Information Management and Business Review (ISSN 2220-3796)
Vol. 15, No. 2, pp. 47-53, June 2023

The Effect of HRM Practices on Organizational Performance: A Survey of Malaysian State Sports Councils' Employees

Nur Syazwani Zulaikha Safwan[1], Mohamad Firdaus Ahmad[2*] & Muhammad Syukri Abdullah[3]
[1,2]Faculty of Sports Science and Recreation, Universiti Teknologi MARA, Cawangan Negeri Sembilan, Kampus Seremban, Malaysia
[3]Faculty of Business and Management, Universiti Teknologi MARA, Cawangan Melaka, Kampus Alor Gajah, Malaysia
syazwanisafwan@gmail.com, firdaus466@uitm.edu.my*, syukriabdullah@uitm.edu.my

Abstract: Organizational performance can be evaluated through the effectiveness of human resource management (HRM) practices implemented in the organization. However, the problem of improper and misguided implementation of HRM practices causes conflict between employees and organizations, influencing organizational performance. This study examines the effect between HRM practices and organizational performance among Malaysian State Sports Councils' (MSSC) employees by adapting the Social Exchange Theory. This survey involved a total of 280 MSSC employees. This research instrument consists of 35 items that measure HRM practices and organizational performance. Data were analyzed using regression analysis. Based on the findings, there is a significant and direct effect between HRM practices and organizational performance among MSSC employees. In conclusion, the organization's excellent structure of HRM practices enables employees to commit to work and perform tasks according to the organizational goals. Future researchers are recommended to extend the sample of study to other sports organizations or other public and private organizations in measuring HRM practices and organizational performance.

Keywords: *HRM practices, Organizational Performance, Malaysian State Sports Council.*

1. Introduction

HRM practices have made the organization implement policies to recruit, select and train employees, enabling them to develop organizations to become more flexible, intelligent and competent in business management than their competitors (Cherif, 2020). An organization's efforts must increase the motivation of its employees. This is supported by Sarfraz et al. (2018), that effective HRM practices may secure talented employees as they are vital for an organization to accomplish its mission and vision. This is due to the capabilities of HRM practices that have been recognized as essential aspects that can contribute to achieving desired outcomes. It indicates the excellent application of HRM practices may influence the employees' productivity, which indirectly addresses the high performance of organizations. Organizational success results from employees' commitment to the organization. Every organization aspires to sustain a high level of performance to maintain long-term. Organizational performance is regarded as the aggregate of an organization's achievements (Khan et al., 2020). According to Abualoush et al. (2018), organizational performance is the organization's ability to fulfill its mission, activities, tasks, and outcomes. Likewise, researchers stated that organizational performance is the capacity to satisfy the organization's objectives and stakeholders. This shows that it can act as an evaluation for the organization to quantify and determine its efficiency and effectiveness over a specified period.

Good organizational performance symbolizes profit, effectiveness, and survival in achieving its goals. Besides, a well-performing organization is seen from work produced as it can positively impact organizational productivity. However, every organization will undoubtedly experience problems in creating success, such as the issue of workplace isolation (Rasool et al., 2020). This issue has been considered an internal problem that can affect the performance of an organization. Terng and Ahmad (2021) support that this happens because of insufficient information sharing and social support from coworkers and management. This makes employees feel alone and makes them perform poorly in a job, which can negatively impact the management in making plans and decisions. It shows a better understanding of how the environment affects employees' behavior and how to conduct drives to achieve goals that need to be created (Saeed et al., 2019). On top of the above discussion, good HRM practices must be the key to influencing organizational performance, especially in the sports industry. According to Durisic (2022), many athletes are developed annually to fulfill Malaysia's sports industry's demands. The consensus from this situation indicates that HRM practices are one of the elements

needed by top management and HR practitioners to maintain and grow athletes' performance. HRM practices applied by management can lead the organization to perform well. Hence, this study examines the effect of HRM practices on organizational performance in the Malaysian State Sports Council (MSSC).

2. Literature Review

Recently, the utilization of HRM can determine the achievement of an organization in handling employees to achieve goals. HRM practices have been regarded as an important indicator in influencing organizational performance. This is due to the high level of HRM perceived by employees that can enable them to perform work. In contrast, if employees anticipated less HRM, they would be less emotionally invested in accomplishing the mission and vision. This statement shows HRM can be positively associated with performance when a strategic plan is used by management for the employee. The ineffectiveness of HRM will undoubtedly make the efforts of employees to achieve success futile. Therefore, this part of the literature review documented past studies regarding HRM practices and organizational performance. Based on a study carried out by Foo et al. (2020) in the hotel industry in Malaysia shows a significant relationship between HRM practices and organizational performance. The result of this study aligned with past research, which revealed a positive association between the two variables (Ali et al., 2020; Shayegan et al., 2022). According to Chillakuri and Vanka (2021), HRM motivates employees to improve their self-development by assisting them in reaching goals & reducing their stress physically & mentally.

The finding from Tensay and Singh (2020) also established a connection between HRM practices and organizational performance among public service employees in Ethiopia. Researchers stated that the fundamental services provided to the citizens play a main role in helping the organization to develop HRM as it helps to improve the service quality and satisfaction of customers. Kitchot et al. (2021) also found a direct effect on HRM and firm performance among employees in Thailand. Researchers stated HRM plays a crucial role as a strategic partner in supporting the organization to build the competencies required to execute its plan. However, Akeel et al. (2019) pointed to a non-significant relationship between HRM practices and organizational performance among employees who worked in Libya's construction industry. Milon (2019) stated that poor investment in HRM resulted in unfavorable outcomes among employees. This problem has prevented the organization from operating its business well. Additionally, Jashari and Kutllovci (2020) conducted a study on the manufacturing industry in Kosovo and reported a significant relationship between recruitment and selection practice and organizational performance. Researchers stated that a high level of professionalism shown in the hiring process would make the organization have a greater impact on their performance.

The findings from Nafari and Rezaei (2022) also indicated a relationship between recruitment practice and organizational performance among employees who worked in public hospitals in Iran. Researchers stated that implementing appropriate strategies for recruiting employees enables the organization to select qualified specialists. Meanwhile, Hameed and Mohamed (2016) signified a connection between recruitment and selection practices in India's private hospitals. Researchers assert that the organization will improve its overall performance by selecting nurses with the necessary skills and characteristics. Despite that, Njenga (2018) revealed that recruitment practices and firm performance in the insurance industry in Kenya are not associated. The researcher indicates that the most pressing problem in the recruiting process was deciding the suitable method to employ as it can influence the quality of employees. The finding was also supported by the past study conducted by Anwar and Abdullah (2021) that signified insignificant results between recruitment practice and organizational performance among employees in Iraq. Apart from that, the research conducted by Samwel (2018) documented a significant relationship between training practice and organizational performance among employees in Tanzania.

The researcher stated that training and development are essential practices that cultivate employees' specific skills. Hanci-Donmez and Karacay (2019) also reported that training positively affects employee organizational performance in Turkey. Researchers emphasized that training methods that take a broad view of education can be a basis for building knowledge and abilities to enhance productivity. Besides, Ohanyere et al. (2021) demonstrated the synonymous finding with previous researchers regarding training practices and organizational performance among employees in Nigeria. In contrast, the Parayitam et al. (2021) finding

shows that training and development practice and organizational performance are not connected. Researchers expressed that performance could be hindered if insufficient training and development opportunities exist. Then, Kim and Jang (2020) exhibit a positive effect of rewards on organizational performance in the restaurant industry. Researchers stated that a greater reward invested in the employee was associated with improved performance. The equitable remuneration policies conducted in the organization create a good working environment. A study by Nafari and Rezaei (2022) shows a significant relationship between reward practice and organizational performance.

The researcher stated that reward is the second strongest predictor of organizational achievement. Besides, Tensay and Singh (2020) also reported a similar result in the relationship between reward practice and organizational performance. The researcher indicates that the organization's strategic reward can reflect the organizational objectives. Nevertheless, a study by Njenga (2018) shows inconsistent findings, as it reported a non-significant relationship between reward and organizational performance. The incapability of rewarding employees can lead to lower organizational performance. On the other hand, Sweis et al. (2020) show a significant relationship between performance appraisal practice and organizational performance. Researchers indicate that performance feedback serves as an indicator for managers and employees to discover performance gaps. This evaluation may assist employees in strengthening their skills to become more competitive in the workplace. Alaraqi (2017) found the same findings that performance appraisal practice and organizational performance among oil companies in Iraq had a significant relationship.

The researcher mentioned the appraisal system allowed the organization to collect information regarding past and recent performance that can be used to track the progress. However, a study by Hameed and Mohamed (2016) demonstrated an insignificant relationship between performance appraisal and organizational performance. The lack of administration in the appraisal system could not enable organizations to enhance performance. Additionally, the participation practice significantly influences organizational performance (Jashari & Kutllovci, 2020). Researchers emphasized employees will be more confident and motivated to work if they have the opportunity to be involved in organizational goals and the decision-making process. This indicates that open communication chances offered by the organization can boost employee motivation. The result was aligned with a past study by Tensay and Singh (2020) regarding the relationship between the two variables. Researchers indicate that the opportunity to express thought and feedback allows employees to feel free and can make the organization more likely to succeed. Previous researchers reported the results were not in line with Hanci-Donmez and Karacay (2019) as they found that participation is not associated with organizational performance.

Chen et al. (2020) emphasize that employees lose their sense of ownership when they cannot contribute to achieving organizational goals. It also may result in the employees refraining from contributing their ideas due to the unappreciated behavior shown by the organization. On top of the above explanation, it can be concluded that HRM practices have been the major focus for every organization in ensuring consistent resources that enable others to be more competitive. The discussion regarding HRM practices and organizational performance by previous researchers also indicated that HRM practices are significant in providing positive consequences toward an organization’s success. It shows the understanding of employees on HRM practices enables the organization to develop a positive culture among peers and management. This is due to the organization always prioritizing the positive relationship between employees and the organization to reduce conflict or issues that can affect performance. Therefore, this asserts that HRM can foster the employees’ growth in terms of attitudes, skills and behavior at the workplace. Consequently, this can result in the organization gaining a favorable response concerning its performance.

3. Methodology

A survey design was used to examine the effect of HRM practices on organizational performance among MSSC employees. The study involved 280 employees from MSSC to answer the questionnaire. Besides, stratified random sampling has been employed in determining the number of samples selected. The instrument adapted from Beijer (2014) consists of 24 items divided into five dimensions to measure HRM practices; recruitment and selection, training and development, reward, performance appraisal, and participation and communication. Meanwhile, 11 items from Yeneneh (2021) have been adapted for organizational

performance. All the items for HRM practices and organizational performance were based on a five-point Likert scale format ranging from 1 (strongly agree) to 5 (strongly disagree). Additionally, 30 respondents were used for a pilot study. The result shows items of HRM practices and organizational performance are very reliable since the value >0.80 (Hair et al., 2010). The table below shows the interpretation of the Cronbach alpha value of the study.

Table 1: Cronbach Alpha Value of HRM Practices and Organizational Performance

Variable	N of Items	Cronbach Alpha
HRM Practices		
- Recruitment and selection	4	0.845
- Training and development	5	0.836
- Reward	6	0.889
- Performance appraisal	4	0.857
- Participation and communication	5	0.913
Organizational Performance	11	0.941

4. Results and Discussion

Table 2 below shows the demographic profile of respondents based on gender. A total of 280 MSSC employees consisting of 156 male employees and 124 female employees participated in this study.

Table 2: Demographic Profile of Respondents

		Frequency (f)	Percent (%)
Gender	Male	156	55.7
	Female	124	44.3
	Total	280	100.0

Based on Table 3, regression analysis shows a significant and direct effect of HRM practices on organizational performance among MSSC employees (β=0.450, $p<0.05$). This shows when HRM Practices go up one unit, organizational performance goes up 0.45.

Table 3: Regression Analysis on HRM Practices and Organizational Performance

			Estimate (β)	S.E.	C.R.	P	Result
Org. Performance	<---	HRM Practices	0.450	0.085	5.311	***	Significant

This study revealed HRM practices significantly and directly affect organizational performance among MSSC employees (β=0.450, p=***, $p<0.05$). The analysis demonstrates that for every one-unit increase in HRM practices, there is a corresponding increase of 0.45 in organizational performance. HRM practices influence organizational performance in MSSC because effective HRM practices have created an inclusive and diverse working environment for employees to understand roles and responsibilities to accomplish goals. This means that proficient management in conducting HRM practices may initiate MSSC employees to polish their skills and knowledge, thus leading them to have good morale in achieving organizational goals. Kuria and Mose (2019) support that goal achievement depends on the knowledge of the HRM practices implemented in the organization. Chanana and Sangeeta (2021) also stated an efficient communication strategy in HRM can encourage employees to stay focused on their tasks and meet organizational goals.

The result was parallel with Ali et al. (2020), indicating a significant result between HRM practices and organizational performance among employees in the southern region of Khyber Pakhtunkhwa, Pakistan. Researchers stated that HRM practices are widely recognized for serving as crucial building blocks that contribute to the overall effectiveness and productivity of the organization. Lai et al. (2017) and Shayegan et al. (2022) also found a significant relationship between HRM and organizational performance among private

sector employees in the United Kingdom and Iran. The priority in HRM has enabled the organization to produce higher productivity and profitability. According to Paderna et al. (2020), well-equipped employees with necessary resources like rewards training and development are more likely to contribute to achieving superior outcomes. On the other hand, the finding of past scholars shows HRM practices are not significant in organizational performance perceived by teachers in Saudi Arabia (Akhtar et al., 2022).

Researchers demonstrate that neglecting employees' benefits has made them have few opportunities that are significant to tasks. In this situation, the organization may lose valuable employees that can contribute to organizational performance. Halawi and Haydar (2018) support that the misalignment of HR strategies and organizational objectives has made employees have few skills significant to organizational achievement. In turn, employees may have little chance to continue their career paths. The irregular revisiting suggestion will make employees perceive negative commitment within the organization. In conclusion, the organization must prioritize HRM practices as the main guideline for organizational policy in conducting their employees. The organization's role in constructing appropriate strategies can contribute to achieving optimal results. As a result of this study, shows HRM practices conducted by MSSC have provided opportunities for employees to have good relations with the management in achieving their mission and vision. Therefore, the results of past studies can strengthen and support this study's finding that indicates a significant and direct effect between HRM practices and organizational performance among MSSC employees.

5. Conclusion and Recommendations

In conclusion, the study of HRM practices and organizational performance offers valuable insights for employers and employees in public and private organizations. The findings indicate a significant and direct effect of HRM practices and organizational performance among MSSC employees. This shows that MSSC employees possess a good understanding of HRM practices implemented by organizations enabling employees to acquire them and perform effectively in their roles. By ensuring the implementation of effective HRM practices, organizations can contribute to organizational success. The result of this study can provide implications to both employers and HR practitioners in public and private organizations in evaluating the application of HRM practices in the organization. They are able to evaluate HRM practices applied in their organization and whether they achieve the standard or not. Besides, the awareness and knowledge received from this study enable employers to ensure the organization follows the standard policy in facilitating the skill enhancement of employees. This study's results also reinforce employers' need to invest highly in organizational processes and strategies to increase organizational performance. Therefore, future researchers may extend the study sample to other sports organizations or other public and private organizations in measuring HRM practices, organizational commitment, and organizational performance as this study only examines the employees' perception of the Malaysian State Sports Council.

References

Abualoush, S., Masa'deh, R., Bataineh, K. & Alrowwad, A. (2018). The role of knowledge management process and intellectual capital as intermediary variables between knowledge management infrastructure and organization performance. *Interdisciplinary Journal of Information, Knowledge, and Management*, 13, 279–309.

Akeel, M. E. A., Omar, R. & Masrom, M. A. N. (2019). Relationship Between Human Resource Management and Organizational Performance: Employee Skills as a Mediator. *Australian Journal of Basic and Applied Sciences*, 13(4), 29–35.

Akhtar, N., Mohammad Azeem, S., F. Basiouni, A., Ahmed, A., Ban Teoh, K. & Alvi, A. (2022). What motivates the most? Money or Empowerment: Mediating Role of Employee Commitment to Organizational Performance. *Journal of Organisational Studies and Innovation*, 9(2), 21–37.

Alaraqi, A. K. (2017). Relationship between SHRM and Organizational Performance among Iraqi Oil Companies. *Journal of Global Economics*, 05(01), 1–12.

Ali, A., Awan, P. D. M. Z. & Javed, D. A. (2020). Exploring Organizational Trust as Mediator in the Relationship between HRM Practices and Organizational Performance. *Research Journal of Social Sciences and Economics Review (RJSSER)*, 1(2), 85–92.

Anwar, G. & Abdullah, N. N. (2021). The impact of Human resource management practice on Organizational

performance. *International Journal of Engineering, Business and Management*, 5(1), 35–47.
Beijer, S. (2014). HR practices at work: Their conceptualization and measurement in HRM research.
Chanana, N. & Sangeeta. (2021). Employee engagement practices during COVID-19 lockdown. *Journal of Public Affairs*, 21(4), 1–8.
Chen, T., Hao, S., Ding, K., Feng, X., Li, G. & Liang, X. (2020). The impact of organizational support on employee performance. *Employee Relations*, 42(1), 166–179.
Cherif, F. (2020). The role of human resource management practices and Employee Job Satisfaction in predicting organizational commitment in the Saudi Arabian banking sector. *International Journal of Sociology and Social Policy*, 40(7–8), 529–541.
Chillakuri, B. & Vanka, S. (2021). Examining the effects of workplace well-being and high-performance work systems on health harm: a Sustainable HRM perspective. *Society and Business Review*, 16(1), 71–93.
Durisic, D. B. A. (2022). ISU ReD : Research and eData National Athletes ' Perceived Image of the Government in the Development of Sports in Malaysia.
Foo, L., Dahlia, H. G., Zawawi, D., Othman, S. F. & Mohhidin, M. (2020). A model linking HRM practices, service-oriented OCBs & organizational performance in the Malaysian hotel industry. *Journal of Tourism, Hospitality & Culinary Arts*, 12(1), 48–68.
Hair, J. F., Black, W. C., Babin, B. J. & Anderson, R. E. (2010). Multivariate data analysis. Pearson.
Halawi, A. & Haydar, N. (2018). Effects of Training on Employee Performance: A Case Study of Bonjus and Khatib & Alami Companies. *International Humanities Studies*, 2(2), 24–45.
Hameed, A. & Mohamed, S. (2016). HRM Practices and Organizational Performance in Hospitals. *Journal of Business and Management*, 18(11), 34–41.
Hanci-Donmez, T. & Karacay, G. (2019). High-Performance Human Resource Practices and Firm Performance: Mediating Effect of Corporate Entrepreneurship. *International Journal of Organizational Leadership*, 8(1), 63–77.
Jashari, A. & Kutllovci, E. (2020). The impact of human resource management practices on organizational performance case study: Manufacturing enterprises in Kosovo. *Business: Theory and Practice*, 21(1), 222–229.
Khan, W. A., Wafa, S. A., Hassan, R. A. & Kashif, U. (2020). The mediating effect of innovation on the relationship between organizational culture and performance of large manufacturing firms in Pakistan. *Malaysian Journal of Business and Economics*, 6(2), 1–15.
Kim, H. S. & Jang, S. (Shawn). (2020). The effect of increasing employee compensation on firm performance: Evidence from the restaurant industry. *International Journal of Hospitality Management*, 88, 1–8.
Kitchot, S., Siengthai, S. & Sukhotu, V. (2021). The mediating effects of HRM practices on the relationship between SCM and SME firm performance in Thailand. *Supply Chain Management*, 26(1), 87–101.
Kuria, M. W. & Mose, D. T. (2019). Effect of Green Human Resource Management Practices on Organizational Effectiveness of Universities in Kenya. *Human Resource and Leadership Journal*, 4(2), 1–20.
Lai, Y., Saridakis, G. & Johnstone, S. (2017). Human resource practices, employee attitudes and small firm performance. *International Small Business Journal: Researching Entrepreneurship*, 35(4), 470–494.
Milon, M. (2019). Present Scenario of Human Resource Management (HRM) Practices in the Life Insurance Companies: Bangladesh Perspective. *Canadian Journal of Business and Information Studies*, 1(6), 17–27.
Nafari, E. & Rezaei, B. (2022). Relationship between human resources strategies and organizational performance based on the balanced scorecard in a public hospital in Iran: a cross-sectional study. *BMC Health Services Research*, 22(1), 1–9.
Njenga, M. W. (2018). The influence of strategic human resource management practices on firm performance of insurance firms in Kenya. https://su-plus.strathmore.edu/handle/11071/6171
Ohanyere, C. P., Ngige, C. & Jacobs, C. (2021). Effect of Training on Organizational Performance of Small and Medium Scale Enterprises in Anambra State, Nigeria. *International Journal of Management and Entrepreneurship*, 3(1), 1–9.
Paderna, R. D., Guiveses, M. L., Ong, S. J. & Tsai, J. L. (n.d.). Improving Employee Experience in a Medium-sized Retail Chain through Quality Human Resource Management Practices : *Does Bifurcation Bias in Family Firms Moderate the Nexus ?* 9(1), 62–79.
Parayitam, S., Naina, S. M., Shea, T., Syed Mohideen, A. H. & Aruldoss, A. (2021). The Relationship Between Human Resource Management Practices, Knowledge Management Practices, and Performance: Evidence from the Healthcare Industry in India. Global Business Review.

Rasool, S. F., Wang, M., Zhang, Y. & Samma, M. (2020). Sustainable work performance: the roles of workplace violence and occupational stress. *International Journal of Environmental Research and Public Health*, 17(3).

Saeed, B., Bin, Afsar, B., Hafeez, S., Khan, I., Tahir, M. & Afridi, M. A. (2019). Promoting employee pro-environmental behavior through green human resource management practices. *Corporate Social Responsibility and Environmental Management*, 26(2), 424–438.

Samwel, J. O. (2018). Impact of Employee Training on Organizational Performance– Case Study of Drilling Companies in Geita, Shinyanga and Mara Regions in Tanzania. *International Journal of Managerial Studies and Research*, *6*(1), 36–41.

Sarfraz, M., Qun, W., Abdullah, M. I. & Alvi, A. T. (2018). Employees' perception of Corporate Social Responsibility impact on employee outcomes: Mediating role of organizational justice for Small and Medium Enterprises (SMEs). *Sustainability (Switzerland)*, 10(7).

Shayegan, S., Yavari, N. & Bazrkar, A. (2022). Human resource development practices and organizational performance: Examining the mediating role of transformational leadership style. *WPOM-Working Papers on Operations Management*, 13(2), 64–85.

Sweis, R. J., Ogla, K., Abdallat, Y., Sweis, G. J., Suifan, T. & Saleh, R. (2020). The impact of human resource management practices on organizational performance in construction companies in Jordan. *International Journal of Business Innovation and Research*, 23(4), 421–434.

Tensay, A. T. & Singh, M. (2020). The nexus between HRM, employee engagement and organizational performance of federal public service organizations in Ethiopia. *Heliyon*, 6(6), e04094.

Terng, L. C. & Ahmad, N. (2021). The Relationship Between Human Resource Management Practices and Employee Performance. *Research In Management Of Technology And Business*, 2(1), 123–136.

Yeneneh, A. (2021). The Impact of Human Resource Management Practice on Organizational Commitment and Organizational Performance in the Public Sector, Ethiopia. Addis Ababa University Page.