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The Human Resource Management in Public and Private Organizations

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ABSTRACT

Background: A quantitative approach was carried out and 40 respondents from public (Department of Youth and Sports, Selangor) and private (Standard Chartered Berhad, Kuala Lumpur) organizations involved. The criterion of respondent is an employee who is currently involved in sport or at least had played any game for the organization team.

Objective: The purpose of this study was to explore the human resource management (HRM) in public and private organizations. The pilot study was guided by the following research objectives: (1) to compare the differences of HRM practices in public and private organizations, (2) to identify relationship between HRM practices and employees' satisfaction in public and private organizations and (3) to examine the relationship between HRM employees' satisfaction and employees' job performance in public and private organizations. The primary data collection technique used in this quantitative study was questionnaire. The bilingual (i.e. English and Malay) questionnaire had been distributed to the respondents in two different organizations. Independent sample t-test and regression coefficient analysis were implemented in this study. **Results:** The findings indicated that (1) HRM practices in Malaysia's public and private organizations were comparable; (2) HRM practices do influence the employees in public and private organizations and (3) employees' satisfaction related with employees' job performance in public and private organizations. **Conclusion:** Every employee wanted to be treated with equality through a fair and transparent system without bias or political influence at work. Employees' satisfaction will lead to higher productivity, organizational responsibility, physical and mental health. The relationships of employees' satisfaction and employees' job performance can be summarized as a happy employee perform higher than unhappy employee.

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INTRODUCTION

There are numerous debates on the definition of HRM [1], [2] and [3]. According to [1], HRM is a philosophy, policy, system and practices that can affect the behaviour, attitudes and performance of employees while [2] defined HRM as "the design of formal system in an organization to ensure the effective use of employees' knowledge, skills and abilities and other characteristics to accomplish organizational objectives" and [3] described HRM as "the utilization of human resource (HR) to achieve organizational objectives". Therefore, HRM involves the design, structure and implementation of organization's policies and practices to ensure the maximum cooperation from employees to achieve the organization's objectives. The roles of HRM in every organization are evolving whether in public organizations [4], banks [5] and other service-oriented organizations.

Many studies on HRM have been conducted in various fields such as sports and recreation [6], universities and higher learning institutions [7], [8], [9] and employees' satisfaction (Javed, Rafiq, Ahmed, & Khan)[10]. Many studies on comparison of HRM in public and private organizations had been carried out in other countries [11], [12], [13] and [14]. However, there are still limited comparative researches that focus on HRM and employees' performance in public and private organizations in Malaysia. The possible reason for the rarity is the continual understanding that public and private organizations are too different to compare directly.

For that reason, the attempt of this pilot study is to compare the roles of HRM towards employees' job performance in public and private organizations in Malaysia. This study was conducted in Department of Youth

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and Sports, Selangor and Standard Chartered Berhad, Kuala Lumpur. Specifically, this study was guided by the following objectives: (1) to compare the differences of HRM practices in public and private organizations, (2) to identify relationship between HRM practices and employees' satisfaction in public and private organizations, (3) to examine the relationship between employees' satisfaction and employees' job performance in public and private organizations.

Literature Review:

Physical developments and advanced technologies without the effective human resource will become a big obstacle for any nation to turn into developed country. Malaysia aimed to become the developed country in 2020. Many efforts and transformations have been done since 1957 to achieve the target. HR whether in public or private is the backbone of the organizations. The employees must be managed, motivated and rewarded, so that they can perform according to the organization's goals [3].

A rapid interest in HRM studies have been emerged since the last decade [3], [13], [15], [16], [17], [18] and (Zakaria, Mohamed Zainal, & Mohd.Nasirudin)[19]. According to [20], there are four famous models in HRM literatures such as the Fombrun, Tichy, and Devana Model of HRM, the Harvard Model of HRM, the Guest Model of HRM, and the Warwick Model of HRM. Among of the four models, Guest Model of HRM is considered to be much better than other models [21]. First, the Guest Model acknowledged the external circumstance and the organization strategy [22]. Second, the Guest Model listed out seven (7) HRM practices (i.e. selection, training, appraisal, rewards, job design, involvement and status and security) that assist to achieve appropriate HRM outcomes (i.e. employees' commitment, employees' quality and employees' flexibility). Fourth, the Guest Model segregated other three (3) outcomes (i.e. behaviour, performance and financial).

The Guest Model considers a high commitment towards employees' needs in the organization's decision-making as an assumption that organization's performance is achieved through the employees in the organization. Therefore, the theoretical framework in this study is developed from the Guest Model (1997) with several modifications (see Fig. 1). First, the researcher reduced the HRM practices from seven to four (4) and inserted HR planning together with maintaining HR. Second, the researcher separated the employees' satisfaction and employees' job performance under different columns (i.e. HRM outcome and performance outcome). The researcher attempted to find out the relationships between HRM practices and employees' satisfaction and between employees' satisfaction and employees' job performance.

Based on the literature review, five hypotheses were formulated:

H1: There is no significant different between HRM practices in public and private organizations.

H2(a): There is no significant relationship between HRM practices and employees' satisfaction in public organization.

H2(b): There is no significant relationship between HRM practices and employees' satisfaction in private organization.

H3(a): There is no significant relationship between employees' satisfaction and employees' performance in public organization.

H3(b): There is no significant relationship between employees' satisfaction and employees performance in private organization.

Methodology:

This study used questionnaire as quantitative approach for the means of data collection and analysis. The data were analyzed using SPSS version 21. The Universiti Teknologi MARA (UiTM) Research Ethics Committee approved this study.

A. Samples:

This pilot study had been conducted among 40 respondents aged 18 – 59 years old. 40 percent (16 respondents) were from Department of Youth and Sports, Selangor and 60 percent (24 respondents) were employees at Standard Chartered Berhad, Kuala Lumpur. The letter of invitation, letter of application to conduct a research and consent letter had been sent before the researcher managed to get the approval from both organizations. The questionnaires were distributed through the officers' in-charge from each organization. The researcher met the officer in-charge and explained the detailed of the questionnaire. The respondent's criterion must be employee who is currently involve in sport or at least had played any game for organization team. A week was given to the respondents to complete the questionnaires.

B. Instruments:

The questionnaire for this study consisted of five sections (i.e. A, B, C, D and E). Section A focused on the demographic profiles of the employees. Eight items had been included (i.e. organization, gender, marital status, age, level of education, religion, race and year of service). The items in Section A were self-administered by researcher (refer to TABLE I).

In Section B, the respondents had been asked to rate based on thirty-six questions or statements pertaining HRM practices. Respondents were required to identify their agreement or disagreement for each item. The 5-point Likert Scales ranging from “Strongly Disagree” (1) to “Strongly Agree” (5) was applied. The value of Cronbach’s alpha for this study was 0.939 which demonstrated very good internal consistency reliability [23]. The items for Section B were adapted and adopted from previous studies (refer to Table I).

In Section C, the respondents were required to rate based on the questions or statements regarding employees’ satisfaction towards current HRM practices in the organization. Twelve items were included. For Section C, 5-point Likert Scales ranging from “Most Unsatisfied” (1) to “Most Satisfied” (5) were used. The reliability value for the instrument was 0.899 and considered good [23]. The items for Section C were adapted and adopted from previous researchers.

In Section D, the items in questionnaire focused on employees’ job performance and 5-point Likert Scales ranging from “Strongly Disagree” (1) to “Strongly Agree” (5) was applied. The reliability value for items in Section D was 0.921 which consider excellent.

In Section E, the researcher had inserted the employee’s performance scale for three years from 2011 to 2013. The scale ranged from Unacceptable (1) to Exceptional (5). The scale was an indicator for each employee’s performance within the organization. The scale is adopted from [24].

C. Data Analysis:

SPSS version 21 was used to analyze the data. First, the Cronbach’s alpha coefficient had been applied as the indicator for internal consistency to test the reliability of the questionnaire as the researcher added up a new domain in the instrument. After that, the preliminary data analysis was conducted to check for missing data and assess normality of the data distribution. T-test had been applied to compare between two different groups (i.e. public and private employees). The independent sample t-test was used to compare the mean scores from two different groups of respondents as the researcher had distributed the questionnaires on only one time. The independent sample t-test is considered appropriate to investigate objective (1): to compare the differences of HRM practices in public and private organizations. Then, regression coefficients were used to examine objective (2) to identify relationship between HRM practices and employees’ satisfaction in public and private organizations (3) to examine the relationship between employees’ satisfaction and employees’ job performance in public and private organizations.

RESULTS AND DISCUSSIONS

First, reliability test had been conducted to measure the reliability of the items in the questionnaire. Cronbach’s alpha coefficient had been used as it is the most acceptable test of inter items reliability whereas to estimate the degree to which the items represent the variables being measured [25]. In this pilot study, the Cronbach’s alpha presented values of above 0.70 for all the variables (refer to TABLE I). Previous researchers [26], [27] and [28] stated that alpha coefficient value less than 0.60 indicated unsatisfactory or average internal consistency of reliability (while considered accepted for newly developed scale). Therefore, alpha coefficient value of 0.70 and above is regarded as having good reliability standard.

The data was set for normality test. Therefore, to test five hypotheses and three objectives formulated in this pilot study, an independent sample t-test and regression coefficients were conducted. An independent t-test result (refer to TABLE III) presented the comparison of HR practices in public and private organizations. The result shown that there was no significant difference in scores between public (Mean = 3.67, Std. Deviation = 0.444) and private (Mean = 3.64, Std. Deviation = 0.511; $t(38) = 0.211$). The value of $p = 0.834$ is more than 0.10, thus it can be deduced that for H1, there is no significant difference of HRM practices between public and private organizations was accepted. The reason was mainly because HRM in public organization have been changed and slowly adopted the HRM practiced by the private organizations. This finding was supported by [15] and [17].

Table I: Reliability.

Variables	Cronbach's alpha
HR Planning	0.792
Recruitment and selection	0.724
Training and development	0.847
Maintaining HR	0.880
Performance appraisal	0.898
Employees' satisfaction	0.905
Employees' job performance	0.896

TABLE III presented the value of Beta for a Total HRM practice in public organization is 0.817 significant at 0.000 level. It can be deduced that HRM practices are positively and significantly associated with employees’

satisfaction in public sector organizations. Therefore, H2(a) there is no significant relationship between HRM practices and employees' satisfaction in public organizations is rejected. It is undeniable that HRM play an important role towards employees' satisfaction at work. This finding is supported by the studies done by [29], [30] and [11].

Table II: Independent Sample T-Test of Total HRM Practices.

	Organization			N	Mean	Std. Deviation
Total HRM practices	Public			16	3.67	0.444
	Private			24	3.64	0.511
	t	df	Sig.	Mean Difference	90% confidence interval of the difference	
					Lower	Upper
Total HRM practices	0.211	38	0.834	0.033	-0.231	0.291

Table III: Regression Coefficient of HRM Practices and Employees' Satisfaction (Public).

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)					
TOTAL HRM PRACTICES	0.267	0.622		0.430	0.674
	0.891	0.168	0.817	5.302	0.000

^a Dependent Variable: SATISFACTION

Table IV illustrated that the value of Beta for a Total HRM practices in private organization is 0.817 and significant at 0.000 level. Therefore, for H2(b) there is no significant relationship between HRM practices and employees' satisfaction in private organization is also rejected. The finding is supported by [11] and [30].

Table IV: Regression Coefficient of HRM Practices and Employees' Satisfaction (Private).

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)					
TOTAL HRM PRACTICES	-0.048	0.551		-0.087	0.932
	0.996	0.150	0.817	6.637	0.000

^b Dependent Variable: SATISFACTION

The regression coefficient table (refer to TABLE V) showed that value of Beta for employees' satisfaction in public organization is 0.697 at 0.003 significant level. So, for H3(a) there is no significant relationship between employees' satisfaction and employees' job performance in public organization is rejected. The finding is supported by [31] and [32].

Table V: Regression Coefficient of Employees' Satisfaction and Employees' Job Performance (Public).

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)					
SATISFACTION	1.174	0.710		1.654	0.120
	0.722	0.199	0.697	3.635	0.003

^c Dependent Variable: JOB PERFORMANCE

The coefficient table (refer to TABLE VI) showed that value for Beta of employees' satisfaction in private organization is 0.764 and significant at 0.000 level. Hence, for H3(b) there is no significant relationship between employees' satisfaction and employees' job performance in private organization is rejected. According to [11] and [5], employees' job performances are highly influenced by the employees' satisfaction at work.

Table VI: Regression Coefficient of Employees' Satisfaction and Employees' Job Performance (Private)

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant) SATISFACTION	1.500	0.437		3.432	0.002
	0.670	0.120	0.764	5.560	0.000

^d Dependent Variable: JOB PERFORMANCE

In this study, only one hypothesis (H1) is not rejected. It can be concluded that both public and private organizations in Malaysia do implemented HRM practices and each employee be aware of the existing of HRM practices within the organization. However, four hypotheses (H2(a), H2(b), H3(a) and H3(b)) were rejected as the results were not supported. The employees whether in public or private organizations worked to satisfy their need however for the employees to perform better, they also seek for satisfaction weight at work.

Conclusion:

This pilot study explored the differences of HRM practices, to what extent HRM practices influenced employees' satisfaction and the relationship between employees' satisfaction and employees' job performance in Malaysia's public and private organizations. The results indicated that both public and private organizations do implemented common HRM practices that well admitted by the employees (i.e. HR planning, recruitment and selection, training and development, maintaining HR and performance appraisal) and according to the results there is no large significant different of HRM that had been practiced in public and private organizations. This result was consistent with previous researches such as [17] and [15]. It can be stated that the public organization had learn from the private organization and both organizations have been sharing standard procedures (e.g. segregation of employees and managers, resistance to transform, policy of interpersonal relationships at work, struggles of power and centralized decision making [26]. The comparable HRM practices in both public and private are the positive achievement of Malaysia's government to improve public employees' performance [16].

The pilot study result had shown that there were positive significant relationships between HRM practices and employees' satisfaction. Previous researcher stated that the predictors of employees' satisfaction were different in either public or private organizations [26] and [29]. According to [26], the predictors of satisfaction were different, as example, private employees' satisfaction had been weighted on higher salaries and rewards while public employees place higher value on job security, social environment elements that can help their survival in the government position such as relationship with colleagues and superior officers.

As present study only highlighted the surface discussion on comparing HRM in public and private organizations, thus, the researcher's recommendations for future research are: First, is by expanding the number of target population with a wider geographically area and involve the other groups of public and private employees in Malaysia. Second, include more sophisticated HRM practices such as strategic HRM to come out with practically precise conclusion. Third, focus in which HRM practice has greater influence in public and private organizations. In addition, the replication of this study can be conducted to understand different employees' demographic profiles in Malaysia in term of their satisfaction and job performance. Hence, future research will be able to clarify a better description on comparing HRM practices, employees' satisfaction and employees' job performance between public and private organizations.

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