

**THE IMPACT OF INNOVATIVE HUMAN
RESOURCE MANAGEMENT PRACTICES ON
BANK EMPLOYEES' JOB SATISFACTION
AND JOB PERFORMANCE IN MALAYSIA:
PERCEIVED UNION SUPPORT AS A
MODERATOR**

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by

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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LIST OF ABBREVIATIONS

DV	Dependent Variable
EJP	Employees Job Performance
EJS	Employees Job Satisfaction
HCD	Human Capital Development
HPM	Human Potential Management
HR	Human Resource
HRD	Human Resource Development
HRM	Human Resource Management
IHRMP	Innovative Human Resource Management Practices
IV	Independent Variable
MV	Moderating Variable
NUBE	National Union Bank Employee
OCB	Organizational Citizenship Behavior
PUS	Perceived Union Support
SHRM	Strategic Human Resource Management
SPSS	Statistical Package for the Social Sciences
T&D	Training And Development
TE	Transitional Employment
TQM	Total Quality Management

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LIST OF DEFINITIONS

- EJS** A positive or negative feeling, or perception one has about his or her job (Locke, 1997). This study uses this definition because it includes the positive and negative feeling which can relate to EJS at the workplace.
- HRM** HRM refers to the policies and practices related to the human resource aspects of a management position, including recruiting, screening, training, rewarding, and appraising (Dessler 2008).
- HRMP** HRMP refers to the concepts and techniques needed to perform the “people” or personnel aspects of management job. These range from carrying out job analyses, planning labour needs and recruiting job candidates, selecting job candidates, orienting and training new employees, managing employee remuneration, providing incentives and benefits, appraising performance, constant communication (interviewing, counselling, disciplining), training and developing managers, and building employee commitment (Dessler 2008). HRMP can be defined as the planned human resource deployment, and the organisation’s progress is set to achieving goals and/or targets ‘through efficient management of human capital’ (Babu & Reddy, 2013). From all this definition, HRMP in this study can be summarized as the general practices of HRM.
- IHRMP** IHRMP in this study refers to any ‘intentional introduction or change of HRM program, policy, practice or system designed to influence or adapt employee skills, behaviours, and interactions’ (Som, 2006). This definition is chosen due to the term “change” which can also mean “innovative” especially with the inclusion of many applications and advancement of technology due to new industrial revolution 4.0 to HRMP. Thus, Innovative HRMP (IHRMP) became an appropriate name (Som, 2006).
- EJP** Employees’ job performance (EJP) is conceptualised as job performance, work outcomes and job-relevant behaviours of employees. EJP in this study consists of task performance and contextual performance (Van Scotter & Motowidlo, 1996). Task performance refers to performing core activities, while contextual performance refers to indirect activities that are not part of the job but could maintain the broader organisational, social and psychological environment in which the technical core must function (Motowidlo, Borman and Schmit, 2002).

**KESAN AMALAN PENGURUSAN SUMBER MANUSIA
YANG INOVATIF TERHADAP KEPUASAN KERJA
DAN PRESTASI KERJA PEKERJA BANK DI MALAYSIA:
SOKONGAN KESATUAN SEKERJA SEBAGAI MODERATOR**

ABSTRAK

Kajian ini merangkumi analisis mengenai pengaruh amalan sumber manusia inovatif terhadap kepuasan kerja dan prestasi kerja pekerja yang telah dijalankan di bank-bank tempatan di Malaysia. Kajian ini juga ingin menyiasat sokongan kesatuan sekerja sebagai moderator diantara kedua-dua pemboleh ubah. Kajian ini menekankan dan melihat sejauh mana amalan sumber manusia mempengaruhi kepuasan kerja pekerja di organisasi tersebut. Amalan sumber manusia yang terlibat adalah ganjaran, hubungan pekerja, penilaian prestasi, dan pembangunan modal manusia. Kepuasan kerja pekerja merupakan pemboleh ubah bersandar. Amalan sumber manusia inovatif yang diwakili oleh ganjaran, hubungan pekerja, penilaian prestasi serta pembangunan modal manusia merupakan pemboleh ubah tidak bersandar, manakala sokongan kesatuan sekerja merupakan moderator diantara kedua-dua pemboleh ubah. Terdapat sepuluh hipotesis yang merungkai pengaruh amalan sumber manusia terhadap kepuasan kerja dalam kajian ini. Sebanyak 400 soal selidik telah dikutip daripada soal selidik yang telah diedarkan di setiap kawasan kajian. Kajian ini menganalisis data menggunakan aplikasi SPSS versi 23 dan juga aplikasi analisis PLS 3. Hasil daripada analisis kajian, terdapat hubungan positif yang signifikan di antara pemboleh ubah tidak bersandar, iaitu amalan sumber manusia inovatif dengan pemboleh ubah bersandar, iaitu kepuasan kerja. Kajian juga mendapati

sokongan kesatuan sekerja tidak bertindak sebagai moderator perhubungan diantara amalan sumber manusia inovatif dan kepuasan kerja. Kajian juga mendapati apabila kepuasan kerja meningkat, prestasi kerja juga meningkat. Kesimpulannya, kajian ini diharapkan dapat menjana idea dalam membangunkan amalan pengurusan sumber manusia inovatif yang berguna dalam sesebuah organisasi, seterusnya meningkatkan kepuasan serta prestasi kerja. Kepuasan kerja pekerja merupakan perkara yang penting dalam organisasi untuk mencapai matlamat utama organisasi.

**THE IMPACT OF INNOVATIVE HUMAN RESOURCE
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SATISFACTION AND JOB PERFORMANCE IN MALAYSIA:
PERCEIVED UNION SUPPORT AS A MODERATOR**

ABSTRACT

This study examines the impact of innovative human resource management practices on employees' job satisfaction conducted in local banks in Malaysia. This study also investigates the extent to which the role of perceived union support as a moderator between these two variables. This study highlights how far innovative human resource management practices affect employees' job satisfaction in the organization. Human resource management practices include compensation, employee relations, performance appraisals, and human capital development. Employees' job satisfaction is the dependent variable. The practice of innovative human resource management practices represented by compensation, employee relations, performance appraisal, and human capital development, are the independent variable; perceived union support is the moderator between these two variables. There are ten study hypotheses to unravel the influence of innovative human resource management practices on employees' job satisfaction for this study. A total of 400 responses were collected from questionnaires distributed in the study areas. This study analyzed the data using SPSS version 23 and also PLS 3. Based on the results, there is a significant positive relationship between the independent (innovative human resource management practices) and dependent (employees' job satisfaction) variables. The study also noted perceived union support did not moderate the relationship

between innovative human resource management practices and employees' job satisfaction. The study also noted that when employees' job satisfaction increases, job performance also increases. The results of this study are expected to contribute development of innovative human resource management practices that are effective for an organization, while also increasing employees' job satisfaction and job performance. Employees' job satisfaction is very important in the organization in achieving their main objective.

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter provides a brief background of the research. It canvasses the background of the study, articulates the problem statement, lists the ensuing research questions and objectives, explains its significance, sets its scope and defines the research terms of the study. This study focuses on the relationship between Innovative Human Resource Management Practices (IHRMP) and employees' job satisfaction (EJS). It also explores the relationship between EJS and employees' job performance (EJP) in the Malaysian banking industry.

1.2 Background of the Study

Concerns about Innovative Human Resource Management Practices (IHRMP) are becoming more prominent as it assumes a more important role in organisations (Joy & Sidhique 2016). Furthermore, well designed IHRMP enhances employee job satisfaction (EJS) (Kumar & Archana 2017). However, previous research by Ner, Kong and Bosley (1999) shows that there has yet to be an acceptable IHRMP at the workplace.

For decades, EJS has been a significant topic of discussion globally. Numerous studies of EJS have been conducted such as by Latif, Jan and Shaheen (2013), Maharani, Troena and Noermijati (2013), Cleare (2013), and Khan, Ramzan and Butt (2013). Majority of employees dissatisfied with their job in United States and Canada (Forbes, 2012). Kozarevic, Peric and Delic (2014) also found that the level of EJS is very low in Bosnia and Herzegovina's the banking industry. Their

bank employees were dissatisfied with their compensation such as level of salary, pay scale and provisions for overtime. To support this, Sarker (2014) found that the current level of salary and benefits had negative impacts on EJS in the Bangladesh Commercial Bank.

EJS is a critical factor that correlates with IHRMP (Joseph, 2012) and IHRMP has a strong impact on EJS (Madanat & Khasawneh, 2018; Joy & Sidhique, 2016). However, despite its popularity, limited studies have researched IHRMP among bank employees (Masum, 2015; Watson & Cormack, 2012; Masum, Azad, Hoque & Beh, 2015). According to Som (2006), IHRMP refers to deliberate introduction or changes to human resource management (HRM) program, policy, practice or system intending to improve or adapt employee skills, work ethic, and interactions. Studies have shown that traditional human resource management practices (HRMP) have received renewed interest among practitioners (Jyoti, Rani, & Gandotra, 2015; Sarah, 2015; Stirpe, Bonache & Trullen, 2015; Ridder, Piening & Baluch, 2012). The innovation that have been introduced to the conventional HRMP such as compensation (e-salary, e-slip, e-procurement, performance-linked incentives and variety of allowances), employee relations (information sharing, open and transparent communication, family get-togethers and respecting employees through intranet and internet such as video conferencing, emails, social medias instead of official letters or phone calls), performance appraisal (fairness in management practices, appraisal include team and organizational performance, participative appraisals and open appraisal to increase transparency conducted through video conferencing, e-calendar, digital exchange of goal setting), and human capital development (e-learning, providing job relevant training, developing career paths and career counselling). Numerous organisations introducing these innovations in

HRMP believed they would increase performance improvements (Theriou & Chatzoglou, 2014; Canibano, 2013; Gulati & Khera, 2013; Muslim, Wan, Siti & Selemeni, 2014). The innovations in HRMP were believed could increase EJS (Petrescu & Simmons, 2008) by:

- reducing turnover (Zaitouni, Sawalha & Sharif, 2011; Kuvaas, 2008);
- providing a better recruitment process (Aa & Berkel, 2014);
- providing better compensation package (Anik, Akin, Norton, Dunn & Quoidbach, 2013; Kaal, 2012);
- creating better employee relationships (Bissola & Imperatori, 2014; Pena & Villasalero, 2010);
- providing better performance appraisal process (Arogundade, Olasunkanmi & Arogundade, 2015; Brosseau, Rahman, Toupin, Poitras, King, De Angelis, Loew, Casimiro, Paterson, McEwan, 2014);
- providing better employees training (Landeta¹, Barrutia¹, Hoyos & Araujo, 2015; Shaheen, Ghayyur & Yasmeen, 2014);
- providing better career development for employees (Sattar & Ali, 2014; Liu, McMahon, & Watson, 2014; Semykina & Linz, 2013).

On the whole, it shows that innovations can affect HRMP positively especially in compensation, employee relations, performance appraisal, and human capital development.

The usage of innovation in banking industry is essential to increase banks' efficiency (Masum et al., 2015) and EJS. For bank employees, being the front-liner is a valuable asset, and their contributions cannot be overlooked. Maintaining the

satisfaction levels of bank employees is vital because it also will lead to increase organisational performance (Aksoy, Apak, Eren & Korkmaz, 2014), reduce turnover intention (Ghosh, Rai, Chauhan, Gupta & Anamika, 2015) and provide better relationships between employees and employers (Chahal, Chahal, Chowdhary & Chahal, 2013). These considerations make studying the effect of IHRMP on EJS among bank employees particularly important, especially for vibrant banking such as that found in Malaysia which is constantly seeking channels through in order to improve and grow.

1.2.1 The Banking Industry

Banking is one of the biggest industries globally. In Malaysia, the banking industry operates under the Ministry of Finance. As of 2018, there were eight local commercial banks in the country: Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Bhd, CIMB Bank Berhad, Hong Leong Bank Berhad, Malayan Banking Berhad, Public Bank Berhad, and RHB Bank Berhad (Malaysia: Banking Sector Report 2018). The industry plays a critical role as a contributor to develop Malaysia's economy. Condosta (2012) found that CSR programmes by banks greatly helped with local economies. Not only does this build the bank's reputation with the local communities, it indirectly provides a loyal customer base that increases its market share as compared to its competitors (Condosta, 2012).

Banking is among the most competitive industries in the world. Competitiveness in banking helps improve work and cost efficiency; makes room for new innovations; and makes room for new financial products and services to a growing, changing customer base (Rossazana, 2016). However, with this high competition, the industry becomes riskier, which thus impacts EJS (Hanohan, 2013).

For example, the Lloyds Banking Group (LBG), a European based bank, decided to cut 9000 jobs by the end of 2017 in order to recoup its losses. LBG, which had passed the European Union-wide bank stress test, needed to lay off approximately one-tenth of its workforce and close down 150 branches over a period of three years (Star, October 2014).

A similar situation also happened in Malaysia where small banks become even more limited due to the merger of a few of the biggest banks in Malaysia (Star, July 19, 2014). The merger process will have a significant impact on EJS due to downsizing. This is similar to Aramide and Aderibigb (2014) who found employees were dissatisfied with their job in the banking industry. In addition, cases reported by the National Union Bank Employees (NUBE, 2013) seem to show that, in general, banking employees in Malaysia were generally have low satisfaction with the jobs. A high number of cases have been reported by bank employees to NUBE regarding their dissatisfaction with HRMP found in Malaysian banking industry. Other studies also indicate the same findings especially regarding the employee dissatisfactions with HRMP of compensation (Coetzee, 2012), employee relations (Jaroslav, 2013), performance appraisal (Coutts & Schneider, 2004), and human capital development (Ooi, Bakar, Arumugam, Vellapan & Loke, 2007). In Malaysia, there are cases of employee dissatisfaction in Maybank, CIMB, Hong Leong Bank and Bank Muamalat that have been referred to NUBE (NUBE, 2013).

1.2.2 Malaysian Scenario

Malaysia is a developing country with a population of 32,400,000 as of December 2018. The total employment labour market in Malaysia as of November

2018 was 14,940,000 (Department of Statistics Malaysia, Official Portal, 2018). Studies showed that the Malaysian economy depended on the efficiency of the banking sector (Fadzlan & Muzafar, 2012), thus employee satisfaction with the jobs is crucial in order to maintain the level of efficiency in the banking sector. However, the study by Jobstreet (2015) indicated that more than three-quarters of Malaysian were not satisfied with their current job due to scope of work, workplace, low salary, the opportunity for career development and work-life balance in the company (JobStreet, 2012). A study by Sanaz, Khadijah, Syaquirah and Golnaz (2015) also supported that Malaysian employees were generally dissatisfied with their job. This dissatisfaction has forced many employees to quit their job (Rasmi & Puad, 2013). The Asian Institute of Finance (AIF) found that only 33 percent of bank employees in Malaysia were “highly engaged” and satisfied at their workplace (Human Resource Online, 2016). To support this, Zirwatul, Ohtsuka, Mazidah and Azlina (2014) found that job satisfaction in Malaysian employees is the lowest if compared with the United States and Singapore. For example, employees in Affin Bank were not satisfied with the payment structure offered by the bank (Muhammad Helmi, 2014). Therefore, if IHRMP is not implemented very well in the organization, it will due to dissatisfaction of employees with their job.

Malaysian’s IHRMP systems and regulations were greatly influenced by British colonial rule and later derived from the consolidation of both Western and local practices (Intan, Theresa, & Maria, 2011; Chew, 2005). After attaining its independence in 1957, the wider aspects of IHRMP were put aside while focus shifted to work simplification and the increasing of outputs. This scenario would last till the 1970s where employers prioritised less on personnel-related matters (Rowley & Abdul Rahman, 2007).

The banking industry has been chosen for this study for its essential role in the Malaysian economy.

1.2.3 National Union Bank Employee (NUBE)

The NUBE is a labour union representing employees throughout Peninsular Malaysia's banking and financial institutions (NUBE 2014). The establishment of NUBE was guaranteed by the Malaysian Constitution, giving people the rights to organize themselves within a trade union. However, there are legal restrictions governing these unions, which include the Trade Unions Act 1959 (TUA) and the Industrial Relations Act 1967 (IRA); the Trade Unions Act, for example, prohibits general unions for workers. Moreover, joining a trade union is solely limited to an employee's current industry, trade, and occupation, among other factors. As such, bank employees can only join a banking union, but not an airline union or teachers' union. Similarly, a hotel receptionist, a timber worker, and a labourer cannot be part of the same union.

Although NUBE was the only national union for banking and finance in Malaysia, there is a limited study in regards to the investments of NUBE. However, several studies about NUBE have been conducted such as by Peetz and Todd (2001), Raduan, Naresh and Nagiah, (2010), and Francis, Balakrishnan and Mandy (2012). NUBE closely looks after the rights of its members, guided by two fundamental principles: every person has an equal right to live the life they choose; and employers and the government are essential components to each and every employee. NUBE is responsible for recruiting members; advising and representing members; understanding and defending its members' rights; negotiating with employers; securing monetary benefits and terms and conditions; representing victimised

members; educate members; continually evolve in their knowledge and administration; and providing its members and their families a range of beneficial perks (NUBE 2014). NUBE strives to provide its members a fair salary proportionates to their main duties; improve their livelihoods by regulating the relations between employers and its members; amicably resolve any differences between its members and their employers; and ensure proper occupational safety and health practices for its members. (NUBE, 2015).

1.3 Problem Statement

Many studies analysed EJS and also its relationship with various organisational variables from many different perspectives (Lund, 2003). Luthans (2011) defined EJS as employee perceptions of the quality of a job and achieving something important through his work. Meanwhile, Latif, Jan and Shaheen (2013) defined EJS as a “positive or negative feeling,” or their thoughts about their employment. A similar definition was also given by Locke (1997) as cited by Maharani, Troena and Noermijati (2013).

The overall EJS of bank employees is a vital component that is linked to the nature of the job; working environment; salary and incentives; employee progression; performance appraisals; employer-employee relations; and grievance handling, among other things. (Chahal, Chahal, Chowdhary & Chahal, 2013). EJS is also correlated to an employee’s work-life balance and how they handle stress (Devi & Nagini, 2013). Moreover, high EJS is favoured by higher management for its favorable working conditions, while lower EJS levels leads to organisational inefficiency and disciplinary issues (Davidson, Timo & Wang, 2010). EJS also positively correlates with customer satisfaction (Maxham & Netemeyer, 2003); the

higher an employee's job satisfaction, the better service they will provide to their customers, thus improving customer satisfaction and brand loyalty (Noe, Uysal, & Magnini, 2010).

According to Cheng and Hwang (2014), Fu and Deshpande (2014), Yang and Hwang (2014), Chen, Zhao, Liu, Wu (2012), Ramendra and Gopal (2013), Woolf (2014), high EJS will result in better job performance. Banking institutions will need to take measures to increase EJS and reduce job-related stress. In doing so, they could resolve various employee-related problems and help improve job performance while reducing stress levels and reducing the risks of declining health and productivity (George & Zakkariya, 2015).

However, low EJS will lead to high turnover. It has been proved by Hussain, Yunus, Ishak and Daud (2013) that different attitudes towards work had led to high intention to leave among young bankers (Gen Y) when they were not satisfied with the job. Furthermore, low EJS related to absenteeism (Diestel, Wegge & Schmidt, 2014; Adams, 1965; Thibaut & Kelley, 1959; Harrison, Newman & Roth, 2006; George & Zakkariya, 2015) and strikes. UNI Global Union on August 14, 2013, reported that employees of the Royal Bank of Canada (RBC) in Antigua were dissatisfied with their working conditions and went on strike; they were offered a zero percent salary increase by RBC, while complaints were made over unrealistic and ever-increasing sales targets; being forced to push debt and financial products onto an uninformed society; and a limiting of workers' rights to join a trade union, even though this right is recognised by law within the Caribbean and across International Labour Organisation conventions (www.uniglobalunion.org).

Several factors contribute to low EJS. According to Norudin, Jannah and Nik (2012), employee relations such as leadership style or approach has a crucial

influence on the EJS level in Bank Islam Malaysia Berhad (BIMB). Caring and reward also contribute to low EJS (Chomal & Baruah, 2014; Sowmya & Panchanatham, 2011). This happened because caring and reward sometimes cause inequality among employees such as the unequal distribution of rewards among employees. Furthermore, gender discrimination contributed to low EJS. Tlaiss (2013) found that female employees in the banking sector were unhappy with their current salary, promotion opportunities, and fringe benefits. Other factors that contribute to low EJS were stringent rules and procedures. Public banks should revise and amend the rules and procedures that hinder the employees from performing their maximum effort since it will affect their level of satisfaction. Ijigu (2015) stated that the ‘management of public banks could increase the level of commitment in banks by increasing satisfaction with the specified IHRMP.’

Although a lot of research has been done on how IHRMP affects EJS, only a few were related to the bank employees. Some studies examined IHRMP and EJS (Mohammed, Mohammad, Balasundaram & Akhter, 2010; Ijigu, 2015; Oyeniyi, Afolabi & Olayanju, 2014; Osibanjo, Abiodun & Kehinde, 2012; Jeet & Sayeeduzzafar, 2014; Kayaa, Kocb & Topcuc, 2010), but in the banking industry, EJS received minimal interest. In other fields, studies of IHRMP on EJS are plentiful. The effect of IHRMP on EJS are not direct or consistent throughout the banking industry (Cambre, Kippers, Veldhoven & Witte, 2012).

Like manufacturing industries, unions play an essential role in influencing employees’ behaviour (Allen & Rathkey, 1988). It is believed that employees supported by unions when facing an issue will feel more secure and happy. This would lead to better satisfaction as compared to those employees who have to face the problem without the union’s support.

However, only a few studies demonstrated the role of unions in this relationship. Many studies have shown that the employees who are satisfied with IHRMP would not usually join a union (Gill & Meyer, 2013; Haslina, 2009). Instead, employees who are dissatisfied with IHRMP will participate in unions and seek its support (Van Sell, Barclay, Willoughby & York, 2006).

Accordingly, it is believed that IHRMP is central to overcoming the problem of EJS. Dorien, Paul, Josje and Anneth (2010) found that IHRMP was especially crucial in creating good work-related attitudes. IHRMP was more strongly associated with affective commitment than EJS. Active commitment was especially affected by a high commitment of IHRMP, while other factors (job content, supervisory support, etc.) could help to increase EJS. Rahman, Uddin and Mia (2011) found that private bank staff were more satisfied with IHRMP.

In contrast, bank employees in Malaysia were not satisfied with traditional HRMP and some IHRMP. Especially for IHRMP, although IHRMP has a direct positive effect in influencing EJS, there could be other factor offsetting the negative effect on EJS (Haslina, 2009). NUBE as a channel for the protection of bank employees could prove an important factor in determining the relationship between IHRMP and EJS.

NUBE is a union that champions and defends the rights, honour and dignity of the lowest income workers in local commercial banks in Malaysia. NUBE was formed with the aim to protect their members from the wrongful acts of HRMP by banks. Most local commercial banks are service-oriented organisations that place high expectations on fast, friendly, and convenient customer service for both existing customers and newcomers. The culture of “The Customer Is Always Right” was meant to be adopted as a customer-oriented practice. In achieving the banks’

objectives and targets, it becomes a problem when some HRMP negatively impacts bank employees' job satisfaction levels. It is difficult to determine if these achievements were due to the practices, culture, and/or commitment of the bank's employees. NUBE members complained of several issues regarding their dissatisfaction with general practices of HRM in the Malaysian banking industry (NUBE, 2013).

To be effective, unions must be strong to overcome the problem related to either traditional HRMP or IHRMP and EJS among bank employees. If unions are unable to keep up with major changes in social, economic and governmental issues, they will never be able to survive. It becomes imperative for unions to recruit more members, be updated on labour market changes, and cooperate with other parties in protecting their members (McCracken & Sanderson, 2004). In the case of Europe, trade unions were unable to influence workplace learning agendas. They did not provide training opportunities or room for growth for its members, especially in situations where skill-oriented strategies were pursued, and as such, failed to increase the union's influence over processes of restructuring. This shows that union can play a significant role in improving the condition of the employees and strengthen the IHRMP in the organizations. Thus, if unions are not strong, they cannot actively influence organisational processes, making employees difficult to move up the corporate ladder and progress in their career (Stroud & Fairbrother, 2008).

Union effectiveness relates to how strongly a union can institute changes to improving the work and working conditions of its members (Bryson, 2003a). In order for it to become effective, unions must recruit more members. However, unions in Malaysia are facing difficulties with recruiting members, particularly in the private sector (Nowak, 2015). In contrast, non-union employees in unionised companies

have good reasons for joining the unions, and yet remain union-free. According to Bryson (2003b), declines in trade union membership in unionised companies is largely caused by waning interests and motivations for unionisation among employees. It could be due to perceived union ineffectiveness or concerns over the potency of trade unions, which need to be operated in a very highly regulated and controlled environment (Rodríguez, 2015).

Many unions in Malaysia are small and have difficulty championing their members' rights. Furthermore, employees cannot be forced to join a union as protected under S7 of the Industrial Relations Act 1967. Besides that, S17(1) makes the collective agreement bound to everyone, whether or not these workers are part of a union or otherwise. Thus, whatever decision made by a union on salary increments also applies equally to all workers, be it union or non-union, under the collective bargaining act. This leads to the 'free-rider' factor, whereby non-union employees still enjoy the benefits that union employees earn. Unions in Malaysia also face negative criticism due to political infighting and mismanagement of union funds. Examples of unions which faced major internal crises include the National Union of Plantation Workers (NUPW) and the NUBE (Raduan, Naresh & Nagiah, 2010).

Gopala (1996) as cited by Peetz and Todd (2001) mentioned that NUBE has its own set of challenges. This ranges from a need to increase female representation within the union, to furthering its goals to pursue positive policies for its members. In spite of this, NUBE (along with labour regulations) represents a major hurdle to the banks' 'exercise of quantitative flexibility', but interestingly banks have shown every ability to adapt to new constraints without needing to reduce the union's position. Interestingly, while resisting numerical flexibility, NUBE is helping to push global

functional flexibility pressures through the industry, forcing further innovation in the face of these pressures.

The Court of Appeal had repealed the decision of the director-general of Trade Unions (DGTU) dated January 3rd, 2011, pursuant to Section 12(1) of the Trade Unions Act 1959, on the registration of Mayneu, an in-house union for Maybank, as a trade union. The director-general of Trade Unions had registered Mayneu without first consulting the NUBE. In allowing the appeal for NUBE, the Court of Appeal stated that the Industrial Relations Act 1967 and Trade Union Act 1959 should be seen as ‘social legislation to promote, preserve and protect employees’, and also includes an employer’s right to create ‘industrial harmony’ for successful ‘nation building’. It was also upheld that arbitrary decisions made on complaints or appeals were harmful to “industrial jurisprudence and/or industrial harmony.” According to Article 6 of the NUBE and Malaysian Commercial Banking Association’s (MCBA) collective agreement, NUBE is the sole negotiating body representing non-executive bank employees (NUBE 2014). However, within Malaysia’s banking industry, there are limited studies that explore the impact of perceived union support as a moderator. Therefore, this study examines the role of perceived union support as a moderator between IHRMP and EJS in the Malaysian banking industry.

The above statements also explain the definition of EJS (Luthans, 2011; Latif, Jan & Shaheen, 2013; Maharani, Troena & Noermijati, 2013) and importance of EJS (Chahal, Chahal, Chowdhary & Chahal, 2013; Devi & Nagini, 2013; Davidson, Timo & Wang, 2010; Maxham & Netemeyer, 2003; Noe, Uysal & Magnini, 2010). High EJS will lead to high job performance and provide favorable working conditions, whereby low EJS will lead to high turnover, absenteeism, low

productivity, lack of organisational commitment, brings organisational inefficiency, disciplinary problems, and strike. Several factors contribute to low EJS such as leadership style, caring and reward, gender discrimination, and rules and procedure. To overcome this problem requires proper IHRMP in the organisation. However, bank employees were still dissatisfied with many IHRMP in the Malaysian banking industry (NUBE 2013). Unions may be a solution to this dissatisfaction problem. Thus, perceived union support is considered a moderator in solving bank employees' problems. The channel of bank employees' job dissatisfaction is NUBE. NUBE is a moderator between employee and employer. This indicates that there is a problem with EJS, IHRMP and perceived union support in the Malaysian banking industry. Therefore, this study examines whether there is a positive impact of IHRMP on EJS among local commercial banks in Malaysia with perceived union support as a moderating factor.

1.4 Research Objectives

This study examines the impact of IHRMP such as compensation, employee relation, performance appraisal, and human capital development on EJS among local commercial bank employees in Malaysia. Specifically, this study seeks to achieve the following objectives:

1. To examine the impact of IHRMP on EJS among local commercial bank employees in Malaysia.
2. To identify which components of IHRMP has the most impact in determining EJS among local commercial bank employees in Malaysia.
3. To investigate the moderating effect of perceived union support (PUS) on the relationship between IHRMP and EJS.

4. To examine the impact of EJS on EJP among local commercial bank employees in Malaysia.

1.5 Research Questions

The research seeks to answer a number of questions related to the impact of IHRMP on EJS among local commercial banks in Malaysia, as seen below.

1. Does IHRMP affect the EJS among local commercial banks in Malaysia?
2. Which constructs of IHRMP has the most impact in determining EJS?
3. Does the perceived union support (PUS) moderate the relationship between IHRMP and EJS?
4. Does EJS affect the EJP among local commercial banks in Malaysia?

1.6 Significance of the Study

The present study examines the relationship between IHRMP with EJS and between EJS and EJP, as well as the moderating effects of PUS. Given that limited studies are investigating the IHRMP aspects of the Malaysian banking industry, the research findings are essential to understand how IHRMP is needed to help strengthen the banking industry. Bank employees are important assets in banking organisations thus, it is important to understand their needs, desires and abilities. Since IHRMP has a strong correlation with EJS, it is crucial to reinforce this relationship by applying the right accurate IHRMP. Therefore, this study had invariably lead to new theoretical and practical contributions.

1.6.1 Theoretical Contribution

This study investigates the relationship between IHRMP and EJS among employees in the banking industry. It also investigates the moderating effects of PUS between IHRMP and EJS. The intention is to fill the gap in the body of work related to IHRMP at the workplace. The significant contribution of this study is the link was established between the theory of Herzberg's Two-Factor which explaining the effect of IHRMP on EJS with Social Exchange Theory which explaining the moderator effects. This study explains that the theory of job satisfaction of Herzberg's Two-Factor is important to influence the employees to join the union. Increased satisfaction among employees with the IHRMP will not make them to join union, making PUS to become less aggressive and more cooperative. However, less satisfaction with IHRMP can make employees to join the union, thus this can increase the power of the union making PUS to become more aggressive and less cooperative.

This study focuses on innovativeness such as performance-based compensation (compensation), culture of caring of employees (employee relation), performance evaluation aligned with organisational goals (performance appraisal), and training focuses on career advancement and promotion from within the organisation (human capital development) would give a huge contribution to EJS (Platonova & Hernandez, 2013). The current study represents a unique attempt to study the effects of IHRMP on EJS, EJS with EJP, and the moderator effect of PUS in the relationship. The results will affirm the role of IHRMP in the banking industry, especially in the Malaysian context. This finding might allow new studies on human resource management to identify more positive effects IHRMP has on EJS outcomes. The findings will indicate that a higher level of introduction, initiation and

satisfaction of IHRMP are needed to produce high EJS which could lead to high EJP. This study draws upon the theoretical model to further realise the expected relationship among IHRMP, EJS, and PUS. Consequently, this study contributes to the broader EJS by manifesting the extended relationship path from IHRMP, PUS to EJS.

1.6.2 Practical Contribution

The study has some practical contribution especially for top level managers, HRM managers and practitioners to apply the most effective IHRMP found in this study that could relate positively with EJS. Thus, by knowing which IHRMP that highly regarded by the employees in this study can be useful for the managers in designing their own IHRMP to increase the EJS among their banking employees. It is very important because a good IHRMP will determine the success of the organisation. Furthermore, the findings will notify the organisations of their weaknesses to take corrective action. Moreover, the findings will assist the organisation to plan and improve their IHRMP in order to increase EJS in achieving their organisation's objectives.

This study offers practical implications for employers seeking to motivate employees and helps in understanding employee willingness to engage in extra-role behaviours in an organisation. The IHRMP-EJS model will help management to identify the paths that lead to EJS, EJS to EJP, and create effective strategies to be employed. Providing IHRMP helps organisations cultivate an employee-oriented approach that emphasizes the importance of its people, aimed at positively influencing employee perceptions and attitudes. Moreover, the levels of perceived satisfaction with the IHRMP by employees encourages them to be selfless and

altruistic, leading to a willingness to engage in extra-role behaviours that are not immediately related to their jobs but greatly help their employers. Thus, organisations will become more effective in managing human resources and reaping the rewards from such practices.

Lastly, the findings are important for unions to improve their services in playing and showing their perceived union support as a moderating factor in IHRMP with EJS relationship. From the findings, it will identify whether the unions are supportive when providing their services to members. Unions will identify their weaknesses and take the necessary action to improve their services to members.

1.7 Scope of the Study

This study concentrates on local commercial banks in Malaysia. Local Commercial banks was chosen because it was the largest category of banks in Malaysia. Four hundred (400) staff from eight banks were selected to be the study sample. The study prioritizes banking staff in the northern states. The northern region was chosen because it is found to be sufficient in accommodating the sample of respondents. Non-executive bank employees will be selected as respondents.

1.8 Definition of Key Terms

1.8.1 Employees Job Satisfaction (EJS)

A positive or negative feeling, or perception one has about his or her job (Locke, 1997). This study uses this definition because it includes the positive and negative feeling which can relate to EJS at the workplace.

1.8.2 Human Resource Management (HRM)

HRM refers to the policies and practices related to the human resource aspects of a management position, including recruiting, screening, training, rewarding, and appraising (Dessler 2008).

1.8.3 Human Resource Management Practices (HRMP)

HRMP refers to the concepts and techniques needed to perform the “people” or personnel aspects of management job. These range from carrying out job analyses, planning labour needs and recruiting job candidates, selecting job candidates, orienting and training new employees, managing employee remuneration, providing incentives and benefits, appraising performance, constant communication (interviewing, counselling, disciplining), training and developing managers, and building employee commitment (Dessler 2008). HRMP can be defined as the planned human resource deployment, and the organisation’s progress is set to achieving goals and/or targets ‘through efficient management of human capital’ (Babu & Reddy, 2013). From all this definition, HRMP in this study can be summarized as the general practices of HRM.

1.8.4 Innovative Human Resource Management Practices (IHRMP)

IHRMP in this study refers to any ‘intentional introduction or change of HRM program, policy, practice or system designed to influence or adapt employee skills, behaviours, and interactions’ (Som, 2006). This definition is chosen due to the term “change” which can also mean “innovative” especially with the inclusion of many applications and advancement of technology due to new industrial revolution

4.0 to HRMP. Thus, Innovative HRMP (IHRMP) became an appropriate name (Som, 2006).

1.8.5 Employees Job Performance (EJP)

Employees' job performance (EJP) is conceptualised as job performance, work outcomes and job-relevant behaviours of employees. EJP in this study consists of task performance and contextual performance (Van Scotter & Motowidlo, 1996). Task performance refers to performing core activities, while contextual performance refers to indirect activities that are not part of the job but could maintain the broader organisational, social and psychological environment in which the technical core must function (Motowidlo, Borman & Schmit, 2002).

1.8.6 Bank Employees

For the purpose of this study, 'bank employees' refer to non-executive level staff. They are clerical and non-clerical employees who are under the management levels of the bank.

1.8.7 Trade Union

Researchers and theorists have provided many interpretations of the definition of the union. For example, Priya (2013) defined the union as a continuous association of wage earners to maintain or improve their working conditions. Meanwhile, Cole (1980) defined a union to refer to "an association of workers' in one or more fields 'to protect and advance the members' economic interests in connection with their daily work". Similarly, Gamage (2013) defined the union as voluntary association of workers formed to promote and protect their interests

through a collective enterprise. The union is also any combination of persons, whether temporary or permanent, primarily to regulate the relations between workers and employers, or between workers and workers, and for imposing restrictive conditions on the conduct of any trade or business (Priya, 2013). In general, the union is defined as “an association of employees which exists in whole or in part for collective bargaining or for dealing with employers concerning terms and conditions of employment” (Edralin, 2009; Foz, 1982).

This study opted for the definition of Edralin (2009) and Foz (1982) because it is closer to the role of NUBE which is a focus of the study.

A trade union source of definition is an association or group of employees and/or employers based in Peninsular Malaysia, Sabah or Sarawak, within any particular establishment trade, occupation or industry or within any similar trades, occupations or industries; whether temporary or permanent; and having among its objects one or more of the following traits:

- i. the regulation of relations between workmen and employers to promote good industrial relations between workmen and employers, improving the working conditions of workmen or enhancing their economic and social status, or increasing productivity. It also includes the regulation of relations between workers, or between employers and employers.
- ii. the representation of either workmen or employers in trade disputes. It also includes the conducting of, or dealing with, trade disputes and matters related thereto; or

- iii. the promotion or organisation or financing of strikes or lock-outs in any trade or industry or the provision of pay or other benefits for its members during a strike or lock-out (Trade Unions Act, 1959).

1.9 Organisation of the Remaining Chapter

This study comprises five chapters. Chapter one provides an overview of what to expect from this study, such as the background of the study, describing the prevailing issues that need to be researched, and the significance of the study. Chapter two presents the literature review that highlights the applied theories and studies to describe the operationalisation of the framework involved. It focuses on the theoretical framework of this research. Chapter three presents the methodology employed by the current research. Chapter four concerns the research findings, presenting the results of the data analyses based on the research hypotheses. Chapter five concludes the thesis by discussing the findings, the implications and limitations of the study, and suggestions for future research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter describes the literature of EJS, IHRMP and unions. The theories used, gaps in the literature, the theoretical framework and hypotheses development in this study are explained at the end of the chapter. The studies provide examples of definitions about EJS, IHRMP and perceived union support (PUS), as well as the importance of EJS, EJS and the banking industry, and the impact of EJS on banking performance. The present study also includes the concept of HRM, the relationship between IHRMP and banking industry, the impact of IHRMP on banking performance, significance of IHRMP, and the effect of IHRMP on EJS. In addition, it reviews the literature on PUS as a moderator and the relationship between PUS and EJS. Next, the chapter proceeds with research theory and gaps in the literature. Finally, hypotheses that associate the variables in the proposed framework are developed, and a summary of hypotheses are presented.

2.2 The Importance of Employees' Job Satisfaction

Research on job satisfaction has been conducted for more than a decade (Ozsoy & Aras, 2014). Researchers and academicians agree on the impact of EJS among employees in the work setting (Tziner, 2006). Few studies found that the increase of EJS could lead to reduced turnover (Mihelic, 2014; Camara, Dulewicz & Higgs, 2015; Robertson, Gockel & Brauner, 2013), increased job performance (Yang & Hwang, 2014; Shaikh, Bhutto & Maitlo, 2012) and increased organisational commitment (Zhang, Ling, Zhang & Xie, 2015; Susanty & Miradipta, 2013).