

UNIVERSITI TEKNOLOGI MARA

**THE IMPACT OF HUMAN
RESOURCE MANAGEMENT
FUNCTIONS ON THE FINANCIAL
PERFORMANCE IN THE
MALAYSIAN PUBLIC LISTED
COMPANIES**

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ABSTRACT

The intense and continues changes in working environment lead the companies in Malaysia to gain and conquer the competitive advantages in order to compete well with other competitors in the market and with effective utilization of Human Resource Management in the aspect of its functions, companies will able to gain the advantages not only in terms of human capital, as well as increase in performance in general including the financial performance. In additions, according to Cyert and March (1963), profit was identified as the one of the domains that is consistently important to an organization aside from inventory, market share and production. It is no doubt that, with the intense competition due to globalization, the organization required to obtain a better financial performance and to maintain financial position in order to run its daily business operations and continues operate the business in the long term. The main objective of this study not only to study the relationship of each functions of Human Resource Management have but to identify which functions that influence the most toward the financial performance of the companies. The methods used for this research study is quantitative method and 200 questionnaires had been distributed and collected for data analysis purposes. SPSS software was used to analyse the data retrieved from the questionnaires and the outcomes of this had showed that, performance appraisal have the most influential effect upon the financial performance of Malaysian Public Listed Companies and all the functions does establish a relationship with the financial performance but the most influential functions was performance appraisals with slight different from compensation and the least influential functions was job flexibility followed by recruitment & selection.

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CHAPTER ONE

INTRODUCTION

1.1 Preamble

The spark of the 21st century corporation was lit by the new technology as the corporation undergoing a radical transformation where the 21st century corporation emerges in different ways and opposite from the 20th century organization that the senior manager had shaped, along with the globalization that rapidly occur as the booming economies of recent years in developed countries have been fuelled by globalization. The implication of this globalization and revolution of technology had lead the organization to face high level of competition with the competitors in the market and one of the way to over thrown the competitor is to achieved the competitive advantage and despite the globalization and technology development, the goal for each organization across the globe remain the same which is to achieve great profit from the business as one of the goals the company want to achieve. Besides that, acquiring tremendous and continues organizational performance and obtain competitive advantage are part of the main goal that organization strikes to aim in the divergent environment where the companies operate nowadays (Aldaibat & Irtaimah, 2012) as stated by Rawashdeh and Al Adwan (2012).

According to Cyert and March (1963), profit was identified as the one of the domains that is consistently important to an organization aside from inventory, market share and production. It is no doubt that, with the intense competition due to globalization, the organization required to obtain a better financial performance and to maintain financial position in order to run its daily business operations and continues operate the business in the long term. Therefore, through the function of Human Resource Management (HRM) in the organization, the companies able to achieve the competitive advantage and improve the firm performance especial the financial performance as Human Resource Management function able to enhance the firm performance since Human Resource Management involving possible policies, functions and structures for managing employees (Hof,2005).

The connection between ways of firms manage their people and the economic result is resilient derived from substantial and growing number of research evidence. For