected as the case under study, because of its size, number of employees, nature of business and role in the cooperatives movement in Malaysia. In this study, human resource practices and organizational climate have been selected as the independent variables, while the high performance work systems, as a dependent variable. They will be tested in order to determine whether there is a relationship or influential forces among them. For the purpose of data analysis, a survey had been done to the employees of ANGKASA, by using the Simple Random Sampling. The analysis shows that there is a relationship between organizational climate and human resource practices with the high performance work systems towards ANGKASA. The number of questionnaire distributed were 450, where 260 employees had returned their questionnaire which consists of 58%. The correlation coefficient for the Organizational Climate for communication and Decision Making is 0.52, p<0.00, Bureaucracy is -0.22, p<0.00 and Work Methods is 0.56, p<0.00 for the organizational climate. While for the human resource practices, the pearson correlation for Training and Development is 0.66, p<0.00, Compensations is 0.56, p<0.00 and benefits is 0.59, p<0.00. Thus, it is crucial for the organization to put a great emphasize on the significant roles played by these two variables in high performance work systems.
Sejakkebelakanganini,SistemKerjaBerprestasiTinggitelahdibincangkanolehakademikdanperniagaan di dalamindustri. Namun, isusistemkerjaberprestasittinggiinilebihbanyakdifokuskanorganisasiberasizbesarpadaorganisasi yang pengkaitan dengan keperkumpulan. Melihatpadapada situasini, tamenminimbankan yang tinggi di dalmdbiljanajidikuntummembuatpenyelidikanberkaitan dalmsektorkoperasi. Bagitujuanpenyelidikanini, AngkatanKoperasiKebangsaan Malaysia Berhad (ANGKASA) telah dipilih sebagai unit analisisdisebabkanoleh faktorsaizyang tinggi dalm dalam riset. Latarbelakang danperan yang dimainkannya di dalam perkembangan koperasi di Malaysia. Di dalamamalan, duapembolehubah telah dipilih iaitu (1) AmalanSumberManusiadan (2) klimakOrganisasisebagai pembolehubah tidak bersandar, manakala SistemKerjaBerprestasiTinggi sebagai pembolehubah bersandar. Kedua-duapembolehubah ini akan diuji untuk menentukansamadawujudnya hubungkait atau pengaruh di antara mereka. Bagitujuanpenganalisaan data, kajiselidiktelah dilakukan ke atas pekerja ANGKASA di manasolankajiselidik dilakukan ke atas pekerja ANGKASA, dandaripadajumlah tersebut 260 kajiselidiktelah berjaya dikutip yang menyumbang kepada 58%. Daripada hasilanalisis yang diperolehi, boleh dikatakan bahawa waterdapat hubungan di antara amalan sumbermanusia dan klimakorganisasi yang tidak bersandar atau bersandar. Seban yak 450 soalankajiselidik telah dilakukan dan berkaitan dengan keperkumpulan. Dari hasil analisis, korelasikoefisien bagi klimak organisasi untuk faktorkomunikasi dan membantu keputusan adalah 0.52, p < 0.00, birokrasiadalah -0.22, p < 0.00 dan keperkumpulan adalah 0.56, p < 0.00. Manakala untuk amalan sumbermanusia, bagifaktoralatihandanpembangunanadalah 0.66, p < 0.00, imbuhanialah 0.56, p < 0.00, danfaedah pula sebanyak 0.59, p < 0.00. Makadengan ini, adalah amat penting bagi organisasi untuk memperbaikan hubungan antara amalan sumbermanusia dan klimakorganisasi. Dalam sistemkerjaberprestasitinggi.
I begin in the name of Allah, the most Gracious and the most Merciful.

Praise to Allah S.W.T for giving me with great health, strength and emotional stability during having the hardships in completing this dissertation. My sincere gratitude and appreciation to my supervisor Dr MohdFaizal bin Mohd Isa for his time, effort, and guidance in helping me to complete this project paper.

I am deeply and with all of my heart want to say thank you to all my beloved family especially my mother who continuously pray for my success and consistently giving me full support and encouragement, keep reminding me not to give up hope in facing everyday challenges and obstacles. Thanks mom for being such a good mother and friend to me. I love you so much.

I would also like to take this opportunity to acknowledge with gratitude the cooperation received from the employees of ANGKASA who have spare some of their to answer my questionnaire, my colleagues for their support especially my superiors who understand my obligations as a student and never put a sour face whenever I have to reject an assignment that require me to go for an outstation. I also would like to acknowledge an effort made by an examiner appointed by my supervisor in checking my works in this project paper.

Last but not least I would like to remember and thanks my late father, Hassan bin Tamat, who had raised and guided me to be a good person. He was not here with me anymore but his prayers are. Thank you dad and I miss you so much. Also thank you to all of you who I have not mentioned here but have contributed directly or indirectly to the completion of this project paper. Your good deeds will never be forgotten.
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CHAPTER 1

INTRODUCTION

1.0 INTRODUCTION

The nature and pace of recent changes in the economic environment have motivated both managers and scholars to look for new sources of competitive advantage and profitability (Huselid & Becker, 1997). As a result, interest in how organizations might use the High Performance Work System (HPWS) as a “competitive instruments in the industries, and across market segments within industries” (Batt, 2002; Boxall, 2003) in ensuring their sustainability is seen critical. The call for this changes become more crucial due to the “changes in the atmosphere of global business and the continuing liberalization pressures occurring from economic and financial crisis provide new challenges as well as opportunities” (Nazlina, Siti Rohaida & Aizzat, 2011).

Due to the rapid changes in the business landscape as mentioned above, the business players started to realize they can no longer depend on the traditional methods of doing business, to ensure sustainability. Thus, they need to keep abreast with the latest technology, by giving sufficient training and development to the employees so that they are well-trained and competent in performing their work. Most organizations, nowadays, have started to see the notion of “employee-friendly” is important to keep up the employees’ motivation and job satisfaction, by creating a conducive and supportive working environment, so that they will work hard to achieve the organizational objectives, as well as possessing a high level of organizational citizenship behavior.

It is the intention of this study to see how the concept of the high performance work system can help the organization to have a competitive advantage, and at the same time ascertaining what are the other factors that may influence its successfulness. For the purpose of this study, two factors have been selected, which are the human resource practices and
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APPENDIX A: QUESTIONNAIRE

BAHAGIAN A (IKLIM ORGANISASI - mengukur apakah persepsi pekerja terhadap iklim atau suasana dalam sistem organisasi ini)

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<td>Organisasi ini bertindak pantas menggunakan kaedah kerja yang telah ditambahbaikan</td>
</tr>
<tr>
<td>2</td>
<td>Organisasi ini mempunyai matlamat dan objektif yang jelas dan sesuai</td>
</tr>
<tr>
<td>3</td>
<td>Organisasi ini mengurus aktiviti-aktiviti kerjanya dengan dengan cara yang paling munasabah</td>
</tr>
<tr>
<td>4</td>
<td>Organisasi ini akan membuat keputusan pada peringkat di mana maklumat-maklumat yang</td>
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