

ICBSI 2018
International Conference on Business Sustainability and
Innovation

TOWARDS A MODEL LINKING HRM PRACTICES, WORK
ENGAGEMENT, AND JOB PERFORMANCE

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Abstract

In today's environmental setting, all organisations aim to achieve organisational success and sustainability. Since employees' job performances, in the aggregate, results in greater organisational performance, the need to enhance job performance has emerged as a growing concern amongst researchers and practitioners alike. Supportive human resource management practices have been advocated as having the ability to set the tone for a favourable employee-employer relationship. Meanwhile, work engagement is a newly emerged concept in positive psychology which focuses on optimal functioning and positive experiences at work. Although a substantial body of research has revealed that work engagement has beneficial outcomes for employees, studies on the role of work engagement as the mediating mechanism by which human resource management practices affect job performance are relatively limited. Therefore, the objective of this paper is to present a proposed model linking human resource management practices and job performance with work engagement as the mediator. A review of the literature to support the proposal linkage for manufacturing employees in Malaysia is presented.

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Keywords: Human resource management practices, work engagement, job performance.



1. Introduction

Rapid changes in today's business environment have necessitated the need for organisations to operate their activities strategically by focusing on the lowest possible cost. To achieve better resource utilisation, these companies have been stressing product or service quality in order to guarantee the reliability of their products or service delivery to meet customers' expectations. Numerous manufacturing companies have fought the global pressures of competition by becoming increasingly technologically advanced, moving up-market to more value-added products and upgrading the skills of their work force. As global competition strengthens, manufacturing companies must have greater knowledge of how their suppliers and customers conduct business. They need to put emphasis on processes that have perilous impacts on enhancing product quality performance and business performance. Malaysia's manufacturing sector is one of the leading sectors and has become the main industry which has contributed to the development of the economy in terms of manufacturing exports, employment and investment (Hamid and Yahya, 2016; MIDA, 2018). In the fourth quarter of 2017, Manufacturing was the second highest key contributor to the Malaysian economy (Department of Statistics Malaysia, 2018). Manufacturing accounted for 82.1% of Malaysia's total exports in 2017, according to the Malaysian External Trade Development Corporation, 2018.

The success of an organisation always depends on high-performing employees. Employees play a major role in implementing the business strategies that have been developed by the top-level management. Without the employees, organisations would face difficulties in executing its activities. Because employee job performance is critical for organisational survival and success, it has become one of the most highly-studied outcome variables in research. The researcher has acknowledged that an optimistic attitude, such as the work engagement amongst the employees, is one of the mechanisms in eliciting positive results (Bakker, Demerouti, & Verbeke, 2004; Salanova, Agut, & Peiró, 2005). Past studies indicates that human resource management practices (here after labelled as HRMPs) can create an atmosphere that stimulates more encouraging approaches from employees, which in turn, can help enhance their performances and other positive behavioural effects (Tsaur & Lin, 2004). Alfes et al. (2013) stated that HRMPs are one way for an employer to signal his or her willingness to invest in and support their employees; therefore perceived HRMPs may be linked with employee work engagement. Moreover, supportive HRMPs leads to generate higher motivation and engagement which in return, increases employee job performance (Salanova, Agut, & Peiró, 2005; Tsaur & Lin, 2004). A review of past studies (Aybas & Acar, 2017) revealed three specific HRMPs that have been found to significantly affect job performance; they are (i) training and development, (ii) performance appraisal and (iii) reward system.

Training put emphasis on identifying, assuring, and helping to develop, through planned learning, the key competencies that enable individuals to perform their current job (Tai, 2006). Training generally leads to higher levels of employees' job performances which, in turn, can have a positive effect on their productivity. On the other hand, development is important for future improvement of employees' knowledge and skills (Tai, 2006). Development programmes are meant to improve employees' future performances. Meanwhile, performance appraisal process is a formal, year-long mechanism for communicating to an employee the extent to which he/she is meeting his/her job responsibilities. Performance appraisals help employees to improve their performances by giving specific response about the need for improvement, and help employees to continue to excel by giving positive reinforcement that

can motivate them. On the other hand, workers' perspective of the fairness of their performance appraisals can adversely influence their approaches and performances (Heslin & Vandewalle, 2011). The reward system is the most common HRMP used to acknowledge and compensate employee for their good job performance. A reward system consists of both incentive and recognition programmes. The endowment of monetary or non-monetary rewards motivates employees to exert maximum efforts that will enhance their job performances.

2. Problem Statement

The business biosphere is becoming more economical, and with speedy changes over the centuries, leading to greater instability and unpredictability. Although Malaysia's manufacturing sector is one of key contributors to its economy, the country's manufacturing ranking in comparison to other countries is still far behind. Based on the worldwide rankings using the Purchasing Manager's Index (PMI), as of May 2017, Europe dominated the manufacturing sector, particularly Germany, followed by Austria, Netherlands, and United Kingdom (IHS Markit Global, 2017). Of the 28 countries covered by the PMI survey in May 2017, only five countries saw a deterioration in manufacturing conditions, four of which were Asian, including Malaysia. The PMI index fell below 50.0 for Malaysia, indicating a deterioration in manufacturing productivity when compared to the marked improvement attained at the turn of last year, ending 2016. This proves that the manufacturing performance in Malaysia is still lagging (Please refer to Figure 1). This decrease may be attributed to declining manufacturing productivity. One avenue to address this shortcoming would be through improvements in job performance by the employees in the Malaysian manufacturing industry.

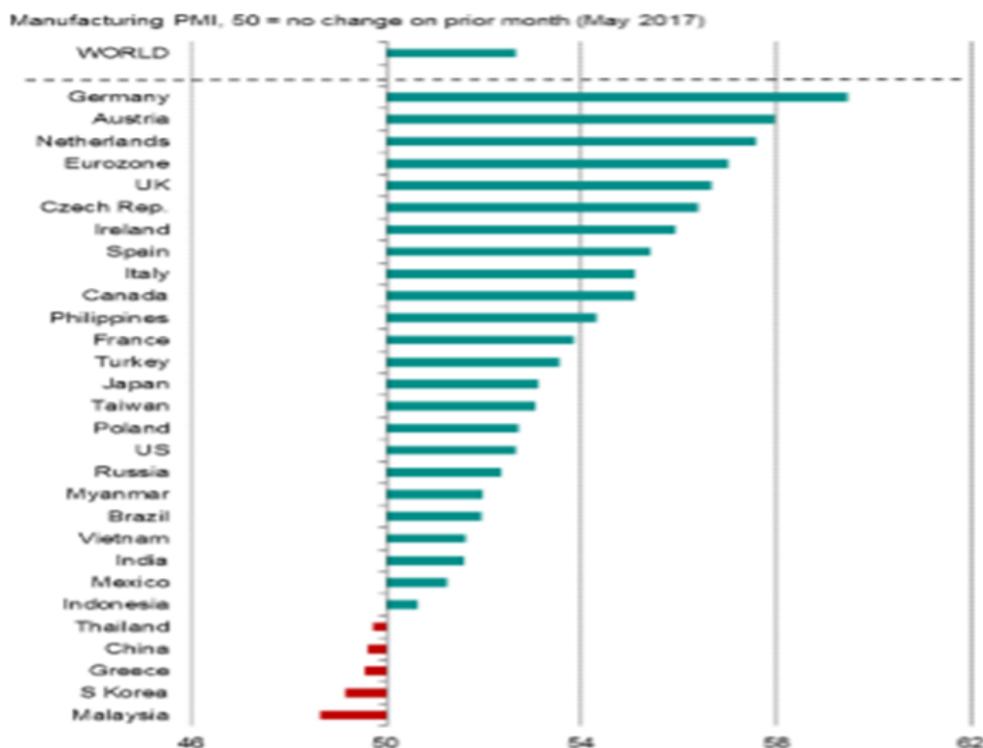


Figure 01. Worldwide manufacturing PMI rankings
(Source: IHS Markit Global. PMI and Economic Commentary Report, June 2017)

Given the above setting, there is an urgent need for the Malaysian manufacturing sector to reenergize itself and become productive and advanced. This can be accomplished by looking into the HRMPs (Hee & Jing, 2018). Furthermore, it has been widely acknowledged that employing supportive HRMPs can lead to improvements in employee's attitudes and behaviours. One form of work behaviour is job performance. It has also been recognized that positive attitudes, such as the work engagement amongst employees, is one of the mechanisms eliciting positive work outcomes (Bakker, Demerouti, & Verbeke, 2004; Salanova, Agut, & Peiro, 2005). Past studies have suggested that engaged employees are highly energetic, self-efficacious individuals who will exercise influence over events that affect their lives (Bakker, Albrecht & Leiter, 2011). Thus, employees who are highly engaged in their work would exhibit greater performance.

3. Research Questions

Do HRMPs (training and development, performance appraisal, and reward system) link job performance with work engagement?

4. Purpose of the Study

The purpose of this paper is to propose a linkage between HRMPs (training and development, performance appraisal, and reward system) and job performance with work engagement as a mediator among employees in the manufacturing sector in Malaysia.

5. Literature Review

5.1. Job Performance

Job performance is defined as "the level of productivity of an individual employee, relative to his or her peers, on several job-related behaviours and outcomes" (Babin & Boles, 1998). Some authors (Van Scotter, Motowidlo & Cross, 2000; Coleman & Borman, 2000) view job performance as the employees' task performances. In this paper, job performance reflects task performance. Task performance is defined as behaviours that contribute directly to the organisation's technical core and includes activities that are normally recognized as part of an employee's job (Coleman & Borman, 2000). Van Scotter, Motowidlo and Cross (2000) referred to task performance as the patterns of behaviour that are directly involved in producing goods and services, or activities that provide indirect support for the organisation's core technical processes.

5.2. Human Resource Management Practices and Job Performance

Saha and Gregar (2012) revealed that HRMPs acts as employee work outcomes and are the backbone of any business for better competitive advantage as these competitive practices are designed for productivity enhancement and drive the knowledge development process in the aspect of knowledge transfer. As mentioned earlier, empirical evidence revealed that employing supportive HRMPs (i.e., training and development, performance appraisal, and reward system) can lead to improvements in the employees' job performances (Aybas & Acar, 2017). Hence, it has proposed that:

Proposition 1: HRMPs (i.e., training & development, performance appraisal, and reward system) will be positively related to job performance.

5.2.1. Training and Development and Job Performance

Training and development are a planned process which lets an employee be exposed to new knowledge and acquire new skills and technologies in order to maintain or improve the performance in the workplace, and is one of the crucial HRMPs, especially for successful organisations (Robbins, 2001). Hee and Jing (2018) suggested that the investment in the workforce is actually for the organisation's own benefit as trained workforces have higher productivity and contribute to higher organisational effectiveness. An empirical study by researcher concluded that Khalid, Rehman and Ilyas (2014) and Hassan and Diallo (2013) revealed that training plays a positive role in increasing an employee's performance. The foregoing discussion has led to the following sub proposition:

Proposition 1(a): Training and development will be positively related to job performance.

5.2.2. Performance Appraisal and Job Performance

Performance appraisal is described as a formalistic process which monitors the work and evaluates the performance of an employee regularly. It is also used as a management tool for improving the employee performance and productivity and minimising the error rate (Hassan & Diallo, 2013). According to Hee and Jing (2018), an appropriate appraisal system with fairness and clarity results in highly satisfied and motivated employees, leading them to become high performers. Furthermore, Hee and Jing (2018) suggested that high performers are the product of an effective appraisal system. Thus, the second sub-proposition is as follows:

Proposition 1(b): Performance appraisal will be positively related to job performance.

5.2.3. Reward System and Job Performance

Andrew and Sofian (2011), concluded that both extrinsic and intrinsic rewards are sources of employee motivation and higher productivity. Through psychological rewards and recognition programmes, employees can be motivated and their performance can be improved. Andrew and Sofian (2011) expressed that better reward systems and recognition of an employee's performance are prerequisite to employee motivation. Rewards provided on the basis of fair performance evaluations are a motivational tool helpful to get enhanced productivity (Andrew & Sofian, 2011). The foregoing discussion has prompted the following proposition:

Proposition 1(c): Reward system will be positively related to job performance.

5.3. Human Resource Management Practices and Work Engagement

According to Albrecht et al. (2015), three HRMPs that have been suggested to enhance work engagement are training and development, performance appraisal, and reward system. Work engagement needs to be explicitly embedded within an integrated system of HRMPs. Specifically training and development,

performance appraisal, and reward system, which result in employee effort, cooperation, involvement, in turn, result in greater work engagement with ultimately enhanced individual job performance (Albrecht et al., 2015). The foregoing discussion has prompted the following proposition:

Proposition 2): Human resource management practices will be positively related to work engagement.

5.3.1. Training and Development and Work Engagement

Past studies revealed that HRMPs which included opportunities for training and development are positively associated with engagement (Alfes et al., 2013). Salanova et al. (2010) suggested that coaching employees and helping them plan their work, highlighting potential difficulties and offering advice and emotional support help to foster engagement. According to Hakanen, Bakker and Schaufeli (2006) explained the importance of coaching the employee, which will lead to high engagement with work and indirectly increase employee job performance. The foregoing discussion has prompted the following proposition:

Proposition 2(a): Training and development will be positively related to work engagement.

5.3.2. Performance Appraisal and Work Engagement

According to Hee and Jing (2018), a fair evaluation of an employee's performance is an important criterion for determining the level of employee work engagement. An organisation which follows an appropriate performance appraisal technique (which is transparent and not biased) will have high levels of engaged employees. This will stimulate an employee's involvement and commitment which will increase work engagement and ultimately enhance job performance (Hee & Jing, 2018). The foregoing discussion has prompted the following proposition:

Proposition 2(b): Performance appraisal will be positively related to work engagement.

5.3.3. Reward System and Work Engagement

Reward system has been found to lead to an increase in work engagement (Victor & Hoole, 2017). Literature has shown that employees who are engaged in their work demonstrate higher levels of productivity, efficiency, and a sense of personal accomplishment in their work, and take initiatives and persist with challenging and demanding tasks (Holbeche, 2012). Furthermore, work engagement helps to boost employee motivation, morale, job performance, and psychological wellbeing (Crawford, LePine & Rich, 2010). The foregoing discussion has prompted the following proposition:

Proposition 2(c): Reward system will be positively related to work engagement.

5.4. Work Engagement and Job Performance

Engaged employees have high levels of energy, are enthusiastic about their work, able to bounce back from adversity, and feel like time flies when they are working (Schaufeli & Bakker, 2004). Recent

research has shown that engaged employees often experience positive emotions (Schaufeli, Bakker & Salanova, 2006), and this may be the reason why they are more productive. The foregoing discussion has prompted the following proposition:

Proposition 3: Work engagement will be positively related to job performance.

5.5. Work Engagement as a Mediator in the HRMPs (Training and Development, Performance Appraisal, and Reward System) – Job Performance Relationships

As discussed, work engagement in the proposition subsection present that employees' beliefs about an organisation's HRMPs (training and development, performance appraisal, and reward system) will affect their involvement and lead, in turn, to influence them to exert effort to perform in their jobs. Since, work engagement is a psychological state for which it can be assumed that the perception about HRMPs will affect work engagement and, in turn, influence job performance (Jiang et al., 2012). Hence, the following proposition has been forwarded.

Proposition 4: Work engagement mediates the relationship between human resource management practices and job performance.

5.5.1. Work Engagement as a Mediator in the Training and Development- Job Performance Relationship

Schaufeli, Bakker and Salanova (2006) found that work engagement is positively related to job performance. In of the HRMPs, training and development is another influential antecedent of engagement. Training, development, and learning can be looked at as intrinsic motivators that support employees' growth and enhances individual development. The foregoing discussion has prompted the following proposition:

Proposition 4(a): Work engagement mediates the relationship between training and development and job performance.

5.5.2. Work Engagement as a Mediator in the Performance Appraisal- Job Performance Relationship

As Macey et al. (2011) suggested, a climate of trust and fairness from performance appraisal is necessary for employees to feel and act engaged. Of particular relevance, Gupta et al. (2013) have demonstrated positive associations between engagement and employee perceptions of fairness, specifically during performance appraisals. During engagement appraisal, the degree to which employees have demonstrated behavioural engagement is assessed, this will ultimately influence them to perform better. The foregoing discussion has prompted the following proposition:

Proposition 4(b): Work engagement mediates the relationship between performance appraisal and job performance.

5.5.3. Work Engagement as a Mediator in the Reward System- Job Performance Relationship

In particular, reward system and, more specifically, psychological meaningfulness, were found to have a statistically strong relationship with employee work engagement (May, Gilson & Harter, 2004).

Ram and Prabhakar (2011) found that the use of both intrinsic and extrinsic rewards lead to greater work engagement. According to several researchers (Durmusoglu et al., 2014; Ram & Prabhakar, 2011) a reward system (intrinsic and extrinsic) ensures that employees are more engaged in their work, and it indirectly influences job performance. The foregoing discussion has prompted the following proposition:

Proposition 4(c): Work engagement mediates the relationship between reward system and job performance.

5.6. Conceptual Framework

Based on the preceding discussion, a conceptual framework is proposed as depicted in Figure 2. Both HRMPs were assumed to predict job performance within the context of the manufacturing sector. Job performance, for this study, focuses into task performance.

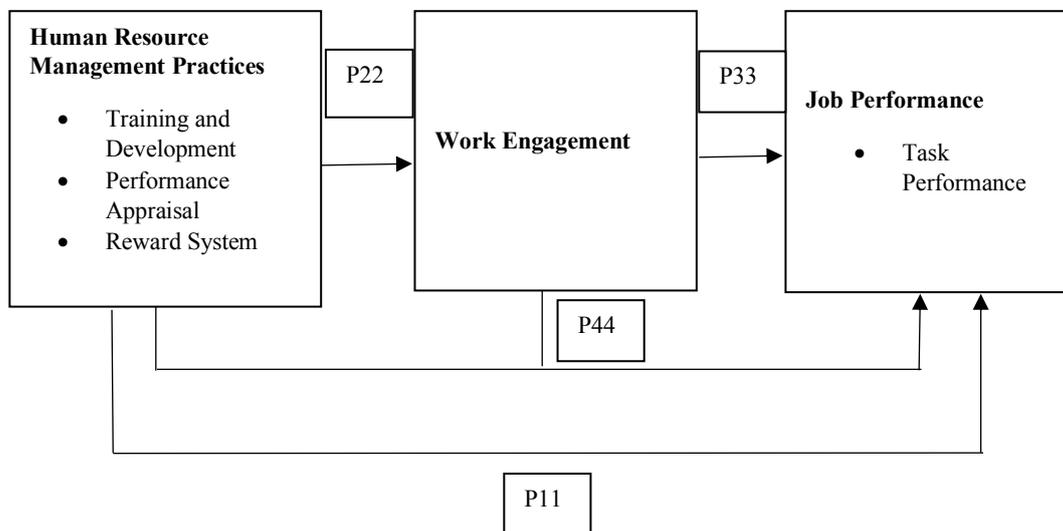


Figure 02. Conceptual Framework

6. Research Methods

To achieve the stated purposes and answer the research questions, a systematic review of literature was conducted by using an archival method. This research was grounded on a solid theoretical framework combining secondary data. This study employed a methodology to review the articles cited in database such as Emerald, ProQuest and Science Direct with current topic HRMPs, work engagement, and job performance. The secondary data analysis of current literature was studied in order to construct a solid theoretical structure as a foundation for this study

7. Findings

As discussed in the literature review, this study proposes an integrated framework as depicted in Figure 02, which highlights the HRMPs as the independent variables, whilst job performance stayed as the dependent variable. Work engagement acted as the mediator, respectively.

8. Conclusion

Highly-engaged and high-performing workers represent a key source of competitive advantage for organisational success and sustainability. Given the intense challenges faced by the manufacturing sector globally and, more so, in Malaysia, there is an urgent need for the Malaysian manufacturing firms to pay great attention on how to stimulate their workforce to become highly engaged and high-performers. In this regard, manufacturing firms need to pay attention to their HRMPs because such practices could create a supportive work environment that will bring out the best in their employees in terms of positive attitudes and behaviours. Overall, the present paper discuss the importance of work engagement and job performance and how the three specific HRMPs (i.e., training and development, performance appraisal, and reward system) can help employees to become more engaged in their work whilst eventually lead to higher job performances.

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