

A PERCEPTION OF EMPLOYEES ON HR PRACTICES  
TOWARD ORGANIZATIONAL PERFORMANCE IN HOTEL  
INDUSTRY

CHONG CHYN WAH  
ENG SIE LIH  
GWEE SHIANN HERNG  
OOI YAW YANG  
WANG CHEE HUNG

BACHELOR OF BUSINESS ADMINISTRATION  
(HONS)

UNIVERSITI TUNKU ABDUL RAHMAN

FACULTY OF BUSINESS AND FINANCE DEPARTMENT  
OF BUSINESS

MARCH 2012

A PERCEPTION OF EMPLOYEES ON HUMAN RESOURCE  
PRACTICES TOWARDS ORGANIZATIONAL  
PERFORMANCE IN HOTEL INDUSTRY

BY

CHONG CHYN WAH  
ENG SIE LIH  
GWEE SHIANN HERNG  
OOI YAW YANG  
WANG CHEE HUNG

A research project submitted in partial fulfillment of the  
Requirement for the degree of

BACHELOR OF BUSINESS ADMINISTRATION (HONS)

UNIVERSITY TUNKU ABDUL RAHMAN

FACULTY OF BUSINESS AND FINANCE  
DEPARTMENT OF BUSINESS

MARCH 2012

Copyright @ 2012

ALL RIGHTS RESERVED. No part of this paper may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, graphic, electronic, mechanical, photocopying, recording, scanning, or otherwise, without the prior consent of the authors.

## DECLARATION

We hereby declare that:

- (1) This undergraduate research project is the end result of our own work and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.
- (2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.
- (3) Equal contribution has been made by each group member in completing the research project.
- (4) The word count of this research report is 35,658 words.

Name of Students:	Student ID:	Signature:
1.Chong Chyn Wah	09ABB02939	
2.Eng Sie Lih	09ABB05788	
3.Gwee Shiann Herng	09ABB04096	
4.Ooi Yaw Yang	09ABB03204	
5.Wang Chee Hung	09ABB03916	

Date: March 15, 2012

## ACKNOWLEDGEMENT

First and foremost, we would like to thank to Universiti Tunku Abdul Rahman (UTAR) for giving us a chance to conduct this research project. Through conducting the research, we are able to understand how an organization increases its performance by changing or modifying its internal policy. This experience enables us to better suit into working environment from the point of human resource perspective.

Apart from that, we also want to show our highest appreciation to our most respected research project supervisor, Mr. Peter Tan Sin Howe who gives us a lot of guidance and support throughout the process. Through his professional opinion, we learn a lot of knowledge that cannot be obtained in the lecture class. This research project is impossible to complete without his opinion and guidance.

Moreover, we would like to take this opportunity to thank to our target respondents who spend their time in answering our questionnaire. Their idea and opinion is very important to us in completing this research project. Besides that, we would also like to show our appreciation to management of hotel for their time and consideration in allowing us to do survey with their employees.

Last but not least, we would like to show highest gratitude for every group member who cooperate with each other in completing this research project. The effort and scarification made by every group member will never be forgotten. Thank you.

## DEDICATION

We would like to dedicate this research project to individual who indirectly or indirectly contribute to the completion of this research paper. When we are conducting the research, a lot of people have gives us guidance, support as well as motivation. This range from friends that support us when we are in the midst of understanding some theories, respondents that help us answer our questionnaire, management of hotels and every group members who spend considerable time and effort in completing this research in the past nine months.

Apart from that we would like to show our highest dedication and gratitude to our research project supervisor, Mr. Peter Tan Sin Howe, for his motivate and professional guidance throughout our research project. His guidance is very valuable to us as he guide us to the direct direction and motivate us to complete the research project.

TABLE OF CONTENTS

	Page
Copyright Page.....	ii
Declaration .....	iii
Acknowledgement.....	iv
Dedication.....	v
Table of Contents.....	vi
List of Tables.....	xi
List of Figures.....	xiii
List of Abbreviations.....	xiv
List of Appendices.....	xv
Preface.....	xvi
Abstract.....	xvii
<b>CHAPTER 1</b>	<b>INTRODUCTION</b>
1.0 Introduction.....	1
1.1 Research Background.....	1
1.1.1 Background of Hotel Industry in Malaysia.....	3
1.2 Problem Statement.....	8
1.3 Research Objectives .....	12
1.3.1 General Objective .....	12
1.3.2 Specific Objectives .....	12
1.4 Research Questions .....	12
1.5 Hypotheses of the Study (for quantitative research) .....	13
1.6 Significance of the Study .....	14
1.7 Chapter Layout .....	16
1.8 Conclusion .....	17
<b>CHAPTER 2</b>	<b>LITERATURE REVIEW</b>
2.0 Introduction .....	18
2.1 Review of the Literature.....	18
2.1.1 Dependent Variable: Organizational Performance.....	18
2.1.1.1 Corporate Financial Performance .....	19

	2.1.1.2 Occupancy Rate .....	20
	2.1.1.3 Employee Performance .....	22
	2.1.1.4 Turnover Rate .....	23
	2.1.2 Independent Variable: Human Resource Practices .....	25
	2.1.3 Independent Variable: Selective Hiring .....	26
	2.1.4 Independent Variable: Training and Development .....	28
	2.1.5 Independent Variable: Performance Appraisal .....	32
	2.1.6 Independent Variable: Compensation .....	35
2.2	Review of Relevant Theoretical Models.....	37
	2.2.1 Model 1: Comparing Appropriate decision support of human resource practices on organizational performance with DEA/AHP model .....	37
	2.2.2 Model 2: Strategic Human Resource Management and organizational performance in Singapore .....	41
	2.2.3 Model 3: An investigation of the relationship between compensation practices and firm performance in the US hotel industry .....	45
	2.2.4 Model 4: Competency-based human resource practices in Malaysia public sector organizations .....	48
	2.2.5 Model 5: Training, motivation, and performance: The case of human resource management in construction projects in Mashhad, Iran .....	51
2.3	Proposed Theoretical/Conceptual Framework .....	55
2.4	Hypotheses Development .....	56
	2.4.1 The Relationship between Selective Hiring and Organizational Performance .....	56
	2.4.2 The Relationship between Training and Development and Organizational Performance .....	57
	2.4.3 The Relationship between Performance Appraisal and Organizational Performance .....	58
	2.4.4 The Relationship between Compensation and Organizational Performance .....	59
	2.4.5 The Relationship between Human Resource Practices and Organizational Performance .....	60
2.5	Conclusion .....	61



CHAPTER 3	RESEARCH METHODOLOGY	
3.0	Introduction .....	62
3.1	Research Design .....	62
3.2	Data Collection Methods.....	63
	3.2.1 Primary Data .....	63
	3.2.2 Secondary Data .....	63
3.3	Sampling Design .....	64
	3.3.1 Target Population .....	64
	3.3.2 Sampling Frame and Sampling Location .....	64
	3.3.3 Sampling Elements .....	66
	3.3.4 Sampling Techniques .....	66
	3.3.5 Sampling Size .....	67
3.4	Research Instrument .....	67
	3.4.1 Pilot Study .....	67
	3.4.2 Full Study .....	69
3.5	Constructs Measurement (Scale and Operational Definitions) .....	70
3.6	Data Processing .....	81
3.7	Data Analysis .....	83
	3.7.1 Descriptive Analysis .....	83
	3.7.2 Scale Measurement – Reliability Test .....	83
	3.7.3 Inferential Analysis .....	86
	3.7.3.1 Pearson Correlation Coefficient .....	86
	3.7.3.2 Multiple Regression Analysis .....	87
3.8	Conclusion .....	89
CHAPTER 4	RESEARCH RESULTS	
4.0	Introduction.....	90
4.1	Descriptive Analysis .....	91
	4.1.1 Respondent Demographic Profile .....	91
	4.1.1.1 Gender .....	94
	4.1.1.2 Age .....	95
	4.1.1.3 Ethnic Group .....	96

	4.1.1.4 Education Level .....	98
	4.1.1.5 Location of Work .....	100
	4.1.1.6 Year of Employment .....	101
	4.1.1.7 Monthly Income .....	103
	4.1.1.8 Working Department .....	104
	4.1.2 Central Tendencies Measurement of Constructs .....	107
	4.1.2.1 Organizational Performance .....	108
	4.1.2.2 Selective Hiring .....	113
	4.1.2.3 Training and Development .....	117
	4.1.2.4 Performance Appraisal .....	120
	4.1.2.4 Compensation .....	124
4.2	Scale Measurement .....	129
	4.2.1 Internal Reliability Test .....	129
4.3	Inferential Analysis .....	131
	4.3.1 Pearson Correlation Coefficient .....	131
	4.3.1.1 The Relationship between Selective Hiring and Organizational Performance .....	132
	4.3.1.2 The Relationship between Training and Development and Organizational Performance .....	134
	4.3.1.3 The Relationship between Performance Appraisal and Organizational Performance .....	136
	4.3.1.4 The Relationship between Compensation and Organizational Performance .....	138
	4.3.2 Multiple Regression Analysis .....	140
	4.3.2.1 The Relationship between the Four Independent Variables and Organizational Performance .....	140
	4.3.2.2 Nature of Relationship .....	141
	4.3.2.3 Strength of Relationship .....	143
4.4	Conclusion .....	145
<b>CHAPTER 5</b>	<b>DISCUSSION AND CONCLUSION</b>	
5.0	Introduction .....	146
5.1	Summary of Statistical Analyses .....	147

5.1.1	Summary of Descriptive Analyses .....	147
5.1.2	Summary of Inferential Analyses .....	148
5.1.2.1	Reliability Test .....	148
5.1.2.2	Pearson Correlation Analyses .....	148
5.1.2.3	Multiple Regression Analyses .....	149
5.2	Discussion of Major Findings .....	150
5.2.1	Selective Hiring .....	151
5.2.2	Training and Development .....	152
5.2.3	Performance Appraisal .....	153
5.2.4	Compensation .....	155
5.2.5	Human Resources Practices .....	157
5.3	Implication of the Study .....	159
5.3.1	Theoretical Implications .....	159
5.3.2	Managerial Implications .....	159
5.4	Limitations of the Study .....	162
5.5	Recommendations for Future Research .....	163
5.6	Conclusion .....	164
	References .....	165
	Appendices .....	178

LIST OF TABLES

	Page
Table 1.1: Malaysia Hotel Star Rating .....	6
Table 1.2: Malaysia Tourist Arrival Report in year 2008, 2009 & 2010 .....	10
Table 1.3: Average Occupancy Rate in year 2008, 2009 & 2010 .....	10
Table 3.1: Schedule for Pilot Study .....	68
Table 3.2: Schedule for Full Study .....	69
Table 3.3: Questions of Demographic Profile .....	71
Table 3.4: Section B in Questionnaire .....	76
Table 3.5: Section C in Questionnaire .....	79
Table 3.6: Rules of Thumb about Reliability Test .....	84
Table 3.7: Reliability of Questionnaire (Pilot Study) .....	85
Table 3.8: Rules of Thumb about Correlation Coefficient .....	87
Table 4.1: Respondent Demographic Profile .....	91
Table 4.2: Frequency Analysis on Gender of Respondents .....	94
Table 4.3: Frequency Analysis on Age Group of Respondents .....	95
Table 4.4: Frequency Analysis on Ethnic Group of Respondents .....	96
Table 4.5: Frequency Analysis on Education Level of Respondents .....	98
Table 4.6: Frequency Analysis on Location of Work of Respondents .....	100
Table 4.7: Frequency Analysis on Years of Employment of Respondents .....	101
Table 4.8: Frequency Analysis on Monthly Income of Respondents .....	103
Table 4.9: Frequency Analysis on Working Department of Respondents .....	104
Table 4.10: Cronbach's Alpha Reliability Analysis .....	129
Table 4.11: Pearson Correlation Coefficient .....	131
Table 4.12: Correlation between Selective Hiring and Organizational Performance .....	132
Table 4.13: Correlation between Training and Development and Organizational Performance .....	134

Table 4.14: Correlation between Performance Appraisal and Organizational Performance .....	136
Table 4.15: Correlation between Compensation and Organizational Performance .....	138
Table 4.16: Multiple Regression Analyses .....	140
Table 4.17: Model Summary .....	143
Table 4.18: Anova .....	144
Table 5.1: Correlation Value between Four Independent Variables and Organizational Performance .....	150
Table 5.2: Correlation Value between Human Resource Practices and Organizational Performance .....	157

LIST OF FIGURES

	Page
Figure 2.1: Ya-Fen Tseng and Tzai-Zang Lee (2009) Conceptual Model .....	37
Figure 2.2: David Wan, Chin Huat Ong and Victor Kok (2002) Conceptual Model .....	41
Figure 2.3: Karthik Namasivayam, Li Miao and Xinyuan Zhao (2007) Conceptual Model .....	45
Figure 2.4: Ilhaamie Abdul Ghani Azmi (2010) Conceptual Model .....	48
Figure 2.5: Amin A. Tabassi and Abu H. A. Bakar (2009) Conceptual Model .....	51
Figure 4.1: Gender of Respondents .....	94
Figure 4.2: Age Group of Respondents .....	95
Figure 4.3: Ethic Group of Respondents .....	97
Figure 4.4: Education Level of Respondents .....	99
Figure 4.5: Location of Work of Respondents .....	100
Figure 4.6: Years of Employment of Respondents .....	102
Figure 4.7: Monthly Income of Respondents .....	103
Figure 4.8: Working Department of Respondents .....	105

LIST OF ABBREVIATIONS

HRM	Human Resource Management
HR Practices	Human Resource Practices
MAH	Malaysian Association Hotels
SPSS	Statistical Package for Social Science

LIST OF APPENDICES

	Page
Appendix 3.1 Questionnaire .....	178
Appendix 3.2 Organization Name Card .....	184



## PREFACE

Organizational performance is important variable of organization. It defines existing position of the organization as well as the future prospect that the organization are facing. This is especially true for organization that relies heavily on labour work to complete their task. Hotel industry is the example of labour intensive industry. Human resource or employee is capital of organization. Human capital is also basic building block of the organization that directly contribute survival and growth of any organization. A well-managed human resource can become a source of competitive advantages that cannot be imitated by competitors.

A hotel industry is an industry that heavily relies on ability of its employee to serve their customers so that customers have an enjoyable experience in the hotel. This in turn relies on how well the organization establishes its human resource policy to manage its employees. When employees need and expectation are met by human resource policy of organization, they will provide better service to customers and increase the chance that the customer come back to the same hotel.

Due to unique geographical location, culture and history of Malaysia, we have become country that receives millions of tourists all over the world. Hence, these tourists provide a huge source of income to Malaysia. The main locations that most of the tourists visit are Penang, Malacca and Pahang States. These three States consists of many heritage buildings, entertainment as well as shopping malls to attract tourists. The huge number of tourists will stay in hotel during their visitation in Malaysia. This is the reason why hotel have to look into their employee welfare from human resource perspective in order to increase its organizational performance.

Although it is very difficult to measure organizational performance as different industry may use different measurement to determine organizational performance. However, it is very crucial that management of hotel industry look into the ways to increase organizational performance based on their human capital. This is because improving knowledge, skill, abilities and others of employee will ultimately benefit organization directly or indirectly.

## ABSTRACT

It is commonly known that human resource of an organization is important capital. This is especially true in labour intensive industry such as hotel industry. A well-managed human resource is able to help organization to improve its organizational performance. Therefore, a research is conducted to determine the associated between human resource practices and organizational performance. Independent variables such as selective hiring, training and development, performance appraisal and compensation are being studied to determine their relationship with organizational performance. A total number of 210 set of questionnaires is collected from non-managerial hotel employees and the result are analyzed. Findings shows that all human resource practices have significant relationship with organizational performance. Specifically, compensation and performance appraisal have the strongest relationship. This is followed by training and development and selective hiring. In another word, hotel management should focus more on compensation and performance appraisal system in order increase organizational performance. Also, training and development and selective hiring should not be neglected.

## **CHAPTER 1: INTRODUCTION**

### **1.0 Introduction**

This chapter begins with background of study to provide an overview of this research. Then, next section followed with problem statements that provide brief statement on the issue which the research determines to address. This chapter will continue with research questions and objectives. Next, this chapter will flow to explain the significant of this study. Finally, the last section provides brief summary on the contents from chapters one until five in this research.

### **1.1 Background of Research**

Employee or more commonly known as human resource is the basic building block of a company. It plays a significant role and largely determines success and failure of a company in a particular industry. It is also the most vital capital of the company, however, few companies really appreciate the role and function performed by human resource department (Ahmad and Schroeder, 2003).

Human Resource Management (HRM) is widely defined as a field of professional practice and organizational activity (Tabassi and Abu Bakar, 2009). It is further defines as systematic process of managing, attracting, and retaining a firm's human resource in order to ensure the company is able to outperform other competitors in obtaining market share (Ahmad, et al., 2003). This function is particularly important as it helps company to obtain and retain employee with the needed and necessary knowledge, skill, ability and others (KSAOs) to perform a particular job effectively. Staff in human resource department will carry out intense study on the type of employee which is needed by each and every department and recruit the right people for the company. This process is called staffing, a central function to effective human resource management.

On the other hand, human resource practices are concern with policies set out by company with regard to managing, attracting and retaining qualified individual. Such policies vary from industry to industry as it needs to fit into the nature and requirement of each industry. Practices set by human resource department of a company have a significant impact on employees' motivation and their desire to serve customer effectively. Practices that are perceived by employee as address to their need have a positive effect on organizational performance. On the other hand, practices that do not consider employees' concern not only harm organizational performance but also long term prospect of the organization.

Central to managing effective human resource is having efficient human resource department. This department is normally being regarded as "expenditure" department where the department incurs expenses and consumes huge amount of company profit in such area as payroll, training and development of employee, employee and labour relation activity and etc. Instead of regard money spent on human resource activity as an expenses, it can be taken as investment in employees' current competencies and future skill so as the company can achieve better in the future (Ahmad, et al., 2003). In order to have an effective human resource management, company must have such function in well-establish and interrelated manner. These functions include staffing, human resource development, employee and labour relation, safety and health and compensation (Mondy, 2008). The extent to which a company is able to success in an industry depends on its ability to manage these interconnected activities or functions.

Services sector such as hotel industry largely relies on ability of its employee to provide superior service to customer. The probability on which a customer will stay in the same hotel for each trip depends on the quality of service provided by employee of the hotel. The quality of service provided by employee is affected by level of effort, motivation and desire of employee to provide superior service to customers. In turn, the level of effort, motivation and employee's desire is affected by company's policy as to whether those policies are motivating or demotivating and employee-oriented or solely for company profit making intention. This eventually led to human resource outcome such as employee's

turnover rate, level of job satisfaction and organizational commitment. That is the reason why human resource practice of a company is crucial to its long term survival and competitive position in an industry. In order to achieve this aim, human resource department have to look into the basic need of the employee and slowly move up the hierarchy of need as specified in Maslow's hierarchy of need. Hotel industry is encouraged to establish employee-oriented human resource practice as it is proved to minimize cost of doing business and provide higher profit when employee turnover is reduced (Tseng & Lee, 2009).

The most ideal human resource practice as well as practice that closely address to the need of employee will help organization to achieve highest organizational performance (Ahmad, et al., 2003). However, few companies really able to achieve this goal as they fail to see synergy or unable to identify the suitable bundles of human resource practice to help the company achieve predetermined organizational performance goal. Problem arises when the "bundles" of human resource practice adopted by company does not match employees' needs. Various

### **1.1.1 Background of hotel industry in Malaysia**

The services sector plays an important role in the economy of Malaysia. In year 2010, services sector contributed 48.5 percent to Gross Domestic Product (GDP) of Malaysia (Productivity report, 2011). In another word, almost half of the GDP is contributed from services sector. Hotel industry appears to be a promising business in this sector because of the existence of tourism industry in Malaysia. This is because tourists are an important customer group for hotel industry. Tourism industry in Malaysia continuously achieves growth every year and provides a considerable amount of national income to Malaysia government. Hotel industry is able to gain profit from tourists by providing accommodation to them as they travelling from place to place.

In year 2010, 24.6 million of tourists arrived in Malaysia and tourist receipts contributed RM 56.5 billion for Malaysia (Tourism Malaysia,

2011). Domestic tourists also contributed a significant amount of sales for hotels in Malaysia. According to the Department of Statistics, domestic tourists spend RM 6096 million for accommodation in 2010, achieving a growth of 4.1 percent compare to expenditure in 2009 which is RM 4171 million. This is a good sign for hotel industry because the fortune of hotel industry is closely tied to fortune of tourism industry.

The reason to why Malaysia has such a high visitation rate is that Malaysia has many different cultures and heritage buildings that other countries do not have. The population in Malaysia consists of Malay, Chinese, Indian and some ethnic group (Tourism Malaysia, 2012). Each of the races has its own unique cultures and believes. Apart from that, different races in Malaysia celebrate different festivals which make Malaysia unique in the eye of foreigners. These festivals include Hari Raya, Chinese New Year and HariDeepavali. During the celebration of those event, each ethnic group will wear their tradition costume and celebrate the event using their according to their own belief. These are the events that make Malaysia unique in the eye of foreigners.

Besides that, Ministry of Tourism Malaysia also organizes different type of events in conjunction with festivals in Malaysia. For example, Ministry of Tourism will organize an event to celebrate Thaipusam in Batu Caves, Selangor (Tourism Malaysia, 2012). This event will be held on 7<sup>th</sup> February 2012. This event allows different races in Malaysia as well as tourists from other country to understand each other culture.

Furthermore, Ministry of Tourism will also organize Cuti-cuti Malaysia and Year-End Sales (YES) every year (Malaysia Year-End Sales (M-YES): Tourism Malaysia, 2012). Both of the events attract huge amount of tourists to Malaysia. Through Cuti-cuti Malaysia, tourists are attracted to such places as A Famosa, Melacca; Genting, Pahang and Georgetown, Penang. All these places consist of heritage buildings and some other entertainment that attract tourists to visit. Besides that, Year-End Sales that held in fourth quarter of every year also attract either local or foreign

tourists to go for shopping in various shopping center in Malaysia (Malaysia Year-End Sales (M-YES): Tourism Malaysia, 2012).

One of the factors to allow these events to being carried out successfully is that Malaysia has enough hotels to allow tourists from both local and overseas to stay. Also, the quality of service provided should be guaranteed to ensure tourists have a good experience when travelling in Malaysia. In turn, a good service quality is depends on the extent to which management of hotel treat its employees.

Hotels in Malaysia can be rated from one to five stars based on six criteria that are qualitative and aesthetic requirement, common areas, bedroom requirements, services, safety standards and hygiene and staff (Malaysian Association of Hotels, 2011). Hotels will be assessed based on the above criteria and they will be given a final score that determine star rating of their hotels (Malaysian Association of Hotels, 2011). These ratings provide information to domestic or foreign tourists and help them to choose type of hotel that they wish to stay.

According to Department of Statistic Malaysia, the number of establishments in hotel industry has reached 2362 in the year 2009, achieve an increase of 8.2 percent compare to 2008. Among these establishments, budget hotels occupy more than half of them which are 67.6 percent, followed by hotels and service departments with about 17.9 percent, 9.7 percent are chalets and the remaining are rest houses or guest houses. About 165,245 of rooms are available in these establishments for customers to stay in 2009.

Average occupancy rate is a measure that used to calculate the percentage of rooms being occupied by customers in a certain period of time. According to Malaysian Association of Hotels, occupancy rate is measured quarterly and the report concerning occupancy rate of each State will be released. This measure can also be regarded as an indicator to determine performance of hotel industry. This is because only performing hotel and

hotel that provide superior service to customers will have high occupancy rate. This is then related to human resource practice adopted by those hotels.

The gross output of hotel industry is recorded to have RM 9.0 billion in 2009 which is 2.0 percent more than 2008 (Department of Statistic, 2010). There are a total of 104,645 employees working in hotel industry and salaries amounted of RM 1793 million was given to employees in 2009 (Department of Statistic, 2010). These data shows that hotel industry plays a significant role in Malaysia economy and directly contributes to economy growth. If hotel industry is able to perform well, it can help to secure job opportunity of employees working in this industry and ensure steady growth of Malaysia economy.

The quality of service provided by employees is an important factor that will affect organizational performance of hotel industry. Hotel industry will be able to capture the huge profit arise from the growth of tourism by offering superior service to satisfy the needs of their customer or tourists. Customers are more likely to stay in the same hotel in their next visit if they are satisfied with the service provided by the hotel.

The table below shows the number of hotels rated from one to five star in Malaysia.

Table 1.1: Malaysia Hotel Star Rating

Peninsula Malaysia	Star Rating					Total Number of Hotels
	5	4	3	2	1	
PERLIS	0	1	1	0	2	4
KEDAH	9	10	18	13	9	59
P.PINANG	7	21	8	18	4	58



Organizational Performance

PERAK	2	5	5	19	15	46
SELANGOR	10	15	12	13	17	67
N.SEMBILAN	0	7	6	6	5	24
MELAKA	1	12	18	21	13	65
JOHOR	3	5	16	19	17	70
PAHANG	3	14	22	21	11	71
KELANTAN	1	1	5	12	3	22
TERRENGGANU	3	5	8	16	4	36
TOTAL	39	96	119	168	100	522

SABAH/SARAWAK						
SABAH	8	10	35	35	34	120
SARAWAK	7	11	23	13	12	66
TOTAL	15	21	56	48	46	186

FEDERAL TERRITORY						
K.LUMPUR	21	17	27	29	22	116
PUTRAJAYA	2	1	0	0	0	3
LABUAN	1	2	1	5	5	14
TOTAL	24	20	28	34	27	133

Adapted from: Malaysian Association of Hotels (MAH), 2011

## 1.2 Problem Statement

Tourism industry contributes a large portion toward Malaysia economic growth. Along with mass promotion activities to promote Malaysia tourism, the number of tourists' arrival in Malaysia increased over the years. Increasing number of tourists' arrival further stimulate the development of hotel industry in Malaysia. So, high performance in hotel industry will help in advancing Malaysian economy.

In order to determine the major problems faced by hotel industry, we assess criteria of organizational performance. In assessing performance of hotel industry, criteria such as profit, annual occupancy rate and employee turnover rate can be used.

Many researchers reveal that high turnover rate is one of the most challenging problem faced by hostel industry (Hemdi, 2006; Hinkin&Tracey, 2000; Carbery, Garavan, O'brien, & McDonnell, 2003). An excessive annual turnover rate of about 60% is happened in all level of employee in hostel industry globally (Alan, Radzi, Hemdi,&Otheman,(n.d.)). Even though Malaysia is having a rapid growth and fabulous development in hotel industry, high turnover rate is still one of the major obstacles for hotel to achieve better performance.

Human capital is essential to the success of hotel industry. As this is a service-oriented industry, and the nature of hotel business is extremely people intensive. Qualified employees are necessary to provide superior services toward their customers. When the qualified employees decided to leave hotel industry, quality of services provided will be affected. Therefore hotel industry should have bundles of human resource practice to keep a sufficient labor pool. Employees' turnover rate show a negative relationship with human resource practices, which turnover rate increase as poor human resource practices are used by an organization (Hemdi, 2006). When an organization having a well organized human resource practices, its ability to retain qualified employees will be increase accordingly, thus a lower employee turnover rate can be achieved.

Besides that, as qualified employees decide to leave hotel industry, higher cost of doing business will be incurred. When turnover rate is high, companies have to spend more money on recruiting, selecting, hiring, and training new employees. This additional cost will shrink the organization' profit and hence affect the organization financially.

In Malaysia, hotel industry provide a relatively low salary when compare with other sector. An average salary of RM1, 084 per month is received by Malaysian who works in hotels and restaurants industry. Whereas, Malaysian who works in other sectors, they able to earn higher average salary. Malaysian who works in financial services sector is able to earn RM 2,114 per month. Apart from that, for employee who works in oil, gas and energy sector, an average salary of RM2, 621 is received (Economic Transformation Programme , 2010).

The pay in hotel industry is only half of those of financial services sector or oil, gas, and energy sector. The living standard in Malaysia increase significantly over years. Malaysian is demanding for jobs that are able to compensate them with higher salary in order to cope with high living expenses nowadays. This indirectly increase turnover rate of employee in this industry. Therefore, employees will choose to work in another industry which able to provide a higher pays. This is the reason why turnover rate in this industry remains high and have a negative impacts on organizational performance of hotel industry.

Moderate occupancy rate is another common problem which often faced by hotel industry in Malaysia. Rapid growth in Malaysia tourism industry has increased arrival of tourists to Malaysia. However, the occupancy rate in hotel industry still remains in a moderate level. According to the data from Tourism Malaysia 2011, the occupancy rate in the year of 2008, 2009 and 2010 indicated that hotel performances in Malaysia need certain improvements.

Table 1.2: Malaysia Tourist Arrival Report in year 2008, 2009 and 2010

<b>Year</b>	<b>Total Tourist Arrival</b>
2008	22,052,488
2009	23,646,191
2010	24,577,196

Adapted from: Tourism Malaysia, 2010

The above table had recorded the amount of tourist arrived to Malaysia in year 2008, 2009 and 2010. In year 2008, the total tourist arrival is amounted to 22,052,488. Followed by, in year 2009, it increased to 23,646,191. The amount of tourist visited Malaysia continues increased to 24,577,196 in year 2010. (Tourism Malaysia, 2011)

Table 1.3: Average Occupancy Rate of Hotels in year 2008, 2009, 2010.

<b>Year</b>	<b>Total Occupancy Rate</b>
2008	66.3
2009	60.9
2010	59.3

Adapted from: Tourism Malaysia, 2010

Hotel occupancy rate is the percentage of hotel rooms occupied by occupants during a specific period of time. Bardi's study showed (as cited in Razalli, 2008) that the occupancy rate is measured by a formula, the number of room sold divided by the number of rooms available, it can be a good instrument for measures or evaluate hotel staff performances level in attracting guests to a particular hotel.

The percentage of occupancy rate in year 2008 is 66.3. In year 2009, the percentage dropped to 60.9 and in year 2010 the percentage continually dropped to 59.3. The total average occupancy in 2008, 2009 and 2010 was dropped continuously (Tourism Malaysia, 2011).

Occupancy rate can also reflect customers' satisfaction towards services provided by the particular hotel. Higher occupancy rate indicates that hotel staff has provided superior service to their customers and able to attract them to occupy room provided in the hotel. The reduction in occupancy rate normally is caused by low customer satisfaction towards services provided by the particular hotel. In fact, services quality provided by a particular hotel is determined by its employees as hotel industry is a service-oriented sector. In turn, performance of employee to serve customer is affected by policies and practices that is being used to manage them. If employees feel they are being focused by human resource department, they will be motivated to provide better service to customers. Employee motivation, one of the human resource outcomes, is factor that determines service quality of a hotel. Eventually, employee motivation can be boosted by having employee-oriented human resource practice.

In a nutshell, human resource practices enable the firms to strengthen their attractiveness and hence increase their ability to attract, manage and retain more qualified employees. For instance, a better compensation scheme with additional benefits may affect employee's perception toward his organization's human resource practices. Thus a positive outcome of organizational performance can be achieved.

Compared to the amount of tourist arrival and hotel occupancy rate in 2008, 2009 and 2010, the results we get are contrary different. Suppose it may have a positive relationship between the amount of tourist arrival and hotel occupancy rate, however, from the given data, we found the percentage of tourist visit to Malaysia keep on increasing while the occupancy rate of the hotels dropping gradually. As opposed to this negative effect and a dominant gap arises in this situation had shown that, a problem does exist.

## **1.3 Research Objectives**

### **1.3.1 General Objectives**

1. To investigate factors that affects organizational performance in terms of human resource perspectives.
2. To help company to improve its organizational performance.
3. To identify areas of human resource function that company need to pay attention for in order to improve organizational performance.

### **1.3.1 Specific Objectives**

1. To determine whether selective staffing is significantly related to organizational performance.
2. To determine whether training and development is significantly related to organizational performance.
3. To determine whether performance appraisal is significantly related to organizational performance.
4. To determine whether compensation is significantly related to organizational performance.

## **1.4 Research Question**

1. What are the factors that affect organizational performance?
2. Is better management of human resource practice will lead to high organizational performance?
3. Is there a positive relationship between human resource practice and organizational performance?

## 1.5 Hypotheses of the Study

H<sub>0</sub>: There is no significant relationship between selective staffing and organizational performance.

H<sub>1</sub>: There is a significant relationship between selective staffing and organizational performance.

H<sub>0</sub>: There is no significant relationship between training and development and organizational performance.

H<sub>1</sub>: There is a significant relationship between training and development and organizational performance.

H<sub>0</sub>: There is no significant relationship between performance appraisal and organizational performance.

H<sub>1</sub>: There is a significant relationship between performance appraisal and organizational performance.

H<sub>0</sub>: There is no significant relationship between compensation and organizational performance.

H<sub>1</sub>: There is a significant relationship between compensation and organizational performance.

H<sub>0</sub>: The four independent variables (selective staffing, training and development, performance appraisal and compensation) do not have significant relationship with organizational performance.

H<sub>1</sub>: The four independent variables (selective staffing, training and development, performance appraisal and compensation) have significant relationship with organizational performance.

## **1.6 Significance of the study**

The findings in this research will contribute to the field of human resource management as better understanding would be gained on the relationship between human resource practices and organizational performance especially in hotel industry in Malaysia. This research will provide more insight on importance of human resource practices in Malaysia as there is lack of sufficient empirical research pertaining to human resource practices in Malaysia (Daud, 2006). Application of the best bundle of human resource practices is one of an important element for a successful organization because employee is the basic block of an organization. Human resource practices are needed for effective planning and managing the job design for employees. Training and development of skills that is needed by the organization can also be arranged for employees with these practices. Performance appraisal in human resource practice also ensures the need and expectation of employees are overseen and satisfied. In short, human resource practices are essential in managing employees and motivate them to achieve the goal of organizations in hotel industry.

This research will enhance the performance of hotel industry which will indirectly contribute to tourism industry in Malaysia. Good human resource practices will help to manage each employee effectively in terms of closely address to the need and expectation of employees. Once the needs and expectations of employees are fulfilled, they will be more motivated and contribute more effort in effectively perform their job. Employees with high motivation are an important factor in providing superior service to customers. This is needed in hotel industry because the service provided plays an important role in affecting the performance in this industry. Thus the performance of hotel industry can be improved by increasing employee performance through effective human resource practices.

The findings in this research will help managers in determining the best bundle of human resource practices that will help hotels to formulate effective strategies for these practices. We will also provide managers with a clearer vision on the link between human resource practices and organizational performance. By applying



these practices, complaints and errors related to the service provided to customers will be decreased. Hotels will also experience lower turnover rate because employees are motivated and their needs and expectations are satisfied. The improvement of hotel revenue will also be seen along with the improvement of organizational performance.

Tourism industry is the main contributor to GDP of Malaysia every year. Tourism industry brings a considerable amount of revenue to hotel industry as when tourists, whether domestic or foreign, travel from place to place, they need certain place for them to rest and stay overnight. Hotel is the most suitable place for them. So, tourists are important customer group to hotel industry. Thus, the quality of service provided by hotel industry will affect satisfaction level of tourists. Hotel industry can enhance its ability to capture sales from this group of customers by offering good services to customers. Human resource practices will be a critical tool for hotels to ensure the level of service quality provided by employees is at optimum level.

## **1.7 Chapter Layout**

### Chapter 1: Introduction

The introduction includes the background of research, problem statement, research, problem statement, research question and research objectives, followed by significant of the study.

### Chapter 2: Literature Review

This chapter covers literature reviews that discuss and evaluate other research studies in relation to current research topic. It serves as the establishment to test the hypothesis.

### Chapter 3: Research Method

In term of research setting, types of sample used, data collection, types of measurement scales and methods of analysis, this chapter will discuss on how the research was implemented.

### Chapter 4: Research Result

This chapter presents the current research result and the patterns of the result will be reported in table and chart form. There is no discuss of the result included.

### Chapter 5: Discussion and Conclusion

Overall, this chapter concludes the entire project which comprised discussion and interpretation of the research results, identify the limitation of the research and recommendation for future research.

## **1.8 Conclusion**

This chapter presents the background of the study, problem statement, research question and objectives of the study. This chapter also explains the significant of this study. Finally, the research layout is discussed in the last section of this chapter.

The following chapter will cover the literature review to provide a better understanding on the impact of bundle of human resource practices on organizational performance. In addition, a proposed research framework will be developed on the next chapter. The final section of next chapter will discuss about the hypotheses that are formulated to be evaluated on this research.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.0 Introduction**

This chapter begins with review of literature that discusses all the independent variables and dependent variable. Next, this chapter is continued with review of relevant theoretical framework. Then, the next section is our proposed theoretical or conceptual framework. This chapter is then continued with hypotheses development. Finally, a conclusion of chapter two is discussed.

### **2.1 Review of Literature**

#### **2.1.1 Organizational Performance**

According to Tseng et al. (2009), there are many factors that can be used to assess organizational performance. However, we only include turnover rate, corporate financial performance and employee performance to measure organizational performance (Tseng et al., 2009). These factors are important as any changes in these factors will cause company profit to drop and affect company performance. According to Razalli (2008), occupancy rate can also be used to measure organizational performance. As mentioned in previous chapter, occupancy rate is the ratio of hotel rooms occupied by tourist or customers during a specific period of time. This variable is important occupancy rate indirectly signals revenue level of organization.

### **2.1.1.1 Corporate Financial Performance**

Organizational performance can be evaluated based on corporate financial performance. Based on empirical studies made by previous researchers, a company can measure its financial performance through market measures or accounting measures (Alexander & Buchholz, 1978; Cochran & Wood 1984; McGuire, Sundgren, Schneeweis, 1988). According to Hillman and Keim (as cited in Tsoutsoura, 2004), the market and accounting measure represent different perspectives of how to measure a firm's financial performance.

Accounting measures focus on historical data, it is often ruled by intuition and past experience (Rizal, 2008). There are many indicators can be used by hotel in order to measure its financial performance. Examples of the financial indicators are operating profit margin (OPM), return on asset (ROA), return on equity (ROE).

Operating profit margin is used to measure profit per unit (dollar) of product produce. OPM is an essential determinant to improve corporate financial performance of a company. Increase in OPM will impact organization ROA and hence result in a better financial performance. ROA is a measure for evaluate the overall efficiency with which hotel assets are used to generate profit. Debt is an important part of the capital structure of many businesses. ROE can use to assess how the debts perform in the capital structure of an organization.

However, there are some biases in accounting measures. Accounting measures focus on historical data and only tell about past performance of a company. Accounting measures are lagging indicators. It cannot be used to predict future performance of an organization (Denton & White, 2000).

Market measures can be a leading indicator. As oppose to accounting measures, market measures are more forward looking. In another word, it more focus on current and future financial performance of a company. Based on McGuire, Sundren, & Schneeweis (as cited in Tsoutsoura, 2004),

market measures are indicator which represents the evaluation of investors of the ability of a firm to generate more profit. There will be less accounting procedures. Price-Earnings Ratio (P/E) and Price to Book Value (P/BV) are two common market measures use to measure corporate financial performance. Both of the ratios are used to estimate share price of a company (Gitman, 2006). P/E ratio is measured by market price per share with current earnings per share (Gitman, 2006).P/E ratio is usually be used to calculate share price of a company. If a company has high ability to earn high profit, it will push up share price of the company and vice versa. On the other hand, P/BV ratio is calculated by dividing market price per share with book value per share (Gitman,2006).

#### **2.1.1.2 Occupancy Rate**

Hotel industry is one of the service industries which emphasis more on human value. Nature of business in hotel industry focuses on service, human skills and intangible assets. The ability of hotel staff in attracting customer to their hotel can be measure by occupancy rate. Occupancy rate is one of the important measurements to assess how successful is the hotels to sell their primary product.

Occupancy rate is a measurement to measure the effectiveness of hotel in its external and internal marketing effort. These marketing efforts can be in term of radio and television advertisement, advertisements on printed media such as newspapers and magazines, billboard displays and the forth. Marketing effort is effective when hotel able to achieve higher occupancy rate (Bardi, 2003).

Occupancy rate can be calculated by the number of room sold divided by the number of rooms available (Bardi, 2003).

The formula is:

$$\text{Occupancy Rate} = \frac{\text{Total rooms sold in a period}}{\text{Total number of available rooms}} \times 100$$

Occupancy rate is a tool used by investors to determine the potential gross income of a hotel. Occupancy rates, average daily rate, yield percentage, and revenue per available room (RevPAR) are common sales indicators used by investors to estimate a profitability of a hotel. Under a level of occupancy, average daily rate, anticipated yield and potential gross income of a hotel is the amount of sales that a hotel might obtain.

The average daily rate is another sales indicator used in projecting hotel guest room revenues. It can be measured by total room revenue divided by number of rooms sold. Yield percentage measure the effectiveness of a hotel at selling its rooms. Yield percentage is high when hotel able to sell its rooms at the highest rate available to the most profitable customers.

RevPAR measured the profitability of each guest room in a hotel. It can be determined by dividing room revenue obtained in a period by the number of rooms available in the hotel for that period. There are two formulas used for calculating RevPAR :

Formula:

$$\text{RevPAR} = \frac{\text{Room Revenue}}{\text{Number of Available Rooms}}$$

Or

$$\text{Hotel Occupancy Rate} \times \text{Average Daily Rate}$$

These sales indicators not only represent financial performance of a hotel but reveal how successful the hotel staff in attracting more customers to occupied a room in their hotel. Hence, it is one of the importance measurements to measure organizational performance in hotel industry.

### **2.1.1.3 Employee Performance**

Employee performance is also a dimension in measuring organizational performance (Mindtools, 2011). The performance of employee is an important dimension for organizational performance because good employee performance is the foundation for a successful organization.

A good employee performance is always linked with whether an organization is able to achieve established objective and goal. The implementation of Key Performance Indicator (KPI) can be useful in linking both employee performance and organizational goal. The function of KPI is to identify the progression of an organization towards achieving its objectives and goals (Public Record Office Victoria, 2010). Details obtained from KPI can be used as comparison to ensure the job and task of employee is compatible with the vision and mission of the organization. It will be meaningless if the job and task performed by employee does not match with the expectation of organization (Mindtools, 2011).

There are two types of indicators for KPI which are direct and indirect indicators (Public Record Office Victoria, 2010). Direct indicator describes whether employee can achieve his task and objective given to him. The result of direct indicator is in quantitative form thus easy to be measured. Indirect indicator shows how well an employee can perform his task. The efficiency of employee in performing his task is not in quantitative form thus will be difficult to be measured.

Performance appraisal is also an effective tool in evaluating employee performance because it is an ongoing process to assist and evaluate the work performance of employee. Information of employee obtained from KPI can be used in performance appraisal for evaluation to be done. Performance appraisal will allow employee to know his performance within the organization through feedback from appraisal. Different organization will have different preference in selecting appraisal method for performance appraisal. 360-degree feedback evaluation method, rating



scale method, and ranking method are example of appraisal methods used in organization.

#### **2.1.1.4 Turnover rate**

Turnover rate is an important indicator for organizational performance. Turnover rate can be identified by calculating the percentage of number of employee leaving compare with average of employee in an organization. According to Gustafson (2002), turnover can be referred a measurement on the relationship between employee and organization when employee leave the organization.

Turnover rate is interrelated with organizational performance as turnover will incur direct and indirect cost to the organization (Ton & Huckman, 2007). The departure of employee especially worker with long working experience or with specific skill which are needed by the organization will incur huge losses to the organization. Experienced worker with tacit knowledge is important asset to organization. Thus, high turnover rate, especially experienced employee, will have a major influence for organizational performance. Besides that, the remaining workers will need to fill up work task of previous worker and they will become overburden. The lack of expertise or experience of new hired worker will not be able to handle task done by previous worker. It will take a few years for new workers to gain sufficient experience and obtained tacit knowledge on their tasks and responsibilities. Thus, organization with high turnover rate will suffer lower performance as various costs are incurred due to turnover of employees.

Turnover can be divided into two major categories, which are voluntary turnover and involuntary turnover (Heneman & Judge, 2009). Voluntary turnover is employee initiated while involuntary turnover is organization initiated. Voluntary turnover can be divided into avoidable turnover and unavoidable turnover (Heneman et al., 2009). Avoidable turnover refers to

the turnover of employee can be prevented if organization take action such as increase salary. On the other hand, unavoidable turnover are turnover of employee that cannot be prevented such as employee need to leave his country. Involuntary turnover can also divided into discharge turnover and downsizing turnover (Heneman et al., 2009). Discharge turnover only targets on individual while downsizing turnover targets on a group of employees. Organization will consider the severity on the action of employee to determine whether to discharge the employee. Downsizing turnover occurs when there is a situation of overstaffing in organization. Overstaffing usually happens when economic crisis strikes or organization faces financial problem, organization will need to discharge employees to reduce cost and sustain daily operation.

Griffeth et al. propose that dissatisfaction on current job, lack of commitment to the organization, intention to leave and comparison of other alternatives are drivers for employee turnover (as cited in Gberville, 2010). Researchers also examined that dissatisfaction can also arise when high performers are not rewarded with the compensation they desired. However, Gberville (2010) conclude that difference on rewards given to employees can motivate or de-motivate employees on remaining in their current job. Difference in reward does not necessary lead to employee turnover in an organization.

There are also researchers who stated that turnover does not necessary be negative for an organization. Ton & Huckman (2008) proposed that turnover should be viewed as a contingent phenomenon, not as monolithic concept. However Ton et al. agrees that negative effect of turnover will overpower the positive effect of turnover on operational performance. Osterman proposed that turnover should be seen in what condition it will be beneficial or harmful to an organization (as cited in Ton et al., 2008).

## 2.1.2 Human Resource Practices

Stroey, Sisson, Guest and Legge proposed that Human Resource Management (HRM) has received great attention from various researchers (as cited in Alleyne et al. 2006). It is commonly known that human resource practices are able to increase organizational performance (Cho, 2004; Chand, 2010; Moideenkutty, Al-Lamki & Rama Murthy, 2010; Osman, Ho & Galang, 2011; Sohail, Tanveer & Muneer, 2011; Zhai & Liu, 2011). However, few researches really look into human resource practices employed by service sector or particularly hotel industry. Human resource practices in hotel industry are important because this industry relies heavily on labour work to complete tasks (Wang, 2005; Chand, 2007). Therefore, a well-planned human resource policy is able to help the organization to produce efficient and effective manpower and thus increase organizational performance as a whole (Cho, 2004).

In assessing human resource practice in the organization, two main viewpoints proposed by researcher, that is best-practice model and best-fit model (Alleyne et al., 2006). Boxall and Purcell proposed that (as cited in Alleyne et al., 2006) best-practice model can be used to increase performance of an organization by implementing best practice of managing human resource. Pfeffer (1998) has come out with a list of human resource management practice that enables organization to improve its organizational performance. These practices are:

- 1) Employment security
- 2) Selective hiring
- 3) Self-managed team
- 4) High pay contingent to organizational performance
- 5) Extensive training
- 6) Reduce status differences within the organization
- 7) Extensive sharing of information throughout the organization.

These practices are deemed to improve organizational performance. However, viewpoint from best-fit model disagree with best-practice model.

Best-fit model is divided into internal fit and external fits. This model proposed that effective and efficient human resource policies should able to match into internal and external environment of an organization (Alleyne et al., 2006).

Wiley and Brooks proposed that (as cited in Chand, 2010) human resource policy employed by an organization is very important as organizational performance can be improved if satisfied and inspired employee produces satisfied customer. This in turn increases the repurchase decision made by the satisfied customer. Hence, profitability and performance of an organization can be increased.

### **2.1.3 Selective Hiring**

Talents or human capital are essential for an organization to achieve superior outcome when compare with other companies. Selective hiring had become one of the human resource best practices which can generate positive outcome for organization performance (Delaney & Huselid, 1996; Pfeffer, 1998). In order to enhance employee skills in companies, Delaney (1996) suggest that companies can put in effort in improving quality of the individual hired, companies will able to hire potential employees via sophisticated selection procedures.

Other than best-practice model, selective hiring was one of the important components in the human resource best-fit model (Alleyne et al., 2006). Alleyne (2006) propose that companies should link their selection practices of hiring with their appraisal and reward system. Internal fit will achieve as criteria for hiring new employee match with criteria for assess and reward these new hired employee.

Research from Vlachos (2009) have proven that selective hiring contribute to better organizational performance and able to lead the organization to grow. Evidence from food companies in Greece showed manager able to boost their organizational performance and firm growth through hiring selectively.

Bataineh (2011) have highlighted why hiring selectively are important. Bataineh suggest that each employee performance will hinge with their subordinates performance, any hired staff that have not possess the right skill or abilities will not perform in their job and hence the team will suffer with poor performance. Hiring selectively also help to reduce company cost, effective screening enable company to maintain a minimum cost in their hiring process.

Selective hiring contributes to better organization performance. Hiring selectively is a practice which generates more profit for the company. Paul and Anantharaman proposed that (as cited in Vlachos, 2009) hiring selectively guarantees hired employees possess the right qualifications, which can help to increase organizational economic performance. Hiring selectively allow companies to hire employee with desired skills and behaviors which match with the job context (Werbel and DeMarie, 2005).

Pfeffer (1998) had proposed several ways on selective hiring to build a high performing organization. These main ways included having large number of applicants per opening, screen applicants for cultural fit and attitude but not for skills which can be readily trained through training and development program, clear about most critical skills, behaviors, or attitudes which are crucial for better performance, using several rounds of screening to show that hiring process is being taken very seriously by organizations, senior management should be involve in hiring process to show the importance of this selective hiring process and close the loop by assessing the results and performance of the recruiting process.

Williams (2006) suggest a “good people strategy” which allows employee in a supervisory position to understand overall relationship among company and employees. Hiring standard is one of key components of good people strategy. Companies can hire individuals based on the hiring standard. Delaney (1996) also proposed the selectivity in hiring process are important and able to lead to positive organization performance.

Pre-employment tests can be used to effectively reduce the turnover rate (Cho, Woods, Jang, and Erdem 2006). Pre-employment tests are one of the key components of selective hiring. Cho et al. (2006) proposed that by passing the pre-employment tests, applicants may have a stronger sense of belonging toward the company, hence will motivate these applicants. Applicants who pass pre-employment test are more likely to contribute to the companies. Besides, by comparing with employees who are hired without pre-employment tests, employees who pass pre-employment tests showing a lower turnover rate which they are less likely to leave companies.

#### **2.1.4 Training and Development**

Training and development is needed by every organization in the world. This is partly because training and development improve organizational efficiency and effectiveness and partly because training improves knowledge, skills, ability and others (KSAOs) of employees (Cho, 2004; Ghafoor Khan, Ahmad Khan, Aslam Khan, 2011). Competitive business environment future escalates the need that management of organization to implement training and development in the organization. It is important to have employees which are properly trained as well as motivated in labour intensive industry, service industry (Wang, 2005).

Many researchers have different definitions on training and development. Tabassi and Abu Bakar (2009) proposed that a process of cultivating job-related knowledge and skill in order to increase performance of firm is

known as training and development. On the other hand, training and development is defined by Swanson (1995) as complicated process of improving job-related knowledge of employee working in the organization in order to increase organizational performance. Training is defined by Bataineh and Ahmad (2011) as transfer of knowledge, skills and competencies through training course that related specific job skills or knowledge.

According to Batanieh (2011), training can be divided into on-the-job training and off-the-job training. On-the-job training provides training to employee during office hours whereas off-the-job training provides training to employee by putting them away from their workplace. Common types of on-the-job training are job rotation and understudy assignment. On the other hand, organization can organization classroom lectures, films and simulation exercise as off-the-job training program for employees (Tabassi et al, 2009). All these training programs improve employees' skill and subsequently increase their ability to contribute to organizational performance.

Doyle proposed that (as cited in Vlachos, 2008) training and development is able to improve organizational performance in variety of ways. One of the ways is employees' skill is able to improve through attending training and development program. This indirectly increases employee productivity, job satisfaction and at the end reduces the number of employee who resigned from the organization. These three events increase profitability and reduce unnecessary expenses incurred by the organization. Besides that, training and development will result in internal recruitment to fill up vacancy in top management. Training and development improves skill and knowledge of existing employee and prepares them for future challenges. Once employees are trained, they have the ability to be promoted to higher position. This reduces the possibility of human resource department to carry out external recruitment to hire talent from outside of the organization. Cost incurred and time consumed in external recruitment

affect organization financially. Besides that, internal recruitment policy is able to motivate employee to put in more effort into their work. This indirectly increases employee productivity as well as organizational performance. The same model of promoting employees is also being used in ALPHA, a gas processing company situated in Malaysia (A.K., 2010). Moreover, training and development also help employees to plan their career path. Training motivates employee to take up more responsibilities in order to develop themselves. This will eventually be beneficial to the employee as skills are learned.

Although training and development has a significant relationship with organizational performance, effective implementation of training and development in the organization is still in doubt (Sohail et al., 2011; Tabassi et al., 2009; Wang, 2005; Ghafoor Khan et al., 2011; Osman et al., 2011; Vlachos, 2008; Zhai et al., 2010; Bataineh et al., 2011). Employees are human capital of organization. Investment in human capital increases the ability of employee in performing their task. In another word, trained employee can help organization to capture more sales, perform tasks with less resource and bring more revenues to the organization (Ghafoor et al., 2011). Even though training costs a lot to the organization, however, organization that provides training courses are the final user of training outcome.

Research from Sohail et al. shows that training and development variable is an important variable in service sector. This is because service industry is an industry that consumes significant manpower. The author also proposed that provide training courses to employee to improve their current jobs is as important as provide development courses to ensure employees able survive in the fluctuating business environment. The author notes that developing employee is as important as providing training to employees.

According to Royalty (1996), organization that provides training to employees will have lower turnover rate. In another word, the more the



training courses provided in the organization, the lower the turnover rate. Turnover that happens in the organization is actually cost to the organization. The cost comes from recruitment process, orientation program and training provided to employees once they enter the organization. So, organization that provide training program to employee is able to increase organizational performance by lower down unnecessary expenses.

A research is done with luxury hotel in China and the result shows that providing training and development course to employees is becoming critical issue to manager of hotel in China. Specifically, eight hotels allocate most of the time to train employee who are working in frontline. On the other hand, some hotels also provide training in term of management development and organizational culture (Wang, 2005). This research shows that the significance of training and development programs in contributing to organizational growth as well as organizational performance.

According to a research done in banking sector, implementation of comprehensive training and development program is able to help the organization to increase its organizational performance. The researchers also proposed that employees need to be trained in order to improve current job knowledge as well as enable themselves to meet future challenges by undergoing development program (Nayyab, Hamid, Naseer&Iqbal, 2011). Many companies are now focusing on the significance of training and development in order to sustain competitive edges and improve skills, knowledge, abilities and others of employees (Cho, 2004).

We understand training and development is important to an organization. However, the need that organization required training program in the organization is depends on assessment of training needs. Training need assessment is being defined as the process of identifying whether the organization required training program and seek to determine that whether

the implementation of training program can help the organization to achieve its needs, objectives or solve problems (Arthur & Bennett. 2003). Once training need is identified, training program will be implemented. At the end of training program, evaluation of the effectiveness of the training program is required to determine whether training improves organization or help to solve problems faced by the organization (Cho, 2004).

### **2.1.5 Performance Appraisal**

Performance appraisal (PA) is one of the important human resource functions of an organization (Sudarsan, 2009). This topic receives significant attention from various researchers in term of identifying ideal performance appraisal process, evaluating performance appraisal process as well as how performance appraisal contribute to organizational performance (Kondrasuk, 2011; Williams and Hummert, 1990; Sudin, 2004). All these researches foster researcher to provide evidence on association between human resource practices (performance appraisal) and organizational performance (Sudin, 2004).

Researchers have defined performance appraisal in different ways. Billikopf (2010) proposed that performance appraisal is a technique that enables supervisor to provide comment to its subordinate regarding their performance over a specific period of time. On the other hand, Kondrasuk (2011) proposed performance appraisal system is a process of establishing performance standard, providing feedback to subordinate as well as utilizing information of performance appraisal to benefit every organizational member. Apart from that, Mathis and Jackson proposed that (as cited in Cho, 2004) performance appraisal is a process to determine to what extend an employee performs as compare to target established and create a channel to provide the appraisal information to the particular employee.

There are two important purposes that organization perform performance appraisal in the organization, that is, developmental and administrative purpose (Kondrasuk, Crowell, Dillon, Kilzer&Teeley, 2008). Developmental purpose helps employees to determine their performance as well as provide guideline to improve their job performance after reviewed their past performance. On the other hand, administrative purpose provides information to human resource manager to determine suitable compensation package for the employee in the next evaluation period and provides information on necessary training program to help improve job performance of employee. These purposes ensure employee performance is in the right direction to achieve organizational goal which in turn helps organization to perform better.

Organization can make use of performance appraisal process to improve its organizational performance. This is because goal established during performance appraisal will motivate employee to put in more effort to achieve expectation. If employee has any weakness or potential to growth, training and development program will be used to reinforce the particular employee. This process can only be identified through performance appraisal process. On the other hand, excellent achievement is being rewarded using compensation policy of the organization. In short, human resource practices are actually interrelated. The extent to which organization can link relationship between human resource practices will determine how well an organization performs. As proposed by Armstrong-Stassen and Cameron (as cited in Selden & Sowa, 2011) organization that focuses on performance is able to boost employee satisfaction and morale and reduce the amount of employee who resigned from the organization (Selden et al., 2011). Increased morale and satisfaction is able to increase employee productivity and thus improve organizational performance. On the other hand, reduced employee turnover enable the organization to lower down unnecessary expenses incurred in managing staff.

In fact, performance appraisal process is being disliked by many employees as communication breakdown always occurred between supervisor and employees (Kondrasuk, 2011). This communication breakdown comes from appraiser is not willing to provide comment on the performance of subordinate or subordinates are not dare to voice out their opinion regarding target to be achieved in the future. However, effective implementation of performance appraisal process can be source of competitive advantages. Specifically, effective implementation of organizational function such as performance appraisal is difficult to imitate by competitor (Sudin, 2004). This is then enables organization to perform better than its competitors and thus increase organizational performance.

Employees dislike performance appraisal is due to subjectivity exist in performance appraisal process. The author also proposed a list of method in order to improve performance appraisal process. These methods are improves the objectivity of performance appraisal system, include opinion from various sources, increases the frequency of reviewing performance, establishes a good communication channel between supervisor and employees and more representative performance standard and provides training to appraiser (Sudarsan, 2009).

The relationship between performance appraisal and organizational performance is also supported by other researcher. Nayyab et al. proposed that (as cited in Lam & Micheal, Yih) individual and organization will benefit from performance appraisal process. This process will develop individual employee and influence organizational performance.

### **2.1.6 Compensation**

Compensation policy is an essential element among human resource practices. A good compensation policy enables organization to have better employee recruitment, retention, satisfaction, and others. Effective compensation policies in a company create high commitment among employees (Mess, 2004). Companies can link its compensation policy with the performance appraisal, training and development, hiring. Organization able to achieve a better organizational performance by integrating these human resources practices.

Mondy (2008) defined compensation as “the total of all rewards provided employees in return for their services”. A total compensation policy comprises of three key components which are direct financial compensation, indirect financial compensation, and also non-financial compensation. Different terms such as “total pay”, “compensation package”, “direct and indirect compensation” were used in many research done previously (Milkovich & Newman, 2008; Namasivayam, Miao, & Zhao, 2006; Zingheim and Schuster, 2008).

Sturman (2006) have stated both amount of the reward and “how” the money is paid will giving influence future performance of employees in company. Potential employees will first consider on compensation when they are looking for employment. Individuals perceive compensation not only how they are paid, but also how they are valued by companies. Important of compensation system are important especially in service industries (Namasivayam et al., 2006). Well designed compensation systems strategically enhance organizational performance as it able to attract and retain more talents in companies.

Direct financial compensation includes pay and financial incentives. When employees perform their works, they will receive a pay from employment (Kline & Hsieh, 2007). Financial incentives are variable pay given to employees, it can be given in term of bonuses, profit sharing, team-based

pay, and others. Sturman (2006) suggest that base pay is a critical component of total compensation, and many employers using high pay levels to attract, retain and motivate their employees.

Indirect financial compensation includes a wide variety of reward which receives indirectly by the employee. These benefits including health insurance, retirement programs, paid leave, flexible working schedules and many more which may be legally required or organization provide voluntarily. Research by Torres & Adler (2011) has proven that health insurance is one of the most important benefits as it able to secure assets of each individual employee.

Nonfinancial compensation is often neglected by organizations historically. This form of compensation including any benefit an employee receives for job or employer that does not involve tangible value. Chen & Choi proposed that (as cited in Phonsanam, 2010) generational difference occur among Baby Boomers, generation X, and Millennials. Each generation possess different work value. Companies have to include different non-financial compensation in employee total compensation plan to motivate employees.

There are four policy choices to be considered to develop an optimal compensation strategy, which includes internal alignment, external competitiveness, employee contributions, and the management of the pay system (Milkovich et al., 2008). Many companies develop their compensation policies based on these policy choices. Oak Ridge National Laboratory (ORNL) and BJC HealthCare able to develop a competitive compensation plan which help to attract and retain qualified and skilled employees.

## 2.2 Review of Relevant Theoretical Models

### 2.2.1 Model 1: Comparing appropriate decision support of human resource practices on organizational performance with DEA/AHP model

Figure 2.1: Ya-Fen Tseng and Tzai-Zang Lee (2009) Conceptual Model



Adapted from: Tseng, Y. F., & Lee, T. Z. (2009). Comparing appropriate decision support of human resource practices on organizational performance with DEA/AHP model. *Expert Systems with Application*. 36. doi: 10.1016/j.eswa.2008.07.066

The main purpose of this study is to determine the effect of human resource practices on organizational performance with Taiwanese electronic companies and branches in China according to each culture type. This study also reveals the significance of organizational performance based on understanding of a suitable bundle of human resource practices. Besides that, this research also allows manager or management of company employed appropriate human resources practices after identify its organizational culture. This is because difference organizational cultures have difference influences on organizational performance.

Based on the above diagram, human resource practices included in this study are motivation, participation, training, hiring and compensation. On the other hand, dependent variable of the study is organizational performance. The measures that the author used in measuring organizational performance includes turnover, productivity, corporate financial performance, perceived market performance, employee performance, innovation and employee relations. Apart from independent variables and dependent variable, the author identifies four major types of organizational culture, that is, development culture, common culture, stratum culture and rational culture.

The study discloses that employee's participation and employee's relation are important in stratum, rational, development and common culture regardless of some small discrepancy. Besides that, the researchers also proposed that employees' participation have to be given attention in all type of organizational culture.

In term of common culture, organizational innovation always receives more attention by manager than any other type of culture. Besides that, manager also regards employee's relation, organizational innovation and corporate financial performance of organizational performance as being important. Manager of stratum culture pays more attention to employee's relations than any other type of organizational category.



In term of rational culture, employee's relations, organizational innovation and corporate financial performance of organizational performance as being given focus by manager in Taiwan whereas employee's relations organizational innovation and employees' turnover of organizational performance is focused by manager in China. Manager from electronic industry pay extra attention to employees' participation and employees' relations as appropriate decision.

The researchers also proposed that result of the study has a positive relationship with involvement factor and negative relationship with employees' turnover in common cultures. The study also reveals that branch manager focus more on the significance of employee motivation and compensation whereas manager from Taiwan electronic industry pay more attention to corporate financial performance and employee performance. In term of stratum and rational culture, there is a positive relationship with employees' participation and negative relationship with compensation of employee. In either Taiwanese electronic industry or branches, influence of employee relations on organizational performance is higher in stratum and rational than other type of organizational culture.

The limitation that the researchers face during the study is sample collected consists of greater variance as the researcher collect data from two sources only. This has result in lower rate of response and smaller sample size. The researchers also proposed way to improve quality of work to future research. These ways are collect financial and customer information, internal process message, learning and growth of company procedure and increase the understanding of human resource practices and organization performance by strengthen information. Future researcher also improves this study by incorporating Balanced Scorecard theory.

After we studied this journal, we are not taking all independent variables from this journal to our study. The independent variables that we are not adopting in our study are motivation and participation. We consider motivation is not a human resource practice and it is a psychological result

after those human resource practices are performed (Ayeni, 2007). In term of participation, we judge that it is not suitable to use in our research because of our research target. Hotels normally employ large number of employees which include cleaner and chef. It is difficult for management of hotels to include and involve opinion of all employees in decision making.

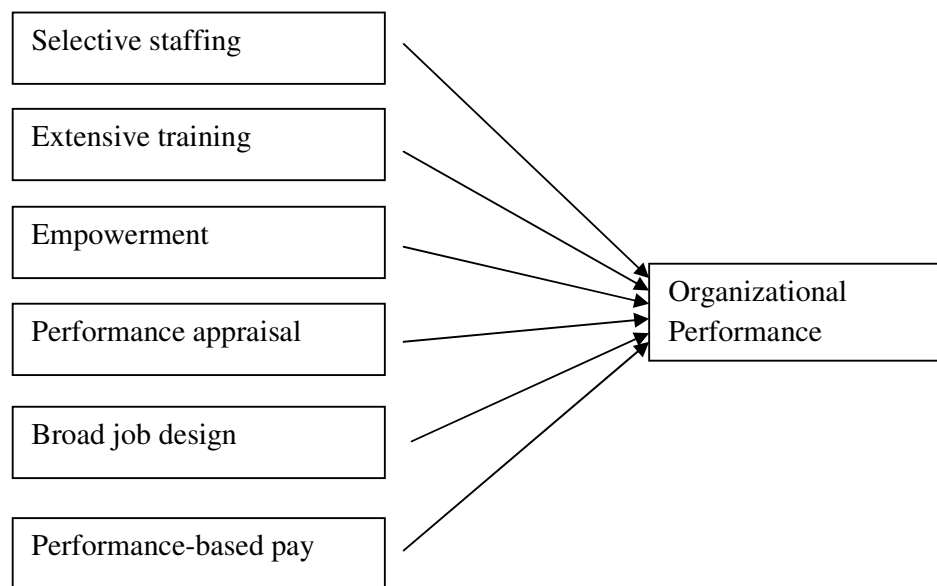
As mentioned above, hiring is a process for employer to recruit employees with the right potentials and capabilities. As a human resource practice, hiring is not a complete process, it should combine with selection to contribute to organizational performance, called selective hiring. Selective hiring is a very important practice for every organization. An organization advertises job vacancy in newspaper and selects the best suit applicant through selective hiring and interview process. (Lopez, 2007)

Training and development is an essential element of every organization to improve organizational performance. To preserve its market share and increase competitive advantage, organization needs to be able to create new knowledge and not only to rely on utilization of existing knowledge. (Vemic, 2007) Besides that, training and development is necessary for organizations to arouse potential of employees in order to increase productivity. Therefore, training and development is adopted into our study.

Compensation can be linked to business structure, employee recruitment, retention, motivation, performance, feedback and satisfaction. (Fogleman, 2004) Compensation usually is the first consideration for potential employees when they looking for jobs. (Fogleman, 2004) Moreover, monetary compensation is used to attract potential employees whereas non-monetary compensation typically is used to retain talents. Hence, compensation is an important element in every organization and we decided to put in compensation into our research as an independent variable.

## 2.2.2 Model 2: Strategic Human Resource Management and Organizational Performance in Singapore

Figure 2.2: David Wan, Chin Huat Ong and Victor Kok (2002) Conceptual Model



Source: Wan, D., Kok, V., & Ong, C. H. (2002). *Strategic Human Resource Management and Organizational Performance in Singapore*. Sage Publications

The main purpose of this research is to determine the linkage between strategic human resource management practices and organizational performance in Singapore as well as understand the meaning of the result gained for both managers and practitioners.

In order to carry out the research, the authors have included six different independent variables. These variables are selective hiring, extensive training, empowerment, performance evaluation, broad job design and performance-based pay. However, broad job design is being excluded from the study and replaced with team-based work.

Mail survey is being used in the study. The result of multiple regression reveals that there is a positive relationship between bundle of strategic human resource management practices with financial performance. Apart from that, the result also shows that positive relationship exists between human resource management variables with human resource performance. In assessing the relationship with human resource performance based on change in F, empowerment variable contribute the highest. This is followed by training, selection and performance appraisal. The study also reveals that there is tendency that different strategic human resource management variables can have impact on different aspect of performance.

There are also limitations that researchers face in this study. One of them is the sample size of the study is quite small. Besides that, the study does not determine whether there is any relationship organizational value and human resource management strategy and hence organizational performance.

The researchers proposed that future study can be improved by having a more comprehensive sample, putting human resource management system as mediator variable in the study, collecting data from various sources and considering longitudinal analysis.

From this journal, we are only adopting training and performance appraisal into our research. As mentioned in previous journal, training is important

element that drives organization towards higher level of achievement. Performance appraisal is tied to reward and pay, placement and promotion, and training and development. According to Christina Hamlett, performance appraisal provides comparison with previous performance of workers in term of skill sets, knowledge, initiative and participation. This review will reflect whether an employee is prepared for a promotion. Besides that, it helps employees to do better, raise self-esteem and motivation. (Simpson, 2001)

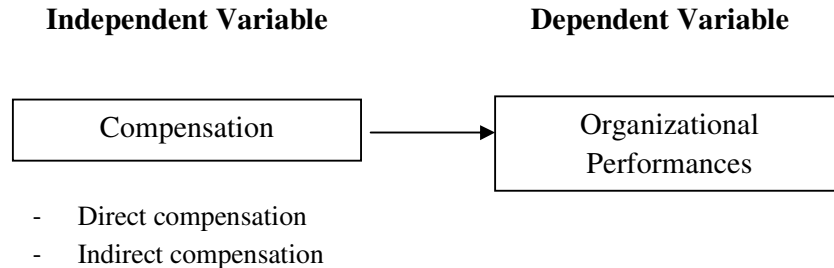
For empowerment, there are several reasons we do not include it as independent variable in our research. One of reasons is that abuse of power may happen when empowerment is practiced and therefore affect employees' morale. Furthermore, empowerment is a form of delegation that authorizes lower level employee to perform task which his/her superior are supposed to do. Problem arise when those employee do not have enough knowledgeable or are not capable enough to make decision. This will increase risk to an organization. Furthermore, information will be shared due to empowerment is being practiced. So, chance of leakage of critical information might happen. (Management Study Guide, n.d.)

In term of team-based work, we realize that cooperation in team may get communication problem. Employees with poor interpersonal skill may affect performance of team-based work and it is easily to misunderstanding among members. Although performance of team is greater than sum of individual work, failure in managing team-based approach will bring significant cost to the organization. Team-based work takes much more time to make a decision by having a lot of meetings. (Berry, 2010) Furthermore, this practice values team performance rather than individual performance. Thus, individual may consider personal performance is not important. Therefore, team-based work is not taking into our research. (Gray, 2009)

Performance-based pay is a sub-process of compensation. It not contributes in attracting candidate. As we have adopted compensation as our independent variable, we are not adopting performance-based pay.

### 2.2.3 Model 3: An investigation of the relationships between compensation practices and firm performance in the US hotel industry

Figure 2.3: Karthik Namasivayam, Li Miao and Xinyuan Zhao (2007)  
Conceptual Model



Source: K. Namasivayam, Li, M., Zhao, X. Y. (2007). *An investigation of the relationships between compensation practices and firm performance in the US hotel industry*, 26, 574-587. Retrieved October 10, 2011 from ScienceDirect Journal Database.

The main purpose of this study is to examine relationships between compensation practices in hotel organizations and their performance. Compensation is the only independent variable in this journal. On the other hand, dependent variable is organizations performances. Apart from that, this paper also examined and reported the relationship between human resource management practices and hospitality more specifically on hotel performances.

From the journal, it is discovered that the main factor that influence organizational performances is compensation systems. The types of

compensation can be divided into direct compensation which comprises base compensation and indirect compensation is in term of benefits.

Compensation systems can be divided into three different perspectives which comprise of role of benefits, role of pay system and mediation effects in compensation. Role of benefits investigate the relationship between level of benefits give to employees and organizational performance. In terms of role of pay system, the relationship between level of pay to employees and organizational performance is discussed. When it put into the mediation of pay level, the relationship between benefits and organizational performance will then evaluate differently by the mediation effects in compensation.

Author was drawn a sample of 1223 hotels from the total amount of 49,209 US hotels to carry out this survey. Benefits, salary, organizational performance indices and control variables are the four sets of measures that included in this study. Regression analysis was employed in this research to analyze result receive from respondents.

The results from regression analysis are as follow. For management employees, the correlation between salary measures and organizational performance was stronger. On the other hand, the correlation between individual benefits and organizational performance was stronger for non-management employees.

There is significant relationship in two formations: salary versus individual benefits and individual benefits versus organizational performances for both management and non-management perspectives. However, when salary was introduced to mediate the relationship between individual benefit and organizational performances, there are some variations occurs. For management side, the effect of individual benefit on organizational performance was not statistically significant. Meanwhile, for non-management side, the effect of individual benefit on organizational performance declined significantly.

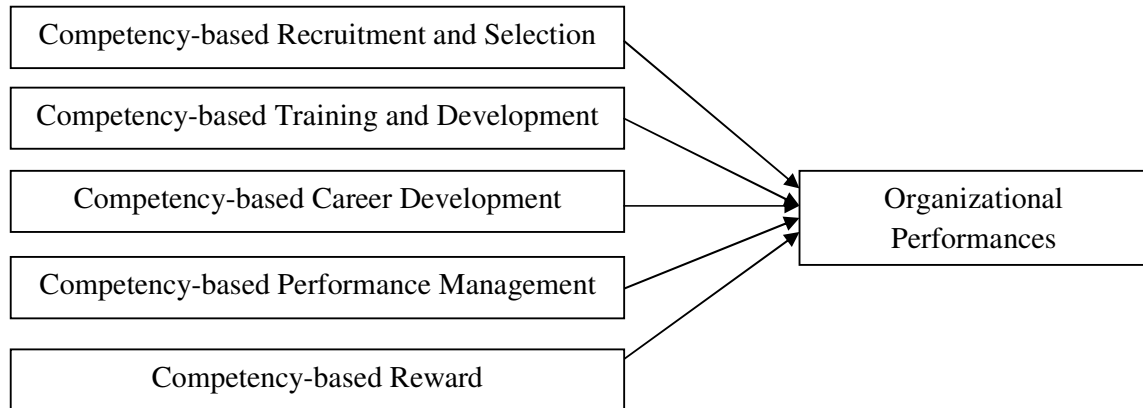


The limitation that the researchers face during the study is time constraints. More time are required to test on the data. Other potential explanatory variables are not included in the study.

We choose compensation as one of the independent variables in our study because we assumed that compensation may have direct influences towards organization performances. Armstrong's study showed (as cited in Idemobi, Onyeizugbe, Akpunonu, 2011) that the important part of human resource management approach to improve the productivity in an organization is compensation management. The implementation and maintenance of compensation system will bring significant improvement to organizational performance (Idemobi et al., 2011). As conclusion, one of the important factors in human resource management practices is the compensation because it will have a direct impact on whether employees will put in more effort in job. In another words, Hewitt's study showed (as cited in Idemobi et al., 2011) that the compensation system built a structure that implied employees who work harder will get higher pay than the people who work moderately. In the same way, the compensation will becomes a tool that able to influence employees' behavior in order to improve the organizational performances.

## 2.2.4 Model 4: Competency-based human resource practices in Malaysian public sector organizations

Figure 2.4: Ilhaamie Abdul Ghani Azmi (2010) Conceptual Model



Source: Ghani Azmi, I. A. (2010, February). Competency-based human resource practices in Malaysian public sector organizations. *African Journal of Business Management*, 4, 235-241. Retrieved October 15, 2011 from <http://www.academicjournals.org/ajbm/pdf/pdf2010/Feb/Azmi.pdf>

Due to the increasing complaint and unsatisfied with service quality of Malaysian Public service, Malaysia government introduced competency-based human resource practices at the end of year 2002. After implementing this policy for five years, this research has been done to determine to what extent this policy is being implemented in government public service. The purpose of introducing competency-based human resource practices is to increase level of service quality as well as help in organizational change.

The author has included five of the six competency-based human resource practices in the study. These included competency-based recruitment and selection, competency-based training and development, competency-based career development, competency-based performance management and competency-based reward.

Main survey is being employed by the researcher to distribute questionnaire to respondents. Sampling technique used in this research is simple random technique. After data is collected, factor analysis is being carried out. It is decided that training and development element is being combined with rewards element to form a new element known as organizational development. However, the rest on the independent variables remain unchanged.

Through result generated from the research, it is discovered that competency-based performance management, organizational development and career development are being highly practiced in Malaysian Public Service. On the hand, competency-based reward and recruitment and selection are moderately practiced.

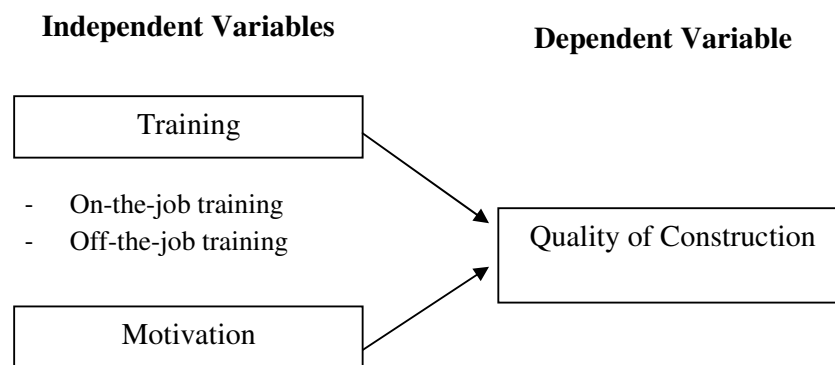
Apart from that, the researcher also proposed ways to help Malaysian Public Service to improve their service quality. One of them is current and future competencies of public sector employee can be increase by using competency-based reward system. Besides that, the power of hiring new employee should be given to each public organization. This is because only the particular organization understands the kinds of employee and competency that match their unique situation.

In fact, the content of this journal is quite match with our study. However, there are some weakness in this journal that makes it cannot perfectly suit in our study. One of the reasons is that this journal is carried out to evaluate Malaysia public sector but the focus of our study is on private sector. Despite both of them are service-based organizations, however, there are still some differences lies between them. Other than that, this

journal apply competency-based element into every independent variable. This means that all the human resource practice involve competencies element and it is not suitable in our study. Due to these reasons, this research paper may not completely suit in our research situation. However, this research paper does provide a lot of information in human resource management and help us in understanding more about human resource practice.

### 2.2.5 Model 5: Training, motivation, and performance: The case of human resource management in construction projects in Mashhad, Iran

Figure 2.5: Amin A. Tabassi and Abu H. A. Bakar (2009) Conceptual Model



Source: Tabassi, A. A., Abu Bakar, A.H. (2009). Training, motivation, and performance: The case of human resource management in construction projects in Mashhad, Iran. *International Journal of Project Management*, 27, 471-480, Retrieved October 18, 2011 from ScienceDirect database

The purpose of this is to explore the relationship between training and motivation towards quality of construction. This journal directly evaluates the execution of training and motivation methods that was taken in human resource management practices and it brings significant effects to construction projects in Mashhad, Iran.

Quality of construction is the dependent variable in this research. Meanwhile, training and motivation are the two independent variables

used in this research. Two training methods are explained in this study are on-the-job training and off-the-job training. Employees have their training at their workplace or involve in performing actual work is called on-the-job training. Besides that, off-the-job training is a situation where employees receive training courses away from their actual workplace.

In term of motivation perspective, the company is encouraged to find proper ways to satisfy employee different needs. The needs can basically divide into workers participation, recognition and team belonging.

To find out whether there is significant relationship between training and motivation in increasing the quality of construction projects is the purpose of this research. In order to carry out survey for this research, a quantitative research approach was used to distribute questionnaires. The target respondent of this study is employees who have direct managerial experiences in the construction field. 120 sets of questionnaires were sent through postal mail to groups of respondents and 52 sets of questionnaires were returned. In this journal, the author applies descriptive analysis to analyze data received from respondents. Apart from that, co-relational study is the type of investigation used in this journal. Statistical Package for the Social Sciences (SPSS) software was employed to analyze the survey results.

The main problem that Mashhad faces are they lack of sufficient number of talent in construction industry. Besides that, company in Mashhad also faces barriers and problems in training staff and workers. Effective training is another important factor despite create an influential working environment to encourage innovative and personal commitment of employees. Low levels of education, low income, and lack of motivation and family struggles are the main problems faced by Iranian construction workers.

The limitation of this study is that survey was only done with top grade construction companies in the Mashhad. Researchers were not able to gain

opinions from respondents in other countries. Besides, the questionnaires was limited to managerial staff in construction companies, non-managerial employees were not given the chance to express their opinion toward training and motivation.

In this journal, we decide to use training as one of the independent variables in our study. Training was chosen because it brings direct significant impact to organizational performance. Employees' work-related knowledge or skills can be developed through training process. Normally, a well-trained employee is able to perform better than the employees who are not properly trained. In fact, training is about training employee to acquire further knowledge in performing current task. In order to ensure employee are fully equipped with skill and knowledge, they also required to equipped themselves with skill and knowledge that enable them to perform future task. Therefore, we will include the element of development into the independent variable to form training and development.

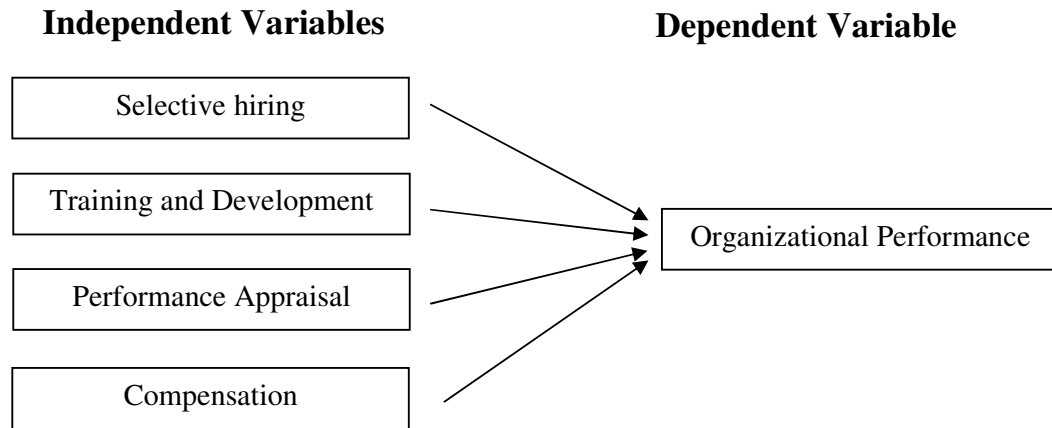
On the other hand, motivation mentioned in this journal is meant to fulfill the need of employees in Maslow's hierarchy of need. However, it does not have a clear relationship that enable employee to put in more effort in performing their work. Motivation can be a tool used by manager to drive employees to put in more effort in their work (AdeyinkaTella, Ayeni, Popoola, 2007). It can be done by fulfilling employees' needs. However, it does not have enough evidence to build a direct linkage to the organizational performances. Moreover, Purcell and Lepak's study showed (as cited in Katou, 2008) that motivation is a kind of attitude inherited by employees. Motivation can be aroused in employees themselves to perform their skills and competencies by using different mechanisms (such as compensation, promotion and incentives). After make use of some motivation techniques, it will then bring some influences to the organizational performances. Therefore, it cannot consider as an independent variable that it does not bring a simple and direct linkage to

organizational performances. As opposed to the purpose of our study, we reject this variable from our study.

Apart from that, the dependent variable in this journal is quality of construction. Although the dependent variable is not same as our study but the independent variable in this research paper is still being adopted. This is because good quality of construction also signals the extent to which an organization performs. If the quality of construction is good, it means the organization is performing well. On the other hand, companies that produce low quality of construction means that company have some deficiencies in their operation. In another word, those companies have low organizational performance. For this reason, we adopt this research paper despite their dependent variable is different with our study.



## 2.3 Proposed Theoretical/Conceptual Framework



Source: Develop from research

Based on previous research and our understanding in the relationship between human resource management and organizational performance, we have constructed a theoretical framework for our research.

Through the study of previous research, we included selective hiring, training and development, performance appraisal and compensation as independent variables in our study. On the other hand, organizational performance is the dependent variable in our research.

The main purpose of this research is to find out whether the above theoretical framework has a significant relationship and subsequently help organization to improve organizational performance through proper handling of human resource practice.

## **2.4 Hypotheses Development**

Based on our literature searching and review, we can come out with a framework about the relationship between certain human resource management Practices and organizational performances and we can continue our next step in which testing the following hypothesis in our study.

### **2.4.1 Selective hiring and organizational performance**

#### Hypotheses 1:

H<sub>1</sub>: There is a significant relationship between selective staffing and organizational performance.

A study from Schuster shows (as cited in Vlachos, 2009) that the selective hiring is a critical practice to contribute to profit of a company. Selecting right peoples can help to reduce the costs of training as well as earn more profits as the defect costs will be lower down. Besides that, study from Huselid also showed (as cited in Vlachos, 2009) that high performing organization normally employed selective hiring practices that enable them to enhance employee productivity and at the same time increase the organizational performance. Hence, turnover rate of employees will be reduced.

Study from Cho, Jang, and Erdem showed (as cited in Vlachos, 2009) that when adopting selective staffing, pre-employment test will be used as a key component to screen and select peoples who are competent and also highly committed to the organization. This can help to reduce organization turnover rate as incompetent employee or employee who are not suitable to the position offered will not be employed. Thus, subsequent resign will not be happened. Pre-employment test also help to increase organization efficiency.

Many human resource management best practice author, including Pfeffer and Veiga (1999), MacDuffie (1995) and Pfeffer (1995) stressed on selective hiring with the intention of obtaining the right candidate with the right qualification to fill up the right position (Mess, 2004).

## **2.4.2 Training and development and organizational performance**

### Hypotheses 2:

H<sub>1</sub>: There is a significant relationship between training and development and organizational performance.

Swanson's study shows (as cited in Tabassi & Abu Bakar, 2009) that training and development has the purpose of improving performance systematically through the process of developing employees' work-related skills and knowledge. This purpose had shown there is a linkage between training and development and organizational performances. As employee's skill is being improved, they will have better ability to perform their task.

Nankervis, Compton and McCarthy's study shows (as cited in AzlanMohamad, Lo, Maw, 2009) that effective training not only will provide skills and knowledge for employee to accomplish their job but also enhance employees satisfaction and productivity of employees. Training and development also can help organization to achieve its organizational objectives. This is because as employee's ability is improved, they are able to perform better and thus enable the organization to its objective. The objective can be in term of sales or profit target. So, training and development can help to enhance organizational performance.

### **2.4.3 Performance appraisal and organizational performance**

#### Hypotheses 3:

H<sub>1</sub>: There is a significant relationship between performance appraisal and organizational performance

Study from Mullins shows (as cited in AzlanMohamad et al., 2009) that performance appraisal system can measure individual's performance and show possible future career advancement that can to improve performance of the organization. Besides that, performance appraisal system is a set of activity that is being carried out in order to measure task performance and define and evaluate current performance. Hence, this system also can be used to measure individual's needs accurately and improve productivity.

Performances appraisals allow management to evaluate the organization performances as a whole. Performance appraisal can improve organization employee performances by providing employees with an outline to achieve organizational objectives, operational processes and also personal goals (Mess, 2004).

## **2.4.4 Compensation and organizational performance**

### Hypotheses 4:

H<sub>1</sub>: There is a significant relationship between compensation and organizational performance

Study from Becker and Gerhart shows (as cited in Namasivayam et al, 2007) that the important factor to achieve organizational goals is by adopting human resource management practices which include compensation. The amount of compensation given to the employees will determine how much efforts employees put in their work. Compensation can be an instrument in motivating or controlling the efforts that employees put in, performing and helps in achieving the goals set by organization.

Namasivayam et al (2007) suggested that a critical role in influencing organizational performances is compensation systems. Proper designed pay systems are able to motivate employee performances and it can help in attract and retain employees at the same time. Talented candidates may get attracted to an organization due to good compensation package provided by the organization.

In some cases, compensation also can be defined as reward. Ghani Azmi (2010) proposed that competency-based reward is defined as the degree to which an organization rewards employees based on their competencies or performances. In another word, compensation package of an organization is measured by the employee performances in term of their skills, behaviors and attitude in performing the jobs hold by them. This show how significant is the compensation practice of an organization.

## **2.4.5 Human Resource Practices and Organizational Performance**

### Hypotheses 5:

H<sub>1</sub>: There is a significant relationship between Human Resource Practices and organizational performance.

Barney, Wright, Dunford, Snell, Voss Tsikriktsis, Funk, Yarrow and Owen's study showed (as cited in Vlachos, 2008) that the uniqueness of human resource practices, causally ambiguous that makes peoples hard to imitate will be the source to let the firms to sustain their competitive advantages. Hence, human resource practices may lead to higher firm performances.

In Pfeffer's study showed (as cited in Vlachos, 2008) that Pfeffer had proposed seven human resource practices that included (1) employment security, (2) selective hiring, (3) self-managed teams and decentralization of decision making, (4) comparatively high compensation contingent on organizational performance,(5) extensive training, (6) reduced status distinctions and barriers, including dress, language, office arrangements and wage differences across levels, and (7) extensive sharing of financial and performance information throughout the organization had bring significant effect in improving firm performances.

Human resource practices are the factor that able positively impact organizational commitment and commitment can positively impacts the organizational performances (Wright & Kehoe, 2007). HR practices that employed in an organization are affective to the commitment of employees in organization. Hence, this will directly enhance the performances of employees. Therefore, the enhancement of employees' performances in an organization will also positively influence organizational performance.

## **2.5 Conclusion**

This section provides a comprehensive examination of literature that supports the present research with related theories and propositions from previous research. The four independent variables, selective hiring, training and development, performance appraisal and compensation, had been chosen to test relationships with the dependent variable, organizational performance. The proposed conceptual framework for this study was developed and the hypotheses to be evaluated in this research were formulated at the end of this chapter.

In the next chapter, the research methodologies such as research design, sampling design, sampling procedures, questionnaire design, measurement, data analysis method and others will be discussed.

## **CHAPTER 3: RESEARCH METHODOLOGY**

### **3.0 Introduction**

This chapter provides full explanation on the research design and the procedures used to obtain and analyze the method data. It covers the research method used in this research such as data collection methods, sampling design, operational definitions of constructs, measurement scales and methods of data analysis.

### **3.1 Research Design**

In our study, we are using quantitative research method. A business research that employs empirical assessments with numerical measurement and analysis approaches to address the research objectives is known as quantitative research (Zikmund, Babin, Carr, Griffin, 2010). We choose this method because our research will be conducted by drawing up sample from hotel industry in three States in Malaysia. These three States are Penang, Malacca and Pahang. We will distribute questionnaires to examine the relationship between human resource management practices and organizational performances of these three States based on the hotel employees' perception. Each respondent in this survey will rate human resource practice in their organization using numeric scales. The numeric values collected from the questionnaires can be analyzed by using SPSS software. We choose quantitative research method because our research will involve large number of respondent. Due to the high volume of respondent, we will quantify their opinion into a scale and translate their opinion into result by using SPSS software.

Apart from that, our study is a causal research. Causal research allows researchers to make causal inferences and seeks to identify causes and effects relationship (Zikmund et al, 2010). In short, when there is something occurred (effect), there is



always a reason (cause) that makes it happen. The purpose of this research is to find out the reasons that cause the declination of organizational performance in the three States in Malaysia.

## **3.2 Data Collection Methods**

In order to conduct a survey for our study, we will use both primary data and secondary data in order to conduct this research.

### **3.2.1 Primary Data**

First hand data obtained by researchers on the variables of interest for specific purpose of the study is called as primary data (Sekaran, et al, 2010). Collecting primary data is time consuming compared to secondary data as it takes time to contact with respondents to do the survey. In our study, the primary data that we used is opinion from our targeted respondent. We obtained their opinion by disseminating self-administered questionnaire to them. Specifically, we will design a questionnaire that consists of questions that related to independent variables and dependent variable of our study and seek our targeted respondents to provide their opinion to us. The data that obtained from respondents is considered to be first hand data, or in another word, primary data.

### **3.2.2 Secondary Data**

The information we gathered from someone other than the researchers who conducting the current study is known as secondary data (Sekaran et al, 2010). In our study, we used journal written by other researchers through internet. We also gather information through relevant websites and obtain statistics from government websites. Secondary data is easier to obtain

when compare to primary data. Apart from that that, we also utilize essential knowledge from journals suggested by other authors that are relevant to our study. For example, we used journal from Science Direct, Emerald and EBSCO host. Besides that, we also use OPAC database provided by our university to conduct the research.

### **3.3 Sampling Design**

To complete our survey effectively and accurately, sample is important to get our research question answered. Sampling is a process of identifying representative fairly from right individuals, objects or events of the target population (Sekaran et al., 2010).

#### **3.3.1 Target Population**

According to Sekaran et al. (2010), target population is the population of individuals which researchers are interested to investigate. Due to our study is about the effect of human resource practices on organizational performance and our target is hotel industry. So, our target population is set to be employees who are working in hotel industry. Specifically, we would like to collect information from non-managerial employees in hotel and get their perception regarding whether human resource practices employed by their organization will affect organizational performance.

According to Department of Statistic Malaysia (2010), the latest data regarding employees working in hotel industry were 104,645 peoples.

#### **3.3.2 Sampling Frame and Sampling Location**

Sampling frame is representing all the elements in the population from which the sample is drawn (Sekaran et al., 2010). In order to conduct our survey, list of target population is important for us to contact them.

Unfortunately, we are unable to get full list of population who are working in hotel industry. This is partly because employee information is considered to be private and confidential to the organization and partly because total number of employees who are working in hotel industry is too huge for us to get their information.

In this study, questionnaires will be distributed to the employees of hotels in Pahang, Penang and Malacca.

Pahang is one the top tourist attractions in Malaysia. This is because Genting Highland is situated in Pahang States. According to Genting Malaysia (2010), Genting Highland attracted 19.9 million visitors in 2010. There are six hotels in Genting Highland which include Maxims Genting, Highland Hotel, Theme Park Hotel, Resort Hotel, Awana Genting Highlands Golf & Country Resorts and First World Hotel – one of the world's largest hotels with 6,118 rooms.

Penang Statistics (2011) figures out that there are 2.674 million visitors in the first three quarter of 2011. According to MAH (2011), Penang possesses 104 hotels including from one to five-star hotel, apartment and green hotel.

Malacca is a city with centuries-old buildings, glorious history, unique heritage and numerous museums and delicious foods that attracted a large number of tourists every year. There are also a multitude of hotels with different size in Malacca.

These three sampling locations attract a great volume of tourists every year. Therefore, the management of hotels from Pahang, Penang and Malacca must be improved to fulfill the increasing requirements from customers.

### **3.3.3 Sampling Elements**

For this study, the respondents are employees who are working in hotels of Pahang, Penang and Malacca. Specifically, target respondents of our survey are non-managerial employees who are working in hotel. Example of non-managerial employees is such as employee working in reception counter or front office, security guards, cleaner and technical staff of the hotel. This is because we wish to get non-managerial employees' response as to how personnel in human resource department should do or policies they should employed in order to increase organizational performance. Employees' perception on human resource practices plays a significant role in increasing organizational goals. Due to hotel is a human-oriented business which requires significant manpower in carrying out work, there are some employees who will be unavailable in answering our questionnaire.

### **3.3.4 Sampling Technique**

In this research, we used convenience sampling technique to select respondent from our target population. Convenience sampling is under non-probability sampling. Non-probability sampling means element in target population does not assign any probabilities to be chosen as sample of the research (Sekaran et al., 2010). On the other hand, convenience sampling refers to collecting information from target population based on the concept that whether the target respondent are convenience or available to do questionnaire with us (Sekaran et al., 2010). In this study, our sampling location is at Penang, Malacca and Pahang States. Due to hotel industry is labour extensive industry, employee are normally busy with their own work. So, we decided to use this sampling technique to prevent their work is being interrupted due to our research.

### **3.3.5 Sampling Size**

As mentioned in the previous section, numbers of employee who are working in hotels in year 2010 were 104,645. According to Sekaran et al. (2010), a total number of 384 respondents are required to conduct the survey. These respondents will be selected from Pahang, Penang and Malacca. In our study, a total of 400 sets of questionnaires were distributed to employees working in our targeted location. However, there are only 210 sets of questionnaires received and the remaining questionnaires are not suitable due to it was not completed or does not meet requirements.

## **3.4 Research Instrument**

### **3.4.1 Pilot Study**

A pilot study will take place before full study is being carried out. Pilot study is implemented in a smaller scale to design a confirmatory study in more depth (Arain, Campbell, Cooper, Lancaster, 2010). Before carry out full study, pilot study will be carried out as a preliminary study that helps in testing the reliability of the questionnaire to ensure that the study is feasible.

During pilot study, we distributed our questionnaires by using a self-administered approach. The following is the schedule of implementation of our pilot study:

<b>Date Taken</b>	<b>Activity</b>
1 <sup>st</sup> January to 3 <sup>rd</sup> January 2012	Distribute and collect back 30 sets of questionnaires
6 <sup>th</sup> January 2012	Arrange data from the collected questionnaires
6 <sup>th</sup> January 2012	Data entered into SPSS software

Table 3.1: Schedule for Pilot Study

Source: Develop from research

On 1<sup>st</sup> January to 3<sup>rd</sup> January 2012, we conducted pilot study with 30 employees who are working in hotel in our targeted sampling location. As mentioned above, we use self-administered questionnaire to distribute our questionnaire. Before we distribute questionnaire to our respondent, we will inform them the purpose of our study and the reason why we conduct this survey. Besides that, we will also make sure our respondent have sufficient time to answer our questionnaires. This is to ensure they do not answer the questions in hurry and cause them to choose a wrong option. After they filled up our questionnaires, we collected back those questionnaires. The average time that respondents took in answering the questionnaire is about 15 to 20 minutes.

On 6<sup>th</sup> January 2012, we arranged the data that we collected respondents. At the same day, the data collected is being key-in to Statistical Package for the Social Sciences (SPSS) software for test the reliability of the questionnaire.

### 3.4.2 Full Study

In order to implement full study, employees who are working in hotels of Malacca, Penang and Pahang will be targeted in our study. So, a total number of 400 sets of questionnaires are distributed during full study. Self-administered questionnaire method is used to distribute questionnaires to our respondents.

Below is the plan that we used to conduct full study:

Table 3.2: Schedule for Full Study

<b>Date Taken</b>	<b>Activities</b>
1 <sup>st</sup> February 2012	Gather information about our targeted respondents
10 <sup>th</sup> February 2012	Distribute and collect questionnaire and provide small gift
14 <sup>th</sup> February 2012	Analyze collected data and proposed the research results

Source: Develop from research

On 1<sup>st</sup> February 2012, we gathered information about our targeted respondents to ease distribution process. During 10<sup>th</sup> February 2012, we distributed the questionnaires and collected back after filled up by respondents. After employees answered our questionnaire, we will provide small gifts as appreciation for them to participation in our survey. During 14<sup>th</sup> February 2012, the data collected from respondents will be tested by SPSS software and the result of this research is proposed.

### **3.5 Constructs Measurement (Scale and Operational Definitions)**

Constructs measurement is used to prove the validity of the questionnaire. This questionnaire consists of three sections that include:

Section A: Demographic Profile

Section B: Human Resource Management (HRM) Practices

B1: Selective Hiring

B2: Training and Development

B3: Performance Appraisal

B4: Compensation

Section C: Organizational Performance

All the above variables are used to examine the relationship between human resource practices that employed by an organization and its organizational performance. The whole set questionnaire consists of 41 questions. Specifically, section A consists of eight questions that collect basic demographic information of respondents. Section B1, B2, B3 and B4 consist of six questions, six questions, six questions and seven questions respectively. These variables are the human resource practices that organization used to manage its employees. Last but not least, there are eight questions designed to measure employees' perception on organizational performance.

Besides that, all the questions in the questionnaire are design in fixed-alternative format in which specific and limited number of options is being provided to respondents. Respondents are required to provide their opinion by selecting one of the options. The main purpose of providing only fixed-alternative questions in the questionnaire is that it eases respondents to answer the questionnaire. Apart from that, this format also enable researcher to compare response collected across different respondents.



---

### Section A: Demographic Profile

The first part of our questionnaire is about collecting demographic information from our targeted respondent. Demographic information is important to us to understand the nature of our respondents and to identify probable relationship between demographic information with our research topic. Eight questions have been designed in the first section. The topics covered in each question are as follow:

Table 3.3: Questions of Demographic Profile

<b>No. of Questions</b>	<b>Topic covered</b>
1	Gender
2	Age
3	Ethic group
4	Education level
5	Location of work
6	Years of employment
7	Monthly income
8	Department

Source: Develop from research

The first question of the questionnaire is about gender of respondent. We design this question in nominal scale format whereby we provide two options for respondent to answer, either male or female. This is a common question that used by many researchers in their research projects. The reason we include this question in the questionnaire is to determine whether there is any differences in term of gender towards human resource practices and organizational performance.

The questionnaire is then followed by age of respondents. The question is designed in ordinal scale as the age group can be arranged from smaller amount to bigger amount. There are a few options that we included in this question, that are:

- 1) Below 25 years old

- 2) 26-35 years old
- 3) 36-45 years old
- 4) 46-55 years old
- 5) More than 55 years old

We separate the options into five groups because this can help us to get more accurate and specific data regarding the age of respondents.

The third question is to determine ethnic group that our respondents are belongs to. This question is belongs to nominal scale. Specifically, a value is assigned to each ethnic group but it contains no further information except showing different between ethnic groups. Due to Malaysia consists of three main races, we provide three options for respondents to choose, that is, Malay, Chinese and Indian. Other than that, we also provide the fourth option, that is, “others” in case our respondent is not belongs to any of the ethnic group stated in the questionnaire. This is because Malaysia consists of many ethnic groups and it is impossible to list out all ethnic groups that exist in Malaysia.

The forth question is regarding education level of our respondents. Ordinal scale is being used as the level of education can be arranged from the lowest qualification, SPM/STPM to highest qualification, PhD. The question is used to measure the extent to which knowledge, skills and abilities and others that our respondents posses. The options that we included in the questionnaire are:

- 1) SPM/STPM
- 2) Diploma/Advanced Diploma
- 3) Bachelor Degree
- 4) Master
- 5) PhD

Other than that, we also provide “other qualification” option to allow respondents who possess qualification other than those provided in the questionnaire.

The fifth question is to determine location of work of our respondents. As mentioned in the previous chapter, our targeted respondents are employees who are working in Penang, Malacca and Pahang States. Hence we include only three options for our respondents, that is, Penang, Malacca, and Pahang. We are using nominal scale to design this question. A value is being assigned to each of these three States in order to show differences between them but the value does not contain any other information such as order and distance. The reason that we ask respondent about their location of work is that we would like to determine whether there is any differences in term of location of work towards human resource policy employed by organization.

The sixth question is about number of year that our respondent working in the hotel. Ordinal scale is being used to design this question as the number of years of employment can be arranged from less than one year to more than five years. We provide four options such as:

- 1) Less than one year
- 2) 1-2 years
- 3) 3-5 years
- 4) More than 5 years

Number of years of employment can be used to determine level of experience of our target respondents and the familiarity of the respondents towards norms, culture and ways thing are done in the organization. The longer the time employees working in an organization, he or she posses more experiences and more familiar with the operations of the organization.

Next, we also concern about monthly income that our targeted respondents receive. Scale of measurement used in this question is ordinal scale. This is because monthly income earned by respondents can be arranged. In order to determine level of income that our respondent earned every month, we group the options into five groups and the examples are as follow:

- 1) Less than RM 2,000
- 2) RM2,000 to RM3,000

- 3) RM3,001 to RM4,000
- 4) RM4,001 to RM5,000
- 5) More than RM5,000

The last question that we ask in this section is regarding the department that our target respondents are working in. Nominal scale is used in this question as value assign in each option only convey differences between options and cannot be arranged or get to know the distance between options. Our target respondents who are working in hotel industry may come from different departments. Each of the departments may take different responsibilities and perform different kind of jobs. We listed out nine common departments in hotel industry. We also provide “other department” option to let respondents to fill up their department if their department is not stated in the list. The nine departments stated in questionnaire are as follow:

- 1) Housekeeping department
- 2) Security department
- 3) Food and beverage department
- 4) Chief department
- 5) Human resource department
- 6) Chief telecommunication department
- 7) Sales department
- 8) Controller department
- 9) Accounting department

All the above information that given by the respondents who are working in hotel industry can helps us in determining the demographic traits of employees working in hotel industry. Hence, it can give us a better understanding of the influences of human resource management practices towards organizational performances.

---

Section B: Human Resource Management (HRM) Practices

After collected demographic information from our targeted respondent, the focus of the questionnaire shift to independent variables. Independent variables that mentioned in the previous chapter include selective hiring, training and development, performance appraisal and compensation. In order to assess how these independent variables influence organizational performance, a list of questions with 5-point likert scale is designed. 5-point likert scale is being used because it helps to improve validity and standardize the questionnaire. Standardization of options provided in questionnaire is important to allow researchers to compare across questions in the questionnaire. Besides that, standardized option also helps to provide reliable answer to researcher. Below is the example of options provided in each question:

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

In each question, respondent will be given a scale ranging from 1 to 5 which represent strongly disagree, disagree, neutral, agree and strongly agree respectively. Respondent may choose their answer from 1 to 5 that signals to what extent they agree or disagree with the statement in the questionnaire. In certain circumstances where respondent neither agree nor disagree with the statement in the questionnaire, they can choose “3” as their answer. This reflects respondent does not have specific opinion on the question provided. An overview of section B will be provided before each sub-section is discussed.

Table 3.4: Section B of Questionnaire

Sub-section	Question	Areas covered
B1	SH1	Regards selecting best candidates as important task
	SH2	Employs extensive selection process
	SH3	Uses consultant when hiring personnel
	SH4	Uses interview panels to select candidate
	SH5	No bias in hiring and selection process
	SH6	Continuously improve and review recruitment and selection process.

B2	TD1	Provide training opportunities
	TD2	Organize training program to enhance employee competency
	TD3	Provide different kinds of training program
	TD4	Frequency of providing training program
	TD5	On-the-job and off-the-job training
	TD6	Emphasize long term development for employees

B3	PA1	Performance appraisal is subset of performance management system
	PA2	Involvement and participation on performance appraisal process
	PA3	Use performance appraisal as a guideline towards achieving goals
	PA4	Performance appraisal can be used as a corrective system
	PA5	Provide feedback to employee during and at the end of performance appraisal process
	PA6	Revise compensation plan after performance appraisal process

B4	C1	Employee requires comprehensive compensation package of employment rather than simple pay and benefit
	C2	Use incentive to boost performance
	C3	Constantly reviews and improves working schedule
	C4	Provide comparable compensation package
	C5	Uses compensation system to attract more and better candidates
	C6	Well-designed compensation system able to retain talented employees
	C7	Integrates compensation plan with its mission and goals

Source: Develop from research

In the first sub-section, question on selective hiring is being designed. This variable measures to what extent organization focuses on establishing an effective recruitment and hiring system in hiring the best candidates into the organization. There are six items that are being designed to measure selective hiring variable. These items are being adopted from Vlachos and McKenize, McKenzie and Jackson.

The next sub-section measures training and development variable. This independent variable measures to what extent organization provide training opportunities, organize training programs and emphasize long term development for employee training plans. There are six items that are being designed in this sub-section. These questions are adapted from Tseng et al. and Tabassi et al.

In term of performance appraisal, six items is being included to measure this independent variable. This dimension measures to what extent member of organization satisfied with performance appraisal policy practiced by organization. Questions under this section are adopted from Mondy and Dick Grote.

One of the most important policies that organization has to focus on is compensation policy. We identify the importance of this human resource practices and designed questions to gauge respondent's opinion. There are seven items that has been included in this sub-section which we adapted from Zingheim and Schuster, Soodchai Ting Phonsanam, Mondy, Sudin and Righeimer.

### Section C: Organizational Performance

In this section, we designed questions to determine the perception of respondents towards criteria used to measure organizational performance. Similar to the above section, 5-point likert scale is used to measure to what extent respondents agree or disagree with the statements provided. Eight questions have been designed to measure organizational performance. Specifically, two questions is allocated for each dimension of organizational performance. Below is the example of 5-point likert scale provided in each question:

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

Respondents can choose from “1” to “5” to represent to what extent they disagree or agree with the statements. In cases where respondent strongly disagree with the statement in the questionnaire, they can choose “1”. On the other hand, respondent can choose “5” if they are strong agree with the statement provided. If respondents do not have any specific opinion of the statements stated in organizational performance variable, they can choose “3” to represent their neutral stand.



Below is the overview question in section C:

Table 3.5: Section C in Questionnaire

Section	Question	Dimension
C	OP1	Corporate financial performance
	OP2	
	OP3	Occupancy rate
	OP4	
	OP5	Employee performance
	OP6	
	OP7	Turnover rate
	OP8	

Source: Develop from research

There are four dimensions under organizational performance, that is, corporate financial performance, occupancy rate, employee performance and turnover rate of the organization. In the first dimension, corporate financial performance, two items is being adopted from Murasiranwa. This dimension measures to what extend employee can contribute to financial performance of the organization by having good service quality as well as whether the organization evaluate organization performance based on financial performance.

The next dimension is occupancy rate. Occupancy rate dimension measure to what extent occupancy rate can contribute to higher revenue as well as ability to attract more customers. Two items are being adapted from Razalli in order to determine employees' perception.

Apart from that, employee performance dimension is also discussed in this section. This dimension measures how employees can enhance their own performance in order to further enhance organizational performance. We adopted two items from Huselid and a journal with the title of "Public Record Office Victoria".

The last dimension of organizational performance is turnover rate of organization. This dimension measures to what extent turnover that occurred in the organization will have any effect to the organization as a whole. In order to measure employees' perception towards turnover that occur in their organization, two items are being adopted from Ton and Huckman.

### **3.6 Data Processing**

After we collected back all questionnaires, some preliminary steps have to be done in order ensure quality and consistency of data. These data collected will be converted into information and used for further analysis to test on hypotheses developed in previous chapter. Accuracy and timeliness of the data can affect result of the research, therefore data processing are important in our research project (Malhotra, 2007). According to Malhotra (2007), data processes including several stages such as questionnaire checking, edit data, data coding, transcribing the data, data cleaning and the process end with selecting a proper data analysis strategy.

First of all, we manually check questionnaires collected after respondents fill up the survey form. We will ensure all questionnaires collected are complete and eliminate unacceptable questionnaires. In this stage, we discover some incomplete questionnaires.

Data editing will be done to ensure accuracy of the questionnaires. Among those questionnaires, some of respondents did not follow instructions stated. These questionnaires are considered as invalid and we have to remove them. Other than that, we found that two set of questionnaires that we collected back from respondents did not answer two questions in Section B. Therefore, these questionnaires were edited by looking at the pattern of their overall responses.

After data editing, a number is being assigned to the edited data. According to Malhotra (2007), numerical codes will be assigned to each data as it makes the process of entering data to be smooth. Coded data will afterward been transcribing into computer. We key in the data collected into SPSS software. A more extensive consistency checks will be undertaken by using SPSS software in data cleaning stage. We review on inconsistencies of data to generate more accurate information for later analysis.

The final step in data processing is the selection of the data analysis strategy. Based on earlier work in designing our research project, we select a data analysis strategy which able to match with characteristics of data collected.

## **3.7 Data Analysis**

### **3.7.1 Descriptive analysis**

In order to summarize the result of demographic profile of our respondent, a descriptive analysis must be used. Descriptive analysis is used to convert raw data entered by respondents into a form that makes reader to be easier to understand, interpret and finally make decision based on the data obtained. In order to make use of data collected from our targeted respondent, a plan is drawn to effectively convert raw data into information.

There are eight questions regarding demographic information of respondents that is being designed in Section A of the questionnaire. In term of gender of respondents, we plan to use pie chart to show percentage of male as well as female. Pie chart is able to clearly display each gender and allow reader to quickly understand the proportion of each gender from the sample.

Apart from that, we will use frequency analysis and bar chart to show proportion of each age group of our targeted respondents. On the other hand, ethnic group of our targeted respondent will be show by using pie chart. In term of education level, location of work, number of years of employment and monthly income of our targeted respondent, frequency analysis and bar chart will be used to represent data collected. Last but not least, we will use bar chart to represent data collected on department that our targeted respondents are working in.

### **3.7.2 Scale Measurement – Reliability Test**

Reliability of questionnaire is important as it measure internal consistency of response by respondents. Reliability is a measure used to determine to what extend the questionnaire free from random error and ability to

produce consistent result. The most popular test that research used to test reliability is Cronbach's coefficient alpha. Coefficient alpha ( $\alpha$ ) is figure that shows the direction and the strength of the linear relationship between the dependent variable and independent variable.

The higher the coefficient alpha value, the higher the reliability of the questionnaire. Coefficient alpha value start from 0 to 1 whereby "0" means there is no internal consistency within response gathered from respondents whereas "1" means complete consistency. According to Zikmund, coefficient alpha can be categories as follow:

Table 3.6: Rules of Thumb about Reliability Test

Coefficient alpha ( $\alpha$ ) value	Reliability
0.80 – 0.95	Very good reliability
0.70 – 0.80	Good reliability
0.60 – 0.70	Fair reliability
Below 0.60	Poor reliability

Adapted from: Zikmund, W. G., Babin, B. J., Carr, J. C., & Griffin, M. (2010). Business research methods (8th ed.). New York: South-Western/Cengage Learning.

Based on the table, reliability of questionnaire is considered to have very good reliability if the coefficient alpha value is from 0.80 to 0.95. On the other hand, coefficient alpha value of 0.70 to 0.80 is considered to have good reliability. For the range with a coefficient alpha of 0.60 to 0.70, the level of reliability is considered to be fair reliable. When coefficient alpha falls below 0.60, the level of reliability is considered to be poor reliable.

A pilot test has been carried out after we collect data and opinion from 30 respondents. Opinion provided by these respondents is being entered into SPSS software in order to determine the reliability of the questionnaire. The result of pilot study after key into SPSS software are as follow:

Table 3.7: Reliability of Questionnaire (Pilot Study)

Topic covered	Coefficient alpha value
Selective Hiring	0.855
Training and Development	0.923
Performance Appraisal	0.863
Compensation	0.912
Organizational Performance	0.780
<b>Overall Reliability</b>	0.944

Source: Develop from research

According to the result generated by SPSS software, coefficient alpha value of selective hiring, training and development, performance appraisal and compensation are 0.855, 0.923, 0.863 and 0.912 respectively. In another word, all independent variables have very good reliability in investigating the problems that we are intended to measure. On the other hand, coefficient alpha value of dependent variable, organizational performance is 0.780 which is considered to have good reliability. Apart from testing each individual variable in the questionnaire, we also test the reliability of overall questionnaire. The coefficient alpha value of overall reliability is 0.944 which is considered to be very good reliable. Since the reliability of this questionnaire is quiet high, so this questionnaire is considered to be suitable to be used in full study.

### **3.7.3 Inferential Analysis**

We used likert scale to test the relationship between our independent variables and dependant variable. Likert scale is a type of ratio scale under scale of measurement. Thus our variables are known to be metric in terms of measurement because ratio scale is under this category. We choose Pearson correlation coefficient and multiple regression analysis as our statistical techniques to test the relationship between variables which are metric.

#### **3.7.3.1 Pearson correlation coefficient**

Pearson correlation coefficient is a technique used to measure the degree of association between two variables which may have any value between -1.0 and 1.0 (University of the West of England, 2007). The correlation coefficient is represented by  $r$ . If the value of  $r$  is 1.0, there is perfect positive linear (straight-line) relationship. If the value of  $r$  is -1.0, there is perfect negative linear relationship or perfect inverse relationship. The strength of association will be stronger as the value of correlation approaches one while it will be weaker as the value of association approaches zero.



The rules of thumb about correlation coefficient are show below:

Table 3.8: Rules of thumb about correlation coefficient

Coefficient Range	Strength of Association
±0.91 - ±1.00	Very strong
±0.71 - ±0.90	High
±0.41 - ±0.70	Moderate
±0.21 - ±0.40	Small but definite relationship
±0.00 - ±0.20	Slight, almost negligible

Source: Adapted from Hair, Money, Samouel and Page (2007). Research methods for business. John Wiley & Sons Ltd, pg. 358.

### 3.7.3.2 Multiple regression analysis

Multiple regression analysis can be defined as an analysis done on testing the effect of multiple independent variables on single dependent variable with interval scale. (Zikmund, W. G., 2010) The equation of multiple regression analysis is:

$$Y_i = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + \dots + b_nX_n + e_i$$

The coefficient of multiple regression,  $R^2$  shows the variance of dependent variable with the combination of all independent variables. (Zikmund, W. G., 2010) The variation of each independent variable on dependent variable can be tested in this equation. Each independent variable has a different percentage of contribution towards the variation of the dependant variable. The effect of independent variables on dependent variable can be ranked.

In our research, the multiple regression is use to identify the human resource practices that could bring significance influences on the employees' perception toward organizational performance. From there,

researchers will be able to develop least-square regression equation and determine the beta to rank between independent variables.

### **3.8 Conclusion**

In conclusion, this chapter outlines the research design in detail. This research methodology will be based on primary and secondary data sources that outlined the research design within the specified sample frame. The measurement for each variable is discussed in depth and data collection and analysis methods were also presented. The proposed data analysis in this chapter will be explained further in chapter four.

## **CHAPTER 4:RESEARCH RESULTS**

### **4.0 Introduction**

At the beginning of this chapter, descriptive analysis of our target respondent is presented. Besides that, central tendencies measurement of constructs is also discussed in this chapter. The chapter is then followed by describing the scale measurement of the research. Lastly, inferential analyses are made to show the relationship between independent variables and dependent variable.

## 4.1 Descriptive Analysis

### 4.1.1 Respondent Demographic Profile

Table 4.1: Respondent Demographic Profile

<b>Variables</b>	<b>Frequency</b>	<b>Percentage</b>
<b><u>Gender</u></b>		
Male	105	50.0
Female	105	50.0
<b><u>Age</u></b>		
Below 25	82	39.0
26 – 35 years old	73	34.8
36 – 45 years old	38	18.1
46 – 55 years old	14	6.7
More than 55 years old	3	1.4
<b><u>Ethnic Group</u></b>		
Malay	98	46.7
Chinese	86	41.0
Indian	21	10.0
Others	5	2.4
<b><u>Education Level</u></b>		
SPM / STPM	77	36.7
Diploma / Advance Diploma	82	39.0
Bachelor Degree	37	17.6
Master	9	4.3
PhD	1	0.5
Other qualification	4	1.9

<b><u>Location of work</u></b>		
Penang	65	31.0
Melaka	106	50.5
Pahang	39	18.6
<b><u>Years of employment</u></b>		
Less than one year	74	35.2
1 – 2 years	86	41.0
3 – 5 years	28	13.3
More than 5 years	22	10.5
<b><u>Monthly Income</u></b>		
Less than RM 2,000	99	47.1
RM 2,000 to RM 3,000	67	31.9
RM 3,001 to RM 4,000	30	14.3
RM 4,001 to RM 5,000	9	4.3
More than RM 5,000	5	2.4
<b><u>Working Department</u></b>		
Housekeeping Department	16	7.6
Food and Beverage Department	23	11.0
Human Resource Department	28	13.3
Sales Department	18	8.6
Accounting Department	23	11.0
Security Department	9	4.3
Chief Department	17	8.1
Chief Telecommunication Department	2	1.0
Controller Department	14	6.7

---

Other Department	60	28.6
------------------	----	------

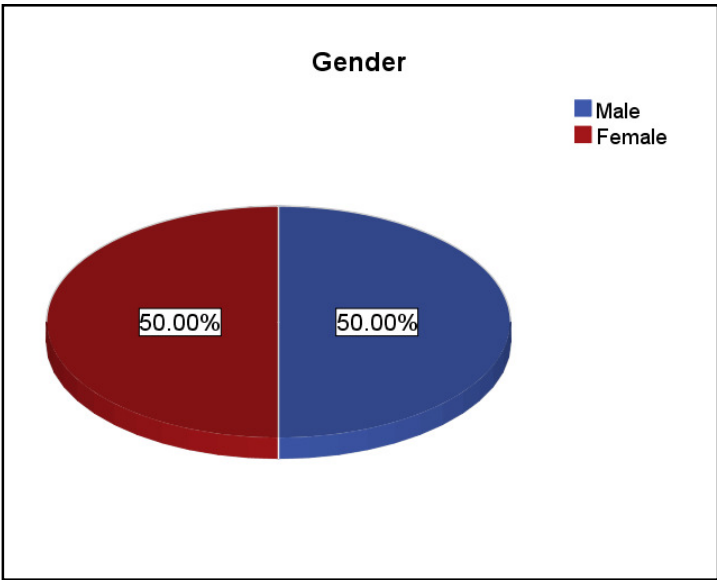
Source: Developed for this research

4.1.1.1 Gender

Table 4.2: Frequency Analysis on Gender of Respondents

Gender				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	105	50.0	50.0	50.0
Female	105	50.0	50.0	100.0
Total	210	100.0	100.0	

Figure 4.1: Gender of Respondents



Source: Developed for this research

Table 4.2 and Figure 4.1 show the percentage of 210 female and male respondents who take part in the questionnaire survey. The questionnaires



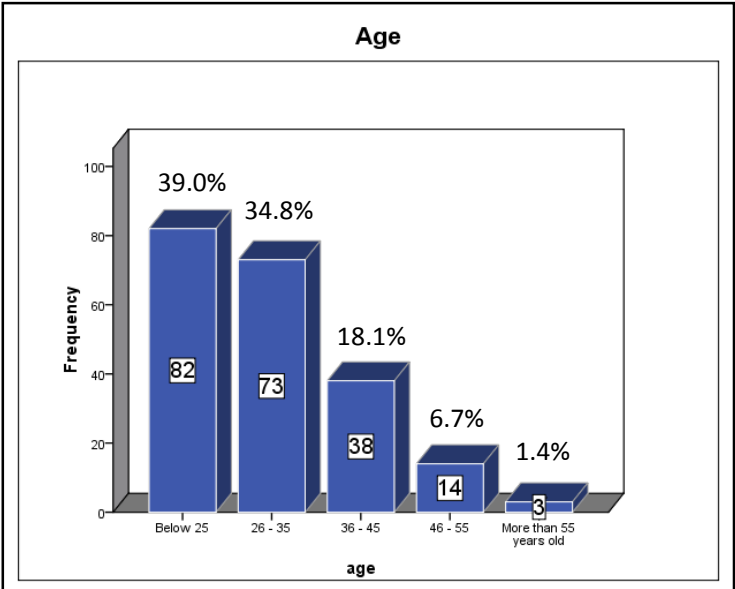
which collected by us through the survey consisted by 105 male and 105 female. Both of them occupied 50% in each category. Based on the collected information above, we have equal amount of gender respondents who participated in this questionnaire survey.

**4.1.1.2 Age**

Table 4.3: Frequency Analysis on Age Group of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25	82	39.0	39.0	39.0
	26 - 35	73	34.8	34.8	73.8
	36 - 45	38	18.1	18.1	91.9
	46 - 55	14	6.7	6.7	98.6
	More than 55 years old	3	1.4	1.4	100.0
	Total	210	100.0	100.0	

Figure 4.2: Age Group of Respondents



Source: Developed for this research

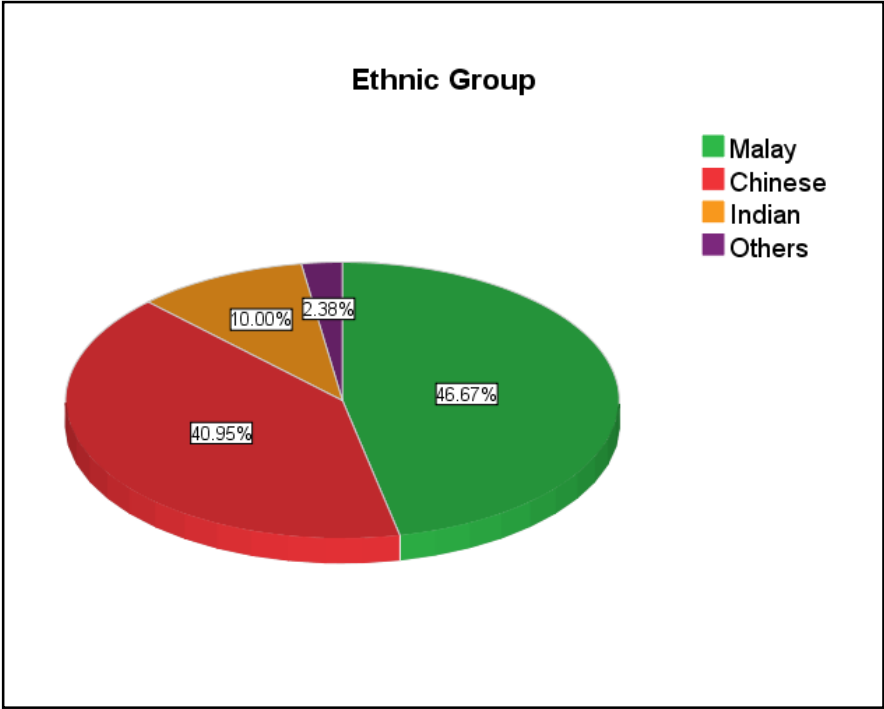
Table 4.3 and figure 4.2 above show the distribution of age of our respondents. This survey was established by 210 respondents. It was found 82 respondents are below 25 years old, 73 respondents are between 26-35 years old, 38 respondents are between 36-45 years old, 14 respondents are between 46-55 years old, whereas 3 respondents are more than 55 years old. The percentages of each category are distributed as 39%, 34.8%, 18.1%, 6.7% and 1.4% respectively. Based on the collected information, most of the respondents who participated in this questionnaire survey are below 25 years old.

#### 4.1.1.3 Ethnic Group

Table 4.4: Frequency Analysis on Ethnic Group of Respondents

		<b>Ethnic Group</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malay	98	46.7	46.7	46.7
	Chinese	86	41.0	41.0	87.6
	Indian	21	10.0	10.0	97.6
	Others	5	2.4	2.4	100.0
	Total	210	100.0	100.0	

Figure 4.3: Ethnic Group of Respondents



Source: Developed for this research

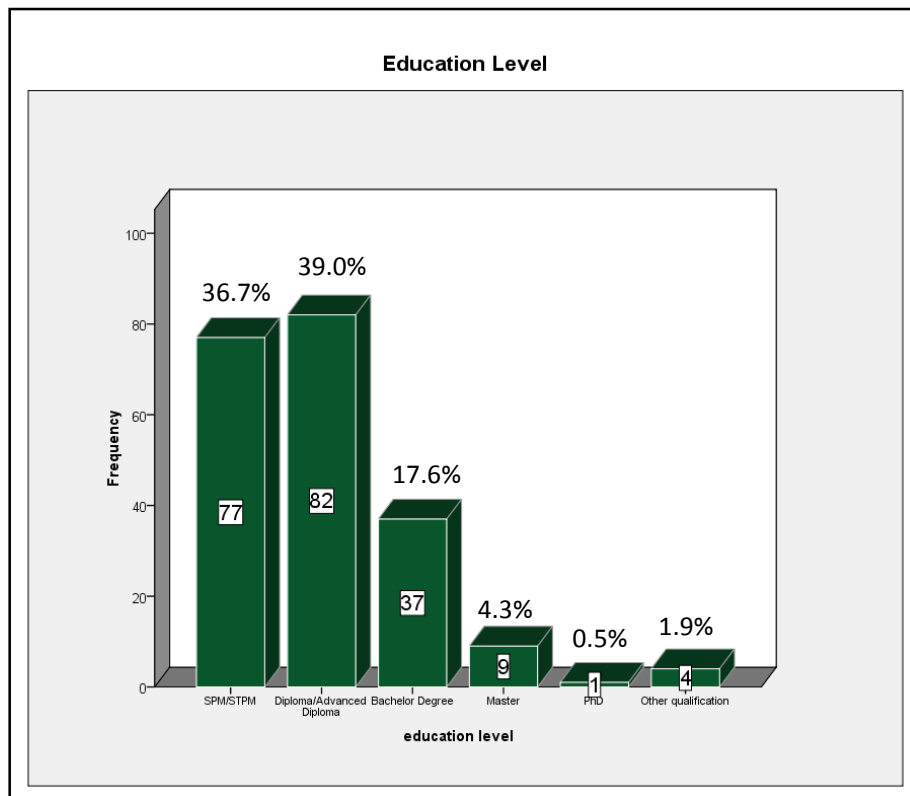
Table 4.4 and Figure 4.3 had shown the ethnic group of respondents that participated in our survey. Among these respondents, 98 of them are Malays, with the percentage of 46.7, 86 of them are Chinese, with the percentage of 41.0, 21 of them are Indians, with the percentage of 10.0, and 5 of them are from other ethnic group, with the percentage of 2.4. This shows that most of the respondents are Malays because they occupied the highest percentage in this questionnaire survey.

#### 4.1.1.4 Education Level

Table 4.5: Frequency Analysis on Education Level of Respondents

#### Education Level

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SPM/STPM	77	36.7	36.7	36.7
Diploma/Advanced Diploma	82	39.0	39.0	75.7
Bachelor Degree	37	17.6	17.6	93.3
Master	9	4.3	4.3	97.6
PhD	1	.5	.5	98.1
Other qualification	4	1.9	1.9	100.0
Total	210	100.0	100.0	

Figure 4.4: Education Level of Respondents

Source: Developed for this research

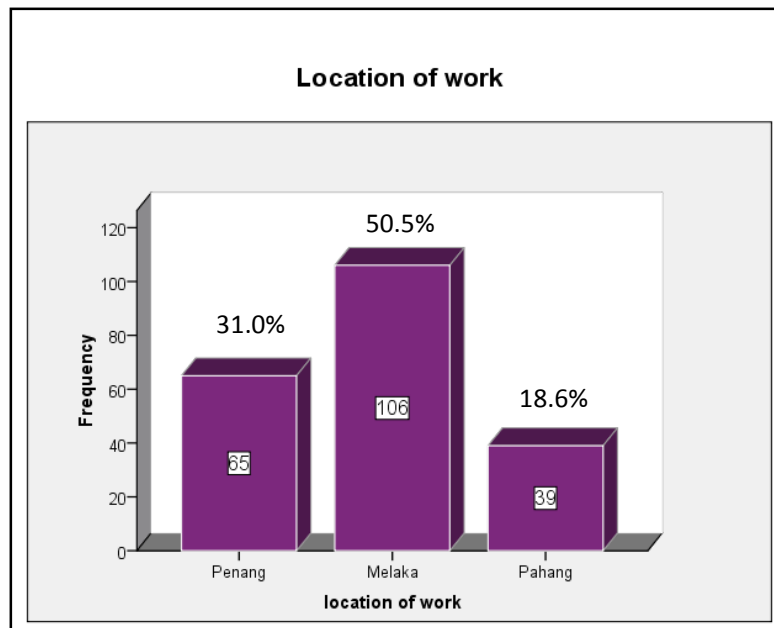
Table 4.5 and Figure 4.4 had shown the education level of 210 respondents that participated in our survey. 77 respondents are SPM or STPM holders, 82 respondents are Diploma or Advance Diploma holders, 37 respondents are Bachelor Degree holders, 9 respondents are Master holders, 1 respondent is PhD holder and the remaining 4 respondents are holding other qualification. Hence, the percentage of these 6 categories are 36.7%, 39.0%, 17.6%, 4.3%, 0.5% and 1.9% respectively. These results show that majority respondents who participated in this questionnaire survey are Diploma or Advance Diploma holders.

#### 4.1.1.5 Location of Work

Table 4.6: Frequency Analysis on Location of Work of Respondents

		<b>Location of work</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Penang	65	31.0	31.0	31.0
	Melaka	106	50.5	50.5	81.4
	Pahang	39	18.6	18.6	100.0
	Total	210	100.0	100.0	

Figure 4.5: Location of Work of Respondents



Source: Developed for this research

Our questionnaires are separated into three different locations. Table 4.6 and Figure 4.5 show the working location of our respondents. Among 210 respondents,

31.0% or 65 respondents are from Penang, 50.5% or 106 respondents are from Malacca, and the remaining 18.6% or 39 respondents are from Pahang. From the collected information, it shows that most of the respondents are from Malacca State.

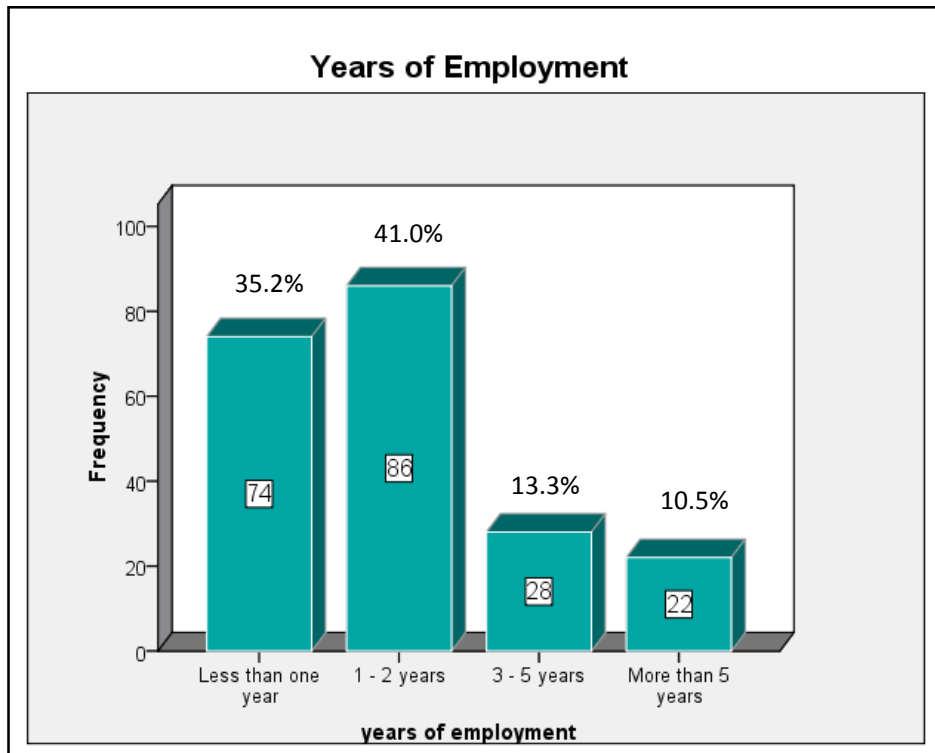
#### 4.1.1.6 Years of Employment

Table 4.7: Frequency Analysis on Years of Employment of Respondents

##### Years of employment

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than one year	74	35.2	35.2	35.2
1 - 2 years	86	41.0	41.0	76.2
3 - 5 years	28	13.3	13.3	89.5
More than 5 years	22	10.5	10.5	100.0
Total	210	100.0	100.0	

Figure 4.6: Years of Employment of Respondents



Source: Developed for this research

Table 4.7 and Figure 4.6 have shown the years of employment of our respondents who are employed and working in hotel industry. There are 74 respondents were employed less than one year, 86 respondents were employed one to two years, 28 respondents were employed two to three years, and the remaining 22 respondents were employed more than 5 years. The percentages of each of the categories are 35.2%, 41.0%, 13.3% and 10.5% respectively. Based on the information above, majority of the respondents who participated in our questionnaire survey have worked in hotel industry for one to two years.



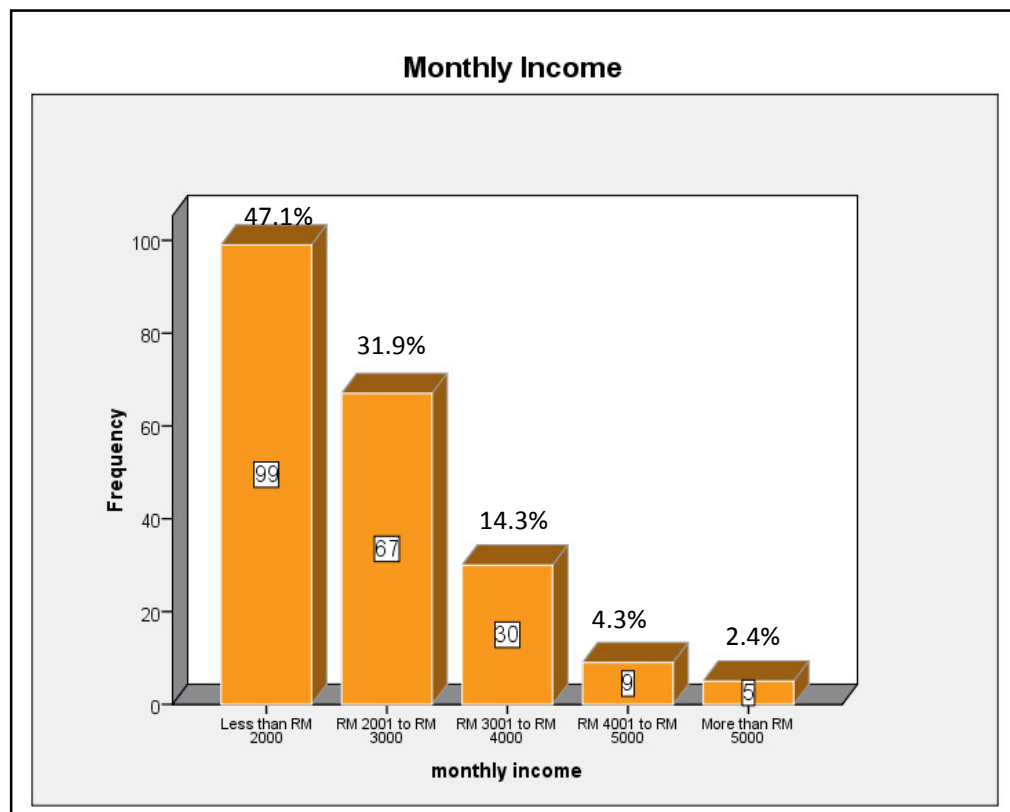
#### 4.1.1.7 Monthly income

Table 4.8: Frequency Analysis on Monthly Income of Respondents

#### Monthly Income

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than RM 2000	99	47.1	47.1	47.1
RM 2001 to RM 3000	67	31.9	31.9	79.0
RM 3001 to RM 4000	30	14.3	14.3	93.3
RM 4001 to RM 5000	9	4.3	4.3	97.6
More than RM 5000	5	2.4	2.4	100.0
Total	210	100.0	100.0	

Figure 4.7: Monthly Income of Respondents



Source: Developed for this research

Table 4.8 and Figure 4.7 show the monthly income received of the 210 respondents who participated in questionnaire survey. Based on the information shown above, there are 99 respondents are receiving less than RM 2,000 salary per month, 67 respondents are receiving RM 2,001 to RM 3,000 salary per month, 30 respondents are receiving RM 3,001 to RM 4,000 salary per month, 9 respondents are receiving RM 4,001 to RM 5,000 salary per month, the remaining 5 respondents are receiving more than RM 5,000 salary per month. The percentages of each of the categories are 47.1%, 31.9%, 14.3%, 4.3% and 2.4% respectively. In a nutshell, most of the respondents are receiving less than RM 2,000 salary per month.

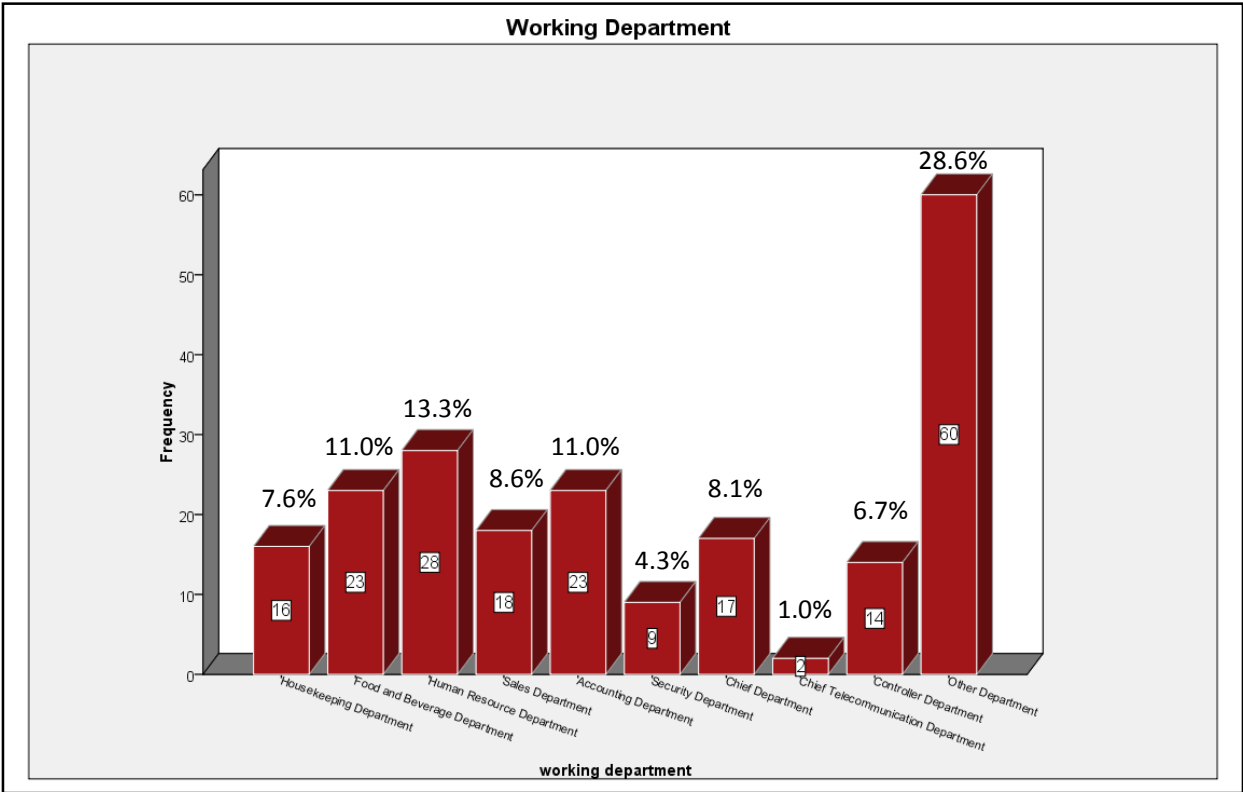
#### 4.1.1.8 Working Department

Table 4.9: Frequency Analysis on Working Department of Respondents

		Working Department			Cumulative
		Frequency	Percent	Valid Percent	Percent
Valid	Housekeeping Department	16	7.6	7.6	7.6
	Food and Beverage Department	23	11.0	11.0	18.6
	Human Resource Department	28	13.3	13.3	31.9
	Sales Department	18	8.6	8.6	40.5
	Accounting Department	23	11.0	11.0	51.4
	Security Department	9	4.3	4.3	55.7
	Chief Department	17	8.1	8.1	63.8
	Chief Telecommunication Department	2	1.0	1.0	64.8

Controller Department	14	6.7	6.7	71.4
Other Department	60	28.6	28.6	100.0
Total	210	100.0	100.0	

Figure 4.8: Working Department of Respondents



Source: Developed for this research

Table 4.9 and Figure 4.8 had shown the departments which are worked by the 210 respondents in hotel industry. These respondents are dispersed into

different categories based on different departments. Among 210 respondents, 16 respondents are from Housekeeping Department, 23 respondents are from Food and Beverage Department, 28 respondents are from Human Resource Department, 18 respondents are from Sales Department, 23 respondents are from Accounting Department, 9 respondents are from Security Department, 17 respondents are from Chief Department, 2 respondents are from Chief Telecommunication Department, 14 respondents are from Controller Department, and the remaining 60 respondents are from other department that we do not mentioned in this questionnaire survey. Each department is holding different value of percentages, Housekeeping Department 7.6%, Food and Beverage Department 11.0%, Human Resource Department 13.3%, Sales Department 8.6%, Accounting Department 11.0%, Security Department 4.3%, Chief Department 8.1%, Chief Telecommunication Department 1.0%, Controller Department 6.7%, and the remaining 28.6% is for the other department.

### **4.1.2 Central Tendencies Measurement of Constructs**

In this section, we will generate frequency table to measure the mean of our variables by using SPSS version 16.0. The standard deviation of each of the statements measured in our questionnaire will also be shown in this section. Data collected from our respondents will be converted into percentage to know the frequency on each of the likert scale of the statements. The ranking of mean and standard deviation of the statements will be tabulated in table form in this section.

#### 4.1.2.1 Organizational Performance

Statement	SD	D	N	A	SA	Mean	Standard Deviation	Rank
1. This organization evaluates organizational performance based on financial performance.	6.2	12.4	38.6	33.3	9.5	3.2762	1.00711	8
2. Good service quality provided by employees to tourists will help to drive financial performance of organization.	5.2	8.1	29.0	45.2	12.4	3.5143	0.98907	1
3. High occupancy rate in this hotel is used to measure organizational performance as more revenue is being generated.	5.2	9.5	32.9	41.4	11.0	3.4333	0.98692	5
4. Occupancy rate reflect the ability of employees in attracting more tourists to stay in the hotel.	4.3	11.0	33.3	36.2	15.2	3.4714	1.01738	2

Statement	SD	D	N	A	SA	Mean	Standard Deviation	Rank
5. An increase in my own performance in the organization will lead to increase in salary as organizational performance improved overtime.	4.3	10.0	39.0	37.6	9.0	3.3714	0.93581	7
6. Key Performance Indicator (KPI) is able to help the organization to define and measure progress towards organizational goals and objectives.	5.2	9.0	38.1	34.8	12.9	3.4095	0.99948	6
7. Good and effectives human resource practices employed by this organization are able to reduce turnover rate of the organization.	5.2	8.6	34.3	40.0	11.9	3.4476	0.98778	3

Statement	SD	D	N	A	SA	Mean	Standard Deviation	Rank
8. Turnover that happens in this organization will disrupt work of existing employees and incur cost to the organization.	4.3	8.1	36.7	41.4	9.5	3.4381	0.92725	4

Source: Developed for the research

The table above shows the central tendencies measurement of constructs of organizational performance. The scale of measurement of this variable is Likert scale which is ranging from (1) strongly disagree and (5) strongly agree.

The statement 'Good service quality provided by employees to tourists will help to drive financial performance of organization' scored the highest mean of 3.5143 compare to other statements. Among 210 respondents, there is 5.2% of respondents strongly disagree with this statement, 8.1% of the respondents are disagree with this statement, 29.0% of respondents remain neutral on this statement, while 45.2% of the respondents are agree with this statement and 12.4% of respondents are strongly agree with this statement.

Secondly, the statement of 'Occupancy rate reflect the ability of employees in attracting more tourists to stay in the hotel' scored the second highest mean score of 3.4714 among other statements in this variable. There is 4.3% of total respondents strongly disagree with this statement, 11.0% of respondents disagree with this statement, 33.3% of the respondents have neutral opinion on this statement, while 36.2% of total



respondents are agree with this statement and 15.2% of respondents are strongly agree with this statement.

The following statement is 'Good and effectives human resource practices employed by this organization are able to reduce turnover rate of the organization' which scored the third highest mean score which is 3.4476 among other statements in this variable. Among 210 respondents, there is 5.2% of respondents strongly disagree with this statement, 8.6% of respondents disagree with this statement, 34.3% of the respondents are neutral with this statement, while 40.0% of respondents are agree with this statement and 11.9% of respondents are strongly agree with this statement.

The fourth highest mean score of 3.4381 among these statements is scored by the statement 'Turnover that happens in this organization will disrupt work of existing employees and incur cost to the organization'. There is 4.3% of total respondents choose strongly disagree as their opinion on this statement, 8.1% of the respondents are disagree with this statement, 36.7% of the respondents are neutral with this statement, while 41.4% of respondents are agree with this statement and 9.5% of respondents are strongly agree with this statement.

The statement 'High occupancy rate in this hotel is used to measure organizational performance as more revenue is being generated' has the fifth mean score among these statement which is 3.4333. Among 210 of respondents, 5.2% of them are strongly disagree with this statement, 9.5% of them are disagree with this statement, 32.9% of them have neutral opinion on this statement, while 41.4% of respondents are agree with this statement and 11.0% of them are strongly agree with this statement.

The statement with the sixth mean score, 3.4095 in this variable is 'Key Performance Indicator (KPI) is able to help the organization to define and measure progress towards organizational goals and objectives'. There is 5.2% of respondents strongly disagree with this statement, 9.0% of respondents disagree with this statement, 38.1% of respondents are neutral

with this statement, while 34.8% of respondent agree with this statement and 12.9% of respondents strongly agree with this statement.

The seventh mean score of 3.3714 is scored by the statement 'An increase in my own performance in the organization will lead to increase in salary as organizational performance improved overtime'. Among these respondents, 4.3% of respondents strongly disagree with this statement, 10.0% of respondents disagree with this statement, 39.0% of respondents have neutral opinion on this statement, while 37.6% of respondents agree with this statement and 9.0% of respondents strongly agree with this statement.

Lastly, the statement of 'This organization evaluates organizational performance based on financial performance' scored the lowest mean score which is 3.2762 compare to other statements. There is 6.2% of respondents strongly disagree with this statement, 12.4% of respondents disagree with this statement, 38.6% of respondents remain neutral on this statement, while 33.3% of them are agree with this statement and 9.5% of them are strongly agree with this statement.

As for the standard deviation, the statement with the lowest standard deviation is 'Turnover that happens in this organization will disrupt work of existing employees and incur cost to the organization' with the value of 0.92725. The statement with the second lowest value is 'An increase in my own performance in the organization will lead to increase in salary as organizational performance improved overtime' which is 0.93581. The statement with the third lowest value is 'High occupancy rate in this hotel is used to measure organizational performance as more revenue is being generated' which is 0.98692. The statement with the fourth lowest value is 'Good and effectives human resource practices employed by this organization are able to reduce turnover rate of the organization' which is 0.98778. The statement with the fifth standard deviation score is 'Good service quality provided by employees to tourists will help to drive financial performance of organization' which is 0.98907. The statement

with the sixth standard deviation score is ‘Key Performance Indicator (KPI) is able to help the organization to define and measure progress towards organizational goals and objectives’ which is 0.99948. The statement with the seventh standard deviation score is ‘This organization evaluates organizational performance based on financial performance’ which is 1.00711. The statement with the highest value is ‘Occupancy rate reflect the ability of employees in attracting more tourists to stay in the hotel’ which is 1.01738.

#### 4.1.2.2 Selective Hiring

Statement	SD	D	N	A	SA	Mean	Standard Deviation	Rank
1. This organization regards selecting best candidates to fill up vacancy as an important task.	7.6	10.5	39.5	29.0	13.3	3.3000	1.07182	4
2. This organization employs extensive selection process whenever there is vacancy in the organization (e.g: assessment centers, ability and aptitude tests, interview and multi-level resumes	6.2	12.4	32.4	41.4	7.6	3.3190	0.99670	2

screening process).								
3. This organization uses consultant when hiring personnel.	11.4	20.0	34.8	25.7	8.1	2.9905	1.11532	6
4. During recruitment and selection process, interview panels are being used to select the most competent candidate.	8.1	13.8	32.4	36.7	9.0	3.2476	1.06516	5
5. There will not be any bias in the hiring and selection processes of this organization.	5.2	12.9	38.1	33.8	10.0	3.3048	0.99399	3
6. This organization continuously improves and review recruitment and selection processes.	5.7	12.9	35.2	34.3	11.9	3.3381	1.03294	1

Source: Developed for the research

The table above shows the central tendencies measurement of constructs of selective hiring. The scale of measurement of this variable is Likert scale which is ranging from (1) strongly disagree and (5) strongly agree.

The statement ‘This organization continuously improves and review recruitment and selection processes’ scored the highest mean of 3.3381 compare to other statements. Among 210 respondents, there is 5.7% of respondents are strongly disagree with this statement, 12.9% of the

respondents are disagree with this statement, 35.2% of respondents remain neutral on this statement, while 34.3% of the respondents are agree with this statement and 11.9% of respondents are strongly agree with this statement.

Secondly, the statement of 'This organization employs extensive selection process whenever there is vacancy in the organization' scored the second highest mean score of 3.3190 among other statements in this variable. There is 6.2% of total respondents strongly disagree with this statement, 12.4% of respondents disagree with this statement, 32.4% of the respondents have neutral opinion on this statement, while 41.4% of total respondents are agree with this statement and 7.6% of respondents are strongly agree with this statement.

Thirdly, the statement 'There will not be any bias in the hiring and selection processes of this organization' scored the third highest mean score which is 3.3048 among other statements in this variable. Among 210 respondents, there is 5.2% of respondents strongly disagree with this statement, 12.9% of respondents disagree with this statement, 38.1% of the respondents are neutral with this statement, while 33.2% of respondents are agree with this statement and 10.0% of respondents are strongly agree with this statement.

The fourth mean score of 3.3000 among these statements is scored by the statement 'This organization regards selecting best candidates to fill up vacancy as an important task'. There is 7.6% of total respondents choose strongly disagree as their opinion on this statement, 10.5% of the respondents are disagree with this statement, 39.5% of the respondents are neutral with this statement, while 29.0% of respondents are agree with this statement and 13.3% of respondents are strongly agree with this statement.

The following statement is 'During recruitment and selection process, interview panels are being used to select the most competent candidate' scored the fifth mean score which is 3.2476 among other statements in this

variable. Among 210 respondents, there is 8.1% of respondents strongly disagree with this statement, 13.8% of respondents disagree with this statement, 32.4% of the respondents are neutral with this statement, while 36.7% of respondents are agree with this statement and 9.0% of respondents are strongly agree with this statement.

Lastly, the statement of 'This organization uses consultant when hiring personnel' scored the lowest mean score which is 2.9905 compare to other statements. There is 11.4% of respondents strongly disagree with this statement, 20.0% of respondents disagree with this statement, 34.8% of respondents remain neutral on this statement, while 25.7% of them are agree with this statement and 8.1% of them are strongly agree with this statement.

As for the standard deviation, the statement with the lowest standard deviation is 'There will not be any bias in the hiring and selection processes of this organization' with the value of 0.99399. The statement with the second lowest value is 'This organization employs extensive selection process whenever there is vacancy in the organization' which is 0.99670. The statement with the third lowest value is 'This organization continuously improves and review recruitment and selection processes' which is 1.03294. The statement with the fourth lowest value is 'During recruitment and selection process, interview panels are being used to select the most competent candidate' which is 1.06516. The statement with the fifth standard deviation score is 'This organization regards selecting best candidates to fill up vacancy as an important task' which is 1.07182. The statement with the highest value is 'This organization uses consultant when hiring personnel' which is 1.11532.

### 4.1.2.3 Training and Development

Statement	SD	D	N	A	SA	Mean	Standard Deviation	Rank
1. This organization provides every employee with training opportunities to improve their knowledge, skill, abilities and others.	6.2	8.6	31.0	39.0	15.2	3.4857	1.05008	1
2. Training program organized by this organization is able to enhance employee competency.	10.0	8.6	29.5	39.0	12.9	3.3619	1.12496	3
3. This organization provides different kinds of training program for their employees.	6.7	11.4	31.4	38.1	12.4	3.3810	1.05704	2
4. This organization frequently organize training program for their employee.	7.1	14.3	30.5	38.1	10.0	3.2952	1.06195	5
5. This organization organizes on-the-job or off-the-job training for their employees.	8.1	7.6	37.6	38.1	8.6	3.3143	1.01486	4

6. This organization emphasize on long term development for employees training plans.	9.0	8.1	38.1	35.2	9.5	3.2810	1.05000	6
---	-----	-----	------	------	-----	--------	---------	---

Source: Developed for the research

The table above shows the central tendencies measurement of constructs of training and development. The scale of measurement of this variable is Likert scale which is ranging from (1) strongly disagree and (5) strongly agree.

The statement ‘This organization provides every employee with training opportunities to improve their knowledge, skill, abilities and others’ scored the highest mean of 3.4857 compare to other statements. Among 210 respondents, there is 6.2% of respondents strongly disagree with this statement, 8.6% of the respondents disagree with this statement, 31.0% of respondents remain neutral on this statement, while 39.0% of the respondents are agree with this statement and 15.2% of respondents are strongly agree with this statement.

Secondly, the statement of ‘This organization provides different kinds of training program for their employees’ scored the second highest mean score of 3.3810 among other statements in this variable. There is 6.7% of total respondents strongly disagree with this statement, 11.4% of respondents disagree with this statement, 31.4% of the respondents have neutral opinion on this statement, while 38.1% of total respondents are agree with this statement and 12.4% of respondents are strongly agree with this statement.



Thirdly, the statement ‘Training program organized by this organization is able to enhance employee competency’ scored the third highest mean score which is 3.3619 among other statements in this variable. Among 210 respondents, there is 10.0% of respondents strongly disagree with this statement, 8.6% of respondents disagree with this statement, 29.5% of the respondents are neutral with this statement, while 39.0% of respondents are agree with this statement and 12.9% of respondents are strongly agree with this statement.

The fourth mean score of 3.3143 among these statements is scored by the statement ‘This organization organizes on-the-job or off-the-job training for their employees’. There is 8.1% of total respondents strongly disagree on this statement, 7.6% of the respondents are disagree with this statement, 37.6% of the respondents are neutral with this statement, while 38.1% of respondents are agree with this statement and 8.6% of respondents are strongly agree with this statement.

The following statement is ‘This organization frequently organize training program for their employee’ scored the fifth mean score which is 3.2952 among other statements in this variable. Among 210 respondents, there is 7.1% of respondents strongly disagree with this statement, 14.3% of respondents disagree with this statement, 30.5% of the respondents are neutral with this statement, while 38.1% of respondents are agree with this statement and 10.0% of respondents are strongly agree with this statement.

Lastly, the statement of ‘This organization emphasize on long term development for employees training plans’ scored the lowest mean score which is 3.2810 compare to other statements. There is 9.0% of respondents strongly disagree with this statement, 8.1% of respondents disagree with this statement, 38.1% of respondents remain neutral on this statement, while 35.2% of them are agree with this statement and 9.5% of them are strongly agree with this statement.

As for the standard deviation, the statement with the lowest standard deviation is ‘This organization organizes on-the-job or off-the-job training for their employees’ with the value of 1.01486. The statement with the second lowest value is ‘This organization emphasize on long term development for employees training plans’ which is 1.05000. The statement with the third lowest value is ‘This organization provides every employee with training opportunities to improve their knowledge, skill, abilities and others’ which is 1.05008. The statement with the fourth lowest value is ‘This organization provides different kinds of training program for their employees’ which is 1.05704. The statement with the fifth standard deviation score is ‘This organization frequently organize training program for their employee’ which is 1.06195. The statement with the highest value is ‘Training program organized by this organization is able to enhance employee competency’ which is 1.12496.

#### 4.1.2.4 Performance Appraisal

Statement	SD	D	N	A	SA	Mean	Standard Deviation	Rank
1. Performance appraisal is a part of performance management system.	4.8	11.0	31.9	39.0	13.3	3.4524	1.01195	4
2. This organization allows involvement and participation of employees in the entire performance appraisal process.	4.3	10.0	32.4	43.8	9.5	3.4429	0.94796	5

3. This organization uses performance appraisal process to make sure every member of organization achieve goals established by top management.	4.8	11.9	27.6	43.3	12.4	3.4667	1.01252	3
4. Performance appraisal process employed by this organization is able to point out areas which I need to improve.	6.7	8.1	31.0	38.1	16.2	3.4905	1.06820	1
5. My supervisor will provide feedback to me during and at the end of performance appraisal process.	6.2	8.6	29.5	41.4	14.3	3.4905	1.04098	1
6. This organization will revise employees' compensation plan after performance appraisal process.	7.6	10.5	30.5	40.0	11.4	3.3714	1.06495	6

Source: Developed for the research

The table above shows the central tendencies measurement of constructs of performance appraisal. The scale of measurement of this variable is Likert scale which is ranging from (1) strongly disagree and (5) strongly agree.

The statements of 'Performance appraisal process employed by this organization is able to point out areas which I need to improve' and 'My supervisor will provide feedback to me during and at the end of performance appraisal process' scored the highest mean of 3.4905 compare to other statements. For the first statement, there is 6.7% of respondents strongly disagree with this statement, 8.1% of the respondents disagree with this statement, 31.0% of respondents remain neutral on this statement, while 38.1% of the respondents are agree with this statement and 16.2% of respondents are strongly agree with this statement. As for the other statement, there is 6.2% of total respondents strongly disagree with this statement, 8.6% of respondents disagree with this statement, 29.5% of the respondents have neutral opinion on this statement, while 41.4% of total respondents are agree with this statement and 14.3% of respondents are strongly agree with this statement.

The following statement 'This organization uses performance appraisal process to make sure every member of organization achieves goals established by top management' scored the third highest mean score which is 3.4667 among other statements in this variable. Among 210 respondents, there is 4.8% of respondents strongly disagree with this statement, 11.9% of respondents disagree with this statement, 27.6% of the respondents are neutral with this statement, while 43.3% of respondents are agree with this statement and 12.4% of respondents are strongly agree with this statement.

The fourth mean score of 3.4524 among these statements is scored by the statement 'Performance appraisal is a part of performance management system'. There is 4.8% of total respondents strongly disagree with this statement, 11.0% of the respondents disagree with this statement, 31.9% of the respondents are neutral with this statement, while 39.0% of

respondents are agree with this statement and 13.3% of respondents are strongly agree with this statement.

The statement of 'This organization allows involvement and participation of employees in the entire performance appraisal processes scored the fifth mean score which is 3.4429 among other statements in this variable. Among 210 respondents, there is 4.3% of respondents strongly disagree with this statement, 10.0% of respondents disagree with this statement, 32.4% of the respondents are neutral with this statement, while 43.8% of respondents are agree with this statement and 9.5% of respondents are strongly agree with this statement.

Lastly, the statement of 'This organization will revise employees' compensation plan after performance appraisal process' scored the lowest mean score which is 3.3714 compare to other statements. There is 7.6% of respondents strongly disagree with this statement, 10.5% of respondents disagree with this statement, 30.5% of respondents remain neutral on this statement, while 40.0% of them are agree with this statement and 11.4% of them are strongly agree with this statement.

As for the standard deviation, the statement with the lowest standard deviation is 'This organization allows involvement and participation of employees in the entire performance appraisal process' with the value of 0.94796. The statement with the second lowest value is 'Performance appraisal is a part of performance management system' which is 1.01195. The statement with the third lowest value is 'This organization uses performance appraisal process to make sure every member of organization achieve goals established by top management' which is 1.01252. The statement with the fourth lowest value is 'My supervisor will provide feedback to me during and at the end of performance appraisal process' which is 1.04098. The statement with the fifth standard deviation score is 'This organization will revise employees' compensation plan after performance appraisal process' which is 1.06495. The statement with the highest value is 'Performance appraisal process employed by this

organization is able to point out areas which I need to improve' which is 1.06820.

#### 4.1.2.5 Compensation

Statement	SD	D	N	A	SA	Mean	Standard Deviation	Rank
1. Employee regards comprehensive compensation package of employment as direct compensation (salary), indirect compensation (insurance) and non-financial compensation (flexible working hour) rather than a simple pay and benefit package.	5.2	17.1	35.2	32.4	10.0	3.2476	1.02393	4
2. This organization use incentive to boost individual performance. E.g: Bonus and allowances.	7.6	9.5	38.1	34.3	10.5	3.3048	1.03641	3

3. This organization constantly reviews and improves the employees' working schedule.	6.2	13.8	32.4	37.6	10.0	3.3143	1.03355	1
4. This organization provides comparable compensation for similar position at another hotel.	5.2	17.1	34.8	34.3	8.6	3.2381	1.00738	6
5. This organization uses compensation system to attract more and better candidates.	5.7	16.7	34.8	32.9	10.0	3.2476	1.03324	4
6. This organization has a well-designed and competitive rewards and compensation system that are able to retain talented employee.	8.6	12.9	34.3	34.8	9.5	3.2381	1.07181	6
7. This organization integrates compensation plan with its mission and goals in order to gain or sustain competitive advantages over its rivals.	7.1	12.9	29.5	42.4	8.1	3.3143	1.03355	1

Source: Developed for the research

The table above shows the central tendencies measurement of constructs of compensation. The scale of measurement of this variable is Likert scale which is ranging from (1) strongly disagree and (5) strongly agree.

The statement of 'This organization constantly reviews and improves the employees' working schedule' and 'This organization integrates compensation plan with its mission and goals in order to gain or sustain competitive advantages over its rivals' scored the highest mean of 3.3143 compare to other statements. Among 210 respondents, there is 6.2% of respondents strongly disagree with this statement, 13.8% of the respondents disagree with this statement, 32.4% of respondents remain neutral on this statement, while 37.6% of the respondents are agree with this statement and 10.0% of respondents are strongly agree with this statement. As for the second statement, there is 7.1% of respondents strongly disagree with this statement, 12.9% of the respondents disagree with this statement, 29.5% of respondents remain neutral on this statement, while 42.4% of the respondents are agree with this statement and 8.1% of respondents are strongly agree with this statement.

The following statement 'This organization use incentive to boost individual performance' scored the third highest mean score of 3.3048 among other statements in this variable. There is 7.6% of total respondents strongly disagree with this statement, 9.5% of respondents disagree with this statement, 38.1% of the respondents have neutral opinion on this statement, while 34.3% of total respondents are agree with this statement and 10.5% of respondents are strongly agree with this statement.

The fourth highest mean score of 3.2476 is scored by the statement 'Employee regards comprehensive compensation package of employment as direct compensation (salary), indirect compensation (insurance) and non-financial compensation (flexible working hour) rather than a simple pay and benefit package' and 'This organization uses compensation



system to attract more and better candidates'. There is 5.2% of total respondents choose strongly disagree as their opinion on this statement, 17.1% of the respondents disagree with this statement, 35.2% of the respondents are neutral with this statement, while 32.4% of respondents are agree with this statement and 10.0% of respondents are strongly agree with this statement. As for the second statement, there is 5.7% of respondents strongly disagree with this statement, 16.7% of respondents disagree with this statement, 34.8% of the respondents are neutral with this statement, while 32.9% of respondents are agree with this statement and 10.0% of respondents are strongly agree with this statement.

Lastly, the statement of 'This organization provides comparable compensation for similar position at another hotel' and 'This organization has a well-designed and competitive rewards and compensation system that are able to retain talented employee' scored the lowest mean score which is 3.2381 compare to other statements. There is 5.2% of respondents strongly disagree with this statement, 17.1 % of respondents disagree with this statement, 34.8% of respondents remain neutral on this statement, while 34.3% of them are agree with this statement and 8.6% of them are strongly agree with this statement. As for the second statement, there is 8.6% of respondents strongly disagree with this statement, 12.9% of respondents disagree with this statement, 34.3% of the respondents are neutral with this statement, while 34.8% of respondents are agree with this statement and 9.5% of respondents are strongly agree with this statement.

As for the standard deviation, the statement with the lowest standard deviation is 'This organization provides comparable compensation for similar position at another hotel' with the value of 1.00738. The statement with the second lowest value is 'Employee regards comprehensive compensation package of employment as direct compensation (salary), indirect compensation (insurance) and non-financial compensation (flexible working hour) rather than a simple pay and benefit package' which is 1.02393. The statement with the third lowest value is 'This

organization uses compensation system to attract more and better candidates' which is 1.03324. The statement with the fourth standard deviation score is 'This organization constantly reviews and improves the employees' working schedule' and 'This organization integrates compensation plan with its mission and goals in order to gain or sustain competitive advantages over its rivals' which is 1.03355. The statement with the sixth standard deviation score is 'This organization use incentive to boost individual performance. E.g: Bonus and allowances' which is 1.03641. The statement with the highest value is 'This organization has a well-designed and competitive rewards and compensation system that are able to retain talented employee' which is 1.07181.

## 4.2 Scale Measurement

### 4.2.1 Internal Reliability Test

Table 4.10: Cronbach's Alpha Reliability Analysis

Constructs	Coefficient Alpha ( $\alpha$ ) Value	No. of Item
Selective Hiring	0.869	6
Training Development	0.930	6
Performance Appraisal	0.927	6
Compensation	0.929	7
Organizational Performance	0.917	8

Source: Developed for the research

In the research, Coefficient Alpha was used to examine the reliability of questionnaire. As mentioned in chapter 3, when the alpha value is between 0.80 and 0.95, it is considered very good reliability; when the value is from 0.70 to 0.80, it is considered as good reliability. When the alpha value falls between 0.60 and 0.70 is considered fair reliability and where the value is below than 0.60 will be considered as poor reliability.

Based on the table above, it illustrates that the coefficient alpha value of selective hiring is 0.869 which is considered as very good reliability. Besides, the result shows training development variable has the highest value which is 0.930 and is considered as very good reliability. Performance appraisal and compensation are also considered as having very good reliability due to the coefficient alpha value of these two variables are 0.927 and 0.929. Other than that, organizational performance is also having very good reliability because its coefficient alpha value is 0.917.

Overall, the result of internal reliability test shows that all the variables of this research is consistent and reliable due to the coefficient alpha value of all constructs fall between 0.80 and 0.95. Therefore, the results of this questionnaire are suitable for further analysis.

## 4.3 Inferential Analyses

### 4.3.1 Pearson Correlation Coefficient

According to Zikmund (2003), Pearson correlation coefficient refers to the measurement of the linear association between two metric variables. Pearson's correlation analyses indicate the strength of the linear relationship between two variables and the direction of that relationship. Besides that, it describes the direction, strength and significant of bivariate relationship of all variables in the research.

The Pearson correlation coefficient is values from -1 to +1. The value +1 indicates that there is a perfectly positive linear relationship between two variables; on the other hand, the value with -1 means that there is a perfectly negative linear relationship between two variables. A zero value indicates that the variables are not linear related by each other. The table shows that there are different ranks of strength of linear relationship between two variables which is identified by different coefficient range.

Table 4.11: Pearson Correlation Coefficient

<b>Coefficient range</b>	<b>Strength</b>
$\pm 0.91$ to $\pm 1.0$	Very Strong
$\pm 0.71$ to $\pm 0.90$	High
$\pm 0.41$ to $\pm 0.70$	Moderate
$\pm 0.21$ to $\pm 0.40$	Small but definite relationship
0 to $\pm 0.20$	Slight, almost negligible

Source: Hair, J. F. Jr., Money, A. H., Samouel, P., & Page, M. (2007).

Research methods for business. Chichester. West Susseex: John Wiley & Sons, Inc.

#### 4.3.1.1 Hypotheses 1: The relationship between selective hiring and organizational performance

H<sub>0</sub>: There is no significant relationship between selective hiring and organizational performance.

H<sub>1</sub>: There is a significant relationship between selective hiring and organizational performance.

Table 4.12: Correlation between Selective Hiring and Organizational Performance

#### Correlations

		Selective Hiring	Organizational Performance
Selective Hiring	Pearson Correlation	1	.758**
	Sig. (2-tailed)		.000
	N	210	210
Organizational Performance	Pearson Correlation	.758**	1
	Sig. (2-tailed)	.000	
	N	210	210

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

Source: Developed for the research

From the result, there is positive relationship between selective hiring and organizational performance because of the positive value for correlation coefficient. The selective hiring variable has a 0.758 correlation with the organizational performance variable. Thus, when selective hiring is high, organizational performance is high also.

The value of this correlation coefficient 0.758 is fall under coefficient range from  $\pm 0.71$  to  $\pm 0.90$ . Thus, the relationship between selective hiring and organizational performance is high. Besides that, the relationship between selective hiring and organizational performance is significant because of the p-value 0.000 is less than alpha value 0.01.

As the result,  $H_0$  is rejected and  $H_1$  is accepted, so there is a significant positive relationship between selective hiring and organizational performance.

### 4.3.1.2 Hypotheses 2: The Relationship between Training and Development and Organizational Performance

H<sub>0</sub>: There is no significant relationship between training and development and organizational performance.

H<sub>1</sub>: There is a significant relationship between training and development and organizational performance.

Table 4.13: Correlation between training and development and organizational performance

#### Correlations

		Training and Development	Organizational Performance
Training and Development	Pearson Correlation	1	.728**
	Sig. (2-tailed)		.000
	N	210	210
Organizational Performance	Pearson Correlation	.728**	1
	Sig. (2-tailed)	.000	
	N	210	210

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

Source: Developed for the research

Table 4.13 shows that there is positive relationship between training and development and organizational performance due to the positive value for correlation coefficient. The training and development variable has a 0.728



correlation with the organizational performance variable. Therefore, when training and development is high, organizational performance will be high.

The value of this correlation coefficient 0.728 is fall under coefficient range from  $\pm 0.71$  to  $\pm 0.90$ . This result means that the relationship between training and development and organizational performance is high. Other than that, the result shows also that the relationship between training and development and organizational performance is significant. It is because the p-value 0.000 is less than alpha value 0.01.

Therefore,  $H_0$  is rejected and  $H_2$  is accepted, so there is a significant positive relationship between training and development and organizational performance.

### 4.3.1.3 Hypotheses 3: The relationship between performance appraisal and organizational performance

H<sub>0</sub>: There is no significant relationship between performance appraisal and organizational performance.

H<sub>1</sub>: There is a significant relationship between performance appraisal and organizational performance

Table 4.14: Correlation between performance appraisal and organizational performance  
**Correlations**

		Performance Appraisal	Organizational Performance
Performance Appraisal	Pearson Correlation	1	.811**
	Sig. (2-tailed)		.000
	N	210	210
Organizational Performance	Pearson Correlation	.811**	1
	Sig. (2-tailed)	.000	
	N	210	210

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

Source: Developed for the research

From the result, there is positive relationship between performance appraisal and organizational performance because of the positive value for the correlation coefficient. The performance appraisal variable has a 0.811 correlation with the organizational performance variable. Thus, when performance appraisal is high, organizational performance will be high.

The value of this correlation coefficient 0.811 is fall under coefficient range from 0.71 to  $\pm 0.90$ . Thus, the relationship between performance appraisal and organizational performance is high. Besides that, the relationship between performance appraisal and organizational performance is significant due to the p-value 0.000 is less than alpha value 0.01.

Therefore,  $H_0$  is rejected and  $H_3$  is accepted, so there is a significant positive relationship between performance appraisal and organizational performance.

#### 4.3.1.4 Hypotheses 4: the relationship between compensation and organizational performance

H<sub>0</sub>: There is no significant relationship between compensation and organizational performance.

H<sub>1</sub>: There is a significant relationship between compensation and organizational performance

Table 4.15: Correlation between compensation and organizational performance

##### Correlations

		Compensation	Organizational Performance
Compensation	Pearson Correlation	1	.836 <sup>**</sup>
	Sig. (2-tailed)		.000
	N	210	210
Organizational Performance	Pearson Correlation	.836 <sup>**</sup>	1
	Sig. (2-tailed)	.000	
	N	210	210

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

Source: Developed for the research

Table 4.15 shows that there is positive relationship between compensation and organizational performance due to the positive value for correlation coefficient. The compensation variable has a 0.836 correlation with the organizational performance variable. Therefore, when compensation is high, organizational performance will be high.

The value of this correlation coefficient 0.836 is fall under coefficient range from  $\pm 0.71$  to  $\pm 0.90$ . This result means that the relationship between compensation and organizational performance is high. Other than that, the result shows also that the relationship between compensation and organizational performance is significant. It is because the p-value 0.000 is less than alpha value 0.01.

Therefore,  $H_0$  is rejected and  $H_4$  is accepted, so there is a significant positive relationship between compensation and organizational performance.

### 4.3.2 Multiple Regression Analyses

#### 4.3.2.1 Hypotheses 6: The relationship between four independent variable and organizational performance

H<sub>0</sub>: The four independent variables (selective staffing, training and development, performance appraisal and compensation) do not have significant relationship with organizational performance.

H<sub>1</sub>: The four independent variables (selective staffing, training and development, performance appraisal and compensation) have significant relationship with organizational performance.

Table 4.16: Multiple Regression Analyses

#### Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.648	.116		5.588	.000
SelectiveHiring	.160	.062	.166	2.597	.010
Training and Development	-.166	.064	-.194	-2.589	.010
PerformanceAppraisal	.340	.065	.381	5.265	.000
Compensation	.500	.066	.555	7.586	.000

a. Dependent Variable: OrganizationalPerformance

#### 4.3.2.2 Nature of Relationship

The following equation explains the relationship between the independent variables and dependent variable:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4$$

Where Y = Predicted Linear Relationship of Organizational Performance

a = Constant Value

b = Standardized Coefficients

X = Independent Variable

Thus, the regression equation is:

$$\text{Organizational Performance} = 0.648 + 0.160 \text{ Selective Hiring} - 0.166 \text{ Training and Development} + 0.340 \text{ Performance Appraisal} + 0.500 \text{ Compensation}$$

Based on the table, the Standardized Beta coefficients indicate the contribution of each variable to the research. From the results, compensation is the predictor variables that contribute the highest to the variation of the dependent variable (organizational performance) because it is having the largest Standardized Coefficient Beta value for this predictor variable which is 0.555. This means that compensation make the strongest unique contribution to explain the variation in dependent variable (organizational performance), when the variance explained by all other predictor variables in the model is controlled for.

Performance appraisal is the predictor variables that contribute the second highest to the variation of the dependent variable (organizational performance) because Beta value for this predictor variable is 0.381 which is the second highest if compared to other predictor variables.

This means that performance appraisal make the second strongest unique contribution to explain the variation in dependent variable, when the variances explained by all other predictor variables in the model is controlled.

Training and development is the predictor variables that contribute the third highest to the variation of the dependent variable because it is having the third largest Beta value, -0.194 if compared to other predictor variables. This means that training and development make the third strongest unique contribution to explain the variation in dependent variable, when variance explained by all other predictor variables in the model is controlled for.

Selective Hiring is the predictor variables that contribute the lowest to the variation of the dependent variable (organizational performance) because Beta value of this predictor variable is smallest, 0.166 if compared to other predictor variables. This means that selective hiring make the least contribution to explain the variation in dependent variable.



### 4.3.2.3 Strength of Relationship

Table 4.17: Model Summary

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.871 <sup>a</sup>	.758	.753	.38826

a. Predictors: (Constant), Compensation, Selective Hiring, Performance Appraisal, Training Development

b. Dependent Variable: Organizational Performance

Source: Developed for the research

Based on the table, it shows that the R value is 0.871. The R value is the correlation coefficient between the dependent variable and the independent variables taken together. The result shows that there is positive and high correlation between dependent variable (organizational performance) and independent variables (compensation, selective hiring, performance appraisal, and training and development).

The R square indicates the extent the independent variables can explain the variations in the dependent variable. From this study, the coefficient of determination (R square) is 0.758, which indicated that independent variables (compensation, selective hiring, performance appraisal, and training and development) can explain 75.8% of the variations in dependent variable (organizational performance).

Table 4.18: Anova

ANOVA<sup>b</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	96.793	4	24.198	160.526	.000 <sup>a</sup>
	Residual	30.902	205	.151		
	Total	127.695	209			

a. Predictors: (Constant), Compensation, Selective Hiring, Performance Appraisal, Training and Development

b. Dependent Variable: OrganizationalPerformance

Source: Developed for the research

Based on table, the p-value of 0.000 is less than alpha value 0.01. The F-statistic is significant. The model for this research is a good descriptor of the relation between the dependent and independent variables. Thus, the independent variables (compensation, selective hiring, performance appraisal, and training and development) are significant explain the variance in organizational performance. Besides that, the alternate hypotheses are supported by the data.

## **4.4 Conclusion**

Throughout this section, different types of analysis are done on the data collected through survey. First, we conducted a demographic analysis on these data. Within this analysis a respondent demographic profile is formed to identify the demographic characteristic of the respondents. Central tendencies measurement of constructs is also within this analysis to obtain the mean of data collected by using frequency analysis. Reliability analysis is conducted in the scale measurement section to test the reliability of the result. Lastly, inferential analyses are conducted to test the relationship between the independent variables and dependent variable. Pearson Correlation Coefficient and Multiple Regression Analysis are used to test whether the relationship between these variables are significant. The research results will be discussed further in chapter 5.

## **Chapter 5 Discussion and Conclusion**

### **5.0 Introduction**

This chapter provides a clear discussion, implication and conclusion from the previous chapter. The organization of this chapter start with the summary of statistical analyses includes descriptive and inferential analyses. Then, follow by the discussion of major findings as well as implication of study. Some of the limitation and recommendations for future research and conclusion are being discussed.

## **5.1 Summary of Statistical Analyses**

### **5.1.1 Summary of Descriptive Analyses**

From the questionnaire survey result, a summary description of descriptive analyses was made as the follow. This descriptive analysis is made by describing the demographic profile of respondents. At first, we know that the genders of the respondents are occupied 50% for each category. As due to this result, we have an advantage that we can justify our respondents' opinions more objective and accurate because our respondents are built up equally from the different gender category.

Next, we measure our respondents' ages and get the result that shown majority of our respondents are from the age group of below 25 years old and the age between 26 to 35 years old, while the least contribution of the respondents to this questionnaire survey is from the age group of more than 55 years old.

After that, we examined our respondents' contribution to this questionnaire survey based on their ethnic groups. We can get the result which found that, most of our respondents are Malays and Chinese races.

The majority of our respondents' education levels are SPM or STPM levels and Diploma or Advance Diploma levels. We can know that, most of our respondents are high educated and able to answer our questionnaire. From the data collected, there is only one respondent who participated in our questionnaire survey is from PhD education level.

We targeted three locations for our survey, they were, Penang, Malacca and Pahang. Most of our respondents are from Malacca, while we have moderate amount of respondents from Penang. However, the least number of respondents are from Pahang.

Years of employment also one of the determinant factor that we included in descriptive analyses. The results showed that most of our respondents were employed less than one year and one to two years.

Subsequently, most of the respondents are receiving less than RM 2,000 as their monthly income. Besides, the second highest amount of respondents is receiving RM 2,000 to RM 3,000 income per month. However, small amount of respondents are receiving more than RM 5,000 salary per month.

A large percentage of respondents are from Human Resource Department, Food and Beverage Department, and Accounting Department. Relatively, small amount of respondents who are participated in this survey are from security department and controller department. The remaining percentage of respondents is from other departments.

## **5.1.2 Summary of Inferential Analyses**

### **5.1.2.1 Reliability Test**

Regarding to the result from Internal Reliability Test, it illustrated that all the variables are stability and reliability due to the coefficient alpha values of the variables fall between 0.80 and 0.95 which is considered as very good reliability. The result showed that selective hiring scored 0.869, training and development scored 0.930, performance appraisal scored 0.927, compensation scored 0.929 and organizational scored 0.917 for the coefficient alpha value.

### **5.1.2.2 Pearson Correlation Analyses**

Based on the Pearson Correlation Analyses, it shows that all the independent variables (selective hiring, training and development,

performance appraisal, and compensation) are having significant relationship with organizational performance. Besides that, the values of correlation coefficient of these four independent variables are fall under coefficient range from  $\pm 0.71$  to  $\pm 0.90$  which selective hiring scored 0.758, training and development scored 0.728, performance appraisal scored 0.811 and compensation scored 0.836. These figures indicated that the relationship between each of the four independent variables and organizational performance is high.

### **5.1.2.3 Multiple Regression Analyses**

Furthermore, based on the results from Multiple Regression Analyses, compensation makes the highest contribution to organizational performance because of its Standard Coefficient Beta value of 0.555 which is the largest value among other independent variables. The second and third strongest contribution is performance appraisal and training and development which scored 0.381 and -0.194. While selective hiring contributes the lowest to the variation of the organizational performance which scored Beta value of 0.166.

## 5.2 Discussions of Major Findings

Table 5.1: Correlation Value between Four Independent Variables and Organizational Performance

Independent Variables	Hypotheses	Result
Selective Hiring	H <sub>1</sub> : There is a significant relationship between selective hiring and organizational performance.	P-value = 0.000 (<0.01)
Training and Development	H <sub>2</sub> : There is a significant relationship between training and development and organizational performance.	P-value = 0.000 (<0.01)
Performance Appraisal	H <sub>3</sub> : There is a significant relationship between performance appraisal and organizational performance.	P-value = 0.000 (<0.01)
Compensation	H <sub>4</sub> : There is a significant relationship between compensation and organizational performance.	P-value = 0.000 (<0.01)

Source: Develop for the research



### **5.2.1 Selective Hiring**

H<sub>1</sub>: There is a significant relationship between selective hiring and organizational performance.

The hypothesis above tested on the relationship between selective hiring and organizational performance. This hypothesis is proved to be true as selective hiring is shown to have a significant positive relationship with organizational performance because the p-value is 0.00 which is lower than alpha value 0.01 as a result from our data in chapter 4. This relationship is also proven as there is a significant correlation between selective hiring and organizational performance due to the coefficient Beta value of 0.758. This shows that if an organization can do well in selective hiring, then there will be an increment of 75.8% on organizational performance. This result is consistent with several studies which are researched on selective hiring and organizational performance.

According to a study done by Vlachos (2007), selective hiring is an important practice in improving organizational performance. The result of this study shows that selective hiring is a good predictor for firm performance measures, such as perceived market share, perceived sales and perceived market performance. By selecting the right peoples this can help to reduce the costs of training and earn more profits at the same time with the decrease of defect costs.

Based on the study of Cho, Jang, and Erdem (as cited in Vlachos, 2009) pre-employment test is an important component of selective hiring in screening incompetent candidates. Pre-employment test can also increase the commitment of employees passing the test because they will have a stronger sense of belonging to the company through selective hiring.

## 5.2.2 Training and Development

H<sub>1</sub>: There is a significant relationship between training and development and organizational performance.

The hypothesis above tested on the relationship between training and development and organizational performance. Based on the result from chapter 4, it shows that there is a significant positive relationship between training and development and organizational performance because the p-value is 0.00 which is lower than alpha value 0.01. This relationship is also proven as there is a significant correlation between training and development and organizational performance due to the coefficient Beta value of 0.728. This shows that when an organization is good in training and development, then there will be an increment of 72.8% on organizational performance. This result is consistent with several studies which are researched on training and development and organizational performance.

According to Raja (2011), training and development are essential to enhance the ability of employee. In his research he stated that by increasing employee performance, it will have a positive effect on the growth of organizational performance as employee performance is an important factor on the overall performance of an organization. The elements in training and development in this research are training design, on the job training and delivery style. These elements have shown to have positive relationship with organizational performance, thus these results prove that training and development has a significant positive relationship with organizational performance.

In the study of Swanson (as cited in Tabassi & Abu Bakar, 2009), training and development can improve performance systematically through the process of developing work-related skills and knowledge of employees. By improving the skills of employee, they will be able to handle their tasks better thus indirectly increase organizational performance. This shown that

there is a linkage between training and development and organizational performance.

Furthermore, based on a study done by Mohinder and Anastasia (2007), training and development is one of the human resource practices which have positive effect on hotel performance. Training and development is essential for organization to provide good service quality to customers, because good service quality is one of the performance variable of organizational performance. This better training and development will indirectly lead to higher organizational performance. This statement is further supported by a study done by Nadeem, Yasir and Aysha (2011), which shows that training and development has a strong correlation on organizational performance in service industry.

### **5.2.3 Performance Appraisal**

H<sub>1</sub>: There is a significant relationship between performance appraisal and organizational performance.

This research tested the relationship between performance appraisal and organizational performance. Based on the result from chapter 4, it showed that there is a significant positive relationship between performance appraisal and organizational performance due to its p-value is 0.000 which is less than the alpha value 0.01. Besides that, the result also indicated that there is a significant correlation between performance appraisal and organizational performance due to its coefficient Beta value of 0.811. This means that when there is an organization good in performance appraisal, it will lead to an increment of 81.1% of organizational performance level. The result of this research was consistent with the statement of several studies such as Surdasan (2009) who stated that performance appraisal is the one of the most important process in human resource management for organizations.

Performance appraisal is an evaluation process which evaluates by managers and delivers feedback regarding employees' performance. (Spence and Keeping, 2010) According to Kondrasuk (2011), performance appraisal can be motivating employees to achieve higher performance standard by focused on punishing them for poor performance. Thus, organizations who have practiced performance appraisal will perform better because of employees are trying to get higher performance to avoid punishment for poor performance. Yee and Chen (2009) stated that performance appraisal is used to evaluate and discuss the work performance of employees periodically in order to identify the strengths and weaknesses as well as opportunities for improvement among employees. Furthermore, it is a process of creating work standards; evaluate employees' actual performance relative to those work standards; and giving feedback to employees in order to motivate them to improve their job performance.

From the result of hypotheses testing, the Beta coefficient value of 0.811 shows that the relationship between performance appraisal and organizational performance is at a high level. According to Chapman (2006), performance appraisal is the essential element for effective management of organizations which helps to develop employees and improve organizational performance.

### **5.2.4 Compensation**

H<sub>1</sub>: There is a significant relationship between compensation and organizational performance.

This hypothesis tested the relationship between compensation and organizational performance. Based on the result from chapter 4, it showed that there is a significant positive relationship between compensation and organizational performance due to its p-value is 0.000 which is less than the alpha value 0.01. Besides that, the result also indicated that there is a significant correlation between compensation and organizational performance due to its coefficient Beta value of 0.836. This means that if there is an organization does well in compensation, it will lead to an increment of 83.6% of organizational performance level. This research result was consistent with the study which done by Tsai (2005) stated that the relationship between compensation and organizational performance is the one of the most important for management. The study believed that organization can motivate employees to perform better and thus can have a positive effect on organizational performance by effectively used rewards.

According to Guest's study (as cited in Tsai, 2005), a reward and compensation system is based on expectancy theory, which means that employees will be more motivated to enhance their performance when they realize that there is a strong relationship between their performance and the compensation they received. This is the way that compensation motivates individuals to perform better and better, compensations and rewards are always the prime objective makes individuals getting into work. Furthermore, based on the study of Bretz and Thomas (as cited in Currall, Towler, Judge, and Kohn, 2005), which has indicated that pay dissatisfaction will lead to reduced levels of organizational performance. The organization which manages compensation poorly will affect its organizational performance also due to unable to retain talents.

From the result of chapter 4, it indicated that compensation contribute the most to organizational performance if compare to other independent variables. According to Rynes, Gerhart, and Minette (2004), compensation and pay is the most important element in human resource practices in motivating employees.

Table 5.2: Correlation Value between Human Resource Practices and Organizational Performance

Dependent Variables	Hypotheses	Result
Organizational Performance	H <sub>5</sub> : There is a significant relationship between human resource practices and organizational performance.	P-value = 0.000 (<0.01)

Source: Developed for the research

### 5.2.5 Human Resource Practices

H<sub>1</sub>: There is a significant relationship between human resource practices and organizational performance.

The hypothesis above tested on the relationship between human resource practices and organizational performance. Based on the result from chapter 4, it shows that there is a significant positive relationship between human resource practices and organizational performance because the p-value is 0.00 which is lower than alpha value 0.01. This relationship is also proven as there is a significant correlation between human resource practices and organizational performance due to the R square value of 0.758. This shows that when an organization is good in human resource practices, then there will be an increment of 75.8% on organizational performance. This result is consistent with several studies which are researched on human resource practices and organizational performance.

According to the study of Vlachos (2008), human resource practices are a significant predictor for firm performance. In this study selective hiring and compensation show a strong positive correlation on firm performance, which supports the result of our research. Besides that, research done by

Moideenkutty, Al-Lamki&Murty (2010) also shows evidence of human resource practices is significant for organizational performance. It can be observed that employee empowerment, selective staffing, performance management and extensive training will lead to higher performance for an organization. This is not surprising as human capital is an important source for organization, thus human resource practices will be needed to sustain and improve the competency of an organization.



## **5.3 Implication of the study**

The implication of study includes theoretical implication and managerial implication.

### **5.3.1 Theoretical Implications**

This research contributes to the existing literature by extending and testing the key dimensions of human resource practices toward organizational performance in hotel industry. This research contributes to the organizations by suggesting ways to enhance their organizational performance. In this study, organizational performance is evaluated by corporate financial performance, occupancy rate, employee performance and turnover rate. Thus, to have a better performance, management must improve the performance of these four dimensions. Besides that, findings from this study help management of organizations in enhancing organizational performance by improving their selective hiring, training and development, performance appraisal, and compensation.

Furthermore, this research indicated that compensation is the independent variable which contribute the most to organizational performance if compare to others. This means that organizations which hope to enhance their organizational performance should focus more on compensation strategy.

### **5.3.2 Managerial Implications**

Through this research, it shows that selective hiring has a significant positive relationship with organizational performance. According to the study of Vlachos (2007) selecting hiring is choosing the right people for the right job base on his skill and characteristic. Selecting hiring can increase the likelihood of employee in fitting into new organization culture

and climate. Besides that, selective hiring can ensure employees hired by the organization are competent and this will increase the overall performance of employee. Higher employee performance will lead to higher organizational efficiency thus will have better organizational performance.

Furthermore, training and development also shows significant positive relationship with organizational performance. According to Raja (2011), training and development is vital for organization to survive in the challenging and changing world. Even though training and development is invested on employees, however organization will gain most of the benefit from this practice as organization is the end users. Management should construct proper plans on training and development to improve knowledge, skills, ability and others (KSAOs) of employees. This will increase organizational efficiency and effectiveness thus increase overall organizational performance.

Regarding to this research, it showed that performance appraisal have a significant positive relationship with organizational performance. According to Spence et al. (2010), performance appraisal should be occurring annually or semi-annually to help with management decision. Performance appraisal should be fit with performance management and the ultimate goal is performance improvement but not rating employees only in the year end. Performance appraisal will easily lead to misunderstanding and dispute between managerial and non-managerial employees if there is bias when processing performance appraisal or not proper words used. To implement performance appraisal properly, Spence et al. (2010) suggested that managers should view the raters as passive information processors. Raters are required to evaluate in the absence of any real context. Besides that, performance appraisal should be provided in the conditions that are no consequences to raters themselves or anyone else.

From this research, it suggested that compensation have a strong positive significant link with organizational performance. It was indicated that

compensation is the most important element for organizations to enhance organizational performance. According to Delaney and Huselid (as cited in Tsai, 2005), organizations can use performance-related compensation to enhance employees motivation and performance in order to improve organizational performance. While a proper compensation system could improve the organizational performance by focusing employees' attention and efforts to the areas where the company wants; on the other hand, an ineffective compensation system will lead to spoil the morale and motivation of employees. (Cecilia, 2003) Furthermore, performance-related compensation should be performed based on performance appraisal to let employees perceived that there is a fair compensation system.

Top management of organization should emphasize on the human resource (HR) practices of the organization. Human resource practitioners should be given support to formulate human resource practices which are suitable for the organization. By identifying suitable human resource practices organizational efficiency and effectiveness can be improved and this will lead to higher organizational performance.

## **5.4 Limitation of the study**

In this research, we target Penang, Malacca and Pahang as our sampling location. Thus the data collected from our research only cover these three areas, these data only show the perception of employee on human resource practices in hotel industry in these three states. The results from our research were not significant enough to be generalized for the perception of employee of hotel industry in whole Malaysia.

Our group faced a problem when conducting our survey in various hotels in these three states. We are unable to collect all of the questionnaires which we distributed to hotel employees. We only received 210 questionnaires through our survey on these employees. Some of them refuse to respond to our questionnaires while some of the questionnaires which we received are not valid. Thus we need to rely on the data obtained from the number of questionnaires we received.

Other than that, the unavailability of sufficient resources has also brought some obstacles our research. There are a lot of academic journals related to human resource practices and organizational available online, however there are not sufficient journals to support our research as our research background is on hotel industry in Malaysia. There are not many journals which analyze on the effect of human resource practices on hotel industry in Malaysia. In addition, journals related to selective hiring and some of the dimensions of organizational performance such as employee performance are difficult to be acquired from the database online. This is because journals related to these topics are not been researched by many researchers.

Lastly, the time and financial for this research is also a constraint for our study. We need to fulfill our responsibility as university students while progressing with our research. Midterm exams, assignments and our internship are example of tasks which are needed to be completed by us as students. Thus we cannot be fully devoted on conducting this research since all of the members of this research are university students and do not have financial income to support in searching for more in depth information and data.

## **5.5 Recommendations for Future Research**

Despite there are some limitations we had found when we are conducting this research, our study still can completed and there are some recommendation that we can provided for the future researchers who interested in this topic in order to make some improvements to this study.

In this research, we had shown the relationship between employee perceptions towards human resource practices in four dimension, training and development, selective hiring, performance appraisal and compensation that will affect organizational performances. Four dimensions that we used may not have sufficient to evidence there are significant effects on organizational performance. So, we strongly recommend for the future researchers to add up more independent variables in their research to ensure that their research able to study this topic in different perspectives, hence, more accurate results will be proposed.

Next, we concerned on the difficulties that we met while getting information from our respondents. Although we used filter method to distribute our questionnaires to the hotel employees but there were still lack of comprehensive opinions from our respondents, they are still have some sort of conservative behaviors in respondents while giving opinions to us. So, we suggesting future researchers to use more than one method while distributing their questionnaires or getting information from the respondents.

Other than that, we also recommend future researchers to build up mediating mechanism in between human resource practices and organizational performances to make the relationship more clearly and well understand in between human resource practices and organizational performances.

Lastly, future researches related to this topic should be done with more coverage areas in Malaysia. The result of this research will be more representative on the perception of employee of hotel industry in whole Malaysia. With the recommendation above, we hope that it can be devoted to the future study in this field.

## **5.6 Conclusion**

In this chapter we begin with the summary of statistical analyses on descriptive and inferential analyses of the result from chapter 4. Next we provide discussions on the results of hypothesis tested in our research and validate our research objective. Managerial implication is also discussed in this chapter to allow our research to be practical for policy makers and practitioners in organizations. Limitations that arise when conducting this research are also discussed in this chapter. Lastly recommendations are presented to provide improvement for future study.

As conclusion of this study, the results of our research showed that human resource practices have significant positive relationship with organizational performance. The human resource practices that are tested in our research, which are selective hiring, training and development, performance appraisal and compensation are applicable in enhancing the overall organizational performance of hotel industry. Thus the result of our research should be used as guidance when formulating human resource practices for organizations in hotel industry. Lastly, the result of our study can be used as a reference for future researches on human resource practices and organizational performance.

### References

- Abu Mansor, N. N., Chakraborty, A. R., Tay, K. Y., Mahitapoglu, Z. (2011). Determinants of performance management system in South East Asia. *Interdisciplinary Journal of Contemporary Research in Business*.3(2).Retrieved July 14, 2011.
- AdeyinkaTella, Ayeni, C. O., Popoola, S.O..(2007). Work motivation, job satisfaction, and organizational commitment of library personnel in academic and research libraries in Oyo State, Nigeria. *Library Philosophy and Practice 2007*. Retrieved October 18, 2011 from <http://unllib.unl.edu/LPP/tella2.pdf>
- Ahmad, S. Schroeder, R. G. (2003). The impact of human resource management practices on operational performance: recognizing country and industry differences. *Journal of Operations Management*. 21, 19-43. Retrieved January 12, 2012.
- Alexander, G. J., and Rogene A. Buchholz (1978) "Corporate social responsibility and stock market performance." *Academy of Management Journal*, 21 (3): 479-486.
- Alleyne, P., Doherty, L., Greenidge, D. (2006). Approaches to hrm in the Barbados hotel industry. *International Journal of Contemporary Hospitality Management*. 18(2), 94-109. doi: 10.1108/09596110610646655
- Alleyne, P., Doherty, L., Greenidge, D. (2006). Human resource management and performance in the Barbados hotel industry. *Hospitality Management*. 25, 623-646. doi: 10.1016/j.ijhm.2005.05.001
- Arain, M., Campbell, M. J., Cooper, L. C. & Lancaster, G. A. (2010). What is a pilot or feasibility study? A review of current practice and editorial policy. *Medical Research Methodology*.doi:10.1186/1471-2288-10-67

- Arthur Jr., W., & Bennett Jr., W (2003) Effectiveness of training in organizations: A meta-analysis of design and evaluation features. *Journal of Applied Psychology*. 88(2), 234-245
- AzlanMohamad, A., Lo, M. C., Maw, K. L. (2009, October). Human resource practices and organizational performance incentives as moderator. *Journal of Academic Research in Economics*. 1. Retrieved December 12, 2011 from [http://www.jare-sh.com/downloads/num\\_1\\_issue\\_2\\_2009/abang\\_azlan.pdf](http://www.jare-sh.com/downloads/num_1_issue_2_2009/abang_azlan.pdf)
- Bardi, James A. (2003). Hotel front office management. New Jersey: John Wiley & Sons, Ltd.
- Bataineh, M. T., Al-Hazaymeh, A. S. (2011). The role of human resources practices on service quality: Jordanian King Abdullah University Hospital: (case study). *Interdisciplinary Journal of Contemporary Research in Business*. 3(7) Retrieved September 26, 2011
- Berry, O. D. (2010). Working in a team-based culture is hard work for team leaders. Retrieved July 14, 2011 from <http://quickbase.intuit.com/blog/2010/05/06/working-in-a-team-based-culture-is-hard-work-for-team-leaders/>
- Billikopf, G. (2010). The negotiated performance appraisal model: enhancing supervisor-subordinate communication and conflict resolution. *Group facilitation: a Research and Applications Journal*. 10. Retrieved October 18, 2011.
- Bonavia, T., Marin-Garcia, J. A. (2011). Integrating human resource management into lean production and their impact on organizational performance. *International Journal of Manpower*. 32(8), 923-938. doi: 10.1108/01437721111181679
- Carbery, R., Garavan, T. N., O' Brien, F., & McDonnell, J. (2003). Predicting Hotel 16 Managers' Turnover Cognitions. *Journal of Managerial Psychology*, 18(7), 649-679.



- Chand, M. (2010). The impact of hrm practices on service quality, customer satisfaction and performance in the Indian hotel industry. *The International Journal of Human Resource Management*. 21(4), 551-566. doi: 10.1080/09585191003612059
- Chand, M., & Katou, A. A. (2007). The impact of HRM practices on organisational performance in the Indian hotel industry. *Employee Relations*, 29(6), 576-594.
- Chand, M., Anastasia, A. K. (2007). The impact of hrm practices on organizational performance in the Indian hotel industry. 29(6), 576-594. Retrieved January 11, 2012. doi: 10.1108/01425450710826096
- Chin, J. T. (n.d.) Reward and incentive compensation and organisational performance: evidence from the semiconductor industry. Retrieved January 10, 2012
- Cho, S., Woods, R. H., Jang, S., Erdem, M., (2004). Measuring the impact of human resource management practices on hospitality firms' Performances, *International Journal of Hospitality Management*.
- Cho, Y. S. (2004). Examining the impact of human resource management: a performance based analytic model. ProQuest Information and Learning Company. Retrieved February 12, 2012.
- Cochran, P. L., and R. A. Wood (1984) "Corporate social responsibility and financial performance." *Academy of Management Journal*, 27 (1): 42-56.
- Currall, S. C., Towler, A. J., Judge, T. A., Kohn, L. (2005). Pay satisfaction and organizational outcomes. *Personnel Psychology*. 58, 618-640
- Denton, A. & White, B. (2000), Implementing a balanced-scorecard approach to managing hotel operations, *Cornell Hotel and Restaurant Administration Quarterly*, 41( 1), 94-107.
- Fogleman, S. L. (2004). Creative compensation. Retrieved July 14, 2011 from <http://cnr.berkeley.edu/ucce50/ag-labor/7article/article33.htm>

- Gberville, D. E. (2010). Organizational retention strategies and employee performance of Zenith Bank on Nigeria. *African Journal of Economic and Management Studies*, 1(1), 61-74
- Ghafoor Khan, R. A., Ahmed Khan, F., Aslam Khan, M. (2011). Impact of training and development on organizational performance. *Global Journal of Management and Business Research*. 11(7), Retrieved January 11, 2012.
- Ghani Azmi, I. A. (2010, February). Competency-based human resource practices in Malaysian public sector organizations. *African Journal of Business Management*, 4, 235-241. Retrieved October 15, 2011 from <http://www.academicjournals.org/ajbm/pdf/pdf2010/Feb/Azmi.pdf>
- Gray, C. (2009). Advantages and disadvantages of team-based organizations. *Small Business*. Retrieved from <http://smallbusiness.chron.com/advantages-disadvantages-teambased-organizations-25370.html>
- Gustafson, C. M. (2002). Employee turnover: a study of private clubs in the USA. *International Journal of Contemporary Hospitality Management*, 14(3), 106-113
- Hemdi, M. A. (2006). Turnover Intentions of Hotel Employees: The Role of Human Resource Management Practices, Trust in Organisation, and Affective Commitment. (Unpublished PHD thesis, Penang: Universiti Sains Malaysia).
- Heneman, H., & Judge, T. (2009). Staffing organizations (6th ed.). New York: McGraw Hill.
- Hillman, A. J., and G. D. Keim (2001) "Shareholder value, stakeholder management, and social issues: What's the bottom line?" *Strategic Management Journal*, 22(2): 125-139.
- Hinkin, T., & Tracey, B. (2000). The Cost of Turnover: Putting the Price Learning Curve. *Cornell Hotel and Restaurant Administration Quarterly*, 14-21.

- Huselid, M. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*. 38(3), 635-872.
- Idemobi, E. I., Onyeizugbe, C. U., Akpunonu, E. O. (2011). Compensation management as tool for improving organizational performance in the public sectors: A study of the civil service of Anambra State of Nigeria, *Sacha Journal of Policy and Strategic Studies*, 1, 109-120, Retrieved October 10, 2011 from <http://www.sachajournals.com/documents/Idemobi002SJPSS.pdf>
- Ittner, C. D., Larcker, D. F., Meyer, M. W. (1997). Performance, compensation and the balanced scorecard. Retrieved September 19, 2011
- K. Namasivayam, Li, M., Zhao, X. Y. (2007). An investigation of the relationships between compensation practices and firm performance in the US hotel industry, 26, 574-587. Retrieved October 10, 2011 from ScienceDirect Journal Database.
- Kato, T., Long, C. (2005). Executives compensation, firm performance and corporate governance in China: evidence from firms listed in the Shanghai and Shenzhen stock exchanges. *Iza*. Retrieved August 14, 2011.
- Katou A. A., (2008). Measuring the impact of hrm on organizational performance. *Journal of Industrial Engineering and Management*, 1, 117-142, Retrieved October 20, 2011, doi: 10.3926/jiem.2008.v1n2.p119-142
- Khan, M. A. (2010). Effects of human resource management practices on organizational performance- an empirical study of oil and gas industry in Pakistan. *European Journal of Economics, Finance and Administrative Sciences*. (24). Retrieved August 17, 2011
- Kondrasuk, J. N. (2011). The ideal performance appraisal is a format, not a form. *Academy of Strategic Management*. 10(1). Retrieved September 15, 2011.

- Lee, C. (1985). Increasing performance appraisal effectiveness: Matching task types, appraisal process, and rater training. *Academy of Management Review*. 10(2), 322-331. Retrieved September 15, 2011.
- Lewis, C., Podgursky, M. (n.d.) The pros and cons of performance-based compensation. Retrieved October 2, 2011
- Lopez, S. P., Peon, J. M. M., Ordas, C. J. V. (2007). Human resources management as a determining factor in organizational learning. Retrieved July 14, 2011
- Malaysian Association of Hotels (2011).Statistic Report.Malaysian Association of Hotels. Retrieved from <http://www.hotels.org.my/index.php/member-section/statistics-report>
- Malhotra, N.K. (2007). *Marketing Research: An Applied Orientation* (5th ed.). Upper Saddle River, NJ: Pearson/ Prentice Hall, 2007
- Management Study Guide.(2008). Employee empowerment – good or bad.*Management Study Guide*. Retrieved July 14, 2011 from <http://www.managementstudyguide.com/employee-empowerment.htm>
- McGuire, J. B., A. Sundgren, and T. Schneeweis (1988) Corporate social responsibility and firm financial performance. *Academy of Management Journal*, 31 (4): 854-872.
- Mess, H., (2004).HRM best practice.*Otago Management Graduate Review*. 2, Retrieved September 20, 2011 from <http://www.business.otago.ac.nz/mgmt/research/omgr/04mess.pdf>
- Milkovich, G.T., Newman, J.M. (2008). *Compensation* (9th ed.). New York: McGraww-Hill.
- Mindtools (2011).Performance management and KPIs linking activities to vision and strategy. Retrieved July 28, 2011 from [http://www.mindtools.com/pages/article/newTMM\\_87.htm](http://www.mindtools.com/pages/article/newTMM_87.htm)

Moideenkutty, U., Al- Lamki, A., & Murthy, Y. S. R. (2010) HRM practices and organizational performance in Oman. *Personnel Review*. 40(2), 239-251doi: 10.1108/00483481111106101

Mondy, R.W. (2008). *Human Resource Management* (10th ed.). New Jersey: Pearson Prentice Hall.

Nayyab, H. H., Hamid, M., Naseer, F., Iqbal, M. (2011). The impact of hrm practices on the organizational performance The study of banking sector in Okara, Punjab (Pakistan). *Interdisciplinary Journal of Contemporary Research in Business*. 3(3), Retrieved October 18, 2011.

Off-the-job. (n. d.) In *BusinessDictionary online dictionary*. Retrieved from <http://www.businessdictionary.com/definition/off-the-job-training.html>

Oladipo, J. A., Abdulkadir, D. S. (2011). Strategic human resource management and organizational performance in the Nigerian manufacturing sector: an empirical investigation. *International Journal of Business and Management*.6(9).doi: 10.5539/ijbm.v6n9p46

On-the-job. (n. d.) In *BusinessDictionary online dictionary*. Retrieved from <http://www.businessdictionary.com/definition/on-the-job-training-OJT.html>

Osman, I. Ho, T. C. F., Galang, M. C. (2011). The relationship between human resource practices and firm performance: an empirical assessment of firms in Malaysia. *Business Strategy Series*. 12, 41-48. doi: 10.1108/17515631111100412

Pearson's correlation coefficient. (July 13). Retrieved February 26, 2012, from <http://hsc.uwe.ac.uk/dataanalysis/quantInfAssPear.asp>

Pfeffer, J. (1998). Seven practices of successful organizations. *California Management Review*.40(2).

Pfeffer, J.(1998). *The human equation: Building profits by putting people first*. Harvard Business School Press, Boston.

- Phonsanam, S. T. (2010). Total compensation practices and their relationship to hospitality employee retention. *University Libraries*.561 Retrieved October 2, 2011 from <http://digitalcommons.library.unlv.edu/thesesdissertations/561>
- Productivity report 2010/2011. (2011, May). Retrieved September 24, 2011, from <http://www.mpc.gov.my/mpc/images/file/ProductivityReport.pdf>
- Public Record Office Victoria (2010).Key performance indicators.*Public Record Office Victoria*. Retrieved from <http://prov.vic.gov.au/wp-content/uploads/2011/05/1010g3.pdf>
- Ram, P., Prabhakar, G.V. (2010). Determinants of pay satisfaction: a study of the hotel industry in Jordan. *European Journal of Social Sciences* 14(3). Retrieved August 21, 2011
- Ramley Alan, S. Z., Radzi, S. M., Hemdi, M. A., Othman, Z. (n.d.). An empirical assessment of hotel managers' turnover intentions: the impact of organizational justice. Retrieved from [http://www.onlinereview.segi.edu.my/chapters/vol3\\_sr1\\_art1.pdf](http://www.onlinereview.segi.edu.my/chapters/vol3_sr1_art1.pdf)
- Razalli, M. R. (2008). The consequences of service operations practice and service responsiveness on hotel performance: examining hotels in Malaysia. Retrieved September 2011
- Royalty, J (1996). The effect of job turnover on the training of men and women, industrial and labour relations review. 49, No.3, pp 506-21.
- Rynes, S. L., Gerhart, B., Minette, K. A. (2004). The importance of pay in employee motivation: discrepancies between what people say and what they do. *Wiley Periodicals Incorporate*. 43(4), 381-394. doi: 10.1002/hrm.20031
- Schneier, C.E., Beatty, R. W. (1978). The influence of role prescriptions on the performance appraisal process.*Academy of Management Journal*. 21(1), 129-135. Retrieved September 15, 2011.

- Sekaran, U., & Bougie, R. (2010). *Research methods for business: A skill building approach* (5th ed.). Chichester, West Sussex: John Wiley & Sons, Inc.
- Selden, S., Jessica, E. S. (2011). Performance management and appraisal in human service organizations: management and staff perspectives. *Public Personnel Management*. 40(3). Retrieved October 18, 2011.
- Simpson, G. L. (2001). Performance appraisal- an important managerial responsibility. The Mansis Development Corporation. Retrieved from <http://www.managerwise.com/article.phtml?id=161>
- Siti-Nabiha, A. K. (2010). Performance management system at gas company. *Asian Case Research Journal*. 14(1), 95-115. doi: 10.1142/S0218927510001325
- Sohail, N., Tanveer, Y., Muneer, A. (2011). Human resource practices as performance tool in telecom industry of Pakistan. *Interdisciplinary Journal of Contemporary Research in Business*. 3(7). Retrieved January 28, 2012.
- Spence, J. R., Keeping, L. (2011). Conscious rating distortion in performance appraisal: a review, commentary and proposed framework for research. *Science Directs*. 21, 85-95. doi:10.1016/j.hrmr.2010.09.013
- Sturman, M.C. (2006). Using your pay system to improve employees' performance: How you pay makes a difference. *Cornell Hospitality Report*. 6(13), 1-16.
- Sudarsan, A. (2009). Performance appraisal systems: a survey of organizational views. *The Icfai University Journal of Organizational Behavior*. 8(1), Retrieved September 15, 2011
- Sudarsan, A. (2009). Performance appraisal systems: a survey of organizational views. *Icfai University Journal of Organizational Behavior*. 8(1) Retrieved September 8, 2011

Sudin, S. (2004). Human resource practices and organizational performance: review, synthesis and research implication. *International Business Management Conference*. Retrieved October 18, 2011.

Summary findings on accommodation (n.d.) Retrieved September 25, 2011, from [http://www.statistics.gov.my/portal/images/stories/files/LatestReleases/findings/02Summary\\_Accommodation\\_2010\\_BI.pdf](http://www.statistics.gov.my/portal/images/stories/files/LatestReleases/findings/02Summary_Accommodation_2010_BI.pdf)

Summary findings on domestic tourism survey (n.d.). Retrieved September 25, 2011, from [http://www.statistics.gov.my/portal/images/stories/files/LatestReleases/findings/03Ringkasan\\_2010\\_BI.pdf](http://www.statistics.gov.my/portal/images/stories/files/LatestReleases/findings/03Ringkasan_2010_BI.pdf)

Swanson, R. (1995). Performance is the key. *Human Resource Development Quarterly*, 6(2), 221-235.

Tabassi, A. A., Abu Bakar, A.H. (2009). Training, motivation, and performance: The case of human resource management in construction projects in Mashhad, Iran. *International Journal of Project Management*, 27, 471-480, Retrieved October 18, 2011 from ScienceDirect database

Ton, Z., & Huckman, R. S. (2008). Managing the Impact of Employee Turnover on Performance: The Role of Process Conformance. *Organization Science*, 19(1), 56-68

Torres, E.N. & Adler, H. (2011). Choosing a Compensation Strategy in the Hotel Industry: An Exploratory Study. Retrieved October 19, 2011, from [http://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1024&context=gradconf\\_hospitality&sei-redir=1&referer=http%3A%2F%2Fwww.google.com.my%2Furl%3Fsa%3D%26rct%3Dj%26q%3Dchoosing%2520a%2520compensation%2520strategy%2520in%2520the%2520hotel%2520industry%253A%2520an%2520exploratory%2520study%26source%3Dweb%26cd%3D1%26ved%3D0CDAQFjAA%26url%3Dhttp%253A%252F%252Fscholarworks.umass.edu](http://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1024&context=gradconf_hospitality&sei-redir=1&referer=http%3A%2F%2Fwww.google.com.my%2Furl%3Fsa%3D%26rct%3Dj%26q%3Dchoosing%2520a%2520compensation%2520strategy%2520in%2520the%2520hotel%2520industry%253A%2520an%2520exploratory%2520study%26source%3Dweb%26cd%3D1%26ved%3D0CDAQFjAA%26url%3Dhttp%253A%252F%252Fscholarworks.umass.edu)



%252Fcgi%252Fviewcontent.cgi%253Farticle%253D1024%2526context  
%253Dgradconf\_hospitality%26ei%3DX5pcT62XGofirAenhMjIBw%26u  
sg%3DAFQjCNH7hfL1k96V-  
Diim8PxES\_q6BZ16g#search=%22choosing%20compensation%20strateg  
y%20hotel%20industry%3A%20an%20exploratory%20study%22

Tourism Malaysia (2012). *Chapter 10: Revving up the tourism industry*. Retrieved from [http://www.kppk.gov.my/pdf/tahukah\\_anda/ETP\\_bi/chapter10.pdf](http://www.kppk.gov.my/pdf/tahukah_anda/ETP_bi/chapter10.pdf)

Tourism Malaysia. (2011). Average occupancy rates(AOR) of hotels by states 2007/2008. Retrieved from [http://corporate.tourism.gov.my/images/research/pdf/2008/AOR/AOR\\_2007\\_2008.pdf](http://corporate.tourism.gov.my/images/research/pdf/2008/AOR/AOR_2007_2008.pdf)

Tourism Malaysia. (2011). Average occupancy rates(AOR) of hotels by states 2008/2009. Retrieved from [http://corporate.tourism.gov.my/images/research/pdf/2009/AOR/AOR\\_2008\\_2009.pdf](http://corporate.tourism.gov.my/images/research/pdf/2009/AOR/AOR_2008_2009.pdf)

Tourism Malaysia. (2011). Average occupancy rates(AOR) of hotels by states 2009/2010. Retrieved from [http://corporate.tourism.gov.my/images/research/pdf/2010/AOR/AOR\\_2009\\_2010.pdf](http://corporate.tourism.gov.my/images/research/pdf/2010/AOR/AOR_2009_2010.pdf)

Tourism Malaysia. (2011). Malaysia tourist arrivals 2008. Retrieved from [http://corporate.tourism.gov.my/images/research/pdf/2008/TouristArrivals\\_Kumulatif\\_2008.pdf](http://corporate.tourism.gov.my/images/research/pdf/2008/TouristArrivals_Kumulatif_2008.pdf)

Tourism Malaysia. (2011). Malaysia tourist arrivals 2009. Retrieved from [http://corporate.tourism.gov.my/images/research/pdf/2009/TouristArrivals\\_kumulatif\\_2009.pdf](http://corporate.tourism.gov.my/images/research/pdf/2009/TouristArrivals_kumulatif_2009.pdf)

Tourism Malaysia. (2011). Malaysia tourist arrivals 2010. Retrieved from [http://corporate.tourism.gov.my/images/research/pdf/2010/TouristArrivals\\_kumulatif\\_2010.pdf](http://corporate.tourism.gov.my/images/research/pdf/2010/TouristArrivals_kumulatif_2010.pdf)

- Tourists arrivals and receipts to Malaysia (n.d.). Retrieved September 25, 2011, from <http://corporate.tourism.gov.my/>
- Tseng, Y. F., & Lee, T. Z. (2009). Comparing appropriate decision support of human resource practices on organizational performance with DEA/AHP model. *Expert Systems with Application*, 36. doi: 10.1016/j.eswa.2008.07.066
- Vemic, J. (2007). Employee training and development and the learning organization. *Economics and Organization*, 4(2), 209-216. Retrieved from <http://facta.junis.ni.ac.rs/eao/eao200702/eao200702-13.pdf>
- Vlachos, I. (2008). The effect of human resource practices on organizational performance: evidence from Greece. *The International Journal of Human Resource Management*, 19(1), 74-97. doi: 10.1080/09585190701763933
- Vlachos, I. P. (2009). The effects of human resource practices on firm growth. *Int. Journal of Business Science and Applied Management*, 4, Retrieved September 21, 2011 from <http://organized-change-consultancy.wikispaces.com/file/view/HRD+Growth.pdf>
- Wan, D., Kok, V., & Ong, C. H. (2002). *Strategic Human Resource Management and Organizational Performance in Singapore*. Sage Publications.
- Wang, Y. (2005). Strategic employee training and development in chinese luxury hotels. *Tourism: An International Multidisciplinary Journal of Tourism*, 1(1), 111-118. Retrieved December 30, 2011 from <http://mpa.ub.uni-muenchen.de/25405/>
- Werbel J.D. and DeMarie, S.M., (2005), "Aligning Strategic Human Resource Management and Person Environment Fit", *Human Resource Management review*, 15: 242-262
- Williams, C.L. (2006). Key Components of a Good People Strategy. Retrieved January 2, 2012 from <http://www.clwill.com/wp->

content/uploads/Key%20Components%20of%20a%20Good%20People%20Strategy.pdf

- Williams, S. L., Hummert, M. L. (1990). Evaluating performance appraisal instrument dimensions using construct analysis. *The Journal of Business Communication*. Retrieved September 15, 2011.
- Wong, C. H., Tan, B. I., Loke, S. P., Lee, V. H. (2010). The impact of hrm practices on km: a conceptual model. *Australian Journal of Basic and Applied Sciences*. 4(12), 6281-6291.
- Wright, P. M. & Kehoe, R. R. (2007). Human Resource Practices and organizational commitment: A deeper examination. *Center for Advance Human Resource Studies*. 472. Retrieved January 4, 2012 from <http://digitalcommons.ilr.cornell.edu/cahrswp/472>
- Yee, C. C., Chen, Y. Y. (2009). Performance appraisal system using multifactorial evaluation model. *World Academy of Science, Engineering and Technology*. 53
- Zacharatos, A. Hershcovis, M. S., Turner, N., Barling, J. (2005). Human resource management in the North American automotive industry. *Emerald Group Publishing Limited*. 36(2), 231-254. Doi: 10.1108/00483480710726127
- Zhai, X., Liu, A. (2010). The relationship between human resource practices and organizational performance in the Chinese construction enterprises. The HKU Scholars Hub. Retrieved October 18, 2011 from <http://hdl.handle.net/10722/136496>
- Zikmund, W. G., Babin, B. J., Carr, J. C., & Griffin, M. (2010). Business research methods (8th ed.). *New York: South-Western/Cengage Learning*.
- Zingheim, P.K. & Schuster, J. R. (2008). Developing total pay offers for high performers. *Compensation & Benefits Review*, 40, 55-59.



Universiti Tunku Abdul Rahman

## A Perception of Employees on Human Resource Practices towards Organizational performance in Hotel Industry

### Survey Questionnaires

---

Dear Respondents:

The purpose of this survey is to examine the phenomenon of human resource practices in relation to organizational performance in hotel industry. This study is also looking at to what extent organizational performance can be influenced by human resource practices. Please answer all questions to the best knowledge of your understanding. There are no wrong responses to any of these statements. All responses provided are solely for academic purposes.

---

Content and instructions:

1. This questionnaire consists of three sections that comprises of demographic profile, human resource management practices and organizational performance.
2. Please answer ALL questions in ALL sections.
3. This will only takes 15 to 20 minutes.
4. Please feel free to share your comment in the space provided. The contents of this questionnaire will be kept highly confidential.

---

**Section A: Demographic Profile**

✓ In this section, we are interested in your background in brief. Please

your answer and your answer will be kept strictly confidential.

## 1. Gender

 Male Female

## 2. Age

 Below 25 26 – 35 years old 36 – 45 years old 46 – 55 years old More than 55 years old

## 3. Ethnic Group

 Malay Chinese Indian Others, please specify: \_\_\_\_\_

## 4. Education Level:

 SPM/STPM Diploma/Advanced Diploma Bachelor Degree Master PhD Other qualification, please specify: \_\_\_\_\_

## 5. Location of work

 Penang Melaka Pahang

## 6. Years of employment

 Less than one year 1 – 3 years 3 – 5 years More than 5 years

## 7. Monthly income:

 Less than RM 2000 RM 2000 to RM 3000 RM 3001 to RM 4000 RM 4001 to RM 5000 More than RM 5000

## 8. Department that you are working in

 Housekeeping Department Security Department Food and Beverage Department Chief Department Human Resource Department Chief Telecommunication Department Sales Department Controller Department Accounting Department Other department, please

specify: \_\_\_\_\_

## **Section B: Human Resource Management (HRM) Practices**

This section is seeking your opinion regarding human resource management practices employed in your company. Respondents are required to indicate to what extent you agreed or disagreed with each statement. A 5-point Likert scale will be used in this section. Please circle one number to represent your opinion towards statements provided. The descriptions of 5-point Likert scale are as follow:

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>B1</b>	<b>Selective Hiring</b>					
SH1	This organization regards selecting best candidates to fill up vacancy as an important task.	1	2	3	4	5
SH2	This organization employs extensive selection process whenever there is vacancy in the organization (e.g: assessment centers, ability and aptitude tests, interview and multi-level resumes screening process).	1	2	3	4	5
SH3	This organization uses consultant when hiring personnel	1	2	3	4	5
SH4	During recruitment and selection process, interview panels are being used to select the most competent candidate.	1	2	3	4	5
SH5	There will not be any bias in the hiring and selection processes of this organization.	1	2	3	4	5
SH6	This organization continuously improve and review recruitment and selection processes	1	2	3	4	5

No	Questions	Strongly	Disagree	Disagree	Neutral	Agree	Strongly	Agree
		Disagree	Disagree	Neutral	Agree	Strongly	Agree	
<b>B2</b>	<b>Training and Development</b>							
TD1	This organization provides every employee with training opportunities to improve their knowledge, skill, abilities and others.	1	2	3	4	5		
TD2	Training program organized by this organization is able to enhance employee competency	1	2	3	4	5		
TD3	This organization provides different kinds of training program for their employees.	1	2	3	4	5		
TD4	This organization frequently organize training program for their employee.	1	2	3	4	5		
TD5	This organization organizes on-the-job or off-the-job training for their employees.	1	2	3	4	5		
TD6	This organization emphasize on long term development for employees training plans.	1	2	3	4	5		

No	Questions	Strongly	Disagree	Disagree	Neutral	Agree	Strongly	Agree
		Disagree	Disagree	Neutral	Agree	Strongly	Agree	
<b>B3</b>	<b>Performance Appraisal</b>							
PA1	Performance appraisal is a part of performance management system.	1	2	3	4	5		
PA2	This organization allows involvement and participation of employees in the entire performance appraisal process.	1	2	3	4	5		
PA3	This organization uses performance appraisal process to make sure every member of organization achieve goals established by top management.	1	2	3	4	5		
PA4	Performance appraisal process employed by this organization is able to point out areas which I need to improve.	1	2	3	4	5		
PA5	My supervisor will provide feedback to me during and at the end of performance appraisal process.	1	2	3	4	5		
PA6	This organization will revise employees' compensation plan after performance appraisal process.	1	2	3	4	5		

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>B4</b>	<b>Compensation</b>					
C1	Employee regards comprehensive compensation package of employment as direct compensation (salary), indirect compensation (insurance) and non-financial compensation (flexible working hour) rather than a simple pay and benefit package.	1	2	3	4	5
C2	This organization use incentive to boost individual performance. E.g: Bonus and allowances.	1	2	3	4	5
C3	This organization constantly reviews and improves the employees' working schedule.	1	2	3	4	5
C4	This organization provides comparable compensation for similar position at another hotel.	1	2	3	4	5
C5	This organization uses compensation system to attract more and better candidates.	1	2	3	4	5
C6	This organization has a well-designed and competitive rewards and compensation system that are able to retain talented employee.	1	2	3	4	5
C7	This organization integrates compensation plan with its mission and goals in order to gain or sustain competitive advantages over its rivals.	1	2	3	4	5



### **Section C: Organizational Performance**

This section is seeking your opinion regarding organizational performance in your company. Respondents are required to indicate to what extent you agreed or disagreed with each statement. A 5-point Likert scale will be used in this section. Please circle one number to represent your opinion towards statements provided. The descriptions of 5-point Likert scale are as follow:

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>OP</b>	<b>Organizational Performance</b>					
OP1	This organization evaluates organizational performance based on financial performance.	1	2	3	4	5
OP2	Good service quality provided by employees to tourists will help to drive financial performance of organization.	1	2	3	4	5
OP3	High occupancy rate in this hotel is used to measure organizational performance as more revenue is being generated.	1	2	3	4	5
OP4	Occupancy rate reflect the ability of employees in attracting more tourists to stay in the hotel.	1	2	3	4	5
OP5	An increase in my own performance in the organization will lead to increase in salary as organizational performance improved overtime.	1	2	3	4	5
OP6	Key Performance Indicator (KPI) is able to help the organization to define and measure progress towards organizational goals and objectives.	1	2	3	4	5
OP7	Good and effectives human resource practices employed by this organization are able to reduce turnover rate of the organization.	1	2	3	4	5
OP8	Turnover that happens in this organization will disrupt work of existing employees and incur cost to the organization.	1	2	3	4	5

**Rizwan Izham**  
Executive Assistant Manager

**Holiday Inn Melaka**  
Jalan Syed Abdul Aziz  
75000 Melaka, Malaysia

t : +606 285 9000  
d : +606 285 9186  
f : +606 285 9190  
m : +6019 656 2888  
e : rizwan.izham@ihg.com  
www.melaka.holidayinn.com

**Karen Lim**  
Human Resource Manager

**Holiday Inn Melaka**  
Jalan Syed Abdul Aziz  
75000 Melaka, Malaysia

t : +606 285 9000  
d : +606 285 9113  
f : +606 285 9108  
e : karen.lim@ihg.com  
karen.lim@holidayinnmelaka.com  
www.melaka.holidayinn.com

**HANG TUAH**  
HOTEL MELAKA  
World Heritage Cities



**ARIZAN OTHMAN**  
Room Division Manager  
017 254 4113  
017 683 3787

MANAGED BY HANG TUAH HOTEL MELAKA SDN. BHD. (914597)  
WORLD HERITAGE CITIES



**Vinud Athithan**  
ASSISTANT MANAGER - FRONT OFFICE

**THE MAJESTIC MALACCA**  
188 Jalan Bunga Raya  
75100 Melaka, Malaysia

TEL +606 - 289 8000  
FAX +606 - 289 8080  
DL +606 - 289 8010  
HP +6018 - 308 2678  
EML vinud@ytlhotels.com.my  
URL www.majesticmalacca.com

A YTL CLASSIC HOTEL