



UNIVERSITI PUTRA MALAYSIA

**CURRENT TRENDS AND PRACTICES IN HUMAN
RESOURCE MANAGEMENT: A CASE STUDY IN YTL
POWER SERVICES SDN. BHD.**

SANTHANA KRISHNAN

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**Masters Of Science (Human Resource Development)
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By

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**Project Paper Submitted In Partial Fulfilment Of The Requirements
For The Degree Of Masters Of Science (Human Resource
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October 1998

Supervisor : Professor Dr. Rahim Md Sail

**Faculty : Institute Of Distance Education And Learning
(IDEAL)**

The challenging and changing role of human resource practitioners from merely administrative functions to strategic business partner calls for a more systematic and scientific approach as to how human resource should be practised. These practices have direct bearing on the performance of the human resources in an organization. Human resources play a vital role in the success of an organization. As such, there is a need to carry out studies on these practices which

would enhance the potentials of the human resources in an organization. For the purpose of this study, YTL Power Services, an Independent Power Producer in our country has been selected. The current trends and practises in human resources management have been sought from contemporary literatures. These include articles from magazines such as HR Magazine from the United States. The review of related literatures provided the knowledge of the current trends and practices in human resources management. In this study, the findings from the review of related literature is called "what ought to be". On the other hand, the analysis on what is currently practised in YTL Power services is called "what is".

The main objective of this study was to compare the existing human resource management practises in YTL Power Services and the current trends and practises recommended by the literatures.

This study also intends to set a foundation for further research and study to more Malaysian companies on the human resource practises to further improve their human asset through current trend and practises in human resource management.

The findings of this study are discussed by dividing it to seven sub – topics namely :

- Reward and recognition
- Career development and succession planning
- Performance management

- Recruitment and selection
- Training and development
- Communication and employees involvement
- Corporate culture

Finally, from the findings and review of related literature, this study makes some recommendations with the intention of closing or at least narrowing the gap between “what is” and “what ought to be”.

Abstrak kertas projek yang dikemukakan kepada Institut Pendidikan Jarak jauh Dan Pembelajaran (IDEAL), Universiti Putra Malaysia sebagai memenuhi keperluan Ijazah Sarjana Sains (Pembangunan Sumber Manusia)

**TREND AND AMALAN TERKINI DALAM PENGURUSAN SUMBER
MANUSIA: SATU KAJIAN KES DI YTL POWER SERVICES SDN.
BHD.**

Oleh

SANTHANA KRISHNAN

Oktober 1998

Penyelia : Professor Dr. Rahim Md Sail

**Fakulti : Institut Pendidikan Jarak jauh Dan Pembelajaran
(IDEAL)**

Cabaran dan perubahan dalam bidang pengurusan sumber manusia harus dilihat bukan sahaja dari aspek pentadbir sahaja tetapi juga sebagai rakan kongsi strategik dalam sebuah organisasi. Ianya memerlukan satu penelitian secara sistematik dan saintifik tentang bagaimana pengurusan sumber manusia sepatutnya diamalkan. Amalan - amalan pengurusan sumber manusia ini mempunyai kesan secara langsung terhadap tahap produktiviti sumber manusia di sesebuah organisasi. Sumber manusia memainkan peranan penting

dalam menentukan kejayaan sesebuah organisasi. Oleh yang demikian, satu pengkajian tentang trend dan amalan yang boleh memberangsangkan potensi sumber manusia dalam sesebuah organisasi adalah perlu. Untuk tujuan pengkajian ini, YTL Power Services, sebuah syarikat penjana kuasa elektrik bebas telah dipilih. Trend dan amalan terkini dalam pengurusan sumber manusia telah diperolehi melalui sorotan literatur kontemporari berkenaan bidang tersebut. Ini termasuk meneliti majalah – majalah berkenaan seperti “HR Magazine” dari Amerika Syarikat. Penelitian literatur telah memberi asas dan pengetahuan tentang trend dan amalan dalam pengurusan sumber manusia yang terkini. Trend dan amalan terkini inilah yang disebut sebagai “apa yang sepatutnya” dalam kajian ini. Analisis apa yang dipraktikkan kini di YTL Power services dikenali sebagai “apa yang kini diamalkan” dalam kajian ini.

Kajian ini bertujuan untuk membuat perbandingan tentang apa yang diamalkan di YTL Power Services dan apa yang sepatutnya yang terdapat dalam literatur.

Kajian ini juga akan dijadikan asas kepada kajian yang lebih mendalam dan menyeluruh ke atas syarikat – syarikat di Malaysia yang lain berkaitan dengan trend dan amalan terkini dalam pengurusan sumber manusia yang dapat membantu sumber manusia sesebuah organisasi lebih berkesan, efektif dan bermakna.

Analisa pengajian ini dibahagikan kepada tujuh tajuk seperti berikut:

- Pamapasan dan penghargaan
- Pembangunan karier dan perancangan peralihan tugas
- Pengurusan performa
- Pengambilan dan pemilihan
- Latihan dan pembangunan
- Komunikasi dan penglibatan pekerja
- Budaya koprat

Akhir sekali, dari analisis dan penelitian literatur berkaitan, kajian ini telah memberikan cadangan – cadangan yang dapat menutup atau mengurangkan juarang perbezaan diantara “apa yang diamalkan kini” dan “apa yang sepatutnya diamalkan”.

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CHAPTER 1

INTRODUCTION

Background of the study

Human resource practices are changing rapidly as a result of sweeping technological development and the changes it brings. Workplaces and workforces are responding dramatically to this employee changes, as the influence of new technology spreads and the resulting effects flood day to day activities, creating new situations to which workers and organizational leaders must respond.

World-wide, in answer to the flood of changes, organizations recognise they must be more flexible and participative, while at the same time, tougher and more demanding, yet more human. New workplace values are emerging, as demand for increased accountability accompanies the fostering of creativity and, combined with marketplace requirements for continuous adjustments, competitive advantage is being created through a focus on people strategies.

Workers, on the other hand, anticipate more meaningful assignments as they become better educated and less dependent on management for performance supervision and for the information needed

to perform work assignments as they work collaboratively, sharing the benefits of their experiences, employees become more involved in their organization's operations. They want and expect to participate in decision by contributing ideas based on their experiences, as well as expecting to share in the wealth they create.

Changing Organizations

As organizations change there are significant effects on human resource practices in and around the workplace. Employer attitudes toward workers are evolving from the parent-child relationship that lingers from the Taylor-era of scientific management, to one where employees are recognised and treated as professionals.

These changes obligate every employee to take on new responsibilities and accept new challenges requiring different attitudes and approaches to work and relationships by both employees and their employers. The increasing workforce profesionalisation changes the fundamental systems organizations have traditionally relied upon to control employee behaviour. As earlier on-the-job measures of control become less pervasive, trust in and expectations of employees shifts to recognising them as partners in pursuit of organizational goals. Consequently, the long-standing conflict between worker and manager takes on a different perspective--the management of professionals. (Fromburn, Tichy, Devanna, 1984).

The focus of work has also shifted as employees are required to manipulate information and to engage in activities of a service nature rather than handling physical goods. Subsequently, continuous learning has become a requirement in organizations, as learning at all levels, from the shop floor to the executive suite, is required and valued, with employees becoming respected as thinking contributors.

In their strife to cope with lightning fast and continuous change organizations are attempting to be more adaptive and responsive to the cultural shifts within. The transformation of work methods along with a collapse of bureaucracy results in hierarchies being displaced by flatter and more flexible organizations, with decision-making decentralised by necessity.

Telecommunication such as E-mail, mobile fax, pagers, PCs and handphones, enable employees to work from home or in the field, returning to the "office" infrequently. Some organizations, as part of reengineering efforts, and as a means of encouraging staff to spend more time with clients/customers, have drastically reduced employee office and assigned workspace. In their place, "work stations" fully equipped to meet employee job requirements are available by reservation for times when they must return to headquarters. IBM and Ernst & Young, are two examples, providing strong corporate leadership. Even though the savings created by this trend are substantial, the main objective of IBM to do so is to get sales people to build a strong relationship with their customers. Sales people must be in the field as close to customers as possible,

not by sitting in the office and waiting for a customer to call.

These changes are forcing employers and employees to rethink their complete relationship - the whole area of team work, collaboration and management will have to be redefined.

Pressure for workforce productivity continues to increase, with organizations and industries looking beyond obvious efficiency gains to more systematic "breakthrough" ways of being low-cost producers of high-quality products and services. In the global fight for survival, the goal is no longer just to capture market share, but to secure "mind share," as customers face constant battering for their loyalty in the developing "attention economy". "Mind share" refers to capturing a customer's loyalty through gaining an intellectual commitment, whereas the "attention economy" is a term used to classify the marketplace in an economy flooded with visual and auditory symbols searching to dominate the customer's attention. To meet the pressures for increased productivity and quality, employee performance measures must be based on actual productivity and quality of output, not just attendance at the worksite.

Work, too, is adjusting to the continuous technological advances, with the pace and consistency of change accelerating. While manufacturing cycle-times are reduced, and the useful life of information shrinks, time, and its effective use, becomes more valuable as a resource. The result is quality output produced in less time, giving an organization a temporary competitive advantage.

Organizations are recognising that their greatest benefit will come from the long-term relationship they create with customers. Two primary concerns have developed in the ongoing battle for customer loyalty, they are customer focus—customisation—and quality. The goal is to give each customer whatever s/he demands, with no request being too difficult or beyond fulfilment. This focus on customer satisfaction is not a fleeting tactic, but a pervasive key competitive characteristic as *customer service* and *qualities* become the hallmarks of superior organizations. In addition, self-service and round-the-clock service is expanding as they become the keys to efficiency and to meet increasing customer demand for services.

In mid-1995, evidences of these changes were reflected by two-thirds of American workers following non-traditional hours, and one-half working outside the former 9 to 5 standards. Flextime is no longer limited to just the adjustment of daily hours, but also includes grouping of days. Schedules reflecting these differences may combine six working days, followed by four off-days, or four on-four off, or other variable combinations. Whatever the mix of hours or days, the goal is to get the job done with a higher level of service and quality, while meeting employee needs and improving their quality of life. (Fromburn, Tichy, Devanna, 1984).

The changing workforce

The workforce also reflects the changes taking place in other aspects of the environment. Urbanisation spreads, as workers move from farms to factories, then into offices, as the shift towards more highly educated professional and technical workers in the jobs expands. These educated and informed workers expect adult roles with meaningful work and involvement. Their work has become more knowledge-based, emphasising judgement, flexibility and personal commitment, rather than performing tasks in response to rules and procedures. Today's workers recognise their skills are important resources and should be used effectively by the organization. In return, however, they expect some personal gain.

The nature of the relationship between organizations and their employees has also shifted, with merit and competence replacing loyalty and long service as the bond. The organization no longer "owns" employees' relevant skills, it now must earn the right to use those skills. Long-term *contracts of service* with position and time dimensions as the primary factors will be replaced by *contracts for service* that will define the activity(ies) the worker is to perform within a specific time-frame and for a pre-determined reward. The value of the employee to the organization will be truly recognised if her/his competencies are viewed as investment opportunities to be used fully by the individual and the organization.

Strategic role of human resources

The roles and functions of human resource departments have changed, as well. Forward-looking departments are recognised as critical to the accomplishment of organizational goals and employee self-fulfilment is identified as contributing to organizational gain. Investment in human capital has become as critical as other capital investments. Correspondingly, the human resource function is no longer being conducted by employees promoted to this task on the primary criterion that they are "good with people." Specifically trained professionals, with a broad background in education, psychology and human development, as examples, are becoming the standard, with advanced degrees in business.

The focus and performance of the HR executive have shifted from earlier tasks associated with personnel, maintenance and regulatory functions, to become a senior partner in the business and strategy dimensions of planning, performance and change management. The HR professional must develop a comprehensive understanding of the financial, strategic and distinctive capabilities of the organization, being prepared to support these with highly trained, competent employees, while delivering the required human resource activities and managing the change process.

The human resource specialist must do more than find a person with some ability to perform a particular task, she/he must match a candidate's competencies--abilities, skills, characteristics with the organization's distinctive capabilities. Employees, increasingly, are recognised as non-disposable, ever appreciating

assets, who with appropriate and continuous training will consistently contribute to organizational goals.

Even though technology has reduced staffing requirements in some areas; e.g., telecommunications and manufacturing; there is an expanding demand to provide regular training in many fields as jobs and job requirements changes, and as employees' needs and interests also expand and change. Human resource practice will continue to become more systematic as its specialists pursue ever more sophisticated approaches to the optimal use of its human capital.

The HR executive must concentrate on the strategic responsibility of planning in partnership with other elements of the organization, so as to provide competent workers to meet organizational goals. Education and training requirements must expand to maintain the investment already made in employees and to have fully capable people ready to meet the next challenge. As the organization prepares to ride the next technological wave into the future, employees must be ready to ride with it. This then, becomes the primary task of human resource development to fully use the organization's investment in its human capital, its people, so they are prepared to meet the challenges they will face, each and every day in the future.

Background of the organization

Context of the organization

Malaysia, with its envied economic growth rate in recent years, and a rapid increase in industrialisation, has seen demand for electricity rise dramatically.

In 1990 the Government carried through the privatisation of the National Electricity Board which became Tenaga Nasional Berhad, and simultaneously paved the way for independent power producers (IPPs) to enter the electricity generation and supply market.

The first IPP to be granted a license was YTL Power Generation Sdn Bhd, a subsidiary of YTL Corporation Berhad. YTL Power Generation's remit is the construction and operation of two power plants in Malaysia with a combined capacity of 1212 MW, and the sale of the electricity produced. The generating license was issued on 7th April 1993.

The Power Stations

The two power plants at Paka, Terengganu and Pasir Gudang, Johor, are gas-fired using the CCGT (combined cycle gas turbine) concept for optimum efficiency and minimal environmental impact.

The turnkey contractor responsible for the design, construction, installation and commissioning of both stations is a joint venture between Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd (SPYTL) and Siemens AG of Germany. SPYTL is providing civil construction expertise and local support. Siemens, one of the world's largest gas turbine manufacturers and builders of power plants, takes primary responsibility for the design, construction and installation of the plants.

Construction of both plants commenced in November 1993, and the first generating units at both locations were commissioned and synchronised with the national grid in September 1994. The project is thus seven months ahead of schedule, making it one of the fastest of its size ever implemented and setting a new world-wide record even for Siemens.

An unusual feature of the project is that after construction Siemens has a continuing responsibility for the operation and maintenance of the plants, through its interest in the Operation and Maintenance Company, YTL Power Services Sdn Bhd.

The Company

YTL Power Services Sdn Bhd, the Operation and Maintenance Company for the YTL power plants at Paka and Pasir Gudang, is a company incorporated in Malaysia in 1993 and jointly owned by YTL Corporation Berhad and Siemens AG.

The initial purpose of the company is to operate and maintain both power plants with optimum availability, efficiency and profitability, in a newly competitive market.

The involvement of Siemens not only gives YTL Power Services direct access to the technological and engineering expertise of the designers and manufacturers, but also makes available highly-skilled personnel experienced in the operation of such power plants.

This greatly facilitates the task of maximising the performance and efficiency of the power stations. Such a joint venture offers benefits far beyond the usual warranty arrangements between power plant manufacturers and operators.

YTL Power Services is a modern company operating in a high-technology environment, and as such the use of the latest technology for operating, maintaining and running CCGT power plants is integral to the company's organization.

While the Paka and Pasir Gudang stations constitute the immediate project for which YTL Power Services was set up, in the future the company will work towards involvement as Operation and Maintenance specialists in other power projects.

In South East Asia's vigorous economic environment, these could eventually include power plants owned either by YTL Power Generation or others, and stations not only in Malaysia but also elsewhere in the region.