Human Resource Management Practices as an Antecedent of Employee Performance

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Abstract
The practitioners and academicians in the business arena are highly concerned about the enhancement of employee performance in this competitive age for the achievement of business goals. Considering the issue, this study aimed to measure the influence of human resource management (HRM) practices on the performance of employees. The data of this study have been collected from 392 on-the-job operational level employees using a survey method who are working at different garment factories in Bangladesh. The collected data are analyzed through structural equation modeling to partial least square method. The study empirically proves that employee training and development, promotion opportunity, and job security has significant influence on the employees’ performance. Theoretically, this study proves that training and development, job security and promotion opportunity altogether influence on the performance of employees in the developing economy. The practitioners and policy makers of the organizations are expected to make necessary adjustments in their existing HRM practices based on the findings of this study in the context of Bangladesh for enhancing the employees’ performance level so that their whole-hearted efforts can be gained for the achievement of business goals.

Keywords: Employee performance; Human resource management practices; Job security; Promotion opportunity; Training and development.

1. Introduction
Business organizations in the recent time are operating their activities in highly competitive environments where employee performance, quantity of work, is considered as a vital issue for its existence. Nevertheless, the organization may have sufficient resources but in absence of appropriate HRM practices those resources cannot be utilized to ensure the desired level of performance from employees to come across to the expected targets such as business’s expansion and making profit. This notion makes practitioners conscious about the perfect implementation of human resource management practices at the workplace so that employees’ level of performance can be improved. Employees in the organization expect to perform their job duties properly (McGregor, 1967) as well as like to fulfill the safety and esteem needs (Maslow, 1954). Therefore, recently the decision makers of the organizations sincerely considering the issues like training and development, job security, and position advancement opportunity as a means of attaining employees’ devotion to work (Ahmed et al., 2016). Appropriate training and development program improve employees’ competencies that encourage them to perform more. Again, uninterrupted job continuation and opportunity of positional progress of employees creates positive sense to work.

Several researchers emphasize on different aspects of HRM practices at the aim of achieving employees’ contributions to the organization. For example, some studies reveal that financial benefits, appropriate training, job security, work-family balance, and performance measurement method are essential for better employee performance (Kong et al., 2010; Kuslvan et al., 2010). Besides, some other studies highlight training and development, employee relations, and career opportunity for desired employee performance (Swanson and Holton, 2009; Vince, 2003). In essence, contextual differences need to be considered in determining the issues causes for employee performance (Demerouti and Cropanzano, 2010). The study also pointed out that majority of the studies has been conducted in developed countries where socioeconomic conditions, people’s perceptions, culture etcetera are different than that of developing economy. As a result, more studies are expected to be conducted in the developing economy like Bangladesh for generalization of the notion.

In the perspective of Bangladesh the majority of the employees of RMG industry are deprived of from formal training and development session that hinder expected performance from them (Berg et al., 2011). Few garment factories arrange some training sessions regarding the use of equipments and safety issues but they deemed
insufficient for enhancement of employee performance (Berg et al., 2011). Thus, lack of adequate training make employees reluctant in performing their job duties. Moreover, the promotion opportunity in the RMG industry of Bangladesh is very limited meaning that the employees are found to continue their job at the same position for a long period of time (Khan, 2010). Consequently, employees tend to switch their job from one factory to another as well as their unwillingness to job performance increases. Again, employees in the RMG industry are always in tense of sudden job loss make them uncommitted to their work performance.

At present (financial year 2018-2019) about 4.20 million employees are working at 4,621 garment factories (Export Promotion Bureau, 2019) which is about 40 percent of total industrial employment in Bangladesh (Labour Force Survey LFS, 2010) and RMG industry earns about 84.21 percent of country’s total exports earnings (Export Promotion Bureau, 2019). The government of Bangladesh is trying to flourish its economy from agriculture based to industrialization (Ahmed et al., 2017) that necessitates high performing workforces. Therefore, performance enhancement program through the implementation of adequate training and development program, personal growth opportunity for employees and job security at the workplace in the RMG industry deemed indispensable in the context of Bangladesh. Thus, the theoretical framework of this study is presented in the following way:

![Theoretical Framework of the study](image)

**2. Literature Review**

**2.1. Relationship between Employee Training and Development and Employee Performance**

The study of Sattar et al. (2015), in Asian context, prove that effective training programs have positive influence on the employees’ work performance level. Similarly, the empirical study of Elnaga and Imran (2013) shows that training has important influential role to the employees’ job performance. Besides, training and development programs sharpen employees with necessary job knowledge, skills, and competencies so that they can improve their present work performance in the organization (Atteya, 2012). Moreover, some other studies (Mackelprang et al., 2012; Millar and Stevens, 2012) explain that training and development improve employees’ performance both in specific work areas and in overall working environment. Training program assists employees to learn about working procedure thus increase their performance level (Munjuri, 2011). In addition, training increases the accuracy of work that positively influence on the performance of the employees (Paradise, 2008) although the study of Ghebregiorgis and Karsten (2007) reveals that to what extent an employee’s performance will improve from training mostly depends on the structures and policies of training program. Several recent studies confirm that training and development have notable influence than any other methods for the enhancement of employees’ performance at workplace (Aarabi et al., 2013; Barzegar and Farjad, 2011; Lee et al., 2012; Tung-Chun, 2001).

**2.2. Relationship between Employee Promotion Opportunity and Employee Performance**

The empirical study at the banking sector in Kenya finds that employee promotion opportunity has significant influence on employees’ productivity and performance (Gathungu et al., 2015). Besides, Aarabi et al. (2013) in the Malaysian context find that the employee promotion opportunity has significant influence on the employees’ performance level. Additionally, Khalid et al. (2014) and, Cho and Yoon (2009) opine that people usually seek for better employment opportunity and offer their best efforts in the organizations where they perceive smooth career paths and opportunities for promotion. Some other recent empirical studies on the people of specialized occupation reveal that employees’ career advancement opportunities have significant impact in increasing employees’ performance (Ahmed and Uddin, 2012; Lim and Ling, 2012; Yousaf et al., 2014). Another recent study in Egypt states that the promotion opportunity in the organization significantly influences on the employees’ higher job performance (Atteya, 2012). Moreover, the employees who anticipate that they have opportunity to get promotion on time feel excitement to perform more with perfection (Ghebregiorgis and Karsten, 2007; Weng et al., 2010).
2.3. Relationship between Employee Job Security and Employee Performance

Job security encourages employees’ to perform more job duties at their workplace (Shaukat et al., 2015). Moreover, the empirical study of Awan and Salam (2014) show that job insecurity influence negatively to the performance of employees. In addition, in the context of Malaysia, the study of Lucky et al. (2013) show that job security is an important predictor of employee performance. Furthermore, Aarabi et al. (2013) in the service industry in Malaysia find that employee job security has significant influence on employee performance. In another study, conducted by Islam and Shazali (2011) comes across to the decision that employees’ job guarantee in the organization obviously confirm improved outputs from employees. Additionally, some other studies in different context reveal positive relationship between employee job security and their level of job performance (Cheng and Chan, 2008; Reisel et al., 2010). During the last decade Lee and Lee (2007) identify that security of job is inevitable to improve employee performance both in terms of productivity and product quality. Maslow (1954), world-wide renowned ‘hierarchy of need theory’ delivers the message to the practitioners and academicians that employees expect security of their job in the organization. Moreover, he added that employees’ positive perception regarding job security make them more productive. Furthermore, Herzberg (1968) ‘two-factor theory’ indirectly emphasizes on employees’ job security for enhancing better performance.

3. Objectives of the Study

The objective of this study is to assess the influence of human resource management practices on employee performance. More specifically, this study addresses the following objectives:

1. To examine the influence of employee training and development on employee performance;
2. To examine the influence of employee promotion opportunity on employee performance; and
3. To assess the influence of employee job security on the performance of employees.

4. Hypotheses of the Study

Based on the related literatures three hypotheses have been developed in this study such as:

H1: Employee training and development has positive influence on the performance of employees.
H2: Employee promotion opportunity has positive influence on employee performance.
H3: Employee job security has positive influence on the performance of employees.

5. Materials and Methods

The study has been conducted on the operational level employees having minimum three years working experience at different garment factories at Dhaka division where majority of the factories are situated in Bangladesh. The data were collected through survey method to receive their opinions regarding training and development, promotion opportunity, job security, and employee performance form 392 employees. According to the ‘10 times rule’ of PLS-SEM analysis technique this is good to be conducted with only 40 samples (Hair et al., 2014) but more representation of respondents have been considered for getting more reliable results (Cornish, 2002).

The items of the questionnaire have been adapted from different research scholars developed previously and widely used by the different researchers in their studies. The study used 5-point Likert scale for getting the perceptions of respondents regarding the statements from strongly disagree to strongly agree since it is easy to construct, appealing design, adaptable and relatively reliable (Babbie, 1990; Nunnally and Bernstein, 1994). The total number of items is 24 where 18 items are related to employee training and development, employee job security, employee promotion opportunity and employee performance, and remaining 6 items have been developed about demographic characteristics of the respondents.

From the collected data demographic items have been analyzed through descriptive statistical tools and the items of other variables were analyzed through Structural Equation Models (SEM) with the help of Partial Least Squares (PLS) which is known as PLS-SEM since it give more acceptable results. The variables have been analyzed with two stages such as assessment of outer model and assessment of inner model.

6. Results

The results and analyses of the study have been administered through PLS-SEM analysis technique.

6.1. Assessment of Outer Model

The outer model examines the quality of the constructs as well as the indicators of the respective construct of the path model. It also assesses the relationship between the constructs and the items of the respective construct. In PLS-SEM path modeling, outer model assesses items and constructs whether they fulfill the quality parameter for further assessment. Since outer model provides reliable results meaning that the constructs and items fulfill the thresholds and are ready to proceed for further assessment. The beta values of employee training and development, promotion opportunity and job security with employee performance are 0.288, 0.359 and 0.287 respectively signifies positive relationships exogenous and endogenous construct.
The association between construct and its respective items is assessed by the outer loadings statistically known as indicator reliability that identifies the portion of an indicator’s variance explained by the latent construct. The loadings below 0.4 are suggested to be removed from the model (Hair et al., 2011) to ensure the quality of the indicators. In addition, the item deletion remains continued if deletion process has influence on the increase of AVE at least 0.5 level.

Traditionally, Cronbach’s alpha value is measured to find the reliability of the variables however; composite reliability is assessed to see whether constructs are reliable in PLS-SEM path modeling. The threshold value of composite reliability is 0.6, nonetheless, the values more than 0.6 signify more reliability of the constructs. Moreover, convergent validity is measured to see the correlation between the indicators of the same construct. Convergent validity is assessed by the value of average variance extracted (AVE) which should not be less than 0.5 to gain the acceptability.

6.2. Discriminant Validity

Discriminant validity assesses the dissimilarities of the constructs in the model through the empirical standard. Although three methods such as cross loadings, Fornell-Larcker criterion and heterotrait-monotrait ratio are available for the measurement of discriminant validity, however the Fornell-Larcker criterion is widely used technique for judging the acceptability of the constructs.
Table-2. Latent Variable Correlations and Square Roots of AVE (Fornell-Larcker Criterion)

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Employee Performance</th>
<th>Job Security</th>
<th>Promotion Opp.</th>
<th>Training and Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Performance</td>
<td>0.722</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Security</td>
<td>0.699</td>
<td>0.792</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion Opp.</td>
<td>0.712</td>
<td>0.645</td>
<td>0.745</td>
<td></td>
</tr>
<tr>
<td>Training and Dev.</td>
<td>0.677</td>
<td>0.624</td>
<td>0.583</td>
<td>0.728</td>
</tr>
</tbody>
</table>

According to Fornell-Larcker criterion, the lower correlation value between the constructs than the value of correlation of the same constructs signifies that there is no problem with discriminant validity. The diagonal values are the correlation between the same constructs whereas the other values are the correlation between the constructs. Thus, the values from the above table ensure that the constructs are suitable for further analyses through PLS-SEM technique since the problem with discriminant validity are not existed.

6.3. Assessment of Inner Model

The inner model assesses the relationship between exogenous and endogenous constructs to see whether the model’s paths are statistically significant or not. It assists to come to a conclusion about the hypotheses developed in the model. It provides t-value, p-value and beta value that assists practitioners in making organizational decisions.

6.4. Collinearity Assessment

Table-3. Inner VIF Values

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Employee Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Security</td>
<td>2.040</td>
</tr>
<tr>
<td>Promotion Opp.</td>
<td>1.884</td>
</tr>
<tr>
<td>Training &amp; Dev.</td>
<td>1.802</td>
</tr>
</tbody>
</table>

6.5. Assessment of Path Coefficient

The path coefficients evaluate the different paths relationship with the respective t-value and p-value that measure whether the respective relationship path is statistically significant or not of the model. The table below depicts that all the hypothesized path relationships are statistically significant at p=0.001 level.

Table-4. Assessment of Path Coefficients (Mean, STDEV, T-Values, P-Values)

| Paths                          | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values |
|--------------------------------|---------------------|-----------------|-----------------------------|-----------------|---------|
| Job Security -> Employee Performance | 0.287              | 0.287           | 0.045                       | 6.422           | 0.000   |
| Promotion Opp. -> Employee Performance | 0.359              | 0.358           | 0.039                       | 9.320           | 0.000   |
| Training & Dev. -> Employee Performance | 0.288              | 0.287           | 0.039                       | 7.463           | 0.000   |
Table 4 reveals that when employees of the organization perceive that their job is secured they are expected to perform more in the organization. Similarly, when employees perceive that they have opportunity to promote them in the higher position in the organization the employees’ performance level is expected to increase significantly in the organization. Moreover, provision of required training and development to the employees significantly ensure their performance at the workplace. The study of Paauwe (2009) revealed that HRM practices and employee performance have direct relationship.

6.6. Coefficient of Determination (R²)

Coefficient of determination assesses the variances explained by the exogenous constructs for the endogenous construct. The exogenous constructs (employee training and development, promotion opportunity and employee job security) together explains 65.2 percent of the variances for the exogenous construct (i.e., employee performance).

<table>
<thead>
<tr>
<th>Construct</th>
<th>Variance Explained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Performance</td>
<td>65.2</td>
</tr>
</tbody>
</table>

Table 5 represents that the employee training and development, promotion opportunity and job security together explain more than 65 percent variances in this model signifies adequate value since it ensure the cut-off value.

6.7. Predictive Relevance (Q²)

The predictive relevance measures the accuracy of the model through the construct cross-validated redundancy. The predictive relevance measures what the model predict for the study. Usually, the Q² value signifies that the model has good predictive relevance when it becomes more than zero of the study. Table 6 represents the values of cross-validated redundancy for assessing the predictive relevance of the model of this study.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>SSO</th>
<th>SSE</th>
<th>Q² (=1-SSE/SSO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Performance</td>
<td>1,960.000</td>
<td>1,377.181</td>
<td>0.297</td>
</tr>
<tr>
<td>Job Security</td>
<td>1,176.000</td>
<td>1,176.000</td>
<td></td>
</tr>
<tr>
<td>Promotion Opp.</td>
<td>1,568.000</td>
<td>1,568.000</td>
<td></td>
</tr>
<tr>
<td>Training &amp; Dev.</td>
<td>1,568.000</td>
<td>1,568.000</td>
<td></td>
</tr>
</tbody>
</table>

Table 6 reveals that the predictive relevance is almost 30 percent for this model, thus ensure good predictive power. The employee training and development, promotion opportunity and employee job security together have positive effect on the employees’ level of performance in the organization.

7. Results of the Hypotheses

The hypotheses of this study are presented in the table 7 and reveals that all the hypotheses are supported in the perspective of ready-made garment industry in Bangladesh.

<table>
<thead>
<tr>
<th>H</th>
<th>Statements</th>
<th>Decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Employee training and development have positive influence on the performance of employees.</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>Employee promotion opportunity has positive influence on the performance of employees.</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>Employee job security has positive influence on the performance of employees.</td>
<td>Supported</td>
</tr>
</tbody>
</table>

8. Discussion

The outer model of the study assesses the quality criteria of the variables through the examination of constructs reliability and validity. Traditionally, Cronbach’s alpha values more than 0.6 is considered to ensure the reliability of the variables (Nunnally and Bernstein, 1994), nevertheless, the composite reliability and convergent validity are more acceptable due to some limitations of Cronbach’s alpha value for assessing constructs reliability. The composite reliability value more than 0.6 (Vinzi et al., 2003) and convergent validity value more than 0.50 (Rodgers and Pavlou, 2003) is acceptable for the study meaning that the constructs are valid and are reliable for getting consistent results. Again, discriminant validity is assessed to see whether the exogenous constructs are mutually exclusive or not. The discriminant validity can be measured through three methods such as Fornell–Larcker criterion, cross loadings and Heterotrait–Monotrait ratio but in this study Fornell-Larcker criterion is applied as it widely used method. The discriminant validity signifies that each predictor variable has separate predictive power and is not mutually exclusive. The results of all quality criteria satisfy the respective threshold values thus ensure the quality requirement of the constructs of this model.

The initial items loadings become more than 0.4, however, the item deletion process is administered for gaining the AVE (average variance extracted) value at least 0.5 or more (Hair et al., 2014) since VB-SEM (variance based
structural equation modeling) is concerned with the increase of explained variance. The relationship between predictors and outcome variable are 0.288 (between training and development, and performance), 0.359 (employee promotion opportunity and performance) and 0.287 (between employee job security and performance). All the predictor variables together explain 65.2 percent variances for the outcome variable (i.e., employee performance). Therefore, the study reveals that three exogenous variables together explain 65.2 percent variance for the endogenous variable.

The structural model examines the relationship between the constructs to assess whether the path relationships are statistically significant or not (figure 3). The relationship between employee training and development, and employee performance (H1) is statistically significant ($\beta=0.288$; t-value=7.463; p-value=0.000). When employees perceive that organization provides necessary training and developmental sessions for the employees then they are expected to perform more in the organization. Thus, it is evident from this study that employees’ work performance is influenced by the organization’s initiative regarding training and development program offered to the employees. Sattar et al. (2015) in the Asian context proved that employee training and development has significant influence on the employee performance.

Moreover, the relationship between employee promotion opportunity and employee performance (H2) is also found statistically significant ($\beta=0.359$; t-value=9.320; p-value=0.000). Thus, the smooth employee promotion opportunity at the workplace encouraged employees to perform more at the workplace. Maintenance of harmonious employee relations by the employers in the organization ensure increased employee performance in the organization. In African context, Gathungu et al. (2015) proved that the performance of employees is influenced by the positional advancement opportunities in the organization.

Again, the relationship between employee job security and employee performance (H3) is also revealed statistically significant ($\beta=0.287$; t-value=6.422; p-value=0.000). The employees’ job security at the workplace encouraged employees to perform more at the workplace. When employers ensure employees job continuation in the organization are expected to increase employee performance in the organization. Lucky et al. (2013) in the Malaysian context proved that uninterrupted job continuation influence employees to perform more in the organization.

The predictive relevance ($Q^2$) of this study is examined through the value of construct cross-validated redundancy. The value of $Q^2$ is more than zero signifies the model’s predictive power and is valid for implication. The blindfolding procedure is administered for this purpose and found $Q^2$ value 0.297 meaning that the model has adequate predictive relevance. Therefore, the model can be used in the context of developing country as a means of increasing the employees’ level of performance in the organization.

9. Conclusion

The practitioners keenly concern to the employees’ higher performance since it ensures organization’s existence in the competitive business world. The model of this study evident that effective employees’ training and development, promotion opportunity, and job security has significant positive influence on employees’ performance level at the workstation. The business world today is highly competitive that demand devoted employees in the organization for its survival. Thus, enhancement of employee performance is one of the vital issues for ensuring organization’s smooth operations which ultimately accelerate the organization’s success. Therefore, the practitioners and policy makers of the developing country are expected to consider the findings of this model for ensuring employees best contributions to the organization.

The study is conducted on the operational level employees of ready-made garment industry in Bangladesh; the further studies may be conducted on mid level or upper level employees in different industries as well as on different contexts and environments for establishing the relationship.

References


