

Exploring the Relationship between HRM Practices and Organizational Performance: Insights from the Sports Centre Staff at the National University of Malaysia (UKM)

Nur Syazwani Zulaikha Safwan¹, Mohamad Firdaus Ahmad²,
Nur Athirah Zulkafli³, Muhammad Fajar Wahyudi Rahman⁴

^{1,2,3}Faculty of Sports Science and Recreation, Universiti Teknologi MARA, Cawangan Negeri Sembilan, Kampus Seremban, ⁴Digital Business Study Program Universitas Negeri Surabaya, Indonesia

Corresponding Author Email: firdaus466@uitm.edu.my

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Abstract

Human Resource Management (HRM) has evolved into a strategic function crucial for organizational success. The shift from traditional personnel management to a strategic HRM approach emphasizes the importance of practices such as recruitment, training, and performance management in achieving organizational goals and sustaining long-term performance. The study aims to examine the relationship between HRM practices and organizational performance among sports centre staff at the National University of Malaysia (UKM). It addresses the gap in understanding the impact of HRM on employee productivity and overall organizational effectiveness within this specific setting. A quantitative approach was employed, utilizing a questionnaire with 26 items on HRM practices and 11 items on organizational performance, adapted from existing literature. The survey was administered to 41 staff members using simple random sampling and responses were analyzed using Pearson correlation. The analysis revealed a positive and moderate relationship between HRM practices and organizational performance ($r = 0.429$, $p < 0.05$). The study highlights the significant role of HRM practices in driving organizational performance. Effective HRM can improve employee motivation, satisfaction, and overall performance. Future research should explore the impact of HRM practices in different cultural and geographical contexts to further understand their effectiveness.

Keywords: Human Resources Management (HRM) Practices, Organizational Performance, Universiti Kebangsaan Malaysia (UKM) Sports Centre

Introduction

Human Resource Management (HRM) is a crucial component of organizational strategy and operational efficiency, involving a diverse set of methods focused on effectively managing an employee. The HRM field has evolved from traditional personnel management to a more dynamic and strategic approach. This transformation involves the integration of several tasks, including recruiting, selection, training, development, and performance management (Ahmad et al., 2021). Efficient HRM practices are crucial in fostering a competent and motivated staff, which is vital for attaining organizational objectives and promoting innovation. In the face of rapid technological changes, organizations are finding it necessary to strategically adapt their HRM practices. This is due to HRM not only to meet the immediate needs of the organization but also to ensure long-term sustainability (Ahmad et al., 2022). By utilizing proper HRM practices, organizations can closely align with their strategic objectives.

A study by Dennis and Ndanyi (2022) reported that 51.2% of employees experienced a decline in job performance due to work stress and task overload. This trend highlights a significant weakness in the key components of HRM practices of the organization. In the meantime, a survey by the Malaysian Employers Federation revealed a significant reduction in productivity during the Conditional Movement Control Order (MCO) period, attributed to the adoption of remote work. A substantial 77% of surveyed employees reported decreased productivity, while only 23% managed to maintain or improve their productivity levels (Haroon, 2020). The decline in productivity underscores potential problems such as misaligned job placements and insufficient evaluation of candidate talents (Dai & Si, 2024). All of these factors might have a negative effect on employee productivity and the overall organizational performance.

According to Muzammil (2022), organizational performance is one of the top significant variables in the field of management and an indicator of a successful organization. This is due to the organizational performance depending on the employee as the primary asset within an organization. Zhenjing et al (2022), stated satisfied employees are more inclined to put in extra effort, which can improve the performance of the organization as a whole. This concept is integral not only to assessing financial success but also to understanding operational efficiency, employee satisfaction, and overall strategic alignment. By analyzing performance through comprehensive metrics, organizations can identify strengths, uncover weaknesses, and implement targeted strategies for improvement. Consequently, understanding how HRM practice connect to organizational performance is crucial in a sports centre. Sports centres play a crucial role in all the achievements. Notably, medallists in Sukan Asia 2023 include university students. Despite the growing importance of sports centres in Malaysia for health promotion, generating quality athletes, and keeping active in sporting events, there is a gap in understanding the relationship between good HRM practices and the overall organizational performance. Therefore, the study aims to examine the relationship between HRM practices and organizational performance among sports centre staff at the National University of Malaysia (UKM).

Literature Review

The the effective implementation of HRM has become crucial for organizational success in guiding employees toward the achievement of goals. HRM practices serve as a significant determinant influencing organizational performance, with the perceived high level of HRM by employees positively impacting their work performance. Conversely, a lower expectation of

HRM results in decreased emotional investment by employees, hindering the accomplishment of the organization's mission and vision. The integration of strategic HRM plans by management proves essential for fostering a positive association between HRM and performance. A study done by Foo et al (2020) in the Malaysian hotel industry demonstrate a significant correlation between HRM practices and organizational performance, aligning with previous research findings (Ali et al., 2020; Shayegan et al., 2022). Chillakuri and Vanka (2021), emphasize that HRM serves to motivate employees, aiding in their self-development and reducing physical and mental stress. Tensay and Singh (2020) conducted research among public service employees in Ethiopia establishes a connection between HRM practices and organizational performance, attributing the enhancement of fundamental services to citizens as a key factor in developing HRM. Kitchot et al. (2021) also discovered a direct positive impact of HRM on firm performance among employees in Thailand, highlighting HRM's role as a strategic partner in building the necessary competencies for plan execution. Conversely, Akeel et al. (2019) reported a non-significant relationship between HRM practices and organizational performance in Libya's construction industry. Milon (2019) underscores the adverse outcomes resulting from inadequate investment in HRM, hindering effective business operations. Additionally, Jashari and Kutllovci (2020) revealed a significant relationship between recruitment and selection practices and organizational performance at the manufacturing industry in Kosovo. This emphasizes the importance of professionalism in the hiring process for organizational impact. This is consistent with an earlier study that found that good HRM procedures may help recruit talented workers, who are essential to an organization's ability to fulfill its goals (Sarfraz et al., 2018).

Methodology

This research used a quantitative approach to examine the relationship between HRM practices and organizational performance among staff at the UKM Sports Centre. The questionnaire consists of 26 items for HRM practices was adapted from Beijer (2014) while 11 items of organizational performance was adapted from Yeneneh (2021) were distributed to 41 staff using a simple random sampling. All of the were rated on a five-point Likert Scale format ranging from 1(strongly disagree) to 5 (strongly agree). A pilot study has been conducted to indicate on the reliability of the instrument. Based on the result, the Cronbach Alpha value for HRM practices and organizational performance was above 0.7, which considered reliable to use (Hair et al., 2010).

Results

Table 1 shows the overall result of Pearson Correlation in the analysis between HRM practices and organizational performance. The result shows a positive and moderate relationship between HRM practices and organizational performance among staff at the UKM Sports Centre ($r=.429$, $p<0.05$). This finding emphasizes the good application of HRM practices in UKM sports center enable the organization to sustain and enhance their performance for a long term.

Table 1

Relationship between HRM Practices and Organizational Performance

| | | Organizational Performance |
|---------------|---------------------|----------------------------|
| HRM Practices | Pearson Correlation | .429** |
| | Sig. (2-tailed) | .009 |
| | N | 36 |

Discussion

The result shows a positive and moderate relationship between HRM practices and organizational performance among staff at the UKM Sports Centre. Previous study also found a significant relationship between HRM practices and organizational performance in the Malaysian hotel industry (Foo et al., 2020) and supported by (Ali et al., 2020; Safwan et al., 2023; Shayegan et al., 2022). This is because the UKM Sports Center prioritizes its quality objectives to produce at least 12 selected athletes in the national squad each year. This has an impact on the employees as they receive less attention on their welfare. To achieve organizational objectives, employers must carry out human resource management practices effectively to attain organizational goals. This aligns with previous research stating that effective HRM practices may secure talented employees as they are vital for an organization to accomplish its mission and vision (Sarfraz et al., 2018). This is due to staff might be highly involved in specific programs or activities, such engagement can directly translate into better service delivery, improved client satisfaction, and overall enhanced performance. Tran et al. (2021) supports that supportive environment provided by the organization through regular feedback and communication could enhance the impact of HRM practices on performance. At the same time, the unique context of the UKM Sports Centre could also influence this relationship. Factors such as the institutional culture, available infrastructure, and specific demands of the sports programs may affect how HRM practices are implemented and their effectiveness. This is supported by Kitchot et al. (2021) that indicates the investment of conducive infrastructure could enhance the competitiveness among employees to produce good organizational performance. Thus, the capabilities of an organization to sustain for a long term will be depending on the implementation of HRM practices.

Conclusions and Recommendations

In conclusion, the research underscores the critical role of HRM practices in driving organizational success, specifically within the context of UKM Sports Centre. The study reveals a positive relationship between HRM practices and organizational performance, highlighting the necessity for management to retain these practices to better align with organizational goals. This study is rooted in the desire to equip the UKM Sports Centre with actionable insights to strengthen its HRM frameworks, thus enabling a more engaged and high-performing workforce.

This research contributes by offering practical recommendations that can be immediately implemented to address existing challenges in HRM practices, which are often overlooked. By focusing on enhancing employee welfare and addressing gaps in HRM strategies, UKM Sports Centre can foster greater motivation and performance among employees. Furthermore, ensuring promising career advancement opportunities and regularly adapting HR practices to evolving needs and external factors are essential for retaining talent and maintaining high organizational performance.

Although this study provides a significant contribution to understanding the interplay between HRM practices and organizational performance, additional exploration is still needed to extend the study's findings. Future studies are encouraged to explore HRM practices and their impact on organizational performance in different cultural or geographical contexts. Cross-cultural research can reveal how cultural differences shape HRM effectiveness and performance outcomes. Ultimately, this study advocates for a proactive and responsive approach to HRM to achieve long-term success and organizational excellence.

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