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A Descriptive Study Of The Emerging Trends And Directions
Of Human Resource Management Practices In Malaysia -
HRM Practitioners As Strategic Business Partner In The
Organisation.

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Abstract

People with different social and cultural upbringing, academic and political standing create a diverse spectrum of workforces in the organisations. The challenges of all Human Resources practitioners are managing this diversity and concurrently ensure profitable return on investment of the people to the stakeholders of the organisation.

Any organisation will not be able to function without the Human Resources Management (HRM) functions but yet due credit for its importance is seldom granted. Through its evolution from administrative to current strategic roles, the HRM practices strive to create harmonious working environment within the expectation of the stakeholders. Hence, this research is about the study of the current standing of the roles of the HR practitioners and the expected roles of the HRM practitioners for the coming millennium.

A questionnaire survey was conducted among a number of HR practitioners in Malaysian organisations and the feedback were analysed by the SPSS package. The analyses were divided into four sections, namely general perception on human resource management, human resource clarity, future expectations on human resource development practices, and training and development trend.

The findings show that there is an increase in awareness among the HR practitioners about the importance of managing the HR functions strategically. In addition, there is a realisation among the practitioners to give high priority to achieving business goals and objectives. Finally, it has been observed that the training and development functions are crucial to develop the workforce in preparing the organisation into the next millennium.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

Currently, there are a spectrum of roles of the Human Resources (HR) practitioners in organisations that vary from industry to industry and country to country. There are some Human Resource Development (HRD) functions that articulate only pure personnel management role e.g. recruitment, payroll, and other routine basic duties. On the other hand, there are also organisations that require immense diversity in the HRD roles similar to other business partners in the organisation. However, due to the ever-changing expectations of people, business operations, socio-political and economic development, organisations and its people must strive to cope in order to strategically progress ahead.

As such, the objective of the study is to describe the general perception of the HR practitioners in various industries in Malaysia of becoming strategic business partner in the organisation and some aspects of the HR practices from the aspect of transparency of HR practices and the functions of training and development in the organisation for future organisational progress.

The study will also attempt to explore the idea that the HR functions will be transformed from a specialised, stand-alone function to broad corporate competency where the HR and line managers build partnerships to gain competitive advantage and achieve overall business goals.

Chapter One discusses the objectives of the research project, its significance, target of study and research methodology. As the study is perceptual in nature, the questionnaire survey was forwarded to selected HRM practitioners across Malaysia.

The literature review in Chapter Two covers readings from textbooks, journals and conference in the area of HRM. It describes the contribution of the HRM functions for added value and competitive advantages of the organisation. Productivity enhancement through people, organisational culture that supports effective HR practices and the study of future requirements of these practitioners are made comparatively within the global and local context.

Chapter Three illustrates the research methodology using questionnaire survey. The methodology was designed to obtain data about the level of involvement of the HR practitioners and future HR practices in the organisation. Divided into four sections, the questionnaire covers issues on general perception on Human Resource Management, Human Resource Clarity, future expectations on Human Resource Development practices, and training and development trend among organisations in Malaysia.

Analysis of data and results are elaborated in chapter four following each section of the questionnaire survey using the SPSS package. Finally, chapter five concludes the research project in terms of the necessary practices in facilitating the HR practitioners to become strategic business partner in the organisation in the future.

1.1 Focus of study

The primary focus of the study is to show that there are collective concerns among the HR practitioners in future management of the human resources functions and major areas of concerns namely clarity of roles as perceived by the workforce, future HR trends and the functions of training and development of the people in preparation of future progress and expectations of the business.

1.2 Research Methodology and Expected Results

The research methodologies are through:

1. primary research through a mail survey of companies across industries. A selected number of companies was identified and the questionnaires sent to HR practitioners and senior managers and above that supervise the HR functions.

2. secondary research through readily available materials including a human resource conference as a basis of literature review.

The research findings are expected to illustrate positive awareness among the HR practitioners on the emerging trends and development of their functions, concern for clarity of the HR practices among the people in the organisations and the importance of training and development functions to prepare the people for future organisational progress.

The significance of these findings is that:

1. there is emerging awareness of the HR practitioners of becoming strategic business partner in the organisation;
2. there is focus in ensuring the clarity of HR practices among the people in the organisation and the need for change in tandem with business progress ; and
3. there is growing concern for more involvement of the training and development functions in creating a more flexible and agile workforce in the organisations.

1.3 Review of literature and references

The review of literature is in the form of textbooks, professional HR journals and findings from a human resource conference and covers the following topics:

1. Competitiveness through productivity enhancement;
2. The Malaysian scenario in HR development;
3. The influence of "learning culture" in moulding the development of training and development in the organisation;
4. What makes a HR Manager of Tomorrow?; and
5. Views of prominent Malaysians on managing HR strategies for the next millennium.

Some of the issues explored in the literature review are:

- What are the general overviews of the current HRM practices in Malaysia;
- Issues facing the HRM in Malaysian companies currently in preparing toward the next millennium; and
- The HR priorities required creating effective HRM strategies to support HRM practitioners as strategic business partner in the organisation.

1.4 Significance and limitations of the study

Some of the significance of the study are:

1. To date, there are little attentions given by organisations to the importance of HRM in contributing strategically to their successes;
2. To seek opinion of the HRM practitioners on the ways and means to be active strategic business partners rather than maintaining "behind the scene" functions;
3. How best to utilise organisations' greatest asset that is its people; and
4. To understand the requirements of HRM of the future as to ensure timely and meaningful contributions through the HRM and training and development functions.

Some of the noticeable limitations of the research are:

1. Inadequate time frame to construct a meaningful (i.e. scope and depth) questionnaires;
2. Difficulties in obtaining full support from respondents (errors and inadequacy in responding to the survey, etc);

3. External influence on the response e.g. current economic crisis, tight work schedules, etc.;
4. Difficulties in sourcing out information from government bodies;
5. Determining the appropriate sub-topics in constructing the questionnaires in terms of area of concern, length and depth of the questions;
6. The relatively short period allocated to conduct the survey i.e. one month;
7. The diversity of current economic implications which influenced the responses;
8. The intricacies of interpreting the responses (data) using the SPSS package due to minimal knowledge in using the package; and
9. The percentage of responses which might not be adequate or in time to be used to represent accurate interpretation.

CHAPTER TWO

LITERATURE REVIEW

This chapter attempts to address and define some of the important terms and issues, which are considered relevant in the research. As Human Resources Management is a study of the art and science of managing people, there are equal weightage in analysing theories and facts from the academia and the "real world". However, the scientific nature of the research will transcend from the analysis of the survey while the psychological aspects of the topics of study are generally in terms of behaviours and perceptions.

2.1 The Malaysian scenario of Human Resource Management

In the Malaysian scenario, its national and international competitiveness is focused on political stability, abundance of natural resources, and notably the attraction and potential of its labour market. Based on the several studies by international organisations, Malaysia has been rated favourably in terms of overall competitiveness. Dato' Dr. Johari Hassan in his article "Competitive Dimensions and the Human Resources Factor" summed up a theme that:

"the human resources factor is the key lever in achieving competitiveness, particularly in enterprises where the customer has the choice whether or not to buy and, when buying, has a range of products and services to choose from."(Johari Hassan, 1998)

Hence, the statement do support the doctrine that people in any organisation plays important roles in ensuring competitiveness of the particular organisation. As such, all issues pertaining to human resources should not be peripheral to, but as fully embedded in the business and, more importantly, to treat the human resources strategies as part of the tools to achieve business strategies.

This chapter will also attempt to study some of the influences, actions and reactions, and general effects of current and future trends of HRM through the discussion of HR competitiveness through productivity enhancement, the organisational culture that influenced the efforts on training and development and general observations on the perceptions of the criteria of effective HR Managers of the future.

Three questions have been posed to approximately 80 Human Resources practitioners in Malaysia on issues pertaining to their HR practices in the midst of economic slowdown as follows (Asian Institute of Management, 1998):

1. How has the role of HRM/HRD in your company changed as a result of the economic crisis?

2. What are the management development challenges and trends in the company?
3. What special skills on competencies do Managers need to have to help the company succeed during the crisis and beyond?

The findings were tabulated as follows where those items in bold represented common views by the HR practitioners divided into seven groups.

Groups	Issues		
	Changes in HRM/HRD	Challenges in Mgmt Dev.	Special Mgmt Competencies
1.	More strategic "line function"; Develop people.	Creating learning orgn.; Benchmarking; Evaluating Training efficiency.	Multi-skilling; Cross functional for increased innovativeness.
2.	Team-based learning; Entrepreneurial skills; Knowledge workers.	Multi-discipline; "Do more with less"; New technology.	Multi-skills; Culture development for increased productivity; "All-rounder" Mgrs.
3.	Freeze recruitment; Staff redeployment and alignment; Cost control.	Customised training; Fast result-oriented; Efficiency training.	" Back to basic "; Improving customer services.

Groups	Issues		
	Changes in HRM/HRD	Challenges in Mgmt Dev.	Special Mgmt Competencies
4.	Mind set change; T&D consolidation; IT dependent	Updating knowledge and skills; Budget conscious.	Innovation and creativity. "Wholistic" business thinking.
5.	Freeze recruitment; Appropriate time to enhance basic HR functions;	Paradigm shift; Adopt business mode;	Coaching and guiding skills; Survival skills.
6.	Maintain focus on HR objectives; Realign staff towards business objectives.	"Unlearning" old habits; Paradigm shift; "Packaged" T&D approach;	Visionary leaders; Business acumen; Multi skilling.
7.	Freeze recruitment; Specific requirement on T&D,	Open communication; Realignment of thinking and responsibilities (multi tasking).	" Back to basic "; Increase efficiency;

The analyses of the findings above indicated that there are similarities on concern among the HR practitioners indicated in bold, and are shared by organisations from diverse industries in Malaysia. Among the major concerns are:

- Freeze recruitment;
- Multi skilling;
- Cost control/consciousness;
- Back to basic (prioritising bus. objectives)
- Customer (internal/external) services/retention.

The above concerns clearly qualified the notion of the urgent requirement of the new emerging HR practices among organisations in Malaysia which require HR practitioners to be more alert, dynamic, business-minded and strategic business partner in the organisation.

The World Competitiveness Report, 1997, published by the IMD ranked Malaysia 17 out of 46 developed and developing countries (improving from 23 in 1996) in the world competitiveness ranking. Among the non-OECD countries, Malaysia was ranked as the third most competitive nation after Singapore and Hong Kong SAR (Bank Negara Malaysia, 1997).

However, comparing to the HR practices of developed nations, Malaysia still have a long way to go in terms of erasing demarcation between HR and other functional roles in the organisation. Nevertheless, the Malaysian workforce has in general, contributed to the above through increased productivity and quality improvement effort.

Based on productivity measurement (ratio of real gross domestic product (GDP) to total employment), Malaysian workers compare favourably with selected newly industrialised economies (NIEs) indicated by the productivity growth which rose by an average annual rate of 5.3% through 1990 - 1996 (similarly Korea, Taiwan and Singapore was 4.9 %, 4.9 % and 7.4 % respectively)(Bank Negara Malaysia, 1997).

Hence, the purpose of the research is to explore the human resources issues in view of the current economic downturn in Malaysia and how these issues are impacting HR functions of corporate organisations. The theme of the research paper will be on the field of Strategic Human Resource Management using the strategic management approach in anticipating future HRM practices, their linkage in achieving organisational business goals and objectives, and the functions of training and development in supporting these practices.

2.2 The Contribution of the HR Function for Added Value and Competitive Advantage

Quoting Geof Armstrong, Director General of the Institute of Personnel and Development, U.K. (Michael Armstrong, 1994):

"We are at the time when people are the critical distinguishing feature between organisations. And the effectiveness with which people are trained and developed, motivated and managed is the single most controllable dimension available to managers."

Looking through the findings in the earlier chapter, we will not fail to observe that the existence of human resource development as a function in any organisation is to create added value through the development and use of any resource to ensure substantial and sustainable returns.

Further definition shows that "added value" can indicate anything extra done by people, which can be created by the investment of resources, effort or time in the delivery of a desired result. People at all level in any organisation creates visions, define values and missions, set goals, develop strategic plans and implement those plans in accordance with the underpinning values.

Some of the added value approaches to HR as such as:

1. Obtain and develop the right sort of people;
2. Motivate and manage people effectively;
3. Gain people's commitment to organisational values;
4. Build and maintain stable relationships between Employer and Employees;
5. Develop the appropriate and suitable organisational structure; and
6. Deploy people effectively and productively in that structure.

The Personnel Standards Lead Body Functional Survey, U.K. (PSLB/1993) stated that to be respected members of the top management team, senior personnel professionals must (Michael Armstrong, 1994):

- demonstrate to all their colleagues a real contribution to business processes, customer requirements, general management and the operation of the business;
- "read the organisation" for the Chief Executive and provide assistance in developing team and individual performance among the top group to achieve corporate objectives;
- exercise judgement in supporting or opposing executive actions which may be cost-effective in the short term but damaging to morale or productivity at the time or in the longer term.

Thus, it is notable that the HR functions in the future requires its practitioners to be effective and well-equipped with skills to add value to the organisation and its people and should position themselves at par with the other business partners in the organisation.

The PSLB (1993) has also defined the key purpose of personnel management as being to **"enable people to enhance the individual and collective contributions of people to the short and long term success of the enterprise."** It suggested that to provide value-added contributions personnel professional must:

- ensure that personnel strategies, policies, operating initiatives and services are aligned to the business needs and priorities;
- generate a real ownership of personnel solutions among managers and their people;
- manage change - initiating and promoting it when appropriate, providing a stabilising force when change would be damaging;
- generate respect when intervening to maintain adherence to personnel policy, balancing short- and long-term issues.

2.2.1 Value adding at several levels of Human Resource stages and strategies

Clarifying further the above issues, Dr Johari stressed that the segmentalised traditional functions of HR breaks its focus into units or sections e.g. recruitment, payroll, Industrial Relations, etc without clear linkage with the overall organisational strategies. He suggested various methods to ensure the HR department to be organised so as to become fully embedded with the business through three interconnected services, namely:

1. Strategic Level

The function that relates closely to the business by setting up strategic directions and determine policies. It encompasses varied responsibilities and contributes to the