

UNIVERSITI TEKNOLOGI MARA

**THE MODERATING EFFECT OF
DEMOGRAPHIC VARIABLES ON
THE RELATION BETWEEN HRM
AND EMPLOYEE LOYALTY IN
OMANI LOGISTICS SECTOR**

ABDULQADER ALI MOHAMMED ALSAIARI

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ABSTRACT

In the past several years, the industry sector has been dominating Oman's economy, with the logistics sector forming its backbone, accounting for 56.6% of the GDP in 2019. The logistics sector is expected to provide 80,000 jobs by 2020 and 300,000 by 2040. By reviewing past literature on issues related to HRM in the logistics sector in Oman, many issues have been identified to have a negative impact on employee loyalty such as lack of appreciation, discrimination in hiring, biased behaviour in incentives, promotion and selection, imperfect environment, and others. Therefore, this research aims to examine the moderating effect of demographic variables on the relationship between HRM best practices and employee loyalty. In addition, this research aims to ascertain the impact of HRM best practices (recognition, compensation, promotion, training, selective hiring, job rotation, working environment) on employee loyalty. This research discusses specific demographic variables namely gender, age, nationality, job experience, and job level. To achieve these objectives, a quantitative approach was adopted by distributing questionnaires to 400 employees in the government-owned/semi-owned companies in the Omani logistic sector. Smart-PLS 3 was used to analyze the data extracted from the questionnaires. The results showed that the demographic variables (gender, age, nationality, job experience, and job level) had no moderating effect on the relationship between HRM practices and employee loyalty. Also, the results showed that promotion and working environment had an impact on employee loyalty, while recognition, compensation, training, selective hiring, and job rotation had no impact on employee loyalty. Finally, the researcher recommends continuing the strategic direction for improving HRM practices and its multiple aspects, which would enable logistics companies in Oman to compete and come out victorious in light of the current competition. Also, there is a need to ensure the provision of a work environment that guarantees higher levels of satisfaction for workers in logistics companies, which in turn would improve their job loyalty.

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CHAPTER ONE

INTRODUCTION

1.1 Preamble

The interest in HR is constantly increasing because of their valuable role in facing the successive changes in the internal and external environment of different organizations, where the business environment is witnessing various challenges in light of the increasing change at all levels. In this regard, HRM practices play a critical role in fulfilling employee aspirations related to the job which ultimately leads to improved employee loyalty. Therefore, this chapter focuses on preamble of the study, problem statement and research gap, research questions and objectives, followed by research significance and scope, then definitions of terms and concepts.

The success of any organization depends not only on the achievement of its financial profit objectives, but also on the creation of loyalty among its employees. The achievement of financial objectives is not conclusive proof of the existence of organizational affiliation and loyalty (Brewster, Gooderham and Mayrhofer, 2016). The contribution of employees to the realization of financial profits might only be due to the resulting financial interests, and not necessarily from a sense of loyalty, belonging and satisfaction towards the organization (Kathure, 2014). This may become apparent when the employees are presented with better opportunities in another organization and hence decide to leave their current organization. There are many factors that may lead employees to leave their current organizations. An organization's internal environment constitutes and contributes significantly to employee behaviour within the organization. Human Resources Management (HRM) practices play an important role and significantly affect employee behaviour, directly or indirectly. An internal environment that underlines the importance of equity, recognition and appreciation is a creative environment for the development and improvement of employee performance, loyalty, and sense of membership (Samak, 2016).

The success of an organization is closely linked to the success of the HRM through its practices such as Human Resources (HR) planning, recruitment, selection, appointment, training, development, performance assessment, retention, and a fair and efficient program of incentives and rewards. HRM ensures that employees are