

THE EFFECT OF HR SUSTAINABILITY PRACTICE TO HR POLICY AT SMES MANUFACTURING IN MALAYSIA

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ABSTRACT

This article was published to discuss the impact of the implementation of sustainability practices of human resource to human resource policies conceptually through discussions of previous studies. In addition, this article also presents the results of SEM analysis gained from questionnaires to answer the research objective which is "To study the significant effects of human resource sustainability practices and Human Resource policies" as an empirical evidence. Based on the results, only three human resource sustainability practices have significant impacts on human resource policy including career development, facilities and welfare and personal flexibility. Hence, not only can the Gollan model be proved conceptually but empirical evidence from the study can be shared in order to facilitate more detailed future studies especially in HR sustainability topic.

Keywords: HR Sustainability Practice, Human Resource Policy, Small and Medium Enterprises

INTRODUCTION

The study was conducted to answer the objective "To study the significant effects of human resource sustainability practices and Human Resource policies". An element in the Gollan model (Artz, 2008) namely "factor influencing HR sustainability" and further studies conducted by Beni Widarman Yus Kelana has become a variable in the study. This is to fill in the gap of the study which is lack of studies conducted in relation to human resource policies especially in the SME sector as to improve the importance of the policy (Buelens, 2007). Hence, Zhou to overcome the issue of outdated SMEs policy and lack of attention given, discussions and evidences are essential in proving that human resource sustainability practices and human resource policies are interrelated. This is because, if the issue is not resolved, the economy of the country will be deeply affected as SMEs Malaysia is the largest contributor to GDP (PKS, 2014). Therefore, in the next paragraph, the article will present both conceptual and empirical evidence on the relationship and significant effect between human resource sustainability practices and human resource policies through the adaptation of the Gollan model (Gollan, 2000).

"LINKING PIN" BETWEEN HR SUSTAINABILITY AND HR POLICY

Table 1 presents a brief explanation of past studies showing the relationship between HR sustainability practices and human resource policies to strengthen the evidence conceptually:

Table 1
RELATIONSHIP BETWEEN HR SUSTAINABILITY AND HR POLICY

| HR Sustainability Practice | Remarks |
|----------------------------|--|
| Career Development | According to Takeuchi to produce a workforce that is creative and committed, the organization needs to ensure that the learning policy and career organization play a vital role in influencing the formation of an effective and strategic human resource management, in order to create a workforce that is creative and competent, organizations need to ensure that the policy of organizational learning plays an important role in influencing an effective formation of Strategic Human Resource Management (SHRM). This is because, if the SHRM can be effectively implemented, this will indirectly produce a workforce that is able to produce quality products and services that has its own identity. |
| Learning Opportunities | According to Perdomo Ortiz in his research also emphasizes on development of knowledge policy and essential skills in encouraging an innovative and creative working environment among workers. Meanwhile, Batchuluu et al., in his study depicts the weakness of the education system, inconsistency in professional and vocational training which is an issue that should be addressed in the policy and practice of human resources. This is because; the goals of the organization will be affected if human resources have low knowledge and skill levels. This can be seen in countries such as Japan where they are willing to change human resource policies to increase their skilled workforce by bringing in more experts into the country despite the negative impact of foreign money flowing abroad (Fuess, 2003). |
| Organizational Change | Warner's research on the rapid economic changes in one country and organization is also capable of changing human resource policies and thus increasing the effectiveness of the sustainability of human resources. Besides that, Parlalis also suggested for organizations to use "smart policy" using broadband as a medium to communicate any changes quickly and reduce dissatisfaction and low productivity among workers. Meanwhile Rashid et al. proposed the "bottom-up" policy and "top-down" policy to implement any changing process. This is because the views of the top management and workers should be equally given attention to ensure that the decision made can satisfy the needs of all levels in the organization. |
| Facilities and Welfare | There are very few organizations that still practice outdated employment policy which detracts the interests of the workers, particularly in terms of the welfare of the workers. This includes determination of salary, allowances and compensation (Joanne, 1995; Long, 2014). However, the workers union in UK and German have used their institutional organization structure platform in up-grading the human resource policy related to employees welfare system such as extension of the retirement age and better pension facilities that can indirectly increase employees' motivation (Flynn, 2013). |
| Work schedules flexibility | The issue of balance between work and lifestyle has become a major issue in organizations in Europe. This has caused The European Union (EU) to emphasize on the importance of policies and "WLB" policy as the main policy of the union (Crompton, 2006). Moreover, the introduction to "Coperate Time Policies" has changed the policy related to work life balance in an organization to overcome this issue (Artz, 2008). This is because current organizations are practicing a more flexible concept to prepare a working schedule in ensuring working satisfaction and commitment among workers to be more productive. |

| | |
|-----------------------------|--|
| <p>Personal Flexibility</p> | <p>According to Glover, Work Life Balance (WIB) approach can contribute to the welfare of the family members of the employees in terms of leave policy for parents, flexible work schedule and the provision of childcare centers by organizations to ensure that employees remain productive.</p> |
| <p>Employee Involvement</p> | <p>To form a high commitment bond in human resource management, thus, it is crucial to implement "Employee Involvement and Participation (EIP)" policy as the main component of its execution (Cox, 2009).</p> |

METHOD

SEM analysis or Structural Equation Modeling is one of the testing techniques used in the study to answer the research objectives. This technique is suitable for testing the causal relationship between the variables involved in the study of quantitative research (Kelana, 2016; Hair, 2011). Through discussions of previous studies, it was found that the theory of the study is still in exploratory stage, hence PLS SEM technique is most suitable to be used (Kock, 2014). "Systematic random sampling" technique was used in the study involving a sample of 210 people (Qureshi, 2020; Vaicondam, 2021). Whereas, the sample was left with just as many as 206 people after the validity and reliability process was carried out. The unit of analysis is the study of the SMEs sector workers in Malaysia.

RESULT AND DISCUSSION

Based on Figure 1, SEM analysis results show that only 3 HR sustainability practices have significant effect (value $P \leq 0.05$) towards human resources policy. The three practices are career development, facilities and welfare and personal flexibility. Meanwhile, four more practices are not significant as it shows the value of $P > 0.05$ (learning opportunities, work schedules flexibility, organizational changes and employee involvement). Meanwhile, the total value of variance contributed by the seventh practice of human resource policies is of 0.70 @ 70 percent. This shows that sustainability practices involved have crucial impact on human resource policies and has contributed empirical evidence to the development of ideas and models led by Gollan (2000).

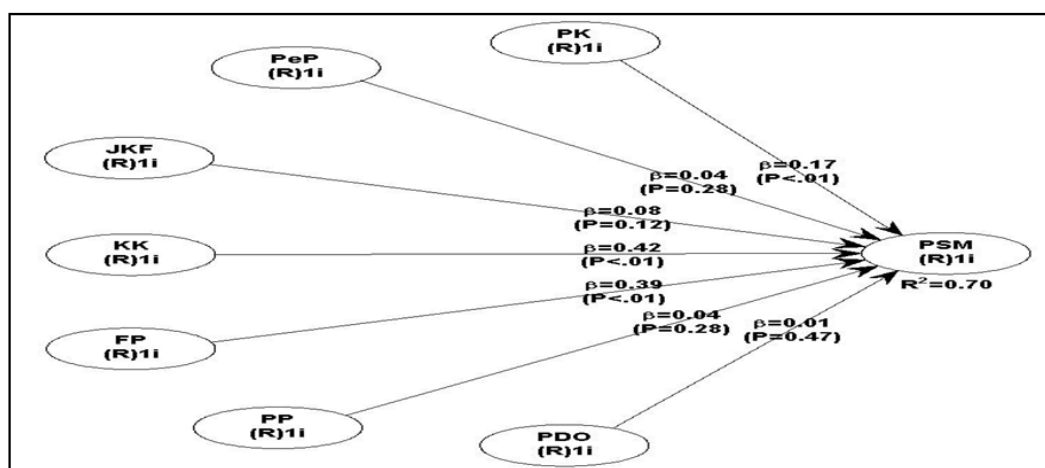


FIGURE 1
RESULT OF SEM ANALYSIS (SIGNIFICANT EFFECTS OF HR SUSTAINABILITY ON HUMAN RESOURCE POLICIES IN MALAYSIAN SMES)

Remark: PK - Career Development, PeP- Learning Opportunities, JKF- Work schedules flexibility, KK- Facilities and Welfare, FP- Personal Flexibility, PP- Employee Involvement, PDO- Organizational Change.

CONCLUSION

In conclusion, conceptual and empirical evidences found in the study have proven that the Gollan model (Artz, 2008) is able to improve human resource policies especially in the scope of study, namely in Malaysian SMEs. Although there are other factors that have yet to be identified by the remaining 30 percent variance. Next, these findings have opened up opportunities for further research to examine new factors that could contribute to the improvement of human resource policies in greater depth.

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