

UNIVERSITI TEKNOLOGI MARA

**AMO MODEL AS A MEDIATOR ON
HUMAN RESOURCE PRACTICES
AND EMPLOYEE COMMITMENT
AMONG SMEs EMPLOYEES
IN SELANGOR**

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AUTHOR'S DECLARATION

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.


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ABSTRACT

In the current era of business 4.0, small and medium-sized enterprises (SMEs), in particular, face challenges in retaining and gaining commitment from their employees. The aim of this research is to determine the relationship between human resource practices (recruitment, compensation, training, employee involvement, employee recognition) and employee commitment of service sector SMEs. The study also seeks to provide the theory-based empirical evidence that the AMO model mediates the relationship between human resource practices and employee commitment of service sector SMEs. The study used Social Exchange Theory (SET) in order to explain the theoretical rationale for human resource practices, AMO model and employee commitment. This study intended to fill the gap of the 'People and Performance model' by including employee recognition as a new human resource practices. A total of 211 employees representing a range of Malaysian SMEs in Selangor have been identified using systematic random sampling. PLS-SEM was used to explain the relationship between human resource practices and employee commitment, as well as the AMO model as mediator. Results have confirmed that training has only a direct relationship to employee commitment for SMEs employees. Meanwhile, employee involvement and employee recognition have had positive significant mediation effects on employee commitment. Employee involvement has been identified as having a full mediation effect and employee recognition had a complementary mediation effects. However, both recruitment and compensation have shown no effect on any relationship. Therefore, both the significant and insignificant findings of the research study have contributed to the body of knowledge. Particularly, it has helped to place the human resource practices, AMO model and employee commitment in the SET by giving a new perspective theoretically that the correct approach of gaining commitment of employees by providing the appropriate practices that employee will reciprocate in return. Also, as majority of the respondents are from generation Y cohort, it showed that they are seeking more recognition than compensation in order to commit themselves. SMEs should therefore prepare for the appropriate employee recognition schemes that could increase the commitment of employees and the intention to stay longer in the organisation. Moreover, the findings could therefore serve as a turning point for SMEs to start concentrating and provides more job-related training so that employees can upgrade their skills particularly in this Industrial 4.0 era, where everything changes greatly in the way they deal with others. Notably, SMEs should undertake a formal and detailed recruitment processes as to make future employees feel that the employer is serious and make them more motivated to commit. In addition, money and remuneration are no longer a motivational incentive for employees to become committed and obliged to the organisation. Rather, there are other ways to earn extra income. This research study has used cross-sectional research design instead of longitudinal design which gave a snapshot of time and have not able to record the changes occurred overtime. Similarly, the present research study only looking at the feedback from the perspective of employees, where data based on self-reports might lead to source-bias whereby both parties such as employees and management or supervisors should also be observed. This research also only focused on service sector SMEs in Selangor and hence cannot be generalised.

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