Improving Employee Outcome through Human Resource Management Practices and Public Service Motivation: A Study of Malaysia Public Sector

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Abstract – Purpose: The purpose of this paper is to examine the relationship between Human Resource Management (HRM) practices and Public Service Motivation (PSM) and its impact on the employee outcome. The proposed framework intends to add to the understanding of the specific process that mediates between HRM practices and employee outcome in Malaysia public sector. Design/methodology/approach: This study is based on reviews of prior studies and theories on HRM practices, employee outcome and PSM. A conceptual framework is provided with the objective to measure HRM practices-employee outcome relationship with the mediation of PSM. Findings: This paper proposes to shed some light on how HRM practices can influence employee outcome through the mediating factor of PSM in public sector of Malaysia. Practical implications: This paper can assist the HR managers to understand the significance of motivation serving the public as the mediating variable and the way HRM practices, through the integration of these two processes which lead to the enhancement of employee outcome of becoming 1st class public servants. Originality/value: This paper attempt to clarify the linking process through which HRM practices influence employee outcome. Hopefully, the proposed conceptual framework can contribute further towards the body of literatures since there are still no definite answers of the connection between HRM practices and employee outcomes. It can be used for further empirical test in Malaysia public sector. Copyright © 2015 Penerbit Akademia Baru - All rights reserved.

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1.0 INTRODUCTION

Apart from financial and physical assets, human capital is one of the most valuable organization’s assets. Its capabilities are not easily imitates and henceforth bring uniqueness to the organization. Without effective human capital, the strategic and operational side of an organization will be incomplete and may lead to its collapse. Since the world is constantly changing, organizations have to adapt and transform simultaneously especially in terms of talents management. By focusing on the investment in Human Resource Management (HRM) practices, it shows that the organization values and gives high priority to its human development and in return the employee will be committed in contributing to the sustainability of the organization. Hence, HRM practices such as recruitment & selection, placement, training & development, career planning and compensation are significant tools as these tools directly
influence the human capital behaviour and attitudes through customer service, level of
competence, and work relationship. Nowadays, more organizations are using human capital as
its competitive advantage over its competitors [1]. Nevertheless, over the last three decades
scholars have given much attention on the role of HRM in creating sustainable competitive
advantage [2].

The significant contribution of HRM practices to the performance has made it relevant to do
intense research on its relationship and has become one of key research area in the field of
HRM [3]. Based on ISI Web of Knowledge, from year 2003 to 2012 there were about 800
papers published on matters related to HRM and performance. In addition, 159 related papers
were produced on year 2010 while 82 papers on year 2012 [4]. However, Guest (2011) [5]
believed that even after two decades of substantial research on HRM and performance
relationship, scholars are still searching for some answers. This doubtfulness was supported by
Zhang and Morris (2014) [6] on which they view there is lack of definite evidence of this
relationship.

Although early works had reported the evidence and focus on organization-specific outcomes,
however there is a growing awareness of the need to examine the processes by which HRM
affects the performance of the organization through the “black box” theory [5,7,8]. “Black box”
theory is the studies based on employees’ perceptions which the effects of HRM become a
psychological contract between employers and employees that form the perceptions and
experiences [9] [10]. Due to this fact, Singh et al. (2012) [8] stated that many scholars have
started the investigation and exploration on the “black box” issue in an attempt to recognize
the mediating variables that would establish an effective HRM-performance link [6,7,11-15].

According to Takeuchi et al. (2009) [15], HRM researchers had considered that HR systems
may contribute to the inducement of employees’ behaviours and capabilities that would further
enhanced organizational performance [1,14,16-19]. In terms of measuring organizational
performance, it can be determined through HRM outcomes (job satisfaction, organizational
commitment, turnover intention and task efficiency) besides financial and organizational
outcome [20]. In similar vein, Jiang, Takeuchi, and Lepak (2013) [21] believed that research
on HRM-employee outcomes relationship tend to examine individual outcomes (employer
satisfaction, employer commitment, increase task performance and organizational citizenship
behaviour) as dependent variables.

Furthermore, the mediating mechanism of this relationship is still being examined widely in
strategic HRM research. Most recently, few scholars have considered the influence of HRM
practices on employee outcomes, with Public Service Motivation (PSM) acting as the mediator
[22,23]. Hence, the purpose of this paper is to examine the mediating variable of PSM in
Malaysia public sector on HRM practices-employee outcomes relationship. This integration
between HRM practices and PSM will clarify the link on both areas and certainly will
contribute to the broader topic of public administration and public management (24).

In term of practical gap, most studies related on HRM practice were based on western based
studies such as from US and UK [3,10]. Hence, it is hard to forecast whether non-Anglo Saxon
countries will have a similar up-take of universal HRM best practice which give the similar
effects of HR Practice on employees [10]. Similarly, Vandenabeele et al. (2014) [24] view that
PSM studies have been extensively explored and investigated in Western culture but less in
Asia. In term of research on the impact of HRM practice-performance on Public Sector,
particularly in Malaysia context, most researchers studied on the impact of HRM practices are
focused on private sectors and little research on public sector organization [25]. As far as to current knowledge, there are no studies that link HRM practice and PSM in Malaysia public sector.

Malaysian Public Sector employees play a significant role in the sustainability development of Malaysia. In addition, public sector is the major employer in managing the labor force in Malaysia with 1.4 million workforces in which the emolument budget is 24 percent (RM 63 billion) of Malaysia total budget expenditure (RM 264.2 billion) in year 2014 [26]. Without proper management of this workforce, it will lead to lower productivity of public sector and indicate inefficient approach in spending of tax payer money. Moreover, it will impact absolutely in negative way towards the development of the nation since public sector is the key service provider to the private sector.

Consistently, public sector managers in Malaysia need to influence and reinforce the desire of the public officials in serving the public. The desirable outcome of People 1st Performance Now should be endeavoured since it will bring the benefits to the society at large in terms of delivering first class service to the public. This notion is significant but challenging to be implemented since at this moment the public sector is experiencing reduction in terms of budget allocation. Hence, the integrity and accountability level of public officials must be strengthened to ensure the ulterior motive of serving the society is upheld.

Taking into consideration the view that public sector are the largest employer in Malaysia and given the gaps identified above, it is strategically significant to carry out a study on impact of perceived HRM Practices on employees’ outcome in Malaysia public sector with the mediating role of PSM.

**2.0 HRM PRACTICES AND EMPLOYEE OUTCOMES**

In the strategic view of HRM, literatures have been built up in different meanings. A particular approach has viewed that HRM function should be aligned towards the organizational strategic goals [17,27]. A more contingent view has assumed that HR system effectiveness depends on contextual factors such as political system, industry and firm size [28]. While the resource-based view supporter Barney (1995) [16], Dunfard, Snell & Wright, 2001 [29] suggested that contribution of HRM to organizational performance is due to the effect of leveraging human capital, discretionary effort, desired attitudes and behaviours [30].

In term of HRM practices, it is a systematic and strategic approach which involves interconnection of HR functions. A research by Guest (1999) [31] highlighted that the enhancement of practice is achieved by incorporating with other practices. This view supported other views in which adoption of a single practice will not impact tremendously as the alterations of the entire HR system [19]. For the purpose of this research, we will focus on seven components of HRM Practices which are commonly applicable in Malaysia Public Sector such as recruitment and selection, training and development, performance management, compensation, promotion, job definition and employee participation.

Appelbaum, Bailey, Berg, and Kalleberg (2000) [32] suggested a theoretical framework i.e. the AMO (Ability, Motivation, Opportunity) which facilitate in explaining the connection between High Performance Work System (i.e. Opportunity to participate, skills and motivation) and workers outcome. By ensuring participation of employees in decision making, training and
selection policies that assured of finding suitable skilled worker and appropriate incentives will form five workers outcome (trust, intrinsic rewards, organizational commitment, job satisfaction and stress). In another view, often researchers have used social exchange theory in order to examine the employees’ attitudes and behaviours and the effects on firm performance where it focuses on the motivational component of employer-employee relationships [21]. This relationship is based on the assumption when something desirable is given by the donor, then something desirable is going to be returned by the recipient at some point of time in future. This interdependence relationship can only be successful when there are high degrees of trust and loyalty between both parties [33]. This theory is applicable in HRM practice in the sense that when employer invest extensive amount of budget for training and development purposes and provide opportunities for promotion and employee participation, it clearly indicates that the employer have high trust and commitment and appreciation of work to the employees which will induce desire for long term relationship [23].

Prior research findings revealed that HRM practices are significantly related to the employee outcomes such as job satisfaction [6,15,34,35] and organizational commitment [7,36-38]. However, many scholars argue that the impact of HRM practice on these employees’ attitudes and behaviours are still neglected and largely untested [7,10,15,39]. Furthermore, the mechanism through which HRM practices influence employee outcomes still need to be researched further [40]. Moreover, Organizational Behaviour (OB) researchers have given high priority to job satisfaction and organizational commitment in examining employee behaviour [41]. Both behaviours are crucial outcome since will lead to productive and counterproductive performance and turnover [15]. Due to the significant of employees’ role and employees’ outcome to the sustainability of an organization and the gap identified, hence it is relevant to choose employees outcome as the dependant variable.

3.0 PUBLIC SERVICE MOTIVATION AS THE MEDIATOR

The PSM term was first surfaced in the 1980s (cited by O’Riordan (2013) [42]. However, PSM was first defined by Perry and Wise (1990) [43] as “an individual’s predisposition to respond to motives grounded primarily or uniquely in public institutions and organizations”. They view that these motives intend to do good for others in term of altruism and pro-social behavior. Altruism refers to act that exist solely due to considerations for others’ needs rather its own while the latter is describes as the desire to put effort for the advantage of other people [44]. Now, the definition of PSM is broadening by the inclusion of employees working in non-governmental organizations and private citizens [45].

According to Perry and Hondeghem (2008) [44], most people are attracted to work in public sector due to job security, career and development opportunities and the pension system. While Vandenabeele (2008) [46] view that people might attract to serve in public organization since they have the impression that working in public sector will give better flexibilities of time which lead to ‘quality of life’. However, due to the changing environment in public sector with the needs to address the issue of efficiency and cost effectiveness, hence public officials required different ways of managing the public and political demands that in the process will reduce their level of motivation performing job and responsibilities for the benefits of the society at large [47]. Moreover, as cited by Vandenabeele et al. (2014) [24] public service motivation (PSM) is a form of altruistic motivation which can overcome actions problem that related to moral hazards, free riding and opportunism. While Witesman and Walters (2014) [48] believe PSM is a dominating force since there are rich body of literature on PSM and the
related discussion of public values and public decision making by academic scholars and practitioners. Through this motion, public service motivation (PSM) is a relevant topic of study since it is important that the public sector can attract, retain and motivate talents who are capable of delivering on the dynamic environment in current public service.

Based on Perry’s Process Theory of PSM, organizational factors such as public sector managers and work environment can influence workers’ attitude and behavioral at work [22]. For example, by looking at the importance of employees’ understanding of organizational goal clarity based on mission and vision, hence the organizational values can be nurtured and reinforced thru the various communication mechanism and training sessions. In addition, Taylor (2008) [49] view that although socio-historical context play significant role in determining the ulterior motives of employees serving the public, however the motives of employees can be changed once enter an organization since the employees’ perceptions on the organizational environment may affected through the communication process with the management and coworkers.

Moreover, there are three prior studies have investigated on HRM practices influencing PSM. Firstly, Giauque, Anderfuhen-Biget, and Varone (2013) [50] examined on the relationship of HRM practices on organizational performance through PSM as the mediator. Using regression analysis, the results of 3,131 samples in Swiss public sector shown that HRM practices is the organizational antecedents of PSM and brings significant influence on the organizational efficiency. This study also found that HRM practices that drive the intrinsic work motivators are the most influence factors that contribute towards public officials’ motivation. In the Wales landscape, Julian S. Gould-Williams et al. (2014) [22] found that HRM practices have positive connection with civic duty i.e. one of the components of PSM. However, this research pointed that the influence of organizational factors through workplace characteristics needs to be further investigated since very limited studies have been researched on its relationship with PSM. Then a study by Mostafa et al. (2015) [23] discovered that HRM practices are positively related to Egyptian health and higher education sectors through PSM. The study also confirmed that PSM is a motivational factor that influences the organizational commitment and organizational citizenship behaviour of public officials. Therefore, Perry’s Process Theory can facilitate in clarifying the connection of HRM practices and PSM. Moreover, consistent with the view by Vandenabeele et al. (2014) [24], there is a need to clarify the link between HRM theories and PSM for the benefits of public administration context.

**4.0 PROPOSED FRAMEWORK**

HRM practices contribute to the important forces that form employee behaviour and attitudes [41]. It signifies the important of implementing good HRM practices since it will lead to high impact of employee performance that will bring substantial benefits to the organization. With the high demand and competition for best talent in the era of globalization due to its crucial source of competitive advantage, hence every organization need to implement effective HRM practices [51].

Furthermore, with the inclusion of motivation to serve the public as the mediator, it is assumed that this motivation will influence the employee outcomes in term of job satisfaction and organizational commitment. As cited by Julian S. Gould-Williams (2003) [11] organizational commitment and job satisfaction is different since the commitment shows are reflective of individual attachment towards the organization while job satisfaction is a positive feeling.
towards individual’s job experience. Hence, organizational commitment is much more stable feelings than job satisfaction in a sense that individual employee may alter towards positive or negative satisfaction due to certain events but this change of events are doubtful can affect the overall attachment of employees to the organization.

Due to this reason, this proposed framework in Figure 1 will look upon the direct relationship of HRM practices on employee outcomes of job satisfaction and organizational commitment and it will investigated further the indirect effect of having mediator of PSM.

![Figure 1: Proposed Framework linking HRM Practices to Employee Outcomes through the Public Service Motivation.](image)

**5.0 RESEARCH METHOD**

**5.1 Research Design**

In this research, the quantitative methodology has been chosen since it used by most empirical studies in the area of managerial and behavioral science [52]. The current research examine the impact of perceived HRM practices on employees’ outcome with the mediating role of PSM, hence survey method and cross-sectional study is considered well-suited in obtaining the objectives of current research. While in analyzing the results, this study will use partial least square of structural equation modeling method.

**5.2 Sample**

The organizational context of this study is Malaysian Public Sector, specifically Youth and Sports Officers in Ministry of Youth and Sports. Currently, there are 800 Youth and Sports Officers which comprises of 240 officers and 560 supporting staffs. These officers are responsible in managing the development of youth and sports in Malaysia and mainly located in the headquarters, state and district level and in the Youth Skills Development Institutes. Due to its wide target group and different surroundings and environment, hence may influence their level of expectation on HRM practices and their motivation in serving the public.
In determining the minimum sample size, Hair, Hult, Ringle, and Sarstedt (2014) [53] suggested to use the rule of thumb where the minimum sample size should be 10 times of the maximum number of arrows pointing at a latent variable in the PLS path model. Since the maximum number of arrows pointing at a construct in the path model is seven, thus the minimum sample needed is 70 which to obtain statistical power of 80% in order to detect minimum $R^2$ values of at least 0.25 (with a 5% probability of error).

5.3 Measures

Perceived HRM Practices

In measuring perceived HRM practices, we will adopt the 14 questions from J. S. Gould-Williams and R. Mohamed (2010) [10] and Amin et al. (2014) [25]. It consists of statements related to Recruitment and Selection (1 item), Training and Development (2 items), Performance Management (2 items), Career Planning (3 items), Job Definition (2 items), Compensation (2 items) and Employee Participation (2 items). The examples of the questions are: (i) Selection process is highly rigorous to recruit new workers in this organization. (ii) I am provided with sufficient training and development opportunities. (iii) My performance is measured on the basis of objective and quantifiable results.

Employee Outcomes

The dependent variable section is to measure employee outcomes of job satisfaction and organizational commitment. The six questions were adopted from Julian S. Gould-Williams et al. (2014) [22] and Mostafa et al. (2015) [23]. The job satisfaction questions are consistent with prior studies in HRM area such as J. S. Gould-Williams and R. Mohamed (2010) [10] and Messersmith et al. (2011) [7] which adopt the global rating approach based on Michigan Organizational Assessment Questionnaires. Meanwhile, organizational commitment was measured based on John P. Meyer and Allen (1991) scale [54]. The examples of the questions are: (i) Overall, I am satisfied with my jobs (ii) I feel emotionally attached to this organization

Public Service Motivation

In this study, Perry measuring scale will be used by focusing to the four components in determining the relevance of its usage in Malaysian Public Sector context. The 12 questions was adopted from Mostafa et al. (2015) [23] who measure PSM based on Perry (1996) [55] and further improved by Giauque, Ritz, Varone, Anderfuhren-Biget, and Waldner (2011) [56]. It consist statement related to Attraction to Public Policy Making (3 items), Commitment to Public Interest (3 items), Compassion (3 items) and Self Sacrifice (3 items). The examples of the questions are: (i) I am very interested in politics. (ii) I would prefer seeing public officials do what is best for the society when even if it harmed my interests. (iii) It is difficult for me to contain my feelings when I see people in distress. (iv) I am prepared to make enormous sacrifice for the good of the society.

All of these instruments in this study will be measured using a 5-point Likert scale in which 1 = ‘strongly disagree’ and 5 = ‘strongly agree’.

The results of this study will be tested using partial least square analysis known as structural equation modelling technique which provides greater flexibility to the researcher in term of data requirements, complexity of the models and specification of the relationship.
6.0 CONCLUSION

Over the past two decades, HRM scholars have heated arguments regards to the definite relationship between HRM practices and performance. The mediating mechanism of this relationship has been extensively research since they are still searching for some answers. From a theoretical perspective, this paper has contributed to the body of literatures by proposing a conceptual framework to unlock the black box theory in examining the perceived HRM practices-employee outcomes relationship through the mediation of PSM. Furthermore, it will reveal the direct and indirect effect of perceived HRM practices on employee outcomes of job satisfaction and organizational commitment through the mediation of motivation to serve the public. This contribution is crucial since scholars such as J. S. Gould-Williams et al. (2014) [22] and Vandenabeele et al. (2014) [24] have urged for more research to collaborate on the matter of HRM and PSM in order to reveal the relationship that will incorporate the topic into wider field of public administration.

Nonetheless, in creating and sustaining competitive advantage, organizations have utilized employees’ role in enhancing organizational performance. Furthermore, workers should be regarded as a source of competitive advantage rather than a cost to be minimized. Thus, investment in human capital must be given the priority although the Malaysian Public Sector is experiencing budget cutting. HR managers need to well-develop the dimension of HRM practices of Malaysian Public Sector by implementing strategic integrated approach of training programs, career development, succession planning, organizational development and performance management in gaining a competitive advantage in term of building and developing 1st class public servants. By implementing sustainable HRM practices, it will contribute to higher productivity of civil servants and in return will enhance the public service delivery system without jeopardizing the stakeholders’ interest. Hence, this will ensure that HRM practice will contribute to significance influence of employee outcomes.

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