

The Impact of Human Resource Management Practices on Employee Performance among Government Servants in Malaysia

Noor Rafhati Romaiha¹, Nur Hazwani Mohamad Roseli²,
Mohammad Haiqal Hashim³, Nurul Ezaili Alias⁴, Nurmuslimah
Kamilah Abdullah⁵, Wan Musyirah Wan Ismail⁶

^{1,2,3,4,6}Faculty of Business and Management, Universiti Teknologi MARA Cawangan Melaka,
Malaysia, ⁵Faculty of Business and Management, Universiti Teknologi MARA Cawangan
Terengganu, Malaysia

Corresponding Authors Email: nurha5338@uitm.edu.my

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Abstract

This study aims to identify the impact of Human Resource Management (HRM) practices (Training and Development, Performance Appraisal, and Employee Involvement) on employee performance among the government servants at the State Office in Malaysia. 169 questionnaires were distributed, and 129 of them were valid and complete responses. The Statistical Package for the Social Sciences (SPSS) software version 23 was used in analyzing the data, and Pearson correlation and regression analysis were performed to determine the relationships between variables. The results from the correlational study indicated that all independent variables have a positive relationship with the dependent variable. While multiple regression analysis showed that only training and development and employee involvement were significant, the remaining performance appraisal variable was insignificant. Three independent variables substantially explain 36.5% of the variance for employee performance.

Keywords: HRM Practices, Employee Performance, Training and Development, Performance Appraisal, and Employee Involvement

Introduction

Human resources are viewed as a company's most valuable asset and the source of competitive advantage, whether they work for a private or public institution. Babu and Kumar (2022) state that although many other elements can contribute to an organization's success, employees' behavior and decision-making are far more crucial. Employee performance is a key to the organization and that's why the features that place the grounds for outstanding performance must be closely examined critically by the organization to be successful (Inuwa, 2016). In addition, employee performance is vital to the organization since it has the power

to either make or break a business (Elnaga & Imran, 2013). Thus, employee performance is an important topic that has been extensively researched in different contexts (Lam'ah & Rofaida, 2022).

According to previous research, a variety of factors can affect the employee's performance. Thus, Human Resource Management (HRM) and best practices can improve organizational performance (Petre & Tudor, 2022), and according to Pratibha (2022), previous scholars have found significant relationships between HRM practices and employee performance. The roles of HRM that are close to material and immaterial benefits to the employees may contribute to excellent synergy within the organization. HRM's positive effects are seen in and through its practices which help to attract, motivate and retain employees to ensure the organization's survival (Shiferaw, 2022). The same author also highlighted the organization may operate at its best if they continue to manage these practices well since they are created and managed in a way that human capital plays a vital part in accomplishing the organization's goals. Therefore, HRM practices, in particular, are seen to have an impact on employee performance specifically in successful firms (Hee & Jing, 2022).

According to statistics on the employment rate in the United States, the rate increased to 61 percent in October 2018. On the other hand, in Malaysia, the number of employed persons also showed positive growth in 2018, from 14896.5 thousand in August to 14926.5 thousand in (September Trading economics, 2019). Tran et al (2011); Pawirosumarto et al (2017) argued that when the number of employees increases, it is expected to affect organizational performance positively. The question is, as employment increases, whether globally or locally, are employers concerned about the employees' performance? As Zafar (2017) stated, unperformed employees, will somehow impact the organizational performance and hinder the organization to achieve its targets and goals. Past researchers conduct studies on employee performance in government sectors since it is essential for the image and also the efficiency of management in these sectors. Hence, when the employee's performance is better, it might serve to increase the public trust in the government (Xiaohua, 2008; Al Qudah et al., 2014). In the development of a competitive and globalized era, companies whether private or public sectors certainly require employees who are high achievers (Pawirosumarto et al., 2017; Blom et al., 2020). Hence, knowing the factors that influence employee performance is crucial because each person's unique characteristics impact performance differently.

Training and development are the major elements of HRM practices that are believed to significantly impact employee performance (Mcdowall & Saunders, 2010). The study by Shiferaw (2022) demonstrates that the primary elements influencing HRM practice and employees' performances are a lack of skills, knowledge, and experiences, the inability to identify training gaps, and a lack of performance appraisal. Employees must learn more about their performance management system so that underachievers can discover which areas need to be improved (Aquinas, 2013). The company should provide them with clear direction for their development to achieve organizational goals and be more focused on training and encouraging motivation. However, the firm would waste its investment if the knowledge acquired throughout the training process is not being transferred or applied. Moreover, employee involvement has also been seen as a way for employees to develop a sense of

loyalty to and engagement with the organization. Additionally, it enables the worker to engage in critical thinking, data handling, and leadership responsibility (Green, 2012).

Since the importance of employee performance is undeniable, it is vital to determine the factors that influence it. Thus, this study examined the impact of three variables: training and development, performance appraisal, and employee involvement on employee performance among the government servants at the State Office.

Literature Review

Employee Performance

Employee performance is using knowledge, talents, experience, and skills to complete tasks assigned by their management (Babu & Kumar, 2022). According to previous studies, employees are the most crucial factor in obtaining a competitive advantage because they are the ones who can transform inputs into outputs (Tiwari & Saxena, 2012). Pradhan and Jena (2017) cited that employee performance is determined by a person's success in enhancing productivity and profitability after placing the necessary effort on the job. As stated by Hameed (2011), employee performance is heavily influenced by the results and accomplishments they achieve at work. Hence, performance can be defined as carrying out plans while aiming for the results (Anitha, 2014). Nazir (2015) cited that employee performance contributes to an increase in the overall organization's productivity and efficiency which indicates the result of activities and work successfully done by the employee. Therefore, employee performance is essential not only to guarantee the accomplishment of organizational goals but also to sustain for the long-term. To meet the best outcome, elements that contribute to it must be taken care of.

Training and Development

Training and development are the key elements for increasing the organization's growth. Training provides a well-planned and systematic approach to help employees acquire the knowledge, skills, and behaviors necessary to do their jobs effectively (Guan & Frenkel, 2019). Training courses might range from general to more specialist topics that are related to certain job positions. Since the outbreak, some training programs now give their content online. Commonly, organizations would dedicate a significant amount of money to conduct the best training they could for their employees. This is because employees' ability to do the task at hand and meet organizational goals could all be improved through training. Other than that, training and development could encourage employees' creativity in their work, which would be advantageous for the firm (Nguyen & Duong, 2021). Hence, the performance of the employee could be improved with appropriate, job-specific training.

Osiesi et al (2022) stated that the amount of training received helps to increase the employees' performance since it can be considered a continuous learning process. The result was similar to Guan & Frenkel (2019), where job satisfaction and commitment to the organization would be increased and turnover intention among the employees would be decreased when proper training was given. Bhatti et al (2021) stated that the training characteristics like cognitive ability and performance goals of the employees had a significant impact on employee performance. Employees who have stronger cognitive abilities can easily grasp critical information and successfully apply the knowledge to their job activities. The category of training also needs to be scrutinized, it can be general and/or specific training related to the tasks performed or for succession planning. A well-planned training design that

takes into account factors like training content, the learning style of the trainees, and the trainer who is responsible to deliver the materials efficiently, had a great impact on employee performance (Bhatti et al., 2021a).

Performance Appraisal

An organization must keep track of its employees' performance and one of the ways is by conducting a performance appraisal system (Osiesi et al., 2022). Performance appraisal is a pre-determined standard set by the organization to evaluate the employees' job performance and their significant contribution. It denotes the processes and methods used by the organization to evaluate the performance level of the employees. The individual's behavior toward performing given duties could be analyzed via this system (Hassan & Mahmood, 2016). Based on the research done by Kaur & Kaur (2020), the system is beneficial to the organization as the information gained could be used for strategic decision-making. Moreover, the employee also would be aware of their performance level. Hence, they could self-evaluate themselves based on the feedback that they received from the system itself. Normally, the organization will check its performance yearly based on the Key Performance Indicator (KPI) of the organization. Thus, the performance indicator is normally different from one organization to another organization (Osiesi et al., 2022). Challenging but realistic and achievable KPIs may positively guide the employees in aligning both personal and organization's objectives.

Employee Involvement

Employee involvement is the opportunity given by the organization where they allow their employee to contribute some ideas and information to exert influence during the managerial decision-making process. A higher level of employee involvement will boost their commitment to the organization in terms of effort and productivity (Kaur & Kaur, 2020). As such, understanding the employee's viewpoints towards the outcomes of the training and development programs could help the decision-makers to strengthen their HRM practices thus increasing the performance of the employee (Guan & Frenkel, 2019). As mentioned by Bhatti et al (2021a), the trainer of the training program must consider the trainee's values and perspectives when planning their lessons to maximize the learning outcomes. Furthermore, Ahmad et al (2020) found that employee involvement was statistically significant correlated with low employee turnover and high employee productivity.

According to Jang et al (2022), employee involvement in the performance measurement system is vital to the success of the organization's performance. It indicates that management and staff collaborate to create the performance appraisal system. The employees are allowed to set targets, metrics, and the data needed for the system. Moreover, the employee indirectly would understand their job scope and as a result, they would satisfy with their job. When this happened, the organization and employee performance would increase. When employees are involved in decision-making or important discussions, they are more rationale and aware, thus leading to better focus and commitment.

H1: There is a positive relationship between training and development and employee performance

H2: There is a positive relationship between performance appraisal and employee performance

H3: There is a positive relationship between employee involvement and employee performance

Methodology

A self-administered questionnaire with a 5-point Likert scale that ranges from strongly disagree to strongly agree was used as the instrument in this quantitative study. The questionnaire is divided into two sections: the first section contains demographic data about the respondents, and the second section asks about HRM practices and how they affect employees. The samples were gathered through the convenience sampling technique, where the element of the population that was available during the data collection period responded to the survey. Out of a total population of 169, 129 respondents provided the information from the questionnaires that were conveniently distributed among the government servant at the State Office, with a response rate of 75% obtained. The Statistical Package for the Social Sciences (SPSS) software version 23 was used to analyze the data. The Cronbach's Alpha values of all measurement items were high in internal consistency and acceptable between the range of 0.674 to 0.916. Meaning that items developed in measuring each variable of the study consistently measured the intended concept. The demographic section covered gender, age, marital status, race, academic qualification, organizational tenure, positional tenure, and department

Findings and Discussions

The respondents are predominantly female, 65.9%, and male consisting 34.1%. Most respondents are between 26 to 35 years old, composed of 49.6%, followed by 31% and 12.4%, whose age groups are 36 to 45 years old and below 25 years old, respectively. In contrast, 72.9% of all respondents are married, leaving the remaining respondents either single or divorcees (widows or widowers). According to the data, 94.6% of the population is Malay, 3.1% is Chinese, and 2.3% is Indian. Regarding academic qualifications, diploma holders make up 46.5% of the population. Bachelor's, other, and master's degree holders follow with 24%, 24%, and 5.5%, respectively. Meanwhile, the findings also indicated that 36.4% of respondents had worked for the State Office for between 4 and 10 years, followed by less than 5 years (34.9%), and between 11 to 15 years (21.7%). The Administrative Department made up the highest number of respondents overall at 65.1%.

Table 1

Correlation Coefficient Table

	Pearson Correlation	Sig. (2-tailed)	N
Training and Development	0.545**	0.000	129
Performance Appraisal	0.432**	0.000	129
Employee Involvement	0.417**	0.000	129

** . Correlation is significant at the 0.01 level (2-tailed).

Table 1 depicts the results of the correlation analysis for each independent variable with the dependent variable. According to the above finding, all independent variables (training and development, performance appraisal, and employee involvement) had a significant, positive, and moderate correlation with employee performance. This occurs because Pearson's correlation coefficient findings fall between 0.41 and 0.70 (Guilford, 1973).

Table 2

Multiple Regression Analysis

Model	Beta (β)	Sig.
Training and Development	0.386	0.000
Performance Appraisal	0.124	0.152
Employee Involvement	0.239	0.003
R²		
	0.365	
Adjusted R²		
	0.350	

Table 2 shows the finding of Multiple Regression Analysis. Training and development, performance appraisal and employee involvement accounted for 36.5% of the variance in employee performance, based on the R-squared value of 0.365. The adjusted R-squared is 35%. However, assessing the coefficient value for each independent variable only two are significant, which are training and development ($\beta = 0.386$, $p = 0.000$) and employee involvement ($\beta = 0.239$, $p = 0.003$). Performance appraisal ($\beta = 0.124$, $p = 0.152$) is considered insignificant because its P-value is more than 0.05. Accordingly, these results show that training and development, and employee involvement have a significant relationship with employee performance. In contrast, performance appraisal has no significant relationship with the dependent variable. Therefore, only H1 and H3 were supported.

Conclusion

The study was conducted to identify the influences of HRM practices on employee performance among the government servants at the State Office in Malaysia. The multiple regression analysis showed that the three independent variables substantially explain 36.5% of the variance for employee performance, based on the R-squared value of 0.365. However, the statistical result of the analysis found that two out of three variables, training and development and employee involvement, had a significant and positive relationship with employee performance. Thus, only two hypotheses were supported. Among the other factors, training and development was the strongest predictor. Based on the results above, training and development were found to have a positive and significant relationship with employee performance. It was consistent with (Arwab et al., 2022; Mulwa, 2018; Otoo & Mishra, 2018a). Hence, an employee who is motivated and well-trained will perform better. Secondly, employee involvement has also been found to positively and significantly impact employee performance. The result is supported by (Odero & Makori, 2018). The result of the study is congruent with (Hee & Jing, 2018), that employee involvement is necessary for effective organizational performance, as demonstrated by various scholars. Employee involvement requires effective leadership from senior employees and top management, and good communication between these parties will affect employee performance (Obeidat, 2014). Additionally, by improving interpersonal communication, management can provide employees with clear directions to achieve common goals and gain a significant competitive advantage. Meanwhile, the result of this study shows that performance appraisal has no significant relationship with employee performance. Since performance appraisal and motivation are not taken seriously in public organizations, some researchers contend that poor performance and low productivity are a direct result of these factors (Nvene, Yusuf & Shuaibu, 2022).

The limitation of the study is; the data were collected from a single organization. Hence, the results might not be precise and unable to be generalize other organizations. As a recommendation, future researchers may replicate the study to other organizations with different industries, and the outcomes might give a better impact. Thorough analysis can be done with a greater sample size by focusing on more industries or sectors to carry out the research. Moreover, the researcher should choose other contributions factors in future research projects since only 36.5% of the variance in employee performance was explained by the independent variables identified in this study.

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