

# **MINIMUM WAGE AND HR PRACTICES: THE PERSPECTIVE AND IMPLICATIONS FOR THE MALAYSIAN HOTEL INDUSTRY**

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## DECLARATION OF ORIGINALITY

### ABSTRACT

This thesis explored the implications on Human Resource practices of the introduction of a National Minimum Wage (NMW) with specific reference to the Malaysian hotel sector. The composition of HR practices within Malaysia (especially the wage scheme in the Malaysian hotel industry) differs from other countries in the world. The introduction of a NMW brought in debate on how the industry would cope with the anticipated implications especially on the wage scheme. As wages are usually left for the market to determine, the NMW would cause changes within organizations, especially with regards to HR practices. As the wage scheme composition changes will involve increases in cost, the impact is predicted to hit HR practices as a whole. Consequently the changes in HR practices are predicted to impact upon employees' productivity and motivation. A series of survey and semi-structured in-depth interviews were conducted prior to the legislation of the NMW as a national policy to investigate employers' anticipated responses, preparedness and changes in HR practices in implementing the NMW in the hotel industry. This study also investigated the overall readiness of employers in implementing the new wage policy. A survey was then conducted with hotel employees to explore their responses to the NMW, to assess the potential impact on their productivity, and to examine the impact of HR practices on employee motivation. Although the findings indicated that both employers and employees agreed with the new wage policy, as the knowledge on the new NMW and the associated wage structure is limited, they may not actually be ready to cope with these changes. The findings also indicated that employers chose the 'high road' strategy to cope with the changes brought by the new wage policy. The NMW was not found to be the only driver towards motivation; work life balance also appears to drive employee motivation, suggesting that both extrinsic and intrinsic values must be considered in terms of employee motivation. This thesis makes a significant contribution towards assisting the key players in the hotel industry (policy makers, hotel associations, trade unions, employers and employees) to develop a more strategic and effective approach to the implementation of the NMW.

## ACKNOWLEDGEMENT

### DECLARATION OF ORIGINALITY

*"In the name of God, the most Merciful, the most Generous"*

Praise be to God for giving me the strength, time and knowledge to complete this thesis. It would not have been possible to write and learn without the guidance and support of the Almighty God.

'I certify that this thesis does not incorporate without acknowledgment any material previously submitted for a degree or diploma in any university; and that to the best of my knowledge and belief it does not contain any material previously published or written by another person except where due reference is made in the text.';

The guidance, advice, support and flexibility have been provided on both academic and personal level for which I am tremendously grateful.

I would like to acknowledge the opportunity given to me by University Teknologi MARA (UiTM) to further my study. Thank you so much for the scholarship and subsistence.

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I am most grateful to the Ministry of Human Resources for giving me the opportunity to participate in the Minimum Wage Job a program that protected the employees, employers, trade union, employer and a administrative demand for final conclusion by minimum wage setting and to set up the National Wage Consultative Council for Malaysia which has contributed a lot to this thesis. I am also grateful to Mr. Mazlan Biniman, the Chairman of Malaysian Association of Hotels (MAHO) (Northern Chapter), Tuan Haji Abidin bin Yusoff Executive Director of Malaysia Association of Hotel Owners (MAHO) and all employees and employees in the participating hotels for the knowledge and support to write this thesis.

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For any errors or weaknesses that may appear in this work, of course, the responsibility is entirely my own.



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## ABBREVIATIONS

ECDR	Eastern Corridor Development Region
EPU	Economic Planning Unit
FDI	Foreign direct investment
HLM	Hierarchy Linear Modelling
HRM practices	Human Resource Management practices
ILO	International Labour Organization
IRD	Iskandar Development Region
LOCs	Locally owned companies
MEF	Malaysia Employers Federation
MW	Minimum Wage
MNCs	Multinational corporations
MOHR	Ministry of Human Resource
MTUC	Malaysian Trade Union Congress
NCDR	Northern Corridor Development Region
NDP	National Development Policy
NEP	New Economic Policy
NMW	National Minimum Wage
NVP	National Vision Policy
NWCC	National Wages Consultative Council
NWCCA	National Wages Consultative Council Act 2011
OLS	Ordinary Lease Square
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for the Social Scienc