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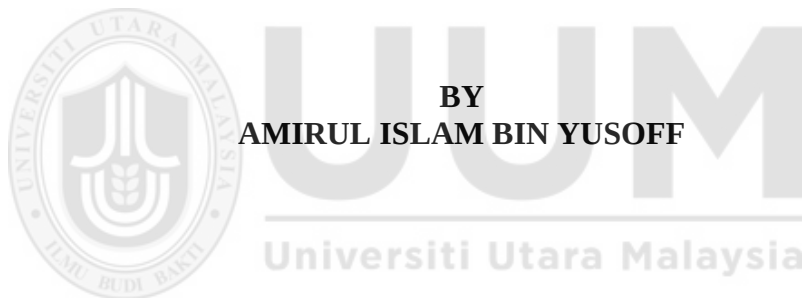
**THE RELATIONSHIP OF HUMAN RESOURCE
MANAGEMENT PRACTICES AND EMPLOYEE
PERFORMANCE: A CASE OF AN SME AT KLANG VALLEY**



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**MASTER OF HUMAN RESOURCE MANAGEMENT
UNIVERSITI UTARA MALAYSIA
MAY 2024**

**THE RELATIONSHIP OF HUMAN RESOURCE MANAGEMENT
PRACTICES AND EMPLOYEE PERFORMANCE: A CASE OF AN SME AT
KLANG VALLEY**



**BY
AMIRUL ISLAM BIN YUSOFF**

**Thesis Submitted to
College of Business,
Universiti Utara Malaysia,
in Partial Fulfilment of the Requirement for the
Master of Human Resource Management**



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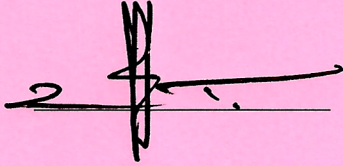
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Abstract

The performance of employees holds significant importance for businesses due to its direct impact on organizational success, increased customer satisfaction, and competitive advantage. However, the occurrence of a recent economic crisis has posed significant challenges for small and medium enterprises (SMEs) to maintain optimal employee performance consistently. The objective of this research is to examine the relationship between compensation management, performance management, training and development, and employee motivation, on the performance of employees at an SME Sainuka Habib. This study employed a quantitative research approach, specifically utilizing the multiple regression coefficients, to assess the hypothesis of the association between variables. An online questionnaire was utilized to disseminate a survey to the 80-sample workforce inside the firm. The research was conducted using Statistical Package for Social Science (SPSS) version 26, using a dataset consisting of 80 data points. The results of this study suggest that there is a substantial relationship between 2 out of 4 factors examined and employee performance. Among these variables, the compensation management system has the least degree of influence. The study's findings indicate that continuous training and development, and fostered employee motivation, may have an impact on employee performance.

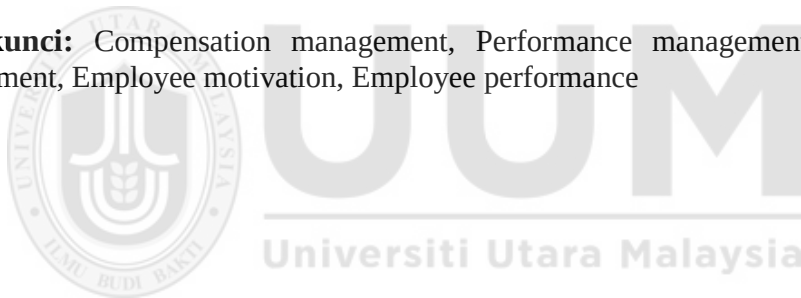
Keywords: Compensation management, Performance management, Training and development, Employee motivation, Employee performance



Abstrak

Prestasi pekerja mempunyai kepentingan yang besar untuk sesebuah perniagaan di atas kesan langsungnya terhadap kejayaan organisasi, peningkatan kepuasan pelanggan dan keupayaan daya saing. Walaubagaimanapun, berlakunya krisis ekonomi baru-baru ini telah menimbulkan cabaran yang besar kepada perusahaan kecil dan sederhana (PKS) untuk mengekalkan prestasi pekerja yang optimum secara konsisten. Objektif penyelidikan ini adalah untuk mengkaji hubungan antara pengurusan pampasan, pengurusan prestasi, latihan dan pembangunan, dan motivasi pekerja, terhadap prestasi pekerja di PKS Sainuka Habib. Kajian ini menggunakan pendekatan penyelidikan kuantitatif, khususnya menggunakan pekali regresi berganda, untuk menilai hipotesis perkaitan antara pembolehubah. Soal selidik dalam talian telah digunakan untuk menyebarkan tinjauan kepada 80 sampel tenaga kerja di dalam firma. Penyelidikan dijalankan menggunakan Statistical Package for Social Science (SPSS) versi 26, menggunakan set data yang terdiri daripada 80 data dari responden. Hasil kajian ini menunjukkan bahawa terdapat hubungan yang signifikan antara 2 daripada 4 faktor yang dikaji terhadap prestasi pekerja. Di antara pembolehubah ini, sistem pengurusan pampasan mempunyai tahap pengaruh yang paling sedikit. Penemuan kajian menunjukkan bahawa latihan dan pembangunan berterusan, dan memupuk motivasi pekerja, mungkin mempunyai kesan ke atas prestasi pekerja.

Kata kunci: Compensation management, Performance management, Training and development, Employee motivation, Employee performance



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28 April 2024

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List of Abbreviations and Symbols

HR	Human Resources
HRM	Human Resources Management
SME	Small Medium Enterprises
SPSS	Statistical Package for Social Science
PKS	Perniagaan Kecil dan Sederhana
FMM	Farmasi Materia Medica
PLWS	Productivity-Linked Wage System
JPPM	The Department of Industrial Relations Malaysia
ICT	Information and Communication Technology
IV	Independent Variable
DV	Dependent Variable
Sig.	Significance
%	Percentage
N	Numbers
<	Less than
>	More than
=	Equals to
&	And
GDP	Gross Domestic Product
UUM	Universiti Utara Malaysia

CHAPTER ONE

INTRODUCTION

This chapter provides an overview of the study, including the research background, problem statement, research question, and objectives. Furthermore, this chapter explains the precise meaning of crucial terminology, its significance, and the extent of the study. The chapter concludes with a concise discussion on the arrangement of the study.

1.1 Background of the Study

The study encircled an issue of declining and diminishing performance of employees in Sainuka Habib post-COVID era. Sainuka Habib Sdn Bhd is an SME company (Star.Talentcorp, 2024) that has been part of the Selangor and Klang Valley communities for over 25 years (Emis, 2024). Starting in 1994 in Petaling Jaya, the business initially focused on Bumiputera-Muslim product trading and later expanded to include a community pharmacy (Medica, 2024). According to Malaysiadata 2024, the company currently operates as a wholesale and retail pharmaceutical chemist and druggist while introducing the innovative concept of integrating modern and traditional medicine under one roof (Medica, 2024).

Small and Medium-sized Enterprises (SMEs) play a crucial role in Malaysia's economy, representing a significant share of the country's business sector (Mooi et al., 2023; Abu Bakar and Samat, 2023) and driving economic growth (Moin and Abu Bakar, 2022) and employment opportunities (Sano et al. 2023). Given the significant contribution of these small and medium-sized enterprises (SMEs) to the

country's progress, there has been a growing focus on their approaches to improving employee performance (Shamsudin et al. 2023).

The issue of employee performance is widespread in contemporary organizations, having a significant impact on productivity, morale, and overall business success. Optimal employee performance is crucial for the organization to achieve its strategic objectives and goals (Jančiauskaitė & Lalienė, 2023). High-performing employees make significant contributions to project completion, target achievement, and the fulfillment of the company's mission and vision (Hejin, 2023). The correlation between individual performance and organizational objectives is a key factor in achieving overall success (Yin, 2023).

Optimizing employee performance will improve productivity and work efficiency as optimal employee performance leads to enhanced productivity and efficiency within the organization (Fitriana et al., 2023). Productive employees efficiently accomplish tasks with speed and precision, resulting in minimized waste and maximized resource utilization (Hejin, 2023). This increased productivity leads to greater outputs using the same or fewer inputs, which contributes to the organization's profitability (Upadhyay, 2023).

An effective method for enhancing employee performance is through the implementation of a comprehensive compensation management system. Reward systems are purposefully crafted to enhance and motivate employee performance by providing both financial and non-financial incentives (Albalush & Devesh, 2023; Malahim et al., 2023). However, there may be several obstacles that arise during the implementation and effectiveness of these systems. Employees who do not receive recognition and rewards for their diligent efforts and achievements may experience

reduced morale and motivation (Kpurunee & Nwibaedee, 2023). Lack of acknowledgment can lead to reduced engagement, decreased effort, and increased employee turnover (Satish et al.; 2023).

Insufficient performance management systems pose an obstacle to maintaining employee performance is the presence of insufficient performance management systems. Mdhlose (2023) asserts that numerous organizations depend on obsolete or sporadic performance appraisal systems that fail to offer prompt or effective feedback. Annual or twice-yearly evaluations are frequently inadequate for effectively managing performance in a fast-paced work setting (Cunha et al., 2023). Continuous monitoring and immediate feedback are more efficient in managing and enhancing performance (Thusi, 2023).

Continual training and development play a crucial role in improving and sustaining employee performance. Vu et al., (2023) state that a lack of adequate training and limited opportunities for professional development can impede employees' capacity to perform optimally. Lacking the requisite expertise and understanding, employees may encounter difficulties in fulfilling job prerequisites and adjusting to novel technologies or procedures (Sava & Tîrsu, 2023). Prior research highlights the significance of allocating resources toward human capital development via ongoing training initiatives in order to improve employee performance and address changing job requirements (Rudyk et al., 2023).

A lack of employee motivation and engagement also can hinder employee performance maintenance (Basyar & Ubaidillah, 2023). According to Paila and Prayekti (2023), employees who are actively involved and driven are more efficient and achieve higher levels of performance. This is supported by Puryanti et al. (2023)

which states that disengagement and reduced performance of employees can result from factors such as limited career development prospects, inadequate managerial support, and an unsatisfying work environment.

1.2 Problem Statement

The question of correlating pay with productivity is a multifaceted problem that has been examined in numerous studies. Gregory-Smith (2021) demonstrated the enduring strength of the connection between wages and labour productivity, even in the presence of institutional limitations that distort this link. This is true despite regulatory frictions that suppress wages for certain workers. Fontanari and Palumbo (2022) investigate the potential impact of stagnant real wages on the decline in US productivity using shift-share analysis. Their findings indicate that certain sectors with historically high productivity, such as manufacturing, experienced a shift towards slower productivity growth following a significant change in wage distribution.

The impact of wages and the global financial crisis on labour productivity in the manufacturing sector in Malaysia is contingent upon the relative sizes of the industries. Wages have the potential to enhance labour productivity across all sizes of manufacturing firms, with smaller firms being particularly susceptible due to their reliance on performance-based remuneration systems (Ibrahim and Putit, 2020).

Additionally, the performance of employees can be negatively affected when there is a lack of clarity in job responsibilities and unclear expectations (Afza et al., 2022). Employee performance can be significantly affected by factors such as role ambiguity, lack of information, and unpredictability (Sari et al., 2022).

However, Tanjung and Susanti (2022) assert that a good leadership is vital in providing a clear goal and expectation by setting a strong example, inspiring employees, and prioritizing their needs, all of which can have a positive impact on employee performance.

According to Abubakar (2024), lack of sufficient training and development within an organization results in stagnant employee performance. Ananchenkova and Nikonova (2023) added that a lack of adequate training and limited opportunities for professional development can impede employees' capacity to perform optimally. Lacking the requisite expertise and understanding, employees may encounter difficulties in fulfilling job prerequisites and adjusting to novel technologies or procedures (Vu et al., 2023; Upadhyay, 2023).

Kargeti (2018) and Gomathy et al. (2023) argue that poor management and leadership can significantly influence employee performance, leading to feelings of undervaluation, a lack of support, and disengagement among employees. In addition, Abimayu et al. (2023) highlight the importance of effective leadership in creating positive work environments, boosting employee motivation, and enhancing overall performance by utilizing effective communication, decision-making, and acknowledging outstanding achievements. Emphasizing the substantial benefits of leadership styles and motivation on employee performance suggests that improved leadership styles and heightened work motivation result in elevated levels of employee performance (Alshehhi et al., 2023).

1.3 Research Questions

This study aims to examine the correlation between the implementation of HR management on employee performance in Sainuka Habib. The following are the research questions:

RQ1: What is the impact of implementing the Compensation Management System on employee performance in Sainuka Habib?

RQ2: Does the Performance Management System impact employee performance in Sainuka Habib?

RQ3: Does training and development have an impact on employee performance in Sainuka Habib?

RQ4: Does employee motivation have an impact on employee performance in Sainuka Habib?



1.4 Research Objectives

The study aims to examine the correlation between the implementation of HR management with employee performance at Sainuka Habib. The study has the following specific research objectives:

RO1: To evaluate the impact of implementing the Compensation Management System on employee performance in Sainuka Habib.

RO2: To investigate the correlation between performance management and employee performance in Sainuka Habib.

RO3: To analyze the relationship between training and development towards employee performance in Sainuka Habib.

RO4: To examine the relationship between employee motivation and employee performance in Sainuka Habib.

1.5 Significance of Study

Theoretically, researcher aim to contribute novel insights to the field of Human Resource Management, particularly in the area of Human Resource Development. In the present era, the Human Resource Management system necessitates a more comprehensive examination of the role of Human Resource Development in driving employee success within an organization.

From a practical perspective, this study is anticipated to assist the organization's management in devising strategies to better manage employee performance. This can be achieved by implementing a more efficient internal strategy, improving management practices, maintaining systems, and enhancing human resource planning. From a methodological perspective, researchers are optimistic that the use of IBM SPSS Statistics software can enhance the current research methodology.

1.6 Scope of the Study

The study is divided into three main scopes: the contextual scope, the geographical scope, and the subject scope. The research context is confined to the five dimensions of Human Resource Management: compensation management, performance management, training and development, and employee motivation as an independent variable, with employee performance as the dependent variable.

Geographically, the study was conducted in Selangor, home to the majority of Sainuka Habib pharmacy outlets. Selangor has also seen a rapid emergence of new community pharmacies, and this state alone accounts for 23.5% of the total number of community pharmacies in the country (Tableau Public, 2024). The Sainuka Habib workforce consists of 100 employees, spanning all levels of designation.

The subject scope encompasses all employees within the company, including management, operations, top management, professionals, and general workers. The study employed a quantitative research methodology. Therefore, we administered an online questionnaire to a total of 80 employees, adhering to Krejcie and Morgan's (1970) table on sampling size. We collected the samples via the organization's HR platform, employee email, and instant messaging platforms like WhatsApp.

1.7 Definition of Key Terms

1.7.1. The Productivity-Linked Wage System (PLWS)

According to JPPM (2024), PLWS is a system that establishes a closer relationship between wages and productivity or the performance of employees or companies, in which allows employees to earn a fair share or wage as a result of increased productivities and performances.

1.7.2. Compensation Management

Compensation management refers to the administration of salary and wage policies in an organization, taking into account factors such as job responsibilities, experience, company budget, and job market (Thoti, 2022).

1.7.3. Employee Performance

Hejin et al., (2023) mentioned that employee performance is a measure of the extent to which an employee is able to fulfill their duties and responsibilities properly and effectively within an organization.

1.7.4. Human Resources Management

Human resource management refers to the practices and strategies used by organizations to manage their workforce effectively as it involves various activities such as recruitment, training, performance evaluation, and career development (Culani and Malaj, 2023).

1.7.5. Training and Development

Training and development are a process that aims to improve the skills, knowledge, and abilities of employees in order to enhance their performance (Sunita et al., 2023) and it involves planned interventions designed to enhance individual job performance by addressing the gap between desired and actual performance.

1.7.6. Employee Motivation

Employee motivation is the driving force in a person to behave and work diligently in accordance with their duties and obligations (Nurmansyah, 2023).

1.7.7. Performance Management

Performance management is a tool that focuses on measuring and managing progress in the working environment to evaluate organizational goals and provide new development opportunities (Efe, 2023).

1.8 The Organisation of the Study

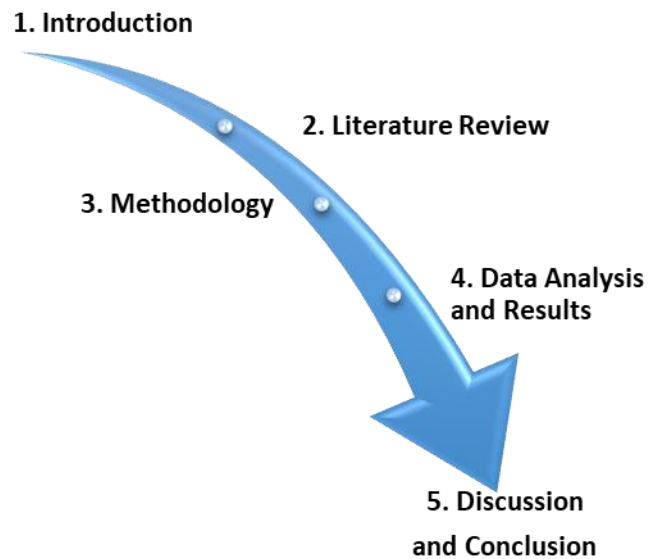


Figure 1.1: Organization of Study

The suggested research project, as seen in Figure 1.1 above, is divided into five chapters. In Chapter One (Introduction), the issue description and research background are provided. The chapter then includes the purpose of the research, its general objective and specialized objective, and its study hypothesis before coming to a conclusion. The research is grounded in a sufficiently comprehensive body of literature, which is outlined in Literature Review of Chapter Two. The conceptual framework, literature review, and definition of terminology is discussed within a conceptually or thematically organized research organization. Chapter Three, also known as Methodology, involves selecting a research design to structure the thesis. This design could be a survey design, a questionnaire design, or a focus on a specific population. The chapter explains the chosen design by connecting its components to the student's research goals and objectives, using information from research methodology literature. This section also illustrates and defines the suggested approach

or strategy for supporting the structure and methods for gathering and analysing data (which may include quantitative, qualitative, secondary, and primary data). Chapter Four, titled "Data Analysis and Results," provides a detailed account of the data gathering technique and processes employed. These methods involved the utilisation of a specialised instrument developed by the researcher. Since this study is quantitative in nature, the researcher created a questionnaire and conducted a pilot test to evaluate its reliability and validity. Chapter Five, titled "Discussions," presents an analysis and interpretation of the findings from Chapter Four in connection with the objectives of the study. The conclusion section encompasses a comprehensive analysis of the study's purpose, goals, and hypothesis, along with a concise overview of the discoveries, deductions, and suggestions presented in the preceding chapters.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

To enhance readers' understanding, this section reviews the study's literature. The researchers will use the employee's performance as the dependent variable, as well as examine its correlation with four independent variables: compensation management, performance management, training and development, and employee motivation. This chapter also examines the development of the research's four hypotheses. In the final chapter, the researcher also examined the study's proposed research framework.

2.2 Conceptual Literature

2.2.1 Employee Performance

Employee performance holds significant importance in today's dynamic and competitive business landscape. The performance of employees has a crucial role in determining the success of a business, as it has a significant impact on several aspects such as productivity, innovation, customer happiness, and financial results (Rambe et al., 2023).

According to Hejin (2023), factors affecting employee performance include compensation, motivation, leadership, working environment, performance appraisal, job experience, training, conflict, job stress, and working hours. The attainment of corporate objectives and the sustenance of competitiveness in the marketplace are contingent upon the efficacy of employee performance. According to the research conducted by Becker and Huselid (1998), personnel who demonstrate high

levels of performance have a significant role in enhancing productivity, efficiency, and profitability, hence positively impacting the overall performance and success of a business.

The comprehension of employee performance is influenced by many theoretical viewpoints. An example of a theoretical framework is Expectancy Theory, proposed by Vroom (1964), which posits that individuals are inclined to engage in performance when they have the belief that their exerted efforts will result in desired outcomes and rewards. Furthermore, the Social Learning Theory places significant emphasis on the function of observation, modelling, and reinforcement in influencing the behavior and performance of employees (Bandura, 1977).

Employee performance is influenced by various factors. For instance, the achievement of organizational objectives is significantly influenced by the performance of workers, which may be influenced by several elements, including motivation and the work environment (Hasanah & Aliyudin, 2023). Surakhmat et al. (2023) on the other hand states that several elements may influence employee performance, including individual competencies, exertion, and internal organizational assistance.

In another study, Naseh et al. (2023) revealed a noteworthy correlation between information sharing, competency, and employee performance. In addition, Maghfiroh et al. (2023) yielded the finding that employee performance is influenced by both workload and emotional intelligence, with emotional intelligence demonstrating a favorable impact. According to Hasanah (2023), various factors indicate a positive correlation between job satisfaction, motivation of work, work discipline, and performance among workers. According to Annisa and Ginarti (2023) study, locus of

control and self-efficacy have been identified as significant determinants of employee performance.

Organizations derive several advantages from high employee performance, encompassing enhanced productivity, heightened client happiness, heightened employee engagement, and improved financial performance. Huselid (1995) states that firms that have individuals that perform exceptionally well tend to have lower rates of employee turnover, less absenteeism, and increased levels of customer loyalty. These factors ultimately result in enhanced organizational results and a competitive advantage.

The management of employee performance poses several obstacles for firms, despite its significant relevance. Pulakos and O'Leary (2011) identified many prevalent issues in the context of performance evaluation, which encompass subjective criteria, inadequate feedback and recognition, inefficient communication, and resistance to change. Moreover, the escalating intricacy of work settings, heterogeneous workforce demographics, and swift technological progress provide additional obstacles to conventional performance management methodologies (Pulakos et al., 2015).

Organizations are implementing new strategies to improve employee performance in order to tackle these difficulties. Optimal strategies encompass delivering consistent feedback and guidance, establishing unambiguous performance standards and objectives, providing avenues for enhancing skills and progressing in one's career, cultivating a nurturing work atmosphere, and utilizing technology to streamline performance management procedures (DeNisi & Pritchard, 2006; Pulakos et al., 2015).

2.2.2 Compensation Management System

This variable evaluates the existence or non-existence of compensation management system in Sainuka Habib. From previous studies, Fontanari and Palumbo (2022); Chakraborty (2018) state that understanding how a stagnant real wage has contributed to the deceleration of productivity. Thus, it is crucial to examine the extent to which SMEs have adopted comprehensive reward system vs relying on traditional compensation structures.

An emerging and effective method that has gained popularity in this particular situation is the Productivity Linked Wage System (PLWS). According to The Department of Industrial Relations Malaysia (JPPM) (2023), PLWS is a mechanism that connects an employee's salary directly to their levels of performance and production. The PLWS, in contrast to conventional fixed wage schemes, offers the potential to motivate employees to exert more effort, enhance their performance, and make valuable contributions to the general success of the organisation (JPPM, 2023).

The adoption of the PLWS signifies a substantial change in the manner in which remuneration is organised in Malaysian small and medium enterprises. By prioritising rewards based on performance, this approach has the capacity to not only boost employees' motivation and engagement but also stimulate improvements in their overall performance (Rixom and Rixom, 2023). Although the PLWS concept has sparked attention and discussion, there is a lack of empirical knowledge regarding its practical consequences for Malaysian SMEs. In line with the positive aforementioned cases, the investigation of the influence of the PLWS on employee performance in the specific context of Malaysian small and medium-sized enterprises (SMEs) is highly crucial. Therefore, it is essential to examine the impact of the PLWS on employee

performance in SME organisations. This will anticipate offering valuable insights for business owners, policymakers, and human resource professionals who aim to comprehend the dynamics of this inventive compensation system and its potential effects on employee motivation, engagement, and performance in the Malaysian SME sector.

This entails comprehending the structural elements, such as establishing a connection between wages and productivity indicators, performance metrics, or output measurements. Ibrahim and Putit (2020) suggest that the remuneration system has a direct impact on the relationship between wages and productivity, this can be done by assessing the efficacy of PLWS through an examination of its impact on employee motivation, engagement, productivity, and organizational outcomes. This involves quantifying the concrete impact of PLWS adoption on several performance indicators within small and medium-sized enterprises (SMEs).

Institutional elements and limitations, such as labor formalization and minimum wage, had substantial effects on the correlation between labor productivity and wages (Katovich and Maia, 2018); Gregory-Smith, 2021). Identifying the impediments encountered during the implementation phase, such as regulatory hurdles, employee opposition, or operational constraints. Likewise, comprehending the elements that contribute to the successful execution of PLWS, such as support from leaders, training for employees, and effective methodology for measuring performance.

As stated by Muchai et al. (2018) in a previous study, remuneration systems should aim to motivate, attract, and retain employees, leading to better performance. It's a multifaceted concept that evaluates not just the tangible outcomes but also the behaviors, attitudes, and capabilities displayed by employees while fulfilling their roles.

Performance is often assessed against predefined standards, key performance indicators (KPIs), or job requirements set by the organization.

In addition, a better compensation system positively affects employee performance (Hoque et al. 2018). Thus, assessing employee performance is crucial for identifying areas for enhancement, providing constructive feedback, making decisions on promotions, incentives, or training, and ultimately, enhancing the overall effectiveness and productivity of the organization.

2.2.3 Performance Management

The significance of performance management lies in its potential to enhance an organization's human resource capacity, productivity, and sustainability (Priyanka et al., 2023). It encompasses the supervision of individuals and operational procedures to guarantee optimal employee performance, thereby enhancing worker contentment, morale, and overall efficiency (Simpson and Simpson, 2022).

Performance management is a critical factor in the attainment of corporate objectives and the optimization of personnel capabilities. Armstrong and Baron (2004) suggest that successful performance management ensures that individual performance is in line with corporate goals, promotes ongoing improvement, and establishes a structure for feedback, coaching, and growth. The function of performance management is of utmost importance in the identification and development of employees' competences and skills, hence helping to attain outstanding performance (Efe, 2023).

The comprehension of performance management is influenced by many theoretical viewpoints. One framework that might be utilized is Goal-Setting Theory,

which suggests that the establishment of specified and demanding objectives can result in enhanced performance when individuals demonstrate a strong commitment to their attainment (Locke & Latham, 1990). Furthermore, the Social Exchange Theory places significant emphasis on the mutual reciprocal association between employees and businesses. It posits that the implementation of equitable and transparent performance management procedures cultivates trust, dedication, and reciprocal advantages (Blau, 1964).

Performance management comprises a range of elements, such as the establishment of objectives, the evaluation of performance, the provision of feedback, the facilitation of coaching, and the formulation of growth plans (Pulakos et al., 2015). The process of goal setting entails the establishment of explicit and quantifiable targets that are in line with the priorities of the company and the skills of individuals. The process of performance assessment involves evaluating the performance of employees based on predetermined criteria, offering constructive criticism, and pinpointing areas that require enhancement. Continuous communication and support are integral components of feedback and coaching, serving to improve employee performance and foster their professional growth.

Performance management encounters several practical problems, despite its significance. The issues encompass several aspects, such as the presence of subjectivity and bias in performance assessments, a lack of clarity in goal setting, resistance towards feedback, and inadequate resources for coaching and growth (Fletcher, 2001; Bracken et al., 2001). Moreover, the intricate nature of contemporary work settings, the varied demographics of the workforce, and the swift advancements

in technology present additional obstacles to conventional methods of performance management (Pulakos et al., 2015).

Organizations are implementing inventive strategies to tackle these issues in performance management. An example of a notable strategy is transitioning from yearly performance evaluations to ongoing feedback and coaching procedures (Buckingham & Goodall, 2019). The provision of immediate feedback allows for prompt adjustments, enhances employee involvement, and cultivates a culture of ongoing education and enhancement. Furthermore, the utilization of technology, such as performance management software and data analytics, is crucial in improving the effectiveness, clarity, and impartiality of performance management procedures (DeNisi & Murphy, 2017).

2.2.4 Training and Development

Training and development are crucial for improving performance in multiple aspects of an organization. Hoang et al. (2023) in their studies state that training programmes provide personnel with the requisite skills and information to properly carry out their responsibilities. It guarantees that they remain informed about the most recent industry trends, technologies, and processes, empowering them to manage duties with greater efficiency.

Proficient employees generally exhibit higher levels of productivity. By adopting more efficient methods, individuals can enhance their productivity and efficiency, resulting in a decrease in mistakes and an enhancement in the quality of their work (Kamna & Ilkhanizadeh, 2022). Employees who have received thorough training are able to perform duties with enhanced precision and efficiency, so making a significant contribution to total productivity.

Continual training assists personnel in adjusting to various changes, such as technical progress or alterations in market requirements (Duarte et al. 2023). It promotes an environment that values and supports the development of new techniques and approaches, which in turn stimulates inventive problem-solving among personnel inside the organization.

2.2.5 Employee Motivation

Employee motivation plays a vital role in determining how the introduction of the PLWS affects employee performance in firms. Employee motivation acts as an intermediary variable, connecting the implementation of PLWS and its subsequent influence on performance. The introduction of the PLWS has a direct impact on employee motivation by modifying the system of rewards and connecting productivity with compensation. This statement is supported by previous studies by Nahar and Zayed (2019) which find the relationship between remuneration and motivation is highly related to employee productivity, with a positive correlation between motivation and productivity.

Employee motivation mediates the causal effect of compensation on employee satisfaction, suggesting that employee motivation acts as a connector between the remuneration system and employee satisfaction (Zayed et al. 2022). When employees sense a clear connection between their efforts and improved rewards through the Productivity Linked Wage System (PLWS), it tends to enhance their motivation levels. This increased drive, in return, impacts the productivity of employees.

Elevated levels of motivation generally result in heightened degrees of devotion, involvement, and commitment towards attaining improved performance outcomes. In addition, Dei et al. (2020) mentioned, it is a great importance in giving

attention to motivation in order to improve employee performance, rather than solely focusing on remuneration. Hence, researchers can gain a more profound comprehension of the underlying mechanisms by examining employee motivation as a variable in order to explore the relation of PLWS towards employee performance. It facilitates a deeper understanding of how the incentive system (PLWS) influences employee motivation and subsequently affects overall performance in the organizational setting.

2.3 Theoretical Model

The theoretical framework for this study incorporates some theories and concepts that are relevant to understanding the relationship Human Resource Management on employee performance. The Expectancy Theory (Vroom, 1964) posits that employee motivation is contingent upon their perception that their exerted efforts will yield a particular level of performance, subsequently leading to the attainment of specific incentives. Within the framework of HRM practices, it is probable that employees will exhibit motivation to enhance their performance when they hold the perception that their endeavours will yield increased wages. This perception establishes a direct connection between exerted effort and performance outcomes, thereby linking them to incentives.



Figure 2.1
Theory of Expectancy
Source: Victor Vroom (1964)

In this theory, expectancy component relates to an individual's conviction that their efforts will result in superior achievement. In other words, it evaluates the anticipated likelihood that putting up effort would result in effective task completion. Employee motivation suffers when they fear their efforts will be in vain or will fail to get the intended results (Ikhwana, 2022). Instrumentality component on the other hand refers to the perception of how excellent performance will be rewarded. It is the assumption that if a person does well, their efforts will be acknowledged and rewarded.

Employee motivation suffers when there is no obvious relationship between performance and compensation (Thapa, 2023). While valence component indicates an individual's perceived worth or attractiveness of the benefits. It determines the personal significance or appeal of the expected rewards. Individuals may give various values to the same incentive, which influences their motivation (Vroom, 1964).

As for targeted productivity and goals, the concept of Goal-Setting by Locke and Latham (1990), emphasizes the significance of establishing goals that are clear, demanding, and attainable in order to boost both motivation and performance. This theory, which provides a clear roadmap, fosters commitment, and incorporates feedback, remains an important tool for understanding and enhancing goal-setting processes in a variety of circumstances. Productivity Linked Wage Systems (PLWS) have the potential to facilitate goal setting among employees, as they are motivated to attain performance targets in order to enhance their earnings. Consequently, this can lead to enhanced overall performance within the organisation.



Figure 2.2
Theory of Goal Setting
Source: Locke and Latham (1990)

2.4 Development of Hypothesis

2.4.1 Relationship between compensation management and employee performance

Employee performance is greatly influenced by compensation. Adequate remuneration improves employee performance by incentivizing individuals to exert more effort (Kaur, 2023). According to Sudiantini (2023) and Ariani (2023), the provision of compensation, encompassing both monetary and non-monetary forms, has a favorable impact on employee performance and warrants careful consideration by organizations in order to sustain high levels of performance.

Additionally, Yuliantini (2023) asserts in a separate study that salary is a significant factor that impacts employee performance, alongside motivation and work satisfaction. Thapa (2023) however provides evidence for the assertion that motivation

serves as a mediator between remuneration and employee performance, leading to an increase in job satisfaction but not always ensuring improved performance.

In order to enhance employee motivation and work performance, it is imperative for organizations to develop compensation and benefits plans. This is supported by Lutsenko (2022) which states that the implementation of a performance-based pay system has the potential to enhance equity and efficiency within compensation frameworks.

The alignment of pay management with employee performance is of utmost importance for achieving organizational success. However, it is important to acknowledge that this process may give rise to many issues and concerns. The inherent subjectivity of performance evaluations poses challenges in establishing a direct correlation between compensation and actual performance. Perceived unfairness and the accuracy of pay-for-performance calculations can be compromised by biases, personal opinions, and inconsistent evaluation criteria (Rakic et al., 2023).

In some industries, the absence of accurate and measurable performance indicators may provide challenges in establishing a direct correlation between compensation and performance. According to Bunkers et al. (2016), the presence of ambiguous or subjective performance requirements has the potential to result in employee confusion and unhappiness.

Inadequate communication regarding the relationship between performance and compensation can lead to misinterpretations and dissatisfaction (Purwanto & Perkasa, 2021). Consequently, employees may lack a comprehensive understanding of how their performance impacts their compensation, resulting in dissatisfaction and diminished motivation.

Nevertheless, employees who are accustomed to conventional compensation models may exhibit resistance towards alterations in reward systems that align with performance (Zafar and Sudiardhita, 2022). This resistance can be attributed to concerns regarding inequality, apprehensions regarding transparency, and uncertainty regarding the potential impact on individual incomes.

Upon conducting an analysis of the correlation between the remuneration system and employee performance, the researcher has determined that prior research has demonstrated a noteworthy association between these two factors. Consequently, the researcher formulated the subsequent hypothesis:

H1: *There is a significant relationship between compensation management system and employee performance among Sainuka Habib employees.*

2.4.2 Relationship between performance management and employee performance

Performance management has a significant influence on employee performance. Almulaiki (2023) conducted a study that focused on the impact of performance management strategies on employee performance. The findings of the study suggest that performance management plays a significant role in shaping the ethical behaviour and performance of employees within organisations. According to Almulaiki's research, the implementation of performance management strategies, such as monitoring, evaluation, and appraisal, greatly influences the overall performance of employees in organisations.

Based on Ijewereme (2023), the different components of performance management, including training protocols and feedback, have a significant influence on employee performance. According to the literature, various aspects of performance

management, such as training procedures and feedback mechanisms, have a significant influence on employees' performance. However, the researcher also emphasizes that the shortcomings identified in employees' performance evaluations are often unrelated to their training and professional development.

Priyanka et al. (2023), argued that effective performance management encompasses not only the assurance of employee competency but also the cultivation of their personal growth. This book chapter examines the behavioral and technical attributes that differentiate exceptional performance from average performance. Priyanka et al. also introduce the concept of competency mapping, which encompasses a series of ongoing procedures, processes, and activities aimed at fostering personal growth and monitoring the extent of accomplishment in the pursuit of specific objectives.

In addition, performance management systems enhance staff performance, productivity, and work attitude, while also identifying individual strengths and weaknesses, training requirements, and skills (Meddiah & Wui, 2022). According to Meddiah and Wui (2022), the implementation of a Performance Management System has been found to enhance staff performance, efficiency, and work attitude. Additionally, it aids in the identification of training requirements and staff competencies, as well as the alignment of employee credentials and skills with work demands.

After conducting an extensive analysis of the available literature, the researcher concluded that performance monitoring systems have had a beneficial effect on both staff performance and development. Furthermore, the researcher observes a

significant correlation between staff development and employee productivity, leading to the formulation of the following hypotheses:

H2: *There is a significant relationship between performance management and employee performance among Sainuka Habib employees.*

2.4.3 Relationship between training and development and employee performance

Upadhyay (2023) highlights a significant positive relationship between development and training efforts and employee performance. Upadhyay underscores the significance of a meticulously designed and implemented training and development program that caters to the unique requirements of the organization and its workforce. This program has the potential to greatly improve the overall organizational culture, leading to increased levels of cooperation, communication, and collaboration.

In a separate study, Upadhyay (2023) discovered that the implementation of carefully crafted training and development programs can significantly improve the skills, abilities, and expertise of employees. This, in turn, leads to increased levels of productivity, efficiency, and job satisfaction. It also demonstrates the influence of development and training programs on employee performance, suggesting that these programs contribute to improving employee performance and satisfaction. In his study, Mamaqi (2023) also presented evidence supporting the idea that employee training plays a crucial role in enhancing work performance and driving positive business outcomes.

In another study, Kalli et al. (2023) assert that training is effective in enabling employees to manage demanding workloads and alleviate feelings of irritation and worry. By undertaking an examination of the fundamental factors influencing

employee performance via training and development, Kalli et al., (2023) put forth three distinct categories of training: On-Job training, Off-Job Training, and apprenticeship training.

In a separate study, Upadhyay (2023) discovered that the implementation of carefully crafted training and development programs can significantly improve the skills, abilities, and expertise of employees. This, in turn, leads to increased levels of productivity, efficiency, and job satisfaction. It also demonstrates the influence of development and training programs on employee performance, suggesting that these programs contribute to improving employee performance and satisfaction. In his study, Mamaqi (2023) also presented evidence supporting the idea that employee training plays a crucial role in enhancing work performance and driving positive business outcomes.

After conducting a thorough analysis of the correlation between training and development and employee performance, the researcher has determined that previous studies have established a substantial connection between these two factors. Consequently, the researcher formulated the subsequent hypothesis:

H3: *There is a significant relationship between training and development and employee performance among Sainuka Habib employees.*

2.4.4 Relationship between employee motivation and employee performance

The motivation of employees exerts a substantial influence on their performance, thereby impacting the overall success of the firm (Akerele, 2023). According to Akerele's study, there is a clear link between employee motivation and organizational

performance. The study specifically examines how motivation impacts employee engagement, satisfaction, and overall achievement within the organization.

According to Ariani (2023), employee performance is influenced by several factors, including motivation. It also emphasized the relation between employee motivation and employee performance, asserting that motivation has the potential to enhance performance, while also highlighting the significance of work satisfaction.

In addition, having strong work motivation is crucial for achieving company goals and can greatly improve employee performance. Anwar and Abrar's (2023) research confirms that factors like motivation significantly influence employee performance. Furthermore, the study underscores the substantial influence of motivation on performance, further bolstered by work discipline. Simamora (2023) presented additional evidence supporting this claim, emphasizing the positive influence of motivation on performance among employees.

Additionally, according to Basu (2023) after examining the influence of motivation on employee performance and the various forms of motivation provided to workers, Basu suggests that motivation is a critical factor that may contribute to the growth of both individuals and businesses. According to Basu, motivation, regardless of whether it is monetary or non-monetary in nature, plays a crucial role in determining organizational success and has a noteworthy correlation with employee performance.

By analyzing the relationship between employee motivation and employee performance, the researcher has concluded that previous studies have shown a significant connection between these two variables. As a result, the researcher developed the following hypothesis:

H4: *There is a significant relationship between employee motivation and employee performance among Sainuka Habib employees.*

2.5 Research Framework

This study aimed to examine the correlation between Human Resource Management in relation to employee performance within the context of Sainuka Habib employees. The conceptual structure of the investigation is depicted in Figure 2.3. The variables that are considered independent in this study are the compensation system, performance management, training and development, and employee motivation. The variable under investigation in this study is the performance of employees.

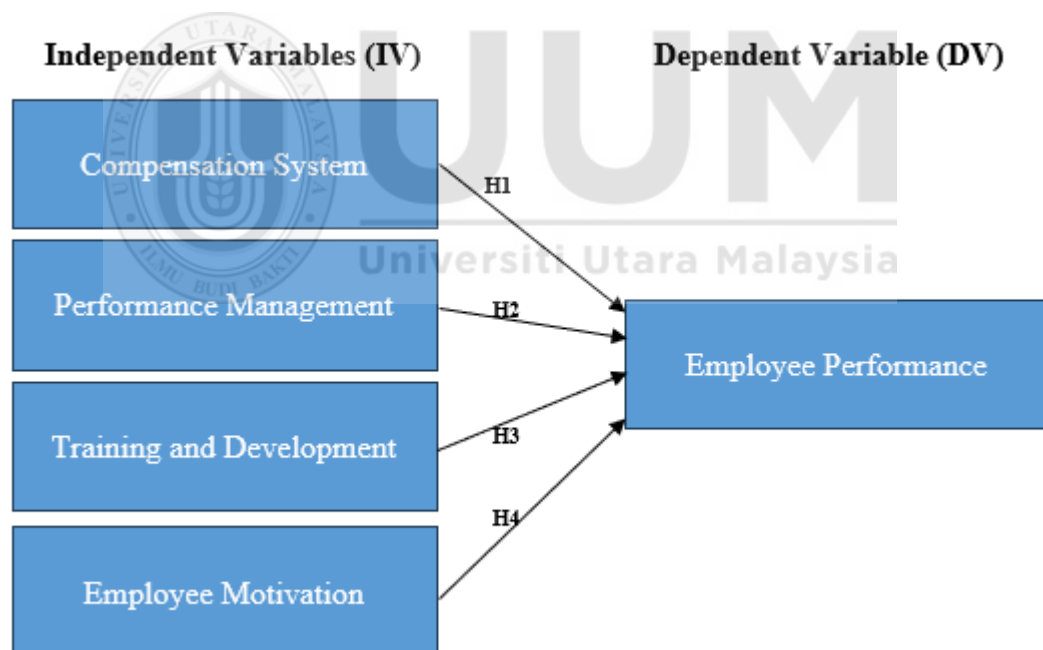


Figure 2.3: Research Framework

2.6 Summary of the Chapter

This chapter provides a comprehensive analysis of the existing literature pertaining to the research paper's conclusions about the correlation between the Human Resource

Management in relation to employee performance within the Sainuka Habib workforce. Compensation management, performance management, training and development, and employee motivation are integral components of human resource management. The research structure is organized theoretically or thematically, based on the conceptual framework, literature review, and conceptual analysis. The next chapter examines the techniques employed for gathering and examining data in this study.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discussed methodology, study design, tools, population, and sampling techniques. This investigation was prepared with a quantitative methodology. The study's variables (dependent, independent, and control) are provided following the methodology. This chapter covers research, sampling, and data collection strategies. The pilot study, conducted with SPSS version 26, is extensive, including ethical aspects.

3.2 Research Design

Research design is a systematic plan to study a scientific problem, determining the type of design based on the research problem (Indu and Vidhukumar, 2020). This research aims to investigate the influence of the deployment of HR management on employee performance in Malaysian small and medium-sized enterprises (SMEs) such as Sainuka Habib. The selection of a study design should be guided by our objectives and preferences. It is essential to begin by thoroughly considering the desired outcomes we seek to attain.

This study employed both exploratory and descriptive research approaches. Exploratory research is used to address questions when there is limited or no prior data available. This research may occasionally be unorganized and informal. This pre-research approach helps researchers get a theoretical or imaginary understanding of the subject topic. Descriptive research is a qualitative research method

that focuses on gathering and analysing data in the form of words and language, rather than using numbers (Fatmawati, 2022).

According to Sekaran et al. (2019), descriptive research involves gathering data in a systematic manner to characterize a certain topic, condition, or population. This approach focuses on answering the what, when, where, and how questions about the study issue, rather than why. In this research, an approach in quantitative research designs tend to be more fixed and deductive, with variables and hypotheses clearly defined in advance of data collection. Quantitative analysis is considered less biased due to the researcher's distance from participants. Quantitative research focuses on both variable connections and theory-based concepts.

3.3 Questionnaire Design

The survey, as outlined in Appendix 2, gathers socio-demographic data pertaining to Sainuka Habib workers. This includes information on gender, age, marital status, years of work experience, and the relationship between Human Resource Management in relation to employee performance. The survey has a total of 29 inquiries that have been categorized into three distinct sections, namely A, B, and C. In order to fill out the questionnaire, participants are required to select responses from a five-point scale. The questionnaire employed a Likert scale, with responses ranging from "strongly disagree (1)" to "strongly agree (5)," with the exception of Section A. A rating system ranging from 1 (strongly disagree) to 5 (strongly agree) was employed. Participants are more inclined to provide accurate answers when the structure is unambiguous.

Participants were requested to provide responses to four multiple-choice inquiries pertaining to their gender, age, marital status, and years of professional

experience in Section A. The inclusion of this information is crucial in order to establish the accuracy of the samples in representing the larger population. Section B encompasses the domains of compensation management and human resource management, with a standardized Likert scale consisting of 20 items. The questionnaires utilized in this study were derived from the works of Zam (2022) for the compensation management system, Alpern et al. (2013) for performance management and training & development, and Yaniieva (2022) for employee motivation. Each of these sources consisted of five items. Employees are evaluated in Section C also utilizing a set of five five-point Likert scale items. The dependent variable, employees' performance, was derived from the items established by Sari et al. (2021).

Table 3.1: Distribution of variables

Section	Variables	Items
A	Sociodemographic of Respondents	4
B	Human Resource Management	
	• Compensation Management	5
	• Performance Management	5
	• Training and Development	5
	• Employee Motivation	5
C	Employee Performance	5

3.4 Data Collection Procedures

The researcher employs a questionnaire as a data collection tool. The researcher collected a sample size of 80 participants from the population of 100 employees in the firm, based on the table from Krejcie and Morgan (1970) (see Figure 3.1). We collected

the data via email, an HR management platform, and an instant messaging service called WhatsApp. The researchers received authorization from the Human Resources department before disseminating the questionnaire. This operation lasted approximately two weeks.

3.4.1 Population

The focus of this study is on the 100-employee population employed inside the Sainuka Habib organization, encompassing individuals in various roles such as management, operations, top management, professionals, and general workers. We conducted research in Selangor, a region that houses the majority of Sainuka Habib pharmaceutical establishments.

According to TableauPublic (2024), Selangor has experienced a notable surge in the establishment of new community pharmacies, with the state alone representing 23.5% of the total community pharmacy population in the country. The maintenance of an appropriate scale is of utmost importance in evaluating employee performance inside the business, as it enables the firm to effectively respond to evolving work patterns and sustain competitiveness in the market.

3.4.2 Sampling Size and Technique

A quantitative research technique was employed in this study, using a population of 100 employees from Sainuka Habib in Selangor. The company operates a community pharmacy business chain and wholesale pharmacy. According to the sampling size chart provided by Krejci and Morgan (1970), a total of 80 individuals were administered an online questionnaire.

The specimen was obtained using electronic mail, a human resources management platform, and a messaging program like WhatsApp. Researchers employ a sample frame, which can take the form of a list or other instruments, to carefully choose persons for the purpose of study. The data for this research was collected from a sample of 80 workers through the utilization of Google Form (<https://forms.gle/xLPmaWuoz8W6oXfh9>). A hyperlink to the Google Forms survey was included in the invitations. Throughout the research technique, the researcher had full control over the acquired data.

This research utilized a basic random sampling technique, wherein a subset of people was selected from a wider population in a manner that ensured equal likelihood of selection for all individuals. Random sampling minimizes the potential for bias and researcher influence in the selection of participants. All individuals within the population have an equitable likelihood of being chosen.

Data collection, as defined by Saunders (2019), refers to the methodical process of acquiring and evaluating pertinent resources in order to assist researchers in addressing research inquiries, testing hypotheses, and evaluating findings. This study will exclusively depend on primary data. This study used the Statistical Program for Social Sciences (SPSS) to assess the outcomes.

Figure 3.1: Sample Size of Population Table

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	26	140	103	340	181	1000	276	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is Population Size
 "S" is Sample Size.

Source: Krejcie and Morgan, (1970)

3.5 Measurement of Variables and Instrument

3.5.1 Employee Performance Measures

Sari et al. (2021) elucidate that each HR domain exerted a distinct influence on the degree of employee acceptability in the workplace, hence inevitably impacting employee performance. A selection of five items was made for the purpose of measuring employee performance in this study. The survey questions were derived from the work of Sari et al. (2021). Individuals were requested to express their level of approval by utilizing a five-point Likert scale. A scale ranging from one, representing a severe disagreement, to five, representing a strong agreement, is utilized. Table 3.2 displays all the questions.

Table 3.2: Employee Performance items

Operational Definition	Items
Employee performance is defined as the output of workers that directly impacts the quality, quantity, teamwork, productivity, timeliness, and attendance in the workplace. (Sari et al., 2021)	1. I am always able to finish my job consistent with the predetermined quality standard. 2. I am always able to do better at my job to get maximal results. 3. I am always able to finish my job on time. 4. I am always able to come in to work except for very important reasons or illness. 5. I try to increase my productivity.

Source: Sari et al., (2021).

3.5.2 Compensation Management Measures

Zam (2022) states that an organization should incentivize employees by offering them the highest feasible salary to ensure their optimal performance. In management of human resources, the compensation and reward system highlight an essential aspect of the employment relationship.

The items for performance management are adapted from Zam (2022). Using a five-point Likert scale that goes from strongly disagree to strongly agree, participant responses to compensation management issues are gathered and assessed. Table 3.3 below shows performance management items.

Table 3.3: Compensation Management items

Operational Definition	Item
Compensation management pertains to the strategic management of compensation and wage policies within an organization, including several considerations like job duties, professional background, financial resources, and prevailing labor market conditions.	1. My salary is equivalent to the work I do. 2. I receive other income that is separate from my salary. 3. Promotion and pay increases are based on achieving documented performance objectives. 4. The company pays enough salary and benefits to motivate employees. 5. I work more when I know that there is a cash reward for exceeding work target.

Source: Zam (2022)

3.5.3 Performance Management Measures

The performance management elements have been derived from the study of Alpern et al. (2013). Participant responses on performance management issues are collected and evaluated using a five-point Likert scale ranging from strongly disagree to strongly agree. The performance management items are presented in Table 3.4.

Table 3.4: Performance Management items

Operational Definition	Item
The process of performance management involves doing research, assessing, and improving the performance of both workgroups and individuals, while also ensuring that performance aligns with the strategic goals of the business. (Alpern et al., 2013)	1. The management of this organization is supportive of me. 2. I receive the right amount of support and guidance from my direct supervisor. 3. I feel encouraged by my supervisor to offer suggestions and improvements. 4. My work is evaluated based on a fair system of performance standards. 5. The management makes changes based on my suggestions and feedback.

Source: Alpern et al., (2013)

3.5.4 Training and Development Measures

The training and development components also derived from Alpern et al. (2013). A Likert scale consisting of five points, ranging from strongly disagree to strongly agree, is employed to gather and assess participant responses to training and development issues. The training and development components are presented in Table 3.5.

Table 3.5: Training and Development items

Operational Definition	Item
Training and development initiatives are implemented with the objective of enhancing the efficiency of organizations, as well as the personnel and groups operating within them. (Alpern et al., 2013).	1. I am provided with all the training necessary for me to perform my job. 2. I have learned many new job skills in this position. 3. My department provides all the equipment, supplies, and resources necessary for me to perform my duties. 4. My work assignments are always clearly explained to me. 5. I feel I can easily communicate with members from all levels of this organization.

Source: Alpern et al., (2013)

3.5.5 Employee Motivation Measures

Based on a study conducted by Yanieva (2022), it was shown that employees who experience satisfaction are more likely to exhibit enhanced work performance due to increased motivation and exertion. This study further asserts that job motivation compels an individual to take action towards a certain goal and also enables behavioral modification. In this study, a set of five measures was employed to assess job motivation and evaluate employee performance within the context of Sainuka Habib workforce. The survey items were sourced from Yanieva (2022). The degree of agreement among all participants was assessed using a five-point Likert scale. A scale ranging from one, representing a severe disagreement, to five, representing a strong agreement, is utilized. Table 3.6 displays the entirety of the questions included in the questionnaire.

Table 3.6: Employee Motivation items

Operational Definition	Item
Work motivation can be simply defined as a reflection of the level of energy, commitment, and creativity that a company's workers bring to their jobs. (Yanieva, 2022)	1. I feel a sense of personal satisfaction when I do this job well. 2. I take pride in doing my job as well as I can. 3. I feel unhappy when my work is not up to my usual standard. 4. I like to look back at a day's work with a sense of a job well done. 5. I try to think if ways of doing my job effectively.

Source: Yanieva, (2022)

3.6 Pilot Test

In order to assess the validity, internal consistency, and reliability of the research design, a pilot study was conducted. Pilot studies play a crucial role in ensuring the efficacy of research practices (Malmqvist et al., 2019). They facilitate the evaluation of the wording, organization, and sequence of questions, guaranteeing the elimination of perplexing questions and minimizing the likelihood of misinterpretation. A total of twenty participants were enlisted to partake in the pilot study. The individuals involved in this study were employed by the Sainuka Habib operating force.

Table 3.7 presents the demographic information pertaining to the pilot project. Table 3.7 displays the outcomes of the internal consistency analysis conducted for the pilot project. Due to the satisfactory degree of internal consistency achieved by all scales, the survey was considered appropriate for its intended purpose (Mendonca et al., 2022). Hence, the questionnaire has both reliability and validity.

Table 3.7: Demographic Data for Pilot Study

Demographic Data	Options	Percentage (%)
Gender	Male	15
	Female	85
Age	18 to 25	20
	26 to 35	80
	36 to 45	0
	46 to 55	0
	Above 56	0
Marital status	Single	40
	Married	60
	Divorced	0

Years of Working Experience	Less than a year	25
	1 - 2 years	25
	3 - 5 years	30
	6 - 10 years	15
	11 year and above	5

Table 3.8: Results for Internal Consistency Analysis of Pilot Study

Scale	Number of Items	Cronbach's Alpha
Compensation Management	5	0.729
Performance Management	5	0.743
Training and Development	5	0.819
Employee Motivation	5	0.867
Employee Performance	5	0.764

3.7 Technique of Data Analysis

The data obtained is analysed using the Statistical Package for the Social Sciences (SPSS) version 26. The SPSS program facilitates the researcher in interpreting the results of the dataset. A descriptive statistics and correlation analysis were employed in this study to do the analysis. Simultaneously, the hypotheses were tested using regression analysis.

3.7.1 Descriptive Statistics

Descriptive analysis employs statistical techniques such as central tendency, distribution, and variability to examine and evaluate a dataset (Law, 2023). This approach may be employed to condense substantial volumes of data, encompassing

demographic attributes of participants, such as gender, age, marital status, and years of professional tenure. Additionally, it aids researchers in comprehending and articulating the data provided by the questionnaire respondents.

3.7.2 Regression Analysis

The regression analysis approach is employed to investigate the relationship between a dependent variable and independent variables. The importance of an independent variable and a dependent variable was assessed by regression analysis (Law, 2023). Additionally, it functions to evaluate the magnitude of a variable and assist in making predictions for the future. The r^2 value is indicative of the variation of the dependent variables, and the interpretation of the results can be facilitated by the availability of the r^2 value, F value, and significance level.

3.7.3 Correlation Analysis: Pearson Correlation

The researchers also employed correlation analysis to examine the relationship between the independent and dependent variables. It is imperative to do a thorough evaluation of the impact of the compensation management system, performance management, training and development, and employee motivation on employee performance within the workforce of Sainuka Habib. The correlation coefficient, denoted as r , has a range spanning from -1.00 to +1.00. A negative linear connection becomes apparent when the value of r approaches -1. A favorable linear connection is shown by R values that approach +1. Consequently, if the value of r is close to 0, there is no linear relationship between the variables. The Pearson Correlation Coefficient is utilized in this study to analyze the correlation between variables. Law (2023) states that the correlation coefficient ranges from -1 to +1, as seen in Table 3.9.

Table 3.9: Correlation Coefficient Value

Correlation Coefficient Value	Strength	Direction
Greater than 0.5	Strong	Positive
Between 0.3 and 0.5	Moderate	Positive
Between 0 and 0.3	Weak	Positive
0	None	None
Between 0 and -0.3	Weak	Negative
Between -0.3 and -0.5	Moderate	Negative
Less than -0.5	Strong	Negative

3.8 Ethical Considerations

The preservation of ethical foundations in this research endeavour is of paramount significance in upholding the rights, well-being, and privacy of all those involved in the study. To ensure the maintenance of ethical principles throughout the study endeavour, all participants provided their informed permission, and no instances of coercion or dissemination of misleading information were applied. Furthermore, a letter detailing the objectives, anticipated outcomes, and eligibility requirements of the study, together with an elucidation of the participant's role in the research, was dispatched with the invitation to join (see to Appendix 1). The participants were also provided with an explanation on the principles of confidentiality, anonymity, and withdrawal rights. To the best of the researcher's knowledge, no persons belonging to vulnerable groups participated in the study.

3.9 Summary of the Chapter

In conclusion, this research utilizes a quantitative methodology. Information is collected by an internet-based questionnaire utilizing a pragmatic, optional, and non-probability sampling method. The employee performance serves as the dependent variable, while the compensation management, performance management, training and development, and employee motivation are considered as the independent factors. All potential ethical issues have been taken into consideration.



CHAPTER FOUR

RESULTS

4.1 Introduction

This chapter encompasses the examination, exposition, and elucidation of the study's results. Firstly, the demographic profile of the sample is examined. The link between the independent variables (compensation management, performance management, training and development, and employee motivation) and employee performance is determined using internal consistency, Pearson Correlation coefficient, and regression analysis.

4.2 Demographic Profile

Table 4.1: Demographic Profile (*n*= 80)

Demographic Data	Options	Frequency(<i>n</i>)	Percentage
Gender	Male	17	21.3%
	Female	63	78.8%
Age	18 to 25	27	33.8%
	26 to 35	46	57.3%
	36 to 45	4	5.0%
	46 to 55	1	1.2%
	Above 56	2	2.5%
Marital status	Single	41	51.2%
	Married	39	48.8%
	Divorced	0	0
Years of Working Experience	Less than a year	23	28.7%
	1 - 2 years	25	31.3%
	3 - 5 years	18	22.5%
	6 - 10 years	9	11.3%
	11 year and above	5	6.3%

The researcher relied on socio-demographic inquiries to facilitate the classification of their participants into distinct sub-groups, particularly within the operational domain. A total of 80 participants took part in this investigation.

Based on the data shown in Table 4.1, the research predominantly consists of female respondents. The reason for this disparity is that the female population constitutes 78.75% (63) of the participants, whilst the male population is 21.25% (17).

Moreover, a significant proportion of the participants fall between the age range of 26 to 35 years. They constitute 57.3% of the overall responses, equivalent to a total of 46 participants. 33.8% (27) of the participants were between the ages of 18 and 25, while 5.0% (4) were between the ages of 36 and 45. Only 1.25% (1) of the employees were between the ages of 46 and 55, and 2.5% (2) were over the age of 56. Hence, the demographic analysis reveals that the majority of participants in this study are millennials.

Based on the data shown in Table 4.1, it can be observed that 31.25% (25) of the participants have worked for an organization ranging from one to two years. This observation suggests that a significant proportion of employees has a reasonable level of education and professional background. The demographic analysis reveals that 28.7% (23) of the participants have a service duration of less than one year, 22.5% (18) have a service duration ranging from 3 to 5 years, 11.3% (9) have a service duration ranging from 6 to 10 years, and 6.3% (5) have a service duration exceeding 11 years.

4.3 Internal Consistency Analysis

Table 4.2: Internal Consistency Analysis

Scale	Number of Items	Cronbach's Alpha
Compensation Management	5	0.779
Performance Management	5	0.762
Training and Development	5	0.797
Employee Motivation	5	0.804
Employee Performance	5	0.799

The assessment of internal consistency is commonly conducted through the utilization of Cronbach's alpha, a statistical measure derived from the pairwise correlations among items. The internal consistency scale ranges from 0 to 1. Based on a widely accepted guideline, a range of 0.6-0.7 indicates satisfactory reliability, whereas a number of 0.8 or above indicates excellent reliability.

The internal consistency study presented in Table 4.2 demonstrates that all variables have satisfactory internal consistency, as indicated by a Cronbach's alpha value over 0.7. The variable representing Employee Motivation has the highest degree of internal consistency, as shown by a coefficient of 0.804. Other variables, including Compensation Management System, Performance Management, Training and Development, and Employee Performance, have Cronbach's Alpha values below 0.8. Specifically, the values for α are 0.779, 0.762, 0.797, and 0.799, respectively.

4.4 Pearson Correlation Coefficient Analysis

Table 4.3: Pearson Correlation Coefficient Analysis

Variable	Employees' Performance (EP)	
	Pearson Correlation	Sig. (2-tailed)
Compensation System (CM)	0.275*	<0.05
Performance Management (PM)	0.363**	<0.01
Training and Development (TD)	0.505**	<0.01
Employee Motivation (EM)	0.639**	<0.01

* Correlation is significant at 0.05 level (2-tailed)

** Correlation is significant at 0.01 level (2-tailed)

In this study, a correlation was utilized to ascertain the association between the two variables. The analysis shown in Table 4.3 above illustrates the relationship between four distinct independent variables, namely compensation management system (CM), performance management (PM), training and development (TD), and employee motivation (EM), and the dependent variable, employee performance (EP).

The initial hypotheses suggest a moderate positive correlation coefficient of 0.275 between the compensation management system and employee performance. In addition, the second hypothesis posits that there exists a strong positive correlation value of 0.363 between performance management and employee performance. Next, there is a correlation coefficient of 0.505 between training and development and employee performance, which is apparent by the third hypothesis. For the final hypothesis, there exists a strong positive correlation coefficient of 0.639 between employee motivation and employee performance.

The data presented in Table 4.4 demonstrates a moderate positive correlation between the compensation management system and the dependent variable (employee performance), as shown by a R statistic value of 0.275. The p-value for the two-tailed significance level is 0.013, which is below the threshold of 0.05. Hence, based on the conducted study, substantial evidence may not support the acceptance of the H1 hypothesis, which posits a minute significant correlation between the compensation system and employee performance within the cohort of Sainuka Habib personnel. The findings of the investigation indicate that the compensation management system may not have a considerable influence on the performance of employees in Sainuka Habib. The findings indicate that there exists a moderate correlation ($r=0.275$) between the compensation management system and employee performance.

Furthermore, there is a good positive connection between the performance management variable and the dependent variable, employee performance, as seen by the R statistic value of 0.363. The p-value for the two-tailed significance level is 0.001, which is below the threshold of 0.05. Hence, based on the conducted study, substantial evidence may not support the acceptance of the H2 hypothesis, which posits only a moderate correlation between performance management and employee performance within a population of Sainuka Habib personnel. The investigation revealed a mild notable relationship between performance management and employee performance among employees at Sainuka Habib. The findings indicate a slightly positive correlation ($r=0.363$) between performance management and employee performance.

Meanwhile, there exists a strong positive correlation between the training and development variable and the dependent variable, which is employee performance, as evidenced by a R statistic value of 0.505. The p-value for the two-tailed significance level is 0.000, which is below the threshold of 0.05. Hence, based on the conducted study, substantial evidence supports the acceptance of the H3 hypothesis, which posits a considerable correlation between training and development initiatives and employee performance within the cohort of Sainuka Habib personnel. The investigation revealed a significant correlation between training and development initiatives and employee performance within the context of Sainuka Habib. The findings indicate a significant correlation ($r=0.505$) between training and development initiatives and employee performance.

Finally, it can be shown that there exists a strong positive correlation between the employee motivation variable and the dependent variable, which is employee performance, as evidenced by the R statistic value of 0.639. The p-value for the two-tailed significance level is 0.000, which is below the threshold of 0.05. Hence, based on the conducted study, substantial evidence supports the acceptance of the H4 hypothesis, which posits a significant correlation between employee motivation and employee performance within the cohort of Sainuka Habib personnel. The investigation revealed a significant relationship between employee motivation and employee performance among employees at Sainuka Habib. The findings indicate a robust correlation ($r=0.639$) between employee motivation and employee performance.

Table 4.4: Correlation Analysis

		Correlations				
		EP	CM	PM	TD	EM
EP	Pearson Correlation	1	.275*	.363**	.505**	.639**
	Sig. (2-tailed)		.013	.001	.000	.000
	N	80	80	80	80	80
CM	Pearson Correlation	.275*	1	.486**	.483**	.145
	Sig. (2-tailed)	.013		.000	.000	.199
	N	80	80	80	80	80
PM	Pearson Correlation	.363**	.486**	1	.568**	.301**
	Sig. (2-tailed)	.001	.000		.000	.007
	N	80	80	80	80	80
TD	Pearson Correlation	.505**	.483**	.568**	1	.410**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	80	80	80	80	80
EM	Pearson Correlation	.639**	.145	.301**	.410**	1
	Sig. (2-tailed)	.000	.199	.007	.000	
	N	80	80	80	80	80

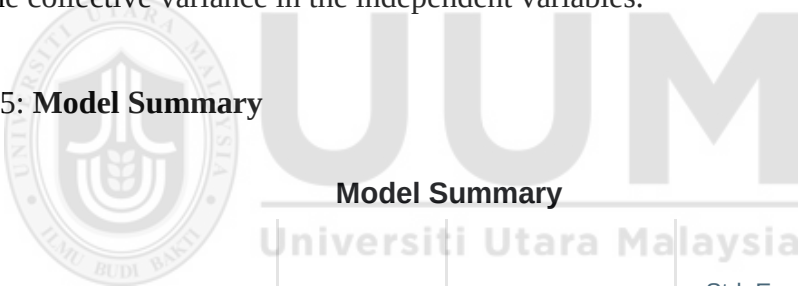
*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

4.5 Results of Multiple Regression Analysis

In order to examine the association between the dependent variable and the independent variable, regression analysis techniques are employed. The research utilized multiple regression analysis to examine the hypotheses. Table 4.5 presents the statistical data. The R-value is 0.696, the R Square is 0.485, and the Adjusted R square is 0.457. The p-value, denoted as $p < 0.05$, indicates a statistically significant relationship between the variables, whereas a p-value greater than 0.05 suggests the absence of a significant relationship. The adjusted R Square value, calculated by multiplying the adjusted R Square by 100, is 45.7%. This suggests that the model presented in Table 4.5 demonstrates that 45.7% of the variability in employee performance can be accounted for by the collective variance in the independent variables.

Table 4.5: **Model Summary**



Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.696 ^a	.485	.457	.278

a. Predictors: (Constant), Compensation System, Performance Management, Training Development, Employee Motivation

In addition, the statistical analysis conducted to assess the significance of the regression ($F = 17.631$, $p\text{-value} < 0.001$) indicates that there is a substantial contribution of at least one of the independent variables to the prediction of employee performance, as shown in Table 4.6. In order to determine the independent variable that has a considerable impact on employee performance, a test is conducted on the individual coefficient.

Table 4.6: **Anova**

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.457	4	1.364	17.631	.000 ^b
	Residual	5.803	75	.077		
	Total	11.259	79			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Compensation System, Performance Management, Training Development, Employee Motivation

Each variable was investigated, and the result are represented by variety of beta values. The strength between the independent variable and the dependent variable is measured using the standardized coefficient beta. Table 4.7 shows the impact of the compensation management system on employee performance is significant at $p=0.510$; $p<0.05$ with $\beta = 0.066$. The regression coefficient showed that no significant relationship between a better compensation system with enhanced employee performance. Second, the impact of performance management on employee performance is significant at $p=0.713$; $p<0.05$ with $\beta = 0.039$. The regression coefficient is negative indicating an insignificant relationship between better performance management and higher employee performance. Third, the impact of training and development on employee performance is significant at $p=0.035$; $p<0.05$ with $\beta = 0.238$. The coefficient is positive indicating the better training and development, the higher employee performance. Lastly, the impact of employee motivation on employee performance is significant at $p=0.000$; $p<0.05$ with $\beta = 0.520$. The coefficient is positive indicating the greater employee motivation, the higher employee performance.

Table 4.7: **Regression Coefficients**

		Coefficients^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	1.156	.377		3.068	.003
	Compensation System	.056	.084	.066	.662	.510
	Performance Management	.033	.090	.039	.369	.713
	Training Development	.213	.099	.238	2.148	.035
	Employee Motivation	.428	.075	.520	5.665	.000

a. Dependent Variable: Employee Performance

Table 4.8: **Hypothesis**

Hypothesis	Coefficient	Decision
H1: There is a significant relationship between the compensation management system (PLWS) and employee performance among Sainuka Habib employees.	.510	Not supported
H2: There is a significant relationship between performance management and employee performance among Sainuka Habib employees.	.713	Not supported
H3: There is a significant relationship between training and development and employee performance among Sainuka Habib employees.	.035	Supported
H4: There is a significant relationship between employee motivation and employee performance among Sainuka Habib employees.	.000	Supported

*Regression coefficient is significant at <0.05 level (2-tailed)

4.6 Summary of the Chapter

This chapter provides an overview of the findings obtained from the investigation. The research utilized a range of statistical techniques, including descriptive analysis, correlation analysis, and regression analysis, to assess the collected data. Two (2) of the independent factors have a considerable influence on employee performance at Sainuka Habib, as indicated by the results. In the forthcoming chapter, a comprehensive exposition of recommendations and proposals will be presented, drawing upon the study findings.



CHAPTER FIVE

DISCUSSION

5.1 Introduction

This last chapter will provide an analysis of the findings in relation to the objectives of the study. Chapter 1 of this research delineates four primary goals. Four hypotheses have been formulated and analyzed to address the objective of the study. This chapter provides an overview of the ramifications of the findings, encompassing both theoretical and practical aspects. The chapter concludes by addressing limitations and providing recommendations for further research.

5.2 Summary of Research

The purpose of this study was to identify the key characteristics that have the greatest impact on employee performance, with a specific focus on the four most crucial ones. The researchers formulated four research objectives for this study. This study aims to evaluate the relationship between compensation and reward management systems toward employee performance, to examine the relationship between performance management and employee performance, to analyze the correlation between training and development toward employee performance, and to examine the relationship between employee motivation and employee performance within the context of Sainuka Habib employees.

This chapter has highlighted all of these aims to elucidate the outcomes of the study. The results of this study will provide valuable insights for the upper levels of management of Sainuka Habib in identifying effective strategies to enhance employee performance.

The results of the regression coefficients analysis indicate a positive relationship between employee performance, training and development, and employee motivation. This finding provides evidence that the two factors, training and development, and employee motivation exert a substantial influence on the employee's performance. Yet, the other findings show two factors, the compensation management system and performance management system do not influence employee performance.

Regarding research aim 1, the findings suggest no significant correlation between the compensation management system and employee performance within the workforce of Sainuka Habib. The survey revealed that the compensation framework in Sainuka Habib has an insignificant impact on overall employee performance. With respect to research aim 2, this study also has demonstrated a trivial correlation between performance management and employee performance within the workforce of Sainuka Habib. The research revealed that employees may not be provided with an adequate level of assistance, advice, and feedback by their immediate supervisor, and employees are less likely to express satisfaction with a performance evaluation that was not equitable and comprehensive.

However, in reference to study objective 3, the analytical findings indicate a statistically significant correlation between training and development

initiatives and employee performance within the workforce of Sainuka Habib. The study revealed that employees have a strong affinity for acquiring new job skills. Additionally, the work assignments are consistently elucidated to the employees, accompanied by enough training, equipment, and resources. Furthermore, effective communication inside the firm is crucial. Lastly, the study conducted regarding research objective 4 reveals a noteworthy correlation between employee motivation and employee performance within the workforce of Sainuka Habib. The study revealed that employees experience a sense of pride and satisfaction when they perform their task proficiently and efficiently within the designated timeframe.

5.3 Discussions

The subsequent section will elaborate on the four hypotheses that were previously created based on the Pearson Correlation finding.

5.3.1 Relationship between the Compensation Management System and employee performance among Sainuka Habib staff

This study shows an insignificant relationship between compensation management and employee performance among Sainuka Habib employees. The correlation analysis confirms that there is a discrete connection between compensation management and employee performance among Sainuka Habib employees. This concludes that the indicators have a minute impact on corporate policy and remuneration practices. They may also provide a challenging atmosphere for human resource leaders.

Nevertheless, in the present state of affairs in Malaysia, the minimum wage has undergone many revisions in recent years. According to Harahap and Hamid (2022), minimum salaries impact the buildup of human capital and the responsibilities of HR executives. Consequently, the retail business encounters difficulties in terms of employee attraction and retention within its compensation schemes. The issue of high turnover rates is a matter of concern, with several elements like job happiness, organizational fairness, and work stress exerting influence on the ability to retain employees. In a study conducted by Coviello et al. (2022), it was observed that employees inside a retail American store had enhanced productivity and reduced termination rates subsequent to a rise in the minimum wage. This effect was particularly pronounced among workers whose remuneration was predominantly influenced by the minimum wage. The provision of allowances and incentives exerts a substantial influence on the performance of employees.

In the SME context, the use of performance-based incentives has been identified as a beneficial factor in enhancing employees' motivation and productivity (Luzon, 2022). Dunan (2023) determined that performance bonuses exerted a substantial and favorable impact on staff performance. However, according to Bomm and Kaiman (2022), the correlation between base pay and organizational success is adversely affected by bonuses that are based upon organizational performance for employees earning high wages. In addition, managing compensation prior to the current worldwide endemic can be particularly difficult in settings like hospitals and pharmacies, where there is a significant likelihood of contamination.

The study done by Gonçalves et al., (2021) raises concerns regarding the reasonableness of employee compensation in relation to the frequent exposure to risk experienced by these individuals. Human resource leaders are impacted by this phenomenon as they intervene to mitigate risks in order to recruit personnel for positions with higher degrees of risk.

5.3.2 Relationship between performance management and employee performance among Sainuka Habib staff

This study demonstrates an independent relationship between performance management and employee performance among Sainuka Habib workers. The correlation study results provide evidence that there is no beneficial relationship between performance management and employee performance within Sainuka Habib's workforce.

However, the area of performance management is dedicated to enhancing human performance within the realm of business and industry through the utilization of diagnostic inquiries and methodologies, such as functional analysis. According to Sánchez-Garcés (2023), the implementation of performance management practices may potentially result in insecure work situations. However, when coupled with job security measures and the provision of support for employee voice, it has the potential to foster more equitable and transparent performance objectives.

Performance management in the public sector is seen as a means to tackle problems such as inefficient administration and interruptions in public services. Methods like stakeholder management and AI-driven automation are becoming

increasingly significant (Efe, 2023). Moreover, a proficient performance management system encompasses ongoing protocols and initiatives that foster individual growth and assess the degree of accomplishment in attaining certain objectives, with competence mapping serving as a pivotal method in recognizing exceptional performance (Priyanka et al., 2023).

This finding also suggests that the comprehension of human resource managers regarding the management of a remote workforce and the necessary requirements should have an impact on the performance of employees in remote work settings. In a similar manner, Ismail (2021) performed research that recommended that managers allocate around one hour for individual meetings with employees to address their performance within the context of performance management. As a result, when a firm or team has a substantial workforce, particularly in the current economic downturn, the process of evaluating employee performance may become very disorderly and challenging for human resource managers.

Wang et al (2019) propose that human resource directors may exhibit reluctance in endorsing remote work due to concerns over its potential adverse impact on workers' performance. This may result in excessive control, which employees may see as a lack of confidence in their abilities, leading to conflict between them and their superior. Regular evaluation of employee performance fosters a culture of knowledge acquisition and knowledge dissemination, hence facilitating the restoration of market dominance for organizations. Human resource leaders have difficulty due to the connection between their leadership practices throughout the recent crises.

5.3.3 Relationship between training and development and employee performance among Sainuka Habib staff

This study establishes a statistically significant correlation between training and development initiatives and the performance of employees at Sainuka Habib. The correlation research provides evidence that there is a favorable association between employee performance in the business and their degree of training and advancement. Due to the current economic crisis, businesses are required to enhance the skills and knowledge of their employees in order to meet the demands of the new remote economy.

In a similar vein, Liu et al. (2020) propose that human resource executives may have significant challenges in developing a tailored training strategy that aligns with the evolving dynamics of the organization and its workforce. It might also involve choosing appropriate training methods and considering physical distance measures, as well as the need for personnel to be operational immediately to maintain the firm's operation.

According to the study conducted by Wang et al. (2019), it is imperative for managers and human resource executives to reevaluate current training methodologies. The current crisis has had a significant influence on career growth in organizations, in addition to training. Training and development significantly improve employee performance, productivity, retention, and workplace culture. However, the recent economic crisis has caused workers to be concerned about the imminent risk of job loss. Some individuals were also concerned about the possibility of not receiving a promotion that they would have obtained had the crisis not taken place.

5.3.4 Relationship between employee motivation and employee performance among Sainuka Habib staff

A strong positive correlation between employee motivation and employee performance is seen in the findings of the study. The correlation coefficient has a value of 0.639, which is the highest value seen in this investigation. Increased motivation among employees leads to a greater willingness to engage in work and contribute more successfully to the firm. This finding suggests that fostering positive job satisfaction among employees might contribute to the achievement of the company's objectives and the actualization of its vision (Inuwa, 2016). A motivated employee will serve as a source of inspiration for others in the office. The results of this study are consistent with previous research that has shown a direct relationship between work motivation and performance (Elvina & Chao, 2019), as well as a mediating role (Jayaweera, 2015).

Performance is positively influenced by motivation. The findings suggest that motivation has a significant role in enhancing performance inside both government and commercial organizations. Empirical evidence suggests that motivation exerts a direct impact on performance. This is predicated on the correlation between task execution and drive. The results of this study are consistent with other research that has demonstrated the substantial impact of motivation on employee performance, both in a direct manner (Elvina and Chao, 2019) and as a mediator (Jayaweera, 2015). Furthermore, it is worth noting that the motivation exhibited by employees has the potential to enhance the overall performance of a firm (Dobre, 2013).

5.4 Implication of the findings

The study's findings gave rise to several implications. There are two primary sorts of implications: theoretical implications and practical implications.

5.4.1 Theoretical Implications

The findings reveal a mutually beneficial relationship between the motivational mechanisms proposed by Vroom's theory and the goal-setting principles outlined by Locke and Latham. As proposed by Vroom, employees who understand the direct correlation between their effort, performance, and rewards are more inclined to actively participate in goal-setting procedures, establish ambitious yet attainable goals, and demonstrate superior levels of performance.

The study also supports that PLWS can help make this collaboration stronger because it gives people a real way to connect reaching their goals with money rewards. This makes both the expectancy and goal-setting theories more effective at motivating people. HR management practices play a crucial role in fostering a supportive environment that encourages goal alignment, provides timely feedback, and ensures transparency in reward distribution, all of which are essential for nurturing synergy.

These theoretical insights deepen our comprehension of how to incorporate motivational theories into organizational frameworks like PLWS to enhance employee performance. By utilizing the synergistic principles of Vroom's Expectancy Theory and Locke & Latham Goal-Setting Theory, organizations such as

Sainuka Habib can enhance their HR strategies to effectively enhance productivity and achieve long-lasting improvements in organizational outcomes.

In addition, the results of this study provide robust evidence in favor of the hypothesized correlation between the remuneration management system, performance management, training and development, employee motivation, and employee performance within the context of Sainuka Habib workers. To attain corporate goals, effective human resource professionals must collaborate with their business counterparts to formulate strategic workforce strategies that address both immediate and future human capital requirements. In order to pursue a profession as a human resource leader, it is often necessary to possess a strong foundation in business expertise and a specific grasp of human resources. Individuals aspiring to advance their professional trajectories in the field of human resources might acquire novel proficiencies and knowledge through participation in a human resources training program.

Furthermore, it is essential for employers to recognize that their workforce often constitutes their most valuable asset. Human resource managers play a crucial role in offering guidance to management about human resources matters, facilitating the establishment and sustenance of favorable working relationships with staff leaders, and cultivating a conducive and efficient work environment. Job responsibilities may differ based on the firm and sector, but typically, human resource executives evaluate competition in recruitment methods, remuneration, and perks prior to providing suggestions. The organization has the potential to provide resources and

guidance pertaining to the development of career trajectories for supervisors, succession planning, and various people management procedures.

5.4.2 Practical Implications

The consequences of the study's results have practical significance for organizations, individuals, employees, and policymakers. The subsequent sub-section will delve into the specifics of the ramifications.

5.4.2.1 Implications to Organizational

This research examines the correlation between human resource management and employee performance within the context of Sainuka Habib businesses, with the aim of enhancing organizational effectiveness. Initially, enhanced staff performance is directly linked to increased production levels. Enhancing staff performance results in heightened efficiency and effectiveness in job completion, fostering augmented production and overall productivity within the organization. The enhancement of employee performance frequently leads to the production of work of superior quality. Highly skilled employees are more inclined to exhibit meticulousness, pursue exceptional performance, and provide outcomes that not only meet but also exceed expectations, bolstering the organization's standing for providing high-quality products or services.

Employees who demonstrate high levels of satisfaction and engagement are more likely to deliver superior customer service. These entities demonstrate a higher degree of responsiveness to customer demands, advanced levels of competence, and a

greater dedication to ensuring client satisfaction. Consequently, they cultivate more robust connections and nurture customer loyalty. Additionally, cost savings can be achieved by an organization through the improvement of employee performance. Enhanced productivity, efficiency, and superior quality output have the potential to decrease operating expenses, mitigate inefficiencies, and maximize resource allocation, resulting in improved profitability and financial outcomes. High-performing employees frequently demonstrate creativity, ingenuity, and problem-solving abilities. Organizations may cultivate a culture of innovation by promoting and incentivizing exceptional performance, therefore empowering workers to produce novel ideas, solutions, and strategies to address difficulties. This, in turn, facilitates ongoing improvement and confers a competitive edge.

In the organization context, enhancing staff morale, motivation, and engagement may be achieved by acknowledging and incentivizing exceptional performance. There is a positive correlation between employee engagement and organizational loyalty, which in turn leads to a decrease in turnover rates and the subsequent expenses incurred for recruiting and training. Moreover, employee performance improvement plays a significant role in the formation and consolidation of a positive corporate culture. A culture that places importance on and gives priority to achieving high performance cultivates a feeling of pride, responsibility, and collective dedication among employees, ensuring that their actions and attitudes are in line with the organization's objectives and principles.

On top of that, the enhancement of leadership pipelines within an organization may be achieved through the identification and cultivation of high-performing people. Organizations may foster internal talent by offering chances for development, progression, and leadership positions, hence ensuring continuity and succession planning for future leadership requirements. Organizations that possess staff that exhibit high levels of performance are able to gain a competitive advantage in the marketplace. Exceptional performance results in distinctiveness, client contentment, and originality, establishing the business as a favored option amid rivals and propelling enduring prosperity and viability.

5.4.2.2 Implications to Individual

In essence, improving employee performance can have a profound impact on individuals by fostering career growth, personal development, job security, recognition, and overall satisfaction in their professional lives. Enhanced employee performance frequently garners recognition from supervisors. This can lead to opportunities such as promotions, salary increases, and increased chances for professional advancement. Additionally, it enhances their job satisfaction and facilitates their professional development. Secondly, individuals who consistently do well in their work are less likely to be laid off. Achieving success in their career enhances their self-assurance and job security. Enhancing performance in the workplace also entails establishing objectives, acquiring new knowledge, and surmounting obstacles. This facilitates their personal growth and fosters a sense of satisfaction with their accomplishments. Furthermore, organizations frequently provide bonuses, accolades, or public

commendations to employees who demonstrate exceptional performance. This fosters a sense of appreciation and motivates them to continue performing at a high level.

Higher performance in the workplace can result in novel prospects, both within and beyond the organization. Employees may receive increased duties, assume leadership positions, or perhaps advance to more desirable employment opportunities elsewhere. Also, by improving their professional performance, people may achieve more efficiency and allocate more time towards their personal lives. Consequently, they are able to effectively handle their professional and personal time. Next, engaging in exceptional work and achieving favorable outcomes enhances individuals' standing within their own business or professional networks. This can result in more relationships, prospects, and partnerships. Meeting or surpassing work-related objectives elicits feelings of pride and satisfaction. This experience provides individuals with a sense of purpose, leading to increased work satisfaction and engagement.

5.4.2.3 Implications to Policy Makers

Employee performance enhancement plays a significant role in driving total productivity development, making it a critical catalyst for economic success. Policymakers recognize the importance of a skilled labor force in driving economic growth and well-being, resulting in increased tax revenues, higher GDP levels, and a better quality of life. The enhancement of labor market efficiency may be achieved by the implementation of policies that focus on enhancing employee performance. These policies strive to ensure that workers receive adequate training, maintain high levels of

motivation, and possess the required skills to effectively satisfy the needs of the job market. This has the potential to decrease unemployment rates, mitigate skill disparities, and enhance the alignment of people with existing job prospects.

The need for a proficient and efficient labor force to sustain competitiveness in the international market is well recognized by policymakers. Policymakers may enhance the competitiveness of organizations on a global level, attract investment, and foster innovation by enacting rules that facilitate staff training, education, and performance management. Enhancing employee performance has the potential to foster social cohesion by reducing wage disparities, increasing work happiness, and facilitating upward mobility. Policymakers have the capacity to develop strategies aimed at promoting equal access to education, training programs, and professional progression prospects, thus cultivating a society that is more inclusive.

Policies aimed at improving employee performance have the potential to reduce reliance on social assistance programs. An efficient labor force is more inclined to achieve economic independence, alleviating the strain on public welfare initiatives and fostering budgetary stability. Policymakers have the opportunity to investigate novel strategies aimed at motivating and assisting employers in improving employee performance. This innovation may include implementing tax incentives to encourage investments in workforce development, allocating funds for training programs, or fostering collaborations among government, academia, and industry to effectively tackle skill deficiencies. The prioritization of policies that invest in human capital development, such as education, lifelong learning, and skills training, is driven by the

recognition of employees as significant assets by politicians. Policymakers can foster sustainable economic growth and enhance resilience to technological change by cultivating a proficient and flexible workforce. Policymakers have the authority to evaluate and modify employment legislation in order to promote performance enhancement rather than impede it. This may entail the implementation of labor legislation reforms, the optimization of bureaucratic processes, or the provision of assistance for flexible work arrangements that foster enhanced productivity and a harmonious work-life equilibrium.

5.5 Limitations and Suggestions for Future Directions

First and foremost, the research article may encounter constraints regarding the size and representativeness of the sample. Due to the research exclusively focusing on Sainuka Habib's workforce or a specific sector, the results may lack generalizability to various situations or sectors. Future investigations may consider increasing the sample size and including a wider range of sectors to bolster the results' generalizability.

Next, the quality and reliability of the data may be limited depending on the specific techniques used, such as surveys or interviews. Examples of potential sources of bias or social desirability include self-reported assessments of productivity or performance. In order to enhance the validity of the findings, future research endeavors may consider integrating objective performance measurements or employing longitudinal methods.

What's more, the establishment of causation and directionality in the relationship between HR management practices and employee performance may present some difficulties. The dynamic character of these linkages over time may not be well captured by cross-sectional investigations. In order to enhance the efficacy of investigating causal linkages, future research endeavors may consider utilizing longitudinal or experimental designs.

Finally, the measurement of variables of HR management practices and employee performance may exhibit a lack of uniformity or validity in their operationalization and measurement. The presence of varying definitions and measuring scales across different research projects may impede the ability to compare and synthesize data. In order to improve the consistency and comparability of findings, future research endeavors may consider employing validated instruments or establishing standardized metrics.

5.6 Conclusion

This chapter presents an analysis of the empirical findings that align with the research objectives of the study. The objective of this study is to examine the correlation between the implementation of human resource management practices in connection to employee performance within the context of Sainuka Habib. The findings indicate a strong positive correlation between all factors and employee performance among the workers. The present work addresses the existing gaps in both theoretical and empirical research while also providing empirical and theoretical evidence to support the conclusions. The study's findings are anticipated to have practical implications for

several stakeholders, including businesses, people, employees, and policymakers. The chapter's conclusion also addresses methodological shortcomings and provides recommendations for further investigation.



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APPENDICES

Appendix 1

SURVEY OPENING LETTER



Dear participants,

You are invited to participate in a research study titled "**THE RELATIONSHIP OF HUMAN RESOURCE MANAGEMENT TOWARDS EMPLOYEE PERFORMANCE IN SAINUKA HABIB.**" Amirul Islam bin Yusoff is conducting this study as part of his master's programme in Human Resource Management at Universiti Utara Malaysia. This study aims to analyse the influence of the compensation system and human resource management on employee performance at Sainuka Habib. To participate, you will need to complete a brief electronic survey using Google Forms, which you can access through this link: [<https://forms.gle/xLPmaWuoz8W6oXfh9>]. Your participation in this study is voluntary, as he needs ample data for his research. The survey should be completed in around 5 minutes.

Participating in this study does not pose any identified risks. The survey does not gather personal information, guaranteeing the anonymity of your responses. The study may not offer immediate benefits to you, but the information collected could be valuable for future students, managers, human resource practitioners, and policymakers. It aims to

improve the understanding of the connection between compensation systems, human resource management, and employee performance in organisations.

If you have any inquiries regarding the survey or this research project, please contact Amirul Islam bin Yusoff at +6013-2933532. If you have any concerns about your rights as a research participant, please contact the same person. By finishing and sending this survey, you are showing your agreement to take part in the study. Your participation in this survey is highly appreciated.

Yours sincerely,

Amirul Islam bin Yusoff

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Appendix 2

RESEARCH TITLE: THE RELATIONSHIP OF HUMAN RESOURCE MANAGEMENT TOWARDS EMPLOYEE PERFORMANCE IN SAINUKA HABIB

*There is no “right” or “wrong” answers. Please reflect carefully and answer all questions as **honestly** as possible. Your response will be kept **confidential** and will be aggregated with other responses so individual **respondents cannot be identified**.*

INSTRUCTION

*This questionnaire has **3 sections** (Sections A, B, and C). **Please answer all the questions carefully.***

SECTION A (SOCIODEMOGRAPHIC OF RESPONDENTS)

Please tick [✓] your response on the appropriate space provided below.

Gender	
Male	
Female	
Age	
18 to 25	
26 to 35	
36 to 45	
46 to 55	
Above 56	
Marital Status	
Single	
Married	
Divorced	
Length of Service	
Less than a year	
1 – 2 years	
3 – 5 years	
6 – 10 years	
11 years and above	

SECTION B (HUMAN RESOURCE MANAGEMENT)

Read each statement carefully and choose the response that best reflects you by circling the corresponding number. There are five possible options.

*Degree of Acceptance** (1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree)

Compensation Management						
No	Items	Degree of Acceptance*				
1	The salary I received every month was in line with the work I did, and the tasks assigned to me.	1	2	3	4	5
2	I receive additional allowances and monetary benefits in addition to my monthly salary.	1	2	3	4	5
3	Salary increases depend on achieving the goals set out in the performance evaluation documents.	1	2	3	4	5
4	The company pays its employees enough and offers good benefits to keep them motivated.	1	2	3	4	5
5	I work harder and put in more effort when I know I'll get money for doing better than my work goal.	1	2	3	4	5
Performance Management						
No	Items	Degree of Acceptance*				
1	The management of this organization is supportive of me.	1	2	3	4	5
2	I receive the necessary support and guidance from my immediate supervisor.	1	2	3	4	5
3	I feel encouraged by my supervisor to offer suggestions and improvement.	1	2	3	4	5

4	My work is evaluated based on a fair system of performance standards.	1	2	3	4	5
5	The management makes changes based on my suggestions and feedback.	1	2	3	4	5
Training and Development						
No	Items	Degree of Acceptance*				
1	I am provided with all trainings necessary for me to perform my job.	1	2	3	4	5
2	I have learned many new job skills in this position.	1	2	3	4	5
3	My department provides all the equipment, supplies, and resources necessary for me to perform my duties.	1	2	3	4	5
4	My work assignments are always clearly explained to me.	1	2	3	4	5
5	I feel I can easily communicate with members from all levels of this organization.	1	2	3	4	5
Employee Motivation						
No	Items	Degree of Acceptance*				
1	I feel a sense of personal satisfaction when I do this job well.	1	2	3	4	5
2	I try to think if ways of doing my job effectively.	1	2	3	4	5
3	I take pride in doing my job as well as I can.	1	2	3	4	5
4	I feel unhappy when my work is not up to my usual standard.	1	2	3	4	5
5	I like to look back at a day's work with a sense of a job well done.	1	2	3	4	5

SECTION C (EMPLOYEE PERFORMANCE)

Read each statement carefully and choose which one of the five possible responses best reflects you by circling the corresponding number.

Degree of Acceptance (1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree)

Employee Performance						
No	Items	Degree of Acceptance*				
1	I am always able to finish my job consistent with the predetermined quality standard.	1	2	3	4	5
2	I am always able to do better on my job to get maximal results.	1	2	3	4	5
3	I am always able to finish my job on time.	1	2	3	4	5
4	I am always able to come in to work except for very important reasons or illness.	1	2	3	4	5
5	I try to increase my productivity.	1	2	3	4	5

Thank you for completing this questionnaire.

Appendix 3

Reliability Analysis for Pilot Test

1. Compensation Management System

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded ^a	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.729	.729	5

2. Performance Management

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded ^a	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.743	.753	5

3. Training and Development

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded ^a	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.819	.814	5

4. Employee Motivation

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded ^a	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.867	.883	5

5. Employee Performance

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded ^a	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.764	.764	5



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Appendix 4

1. Demographic Analysis

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	63	78.8	78.8	78.8
	Male	17	21.3	21.3	100.0
	Total	80	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 to 25	27	33.8	33.8	33.8
	26 to 35	46	57.5	57.5	91.3
	36 to 45	4	5.0	5.0	96.3
	46 to 55	1	1.3	1.3	97.5
	Above 56	2	2.5	2.5	100.0
	Total	80	100.0	100.0	

Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	39	48.8	48.8	48.8
	Single	41	51.2	51.2	100.0
	Total	80	100.0	100.0	

Length of Services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 - 2 years	25	31.3	31.3	31.3
	11 year and above	5	6.3	6.3	37.5
	3 - 5 years	18	22.5	22.5	60.0
	6 - 10 years	9	11.3	11.3	71.3
	Less than a year	23	28.7	28.7	100.0
	Total	80	100.0	100.0	

2. Reliability Analysis for actual study

2.1. Compensation Management System

Case Processing Summary

		N	%
Cases	Valid	80	100.0
	Excluded ^a	0	.0
	Total	80	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.779	5

2.2. Performance Management

Case Processing Summary

		N	%
Cases	Valid	80	100.0
	Excluded ^a	0	.0
	Total	80	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.762	5

2.3. Training and Development

Case Processing Summary

		N	%
Cases	Valid	80	100.0
	Excluded ^a	0	.0
	Total	80	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.797	5

2.4. Employee Motivation

Case Processing Summary

		N	%
Cases	Valid	80	100.0
	Excluded ^a	0	.0
	Total	80	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's	
Alpha	N of Items
.804	5

2.5. Employee Performance

Case Processing Summary

		N	%
Cases	Valid	80	100.0
	Excluded ^a	0	.0
	Total	80	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's	
Alpha	N of Items
.799	5

