

STANDARDS FOR HUMAN RESOURCES PRACTICES (HRP) TO BUILD COMMITMENT: DESCRIPTIVE RESEARCH ON SMALL AND MEDIUM ENTERPRISES (SMEs) IN MALAYSIA

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ABSTRACT

The study aims primarily to develop a conceptual framework for Human Resource Management (HRM) practices in organization to reveal opposing aspects, which fundamentally influence hierarchical execution as efficiency. These elements were paid, preparation and improvement, cooperation, opening up of internal vocation, and execution. Curiously, the results of this study show that the dependent variable is determined to affect the hierarchical performance of SMEs using quantitative exploration and the connecting investigation methods and utilizing the State of Kuala Lumpur as an examining location. In the State of Kuala Lumpur, 250 irregular SME representatives, in Malaysia, are selected as respondents to a survey questionnaire in the collection of primary data. The analysis part is exempted in this article, as the primary motive was to submit a comprehensive framework based on existing literature

Keywords: Human Resources, Framework, SMEs, HR Practices

1.0. Introduction

Human Resources Management (HRM) practices have been studied in the light of composite or bundle approach, using different names as well as different practices. Largely, each bundle includes common HRM practices such as compensation, career development, staffing, performance appraisal, training and development, and job design concerns with varying dimensions (Andersen & Skjoett, Larsen, 2009). Now, this present study refers these particular HRM practices as High Commitment HRM (HCHRM) practices. Interestingly, prior studies actually identify these HCHRM practices related to employee outcomes of commitment, satisfaction, and retention. Also, consistent with early findings, this present study looks into the impact of High Commitment HRM within Small and Medium-scale Enterprises and the practical extent to which HCHRM practices are adopted within the structures of select small and medium scale enterprises in Kuala Lumpur, Malaysia (believing that there are relations between HCHRM and employee outcomes). In addition, the HR attribution theory, alongside the social exchange theory is discussed in this study purposefully to explain the existence of a causal relationship between HCHRM practices and employee outcomes within SMEs (Kim et al., 2017). Based on the extensive review of HCHRM practice literature and of existing HRM practices within SMEs in Kuala Lumpur, a research model is rightly proposed and propositions thereto are developed.

Furthermore, human resource practices can be duly classified as “control” or “commitment” practices (Griffiths, 2015). On one hand, control approaches seek to increase efficiency while reducing direct labor costs and relying on strict office or work rules, production procedures, and meting out rewards on the basis of outputs (Fonkeng, 2018). Thus, it is obvious that this approach concerns itself fundamentally with rewards sanctions, rules, and evaluation in regulating employee behavior or outcome (Raju, 2021). However, in contrast, commitment approaches on the other hand focuses on increasing effectiveness and productivity by relying on work conditions that invite and spur employees to first and foremost, identify with the goals of the organization and then work very hard to accomplish those goals (Raju & Phung, 2021). Human beings are indeed the most difficult resources to manage, which brings about the relevance of High Commitment Human Resource Management; a Human Resource (HR) tool utilized to correctly direct and motivate humans to bring about objectivity in the attainment of goals in any organization.

1.1 Problem Statement

Humans, as a factor of production, if with a unanimous sense of reasoning in line with the organizational goals are capable of subjecting the operation of the organization to a progressive operational level (Raju, 2021). With fingers pointing to the private sector, occasional unnecessary layoff of workers is not far-fetched as most recruited workers are not granted job security; coupled with unfair compensation packages, inadequate training programme, non-inclusiveness and participation, and career opportunities. Noteworthy, previous researches have shown that these factors in effect, have significant effect on the performance of employees, and as a matter of consequence, the performance of organizations or companies; and is thus, a major problem in any economy (Malaysia being a developing economy is more susceptible to negative outcomes). It is therefore expected that as against the *status quo* (orthodox methods), the implementation and adaptation of high commitment human resource management by select small and medium-scale enterprises in Kuala Lumpur would grant the organization the opportunity to blossom in the business world by enhancing organizational efficiency and productivity through HCHRM. With an industrial presence of SMEs and a gross number of the unemployed labour force loitering the streets of Kuala Lumpur, and the pressure on policy makers to innovate practicable solutions in saving the Malaysian economy, the researcher was inspired to embark on this study in a bid to remedying the situation. The overall aim of this research is to improve the awareness level of the impact of High Commitment Human Resource Management (HCHRM) on small and medium-scale enterprises on the Malaysian economy, proposing that such practices should be adopted by entrepreneurs.

1.2 Scope and Delimitation

The study covers Small and Medium Scale organizations under the jurisdiction of Kuala Lumpur state, Malaysia and may not take proper data for the coverage of Kuala Lumpur, Malaysia. As a select number of organizations will be randomly visited in Kuala Lumpur. The activities and functions performed in enterprises defers one from another, as the researcher intends to visit organizations of which differ in nature, and on such basis, the researcher may not have done utmost justice to the study and urges for further work to be done by other researchers.

1.3 Research Objectives

No doubt, HCHRM practices encourage better performance from employees which spurs increased productivity of the organizations in which they work (Raju, 2018a). Thus, in line with the purpose of this research study, the objectives are to:

1. Determining the efficiency and productivity of small and medium-sized enterprises in relation to representative compensation.
2. Determine the influence of vacancies in professions on the validity of small and medium-sized efforts.
3. Examine the influence on the authoritative execution and productivity of small and medium-sized enterprises of worker preparation and improvement.
4. Determine the impact on the efficiency and productivity of small and medium-sized enterprises of representative interest.
5. Determine the effects of the workers' performance assessment on the utility of small and medium-sized projects.

1.4 Research Questions

Arising from the objective of this research study, the following questions are raised:

1. Does compensation for employees considerably impact small and medium-sized enterprises' efficiency and benefits?
2. Does internal career opportunity considerably influence small and medium-sized hierarchical efficiency and usefulness?
3. Does the training and development of employees have a major impact on the hierarchical implementation and productivity of SMEs?
4. Does participation alter the effectiveness and the benefits of small and medium-sized efforts considerably?
5. Does representatives' performance assessments affect small and medium-sized businesses significantly?

2.0 Literature on High Commitment HRP

It is understood that high commitment Human Resource Practices are vital in an organization to sustain performance and productivity among employees. Following elements are reviewed after a thorough literature review.

2.1 Information sharing

Information sharing conveys to employees, that their employers and their organizations trust them. In order to ensure that employees make informed decisions, they require access to crucial information. The communication of performance reports and analytics on a weekly, monthly or annual basis will assist employees in their career development. Employees are made better at their respective jobs through performance feedback, as it helps clear any doubt as regards their level of performance, whether positive or negative (Jahan & Alrajawy, 2020). No doubt, the sharing of information promotes transparency within the organization which in turn reduces the overall turnover (Zhang, M , Griffeth, 2011) while creating a productive relationship between employees and their employers (Nonaka, 1994). However, it should be noted that there is the vulnerability of releasing such information, as it sometimes accrues the risk of leaking vital or confidential information to competitors (Benavides-Velasco et al., 2014). A study by the Japanese Consultation Committee revealed that there is a positive relationship between sharing of information with productivity and profitability, however, a negative relationship with cost of labour (Raju & Tamjis, 2018). (Polas et al., 2020) further revealed that employee perception about the sharing of information is dependent on the information itself. Employees largely perceived knowledge as a means of attaining higher organizational mobility (Ogawa et al., 2016). Hence, employees largely seek information much more than it is shared. (Fonkeng, 2018) studied the impact of HR strategy on 3,000 businesses around the globe, and his research revealed and found that information sharing correlated with higher profitability. While, (Raju, 2018b) carried out a comparison study on the United States and the Japanese steel manufacturing plants, and then found that participation based on information sharing were high performance practices, (Raju, 2021) in their study revealed that the sharing of information rightly correlates with organizational performance, although inconclusively.

2.2 Selective Hiring

Basically, this particular HR practice ensures that the right people, having the right skills and expertise are in the right place at the right time, in order to adapt to the work culture as well as the organizational climate, while also decreasing the cost of educating employees. (Raju & Phung, 2020) further argued that selective hiring is a practice that creates profits (Fulgoni, 2014). This study further revealed that HR practices of high performing companies included selecting the right kind of employees, which boosts productivity, organizational performance, as well as reducing turnover. (Ross et al., 2016) then argued that hiring standards does not only reflect organizational skill requirements but also, the ability to establish these preferences. (Salah, 2020) then proposed that there is a possible link between employees and managers that fosters productive growth. (Terlouw, 2018) further revealed that an efficient hiring process ensures the availability of employees with appropriate qualifications, thus ensuring quality production. Aptitude tests constitute a vital aspect of selective hiring as they give a candidate a strong sense of company belonging in ensuring greater commitment. Recruitment by small enterprises is however often problematic, as a result of inadequate financial as well as material resources, and ambiguous job descriptions (Vicente-Saez & Martinez-Fuentes, 2018).

2.3 Training and Development

Training programmes have demonstrated their capacity to increase specialization and expertise, which in turn, fosters employee productivity while reducing turnover. Basically, training and development accrues a certain degree of reciprocity; in that while developing the market value of employees, they are expected to reciprocate with increased and advanced responsibilities which are relevant for organizational progress (Griffiths & Knezevic, 2010). (Salah, 2020) carried out a comparison study between rapidly growing and

slow growing organizations and found out that the former is dependent on employee capacities in pursuit of growth. These rapidly growing organizations make use of training programmes in promoting the development of employees when compared to their counterparts. Hence, training and development HR practices are common practices in rapidly growing organizations. (Vega-vázquez, 2016) evaluated growth strategies in the retail sector while suggesting prioritization of practices that promote employee retention, in contrast to recruitment as well as selection. Some companies are transitioning towards the strategic approach which prioritizes the effect of learning at organizational levels on long-term organizational competitiveness. Education, training and development altogether have huge impact both on personnel productivity and organizational performance (Vega-vázquez, 2016)

2.4 Job Security

Job security fosters an environment built on trust and confidence, which stimulates employee commitment within the organization. Job security also accrues some level of reciprocity; as employees relying of such reality commit themselves carrying out extra activities or expending extra effort for organizational purposes, thus improving performance (Maamari & Majdalani, 2017) (Salah, 2020) in developing a model of the antecedents of job security, which include organizational change and technology change; change in psychological or physical health, as well as stress. (Chen & Tsao, 2020), assessed the relationship between job insecurity, and organizational commitment, and found that there is a connection between job security and affective organizational commitment. Today, businesses are however neglecting the previously celebrated practice of job security. For instance, (Nafei, 2016) found that technological changes increase job security. Ahmad and Schroeder (2003) found that job security impacts organizational performance through commitment. Also, (Kwarteng & Li, 2015) found a positive relationship between job security and organizational performance. No doubt, HR practices inevitably improve organizational performance (Raju, 2021). Results further reveal a positive relationship between promotions based on merit and organizational performance. Hence, with these consistent results, 'high commitment' organizations are positively correlated with effective organizational or company performance (Raju, 2021). However, it should be noted that on the one hand, with high job security comes the negative relationship between job threat perceptions as well as performance.

3.0 Conceptual Framework

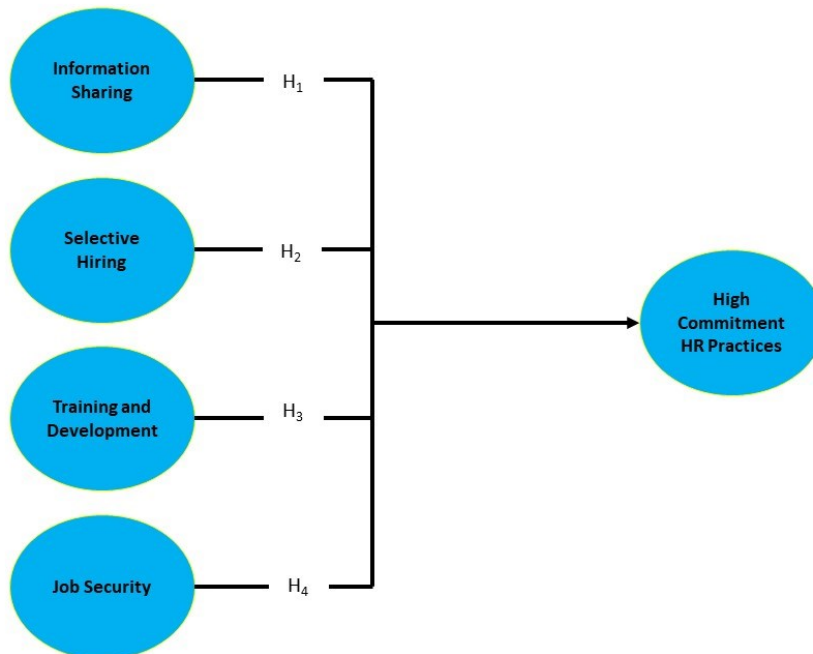


Figure 1 – Proposed Conceptual Framework

3.1 Research Hypothesis

The researcher admits that HCHRM is clearly not an important element of small and medium-sized companies in Malaysia, but HCHRM rehearsals do affect the efficiency and execution of small and medium-sized companies. Therefore, the exam speculation is therefore used as an investigative region by Kuala Lumpur State:

H₁: The compensation of staff has a considerable effect on small and medium-sized enterprises' efficiency and productivity.

H₂: Internal Career Opportunity greatly impinges on small and medium-scale projects' skills and efficiency.

H₃: Training and development of employees have a considerable impact on hierarchs and small- and medium-sized enterprises.

H₄: Employees The useful and benefit of small- and medium-sized activities is strongly affected by participation.

H₅: Performance Assessment of employees affects small and medium-sized businesses in a substantial way.

4.0 Conclusion

This study focuses mainly on compensation, professional opportunity, preparation and improvement, worker assistance, and executive assessment for improving the efficiency and productivity of SMEs, using Kuala Lumpur as the locus in the quo. In growing employees' abilities as interest, remuneration and executive exams stimulate representational responsibility for the strong execution of their roles, the preparation and promotion and professions, between different factors, are essential. These contributing elements further plan workers in SMEs to stand firm on future footholds with full capacities inside the association.

In the present study, the 5 autonomous elements studied are regarded as endeavours that generate substantial returns as well as awards inside companies. The employees are almost definitely creating a vital asset and an essential component of every company - a critical utility, given that the success or deception of any company is mostly dependent on its representatives' productivity. However, HRM rehearsals, their level of feasibility, and streamlining impact this expertise.

It is implied that ground-breaking organizations or initiatives are urged to allocate resources to the tried-and-tested HCHRM rehearsals, such as preparations and progress programs, satisfactory pay and compensation, executive assessment tools, inner-service openings, just like support because they have been designed to deliver results. The study is of great significance and utmost importance to Kuala Lumpur State, and Malaysia as a whole, notwithstanding the fact that this study is being carried out in Kuala Lumpur State. The scope of the study covers an HR function which officially could be regarded as not being practiced in Kuala Lumpur, the economic and commercial capital of Malaysia (Raju & Poh, 2019). It is evident, the state of the nation is in a crucial condition, and with SMEs being the key to rapid infrastructural development in the developed countries, High Commitment HRM is advised for adoption as a viable HR tooling increasing efficiency, productivity and bring about profitability.

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