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**IMPACT OF HUMAN RESOURCE MANAGEMENT PRACTICES ON MACHINE OPERATORS' PERFORMANCE: WITH SPECIAL REFERENCE TO THE APPAREL FACTORIES IN KALUTARA DISTRICT, SRI LANKA**

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**ABSTRACT**

The purpose of this study is to test the impact of Human Resource Management Practices (HRMP) on Machine Operator's in the Apparel factories in Kalutara district, Sri Lanka. Most of the prior studies on HRMP and employee performance were conducted in Western context, and a few studies can be found in the context of South Asian countries. Therefore, this study fills the existing empirical gap in the literature. This is a cross-sectional explanatory study involving deductive approach. Structured questionnaire was designed and personally administrated to collect data from randomly selected 150 sewing machine operators of five garment factories in Kaluthara district, Sri Lanka. Correlation and multiple regression analyses were used to test the hypotheses developed. The relationship between HRMP and employee performance was examined using a three dimensional measures of HRMP i.e. compensation, training, and health & safety practices. Results show that there is a statistically significant positive impact of HRMP on employee performance. Compensation practices were found to have the most significant effect on employee performance. Managers should pay more attention to implement attractive compensation practices as well as should take consideration on the issue with existing training programs.

**Keywords:** *Training and Development, Health and Safety, Compensation, Employee Performance*

**1 INTRODUCTION**

This study aims to examine the impact of HRMPs on Machine operators' performance in the apparel industry. Success of any organization depends on its employees' decisions and their behavior regardless of the nature, size, and environment where it operates (Bowra et al, 2012). Performance of any organization mostly depends on the performance of its employees (Bowra et al,

2012). Caliskan (2010) acknowledged that HR practices are one of the major sources of competitive advantage. Many scholars have found a significant and positive relationship between HRMP and employees' performance (Delery and Doty, 1996; Guest, 2002; Harley, 2002; Huselid, 1995; Qureshi et al., 2006; Tessema & Soeters, 2006) Successful organizations have realized that there are number of factors that contribute to performance but human resource is clearly the most critical (Mello, 2005; Motyka, 2018).

Today, business environment of an organization is rapidly changing. Therefore, to perform well in such a turbulent business environment, organizations have to utilize their human resources efficiently and effectively. Hence, organizations are persistently improving performance of their employees by improving HR practices. In order to prepare their workers to do the job well, organizations provides training which improve the knowledge, skills and abilities of the employees to perform well on the job. When employees recognize their organization interest in improving them through training programs, they in turn apply their best efforts to achieve organizational goals, and show high levels of performance on the job (McKinsey, 2006).

Health and safety practices implemented by the organization are also very important for any employee in an organization to perform the job well. Most of the prior researches have focused on high performance work practices in western context. Only few scholars have examined the health and safety practices. Therefore, this study aims to examine the impact of HRMP on employee performance in apparel industry in Sri Lanka.

### **1.1 Research Problem**

The performance of any organization depends mostly on the performance of its employees. An employee performance is basically depends on the skills, attitudes, knowledge and motivation of him. As well as, healthy employees are very important for accomplishing the established goals of the organization. Therefore training & development practices and health & safety practices help an organization to improve performance of their employees. However there is scarcity of researches which investigate the impact of these two practices on employee performance. Moreover, prior scholars have focused on the effect of HRMPs on employee performance in the textile industry in developed countries. However, very few studies can be found in developing countries like Sri Lanka. Therefore, this study fills the existing empirical gap in the literature in relation to apparel industry in Sri Lanka.

## **1.2 Objectives of the Study**

- To examine the relationship between training and development practices and machine operators' performance.
- To examine the relationship between health and safety practices and machine operators' performance.
- To examine the relationship between compensation practices and machine operators' performance.
- To examine the impact of T&D practices on machine operators' performance.
- To examine the impact of H&S practices on machine operators' performance.
- To examine the impact of compensation practices on machine operators' performance.

## **2. LITERATURE REVIEW**

### **2.1 Employee Performance**

Employee performance has differently been defined by scholars in different disciplines over decades. Campbell (1990) defined work performance as “behaviors or actions that are relevant to the goals of the organization”. It is a widely endorsed definition of work performance (Koopmans, 2011). The successful organizations have understood the importance of HR as a critical factor directly affects and contributes on the performance of the organization (Oman et al, 2014). The role of human resources is absolutely critical in raising performance in an organization (Armstrong & Baron, 1998)

Prior studies that linked HRM practices and performance have been conducted in different sectors of different countries (Gerhard & Milkovich, 1992; Arthur 1994; Huselid in 1995; MacDuffie, 1995; Guest, 1997). Most of them showed a significant positive impact of HRM practices on employee's performance.

### **2.2 Training and Development**

“Training is a systematic process of altering the knowledge, behavior and motivation of employees in a direction to increase organizational goal achievement.”(Glueck, 1978). It refers to the methods used to develop skills in the employees required to perform the job (Dessler, 2008). Training and development increases employees' efficiencies, innovation, invention, and capacity to accept new technologies and techniques to perform the job well (McNamara, 2008).

Training is a systematic approach that enables employees to attain knowledge and skills in order to accomplish their tasks effectively with the resultant improvement in the behavior (Armstrong, 2006). Training can be described as an endeavor to develop additional competencies needed today or in future in order to increase the level of employee's performance (Jackson & Schuler, 2000). Training can be used as a tool to increase efficiency and effectiveness of employees in order to increase organizational performance (Cook & Hunsaker, 2001).

Guest (1997) reveal that training and development programs positively affects the quality of the workers knowledge, skills and capability and thus results in higher employee performance on job. Likewise, study of Farooq & Aslam (2011) has found a positive correlation between training and employee performance. According to Swart (2005), bridging the performance gap refers to implementing a relevant training intervention for the sake of developing particular skills and abilities of the workers and enhancing employee performance. Moreover, Swart et al (2005) stated that employee superior performance occur only because of good quality training program that leads to employee motivation and their needs fulfillment. As mentioned by Arnoff (1971), training sessions accelerate the initiative ability and creativity of the workforce and facilitate to avoid human resource obsolescence that may occur because of demographic factors such as age, attitude or the inability to cope with the technological changes Obisi (2001), reported that training is a systematic process of enhancing the knowledge, skills and attitude, hence leads to satisfactory performance by the employees at job. He further mentioned that the need and objectives of the training program should be identified before offering it to the employees.

### **2.3 Health & Safety Practices**

Occupational health and safety enhances the physical, mental and social well-being of workers, and supports the development and maintenance of their working capacity, as well as professionalism and social development at work. Opatha (2009) described occupational safety as 'free from danger and risk'.

The results of the study conducted by Agbola (2012) revealed that organizations with poor health and safety management practices, poor training in safety know-how, lack of information on dangerous chemicals and hazardous materials, lack of monitoring and enforcement of safety rules, unavailability of essential safety equipment, have adverse effects on employees and the organizational performance. Lamm, Massey & Perry (2007) stated that clear occupational health and safety policy plays an important role in reducing accidents and injuries at work.

Study on effect on occupational health and safety policy on employee performance, Lim (2012) found that when workers understand the health and safety rules, procedures and tools of their job, it helps them to work effectively and efficiently resulting in better performance of employees. Australian National Commission for Health and Safety suggests that in organizations where health and safety policies are highly promoted, employees feel valued because they are kept from danger at work. This provides opportunities for employees to perform very well on the job to achieve organizational success.

Hudson (2012) also sees health and safety promotion at the workplace having direct positive impact on employees' performance. Ward et.al. (2008) positive management of occupational health and safety system has positive impact on employee outcomes (example, job motivation, job involvement, safety climate, organizational commitment, job satisfaction, mental health and wellbeing). Positive or greater records of these outcomes support the ability of the employee to perform very well on the job for the organization to achieve its goals.

Wumoo et al. (2013) examined the impact of health and safety policies on employee performance in the Ghana's timber industry. The results showed that health and safety measures put up by the company positively correlates with employees' performance. Moreover, Hudson (2012) also sees health and safety promotion at the workplace having direct positive impact on employees' performance. He pointed out that the written good occupational health and safety management practices would help to build a positive workplace culture and this will enhance performance of all employees. It also gives room for high employee performance that encourages creativity and innovation.

## **2.4 Compensation**

Compensation systems that organizations offer to the employees play a key role in increasing employee motivation (Milgrom & Roberts, 1992, p.388), performance and productivity. Hence, most of the organizations are very much concerned about establishing and maintaining the optimal compensation systems. According to expectancy theory (Vroom, 1964), when pay is tied to some measure of individual or group performance, employees are more likely to work harder to increase the individual's, the group's or the organization's performance.

## **2.5 Hypotheses Development**

Researcher has developed the following hypothesis based on the research objectives.

- H<sub>1</sub>: There is a significant positive relationship between T & D practices and machine operators' performance.

- H<sub>2</sub>: There is a significant positive relationship between health and safety practices and machine operators' performance.
- H<sub>3</sub>: There is a significant positive relationship between compensation practices and machine operators' performance.
- H<sub>4</sub>: There is a statistically significant positive impact of T & D practices on employee job performance.
- H<sub>5</sub>: There is a statistically significant positive impact of H & S practices on employee job performance.
- H<sub>6</sub>: There is a statistically significant positive impact of compensation practices on employee job performance.

### 3. METHODOLOGY

Cross-sectional explanatory descriptive study involving deductive approach is used. The research context is apparel factories in Kalutara district, Sri Lanka. As well as the unit of analysis of this study is individuals (Machine operators).

#### 3.1 Population, Sample and Data Collection

In this quantitative study, structured questionnaire was designed and personally administrated to collect data from randomly selected 150 sewing machine operators of five garment factories in Kalutara district, Sri Lanka. Five point Likert type scale has been used in the questionnaire to measure HR practices. 5 for strongly agree, 4 for agree, 3 for neutral, 2 for disagree and 1 for strongly disagree have been given in order to analyze data.

#### 3.2 Measuring Variables

Ten questions were asked to test training and development practices, twelve questions to test compensation and ten items to measure health and safety practices and nine questions to measure employee job performance.

### 4 DATA ANALYSIS AND RESULTS

Table 1 shows the Cronbach's Alpha values for the variables in the study.

**Table 1: Reliability Statistics for variables**

Variable	Number of Items	Alpha Value
Employee performance	9	0.805
Training and Development	10	0.718
Compensation	12	0.832

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Health and safety practices	10	0.801
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## 4.1 Hypotheses Testing

### 4.1.1: Results of Correlation Analysis

Pearson correlation coefficients included in Table 2 reveal that there is a significant positive relationship between all the independent variables and EP. Hence there is a statistical evidence to claim that there is a significant positive relationship between T&D, H&S, and compensation and employee performance. Therefore hypotheses of the above mentioned variables were accepted.

**Table 2: Correlation between HRMP and EP**

Independent Variables	EP
H & S	0.512**
T & D	0.590**
compensation	0.610**

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

### 4.1.2 Results of Regression Analysis

**Table 3: Coefficient of Study Variables**

Model	Un-standardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	3.517	.202		12.803	.000
H & S	0.312	.058	0.365	2.869	.000
T & D	0.458	.061	0.405	4.491	.000
Compensation	0.652	.067	0.612	8.370	.000

The square of the multiple R is 0.428 indicating that the 42.8% of variance in EP is explained by the three independent variables jointly. The F value is 55.005 that is significant at P = 0.000 suggesting that three independent variables have significantly explained the 42.8 percent of the variance in EP. The strength of influence that each independent variable had on the dependent variable was determined by the use of multiple regression coefficients of the independent variables. As shown in the Table 3 compensation had the strongest significant effect on EP with a standardized beta of 0.612.

**Table 4: Model Summary**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate	F	Sig.
1	0.654	0.428	0.420	0.31195	55.005	0.000

## 5 DISCUSSION

The purpose of this study was to examine the impact of HRMPs on machine operators' performance in apparel factories at Kalutara district, Sri Lanka. The sample indicated that 38% of machine operators are in the age range of 26-30 years and 29% of the sample employees have 1-3 years' experience. Majority (78%) of the machine operators are female. More than half (65.3%) of respondents are included to the education range of Grade 8 – Grade 10 and Passed G.C.E. (O/L).

All the hypotheses tested in this study were accepted. Results showed that there is a significant positive relationship between HRMPs (T&D, H&S, compensation) and EP. Moreover results revealed that T&D, Compensation and H & S practices have significant and positive effects on employee performance. The findings empirically confirm the theoretical arguments explained in the literature review. Compensation practice was found to be the strongest HRM practice predictor of machine operators' performance.

## 6 CONCLUSION AND CONTRIBUTIONS

Compensation practice was found to be the strongest HRM practice predictor of MP. The implication of this finding is that compensation is the most critical HRM practice to be implemented by apparel factories to increase MP. Result of this study will guide the decision-makers and administrators in the apparel industry, and contribute to the literature regarding the HRMP and employee performance. This study would help managers in designing more effective and efficient human resource management practices for improving employee performance in apparel industry in Sri Lanka.

It was impossible for three HR practices to account for variation in machine operators' performance (MP). In fact other HR practices, which were not considered in this study, should be the variables that will account for the unexplained variance in the MP. Hence, future research studies are suggested to find out the effects of other HR practices on the MP. This study was limited to investigating the impact of HRM practices on MP in apparel industry in Sri Lanka. Further investigations in other types of industries may provide additional insights into the findings of the study.



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