

The Determinant of Employee Job Performance: Incorporating Malaysian SME's Experience on Recruitment

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Abstract: The body of knowledge for the Small and Medium-sized Enterprise's (SMEs) claims that there are limited studies done on the extent to which recruitment determines employee job performance, especially in the Malaysian working environment. The purpose of this study is to examine this phenomenon by exploring the impact of recruitment on employee job performance of an SME in the manufacturing sector from the most southern state of Malaysia, Johor. Data collection method included a set of questionnaires distributed to 85 employees from the production unit of Linaco Manufacturing (M) Sdn Bhd. The results were analyzed using a descriptive analysis, Pearson correlation and a multiple regression. The Cronbach alpha statistic was also employed to analyze the reliability of the instrument used in this study. Findings from the study revealed that all the hypotheses developed were accepted and recruitment was indeed a significant determinant contributing to employee's job performance. This study fills the gap in the literature and strongly recommends that the management of Linaco Manufacturing (M) Sdn. Bhd to take note and consider the various aspects of recruitment in their management policy in order to improve their employee's job performances.

Key words: Recruitment, Small-Medium Enterprise (SME), job performance, Malaysia, study

INTRODUCTION

The objective of this research is to determine the impact of recruitment on employee job performance. Previous studies have reported that turnover with intention has reduced the overall efficiency and productivity of an organization. This is mainly because this turnover diverts the organization from its main objective as the organization's needs to replace the resigning employees. In 2003 the Malaysian Employers Federation (MEF) annual surveys reported a high rate of annual turnover of 17% in 2003 and 16% in 2004 (Federation, 2004; Malaysian Employers Federation, 2005). The MEF Executive Director Shamsuddin Bardan reports that based on its research survey conducted on 143 firms within various sectors in Malaysia between June 2010 and July 2011 Malaysian companies seem to face a decline rate of between a 9.6% and a phenomenal 75% with 18.84% and 22.44% of the annual average turnover in various industries. According to Shamsuddin, the employers need to replace the resigned worker which means higher cost for employers. SMEs in Malaysia, regardless of the sectors they are operating play an important role in the country's economic development. Nevertheless,

recruitment for the SMEs also encounters many obstacles. Past studies on SMEs in Malaysia have highlighted problems facing the Malaysian SMEs in general leading to a less competitive SMEs (Saleh and Ndubisi, 2006) and hinders them from good job performances (Moha, 1999; Hall, 2002; Stuti, 2005).

MATERIALS AND METHODS

Research's hypotheses: Based on what have been argued in the literature, this study has developed two hypotheses in examining the relationship between recruitment and employee's job performance and exploring the impact of recruitment practices on employee job performance.

The framework for research and research design: Two main variables have been identified based on the literature for this study. The independent variable is the recruitment practices and the dependent variable is the employee job performance. This survey was carried out at Linaco Manufacturing (M) Sdn. Bhd., at Kampung Kelicap, Senggarang, Batu Pahat, Johor, Malaysia, involving the Linaco's production workers by the approval of the top management. With the support of the head of

management, a set of questionnaires were distributed to the relevant respondents. In order to determine the respondent's perception, the questionnaire was formulated to them. Each set of the questionnaire contains 40 short graded questions related to the study. The study covers the respondent's demographics particulars, periods of employment, the position held, type of paid salary and monthly paid salary range.

Population and sampling techniques: The samples for this survey were from the Kernel section, packaging section, coconut milk section and canning section. From these respective production units and sections, the total population of Linaco's production workers consists of 103 workers and out from the total Linaco's 103 production workers. By using a random sampling, only 85 respondents were selected (82.52%) for this survey. The appropriate respondents must be a precise group of people to enable the survey to be conducted or monitored. In order to develop required data structures and information (Hair *et al.*, 2003). In any survey research, the total population or the percentage of respondent's rate plays an important role because the final sample of respondents to be surveyed represents an adequate rate of respondent for any survey research. The higher the received response, the lower the probability of biases the research findings and restricting the validity to generalize the results of the findings. In any research, a response rate of 70% is considered very good (Babbie, 1986).

RESULTS AND DISCUSSION

From the employment period of services section in the survey, out from the 85 respondents, 18 (21.20%) of them were in service for >1 year, 33 (38.80%) between 1-2 year, 20 (23.50%) between 3-5 year, 8 (9.40%) between 6-10 year and 6 (7.10%) >10 year. The result of the survey shows that 51 (60.00%) of the respondents have been with the company for less than three years although Linaco Manufacturing (M) Sdn Bhd was established for >10 year.

Reliability test: Table 1 shows that the Cronbach's alpha for recruitment instrument is $\alpha = 0.538$ and as can be seen in Table 2, the Cronbach alpha for the reliability of Performance instrument is $\alpha = 0.811$ and therefore all are appropriate for the purpose of analysis (Sekaran, 2005).

Descriptive analysis on recruitment and employee job performance: Employees perception of Linaco's recruitment practices on employee's job performance on

Table 1: Cronbach's reliability; recruitment

Cronbach's alpha	N of items
0.538	4

Table 2: Cronbach's reliability of job performance

Cronbach's alpha	N of items
0.811	23

Table 3: Mean statistics of recruitment and job performance

N	Mean R	Mean JP
Valid	85	85
Missing	0	0
Mean	3.4834	3.6784

Table 4: Model summary

Model	R	R ²	Adjusted R ²	SE of the estimate
1	0.495 ^a	0.245	0.217	2.67999

^aPredictors: (constant) recruit

Table 5: ANOVA^a

Model	Sum of squares	df	Mean square	F-value	Sig.
Regression	188.817	3	62.939	8.763	0.000 ^b
Residual	581.771	81	7.182		
Total	770.588	84			

^aDependent variable: job performance; ^bPredictors: (constant), recruitment

Table 6: Coefficients results

Model	Unstandardized coefficients B	SE	Standardized coefficients β	t-values	Sig.
Constant	11.609	7.448		1.559	0.123
Recruit	0.2760	0.132	0.217	2.084	0.040

^aDependent variable: performance 2

Table 3 shows that the mean score for recruitment is 3.4834. The result of the survey shows that the mean score for job performance is 3.6784 and is considered moderate.

The impact of recruitment on employee's job performance: In this study, the impact of recruitment on employee's job performance was examined using the Multiple regression. As presented in Table 4, the result of the multiple regression analysis for recruitment shows a contribution of 24.5% to employee's job performance. Thus, it is evident that an effective recruitment practice has contributed to employee's job performance. Therefore, the hypotheses developed to test the impact of recruitment on employee's job performance are accepted.

Anova results: The ANOVA results statistic in Table 5 has stated a positive and significant correlation of $F(8.763)$ between Linaco's recruitment strategy on their employee's job performance.

Coefficients results: From the survey, the beta coefficient results in Table 6 shows that recruitment strategy influences the employee's job performance with

$\alpha = 0.217$. Therefore, if Linaco's HRM increases with only one unit of recruitment strategy, employee job performance will definitely increase by 0.4 unit.

Employee perceptions in regards to recruitment at Linaco Manufacturing (M) Son Bhd: The result of this study indicates that the employees perceived the recruitment methods practiced by Linaco as a moderate one. From the survey, it is apparent that they expect higher efforts to develop their job performances and Linaco's employees are alert with the strength and weakness of company's recruitment methods. It is revealed that the recruitment strategy practiced by Linaco is of a moderate quality enabling the company to fairly reach their organization's goal and maintain its efforts towards Linaco's mission and vision. The developments of recruitment methods as implemented by the Small-Medium Enterprises (SME) are different according to areas. By the impact of globalization, the demands of employees keep changing. Today, employees expect a job from different aims, their demands alter according to trends and requirements. To retain the employees organizations need to offer a competitive advantage and provides a broader concept with various types of talent (Foster, 2015).

The standard level of employee's job performance: The achievement of any organization is determined by the existing level of the employee's job performance. An organization, with employees contributing to its highest level of performance reflects the successful efforts of the HR management team. An effective HRM practice plays an important element to accelerate the required level of employee's job performance. The continuous survival of an organization largely depends on the HR practices (Caliskan, 2010). It is no doubt that recruitment has a strong relationship with the level of employee's performance. To achieve maximum profits organizations are striving to improve their human resource management system to reach the highest level of employee's performance. There is a significant correlation between human resource practices and the levels of employee's performance namely recruitment and firm efficiency. As stated earlier in the literature review, several prominent scholars have shown an increased interest in several recruitment methods to upgrade the employee's job performance. Undoubtedly that effective effort to improve the workforce influences high-performance results from many perspectives of all types of organizations or business. Several prominent scholars claimed that performance appraisal has a significant positive correlation with the standard employee job performance (Becker *et al.*, 1997). Once an employee job performance

meets the standard level as required the employee is believed to have contributed their outstanding performance. Whenever an employee is evaluated below the targets that employee is perceived to be performing inadequately.

The significance between recruitment and employee's job performance: The results of this study showed that there is a significant relationship between recruitment and employee's job performance. This finding is consistent with the study conducted by Schuler and Jackson (1987). They also found a strong correlation between effective recruitment and employee job performance. A research as conducted by Jalil, Shaikh and Alam, also revealed that the correlation analysis, regression analysis and t-test examined shows a positive and significant relationship between effective HRM practices, especially in recruitment and selection. This means that effective recruitment practices lead to employee satisfaction and job performance. From this study, it is apparent that the manpower of all the departments of Linaco should be employed and properly selected to enable the existing competencies and abilities be at par with the required job assignment in the production units. Therefore, the area of recruitment is becoming more important and is growing rapidly in which no doubts the production units of Linaco should carefully consider as a matter of priority. In the study, it is revealed that recruitment methods influence the employee job performance as it will help the HR Department to reflect and revise their policies of recruitment. It is now apparent that innovative of recruitment practices is necessary to enable Linaco to remain competitive and provide efficient services. From the result of the study, it indicates that in order to address the problems encountered, Linaco introduces a moderate recruitment method as perceived by the respondents that motivated them to work for a longer period. According to some researchers and scholars, several advantages can be generated from this effectiveness, not only for the company but most importantly to the employees. High performing employees with the implementations of motivation and commitment significantly reduce their intention to leave the organization (Voigt and Hirst, 2015). Therefore, the implementation of these practices can lead to reducing absenteeism, lowering turnover, improving the morale of the employees and most importantly boosting to a higher productivity.

The impact of recruitment on employee's job performance: The majority of the small-medium enterprise's surveyed in Malaysia is facing a serious problem (Yogeesvaran, 2005) of decreasing job

performance of the hired employees in the service sectors of SMEs. This is reported to be due to lack of right skills and consequently, affects the competency and ability of the employees to perform the needed optimum standard of job performance. The purpose of the study is to investigate the impact of Linaco's recruitment methods practiced on employee's job performance. The result of the study revealed that an organization practicing an efficient recruitment practice is likely to have the maximum potential relating to employee job performance by consistently observing employee job performance by providing the necessary performance management arrangements as proposed by Dessler (2011). Thus, directing the employees to do the required tasks with a well-prepared recruitment strategy will ultimately lead to organization's efficiency and increase company's profits.

CONCLUSION

The objective of this research is to explore and identify the relationship between the recruitment strategy in the sections and the production units of Linaco. From the findings, study, all the hypotheses developed are accepted. The result of the study revealed that recruitment methods implemented and the employee job performance are strongly correlated and is consistent with the previous studies. The Multiple regression results from this study undoubtedly show the significant of the recruitment strategy. Since, employees are always an employer's important assets and have been the most important resources, Linaco's HR Department should re-evaluate their existing recruitment methods. Effective recruitment strategies motivate employees better. Since, an organization's efforts in handling its implication of development for its long-term business survival, Linaco's top management needs to seriously accelerate its employee's job performance as a long term investment. Since, globalization influences Malaysia greatly, Linaco Manufacturing (M) Sdn Bhd as well as other Malaysian's Small-Medium Enterprises (SMEs), should realize that an effective recruitment policy can generate higher job performance of the employees, contributes to maximum productivity, increased motivation, lower rates of absenteeism and reduced turnover. Thus, to comprehend the struggling obstacles encountered by the Malaysian SMEs, it is necessary for the Malaysian SMEs to strengthen their strategies to facilitate and enforce the use of recruitment practices across all departments.

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