The Effect of HR Practices on Psychological Empowerment in Forming Performance Based on Learning and Growth Perspectives

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Abstract.

Over the years, the field of Strategic Human Resource Management has attracted a lot of attention from academics and researchers, especially in relation to employee perceptions of Human Resources (HR) practices. HR Practices (HR Practices) is a process of attracting, motivating, and retaining employees to ensure the survival of the organization. Several aspects in HR practices encourage employees to work better to improve organizational performance. Organizational performance is not an easy matter. Organizational performance is an indicator that can show the level of achievement that the company has achieved and can also be used to reflect the success of the manager / entrepreneur. This is because performance is the result achieved, which comes from the behaviour of company members. The study was conducted on 64 respondents to determine the effect of HR practices on company performance. Linear regression was used as a method of analysis. The independent variable regression coefficient (Beta) is used to determine the direction of the relationship between the independent and dependent variables. The level of acceptance of the hypothesis is determined by t-sig; t-sig <0.05 indicates the significance level of the relationship at the 95% confidence level. Research result showed that Training have no significant effect on either Job Competence, Job Autonomy, or Job Impact, however Training have negative effect on Job Autonomy; Reward have no significant effect on both Job Competence and Job Autonomy, however Reward have negative effect on Job Competence, but have significant effect on Job Impact; Management Style have significant effect on all Job Competence, Job Autonomy, and Job Impact; Job Competence and Job Autonomy have no significant effect on Organization Performance based on Learning and Growth, but Job Impact does.

Keywords: Training; Reward; Management Style; Job Competence; Job Autonomy; Job Impact; Organizational Performance; Learning And Growth Perspective; Balanced Scorecard.

1. Introduction

Over the years, the field of Strategic Human Resource Management has attracted a lot of attention from academics and researchers, especially those related to employee perceptions of Human Resources (HR) practices (Hewett, Shantz, Mundy, & Alfes, 2018; Ostroff & Bowen, 2016; Sanders, Shipton, & Gomes, 2014). This is also mainly driven by the rapid development of technology, especially information and communication technology, which has encouraged many organizations to actively seek new creative ways, ideas, experiments and solutions in improving their current products, processes, systems and technology. Most Human Resource Management (HRM) academics agree that employees'
perceptions of HR practices play a key role in influencing the effectiveness of these practices (Den Hartog, Boon, Verburg, & Croon, 2013; Jensen, Patel, & Messersmith, 2013; Jiang, Hu, Liu, & Lepak, 2017). Generally speaking, effective HRM practices have been shown to have an important role in extracting positive work behavior among employees, which leads to organizational performance in sequence (Dampampour & Gopalakrishnan, 1998; Tan & Nasurdin, 2010). At the individual level, employees' perceptions of HR practices have been shown to mediate and moderate the relationship between organizational HR practices and employee attitudes and behavior (Aryee, Walumbwa, Seidu, & Otaye, 2012; Liao, Toya, Lepak, & Hong, 2009). Meanwhile, at the organizational level, employees' perceptions of HR practices have been identified as antecedents of organizational unit level performance (Bowen & Ostroff, 2004). This is in line with the opinion expressed by Harter, Schmidt, and Hayes (2002) that HR practices can result in increased knowledge, motivation, synergy and commitment of company employees, which results in a sustainable source of competitive advantage for the company.

Human Resource Practices (HR Practices) is a process of attracting, motivating, and retaining employees to ensure the survival of the organization (Schuler and Jackson, 1987). Several aspects of HR practices encourage employees to work better to improve organizational performance (Snell and Dean, 1992; Pfeffer, 1998) such as: Training, Management Style, and Rewards. Training can be interpreted as a systematic development of the knowledge, skills and attitudes needed by employees to perform adequately on the tasks given by Abiodun (1999). Training or training is all efforts made to improve employee performance in jobs that are currently entrusted or related to it (Bernardin and Russell, 2013). Management Style is very important for an organization to achieve its goals. According to Quang (2002) and Hartzell (2006), Management Style is a general manager's approach in dealing with people in the workplace and exercising authority over subordinates in an effort to achieve organizational goals. Chiang and Birch (2008) define Reward as anything that a certain employee might consider important that an employer will offer in return for his contribution. Armstrong (2006) defines Reward as the formulation and implementation of strategies and policies with the ultimate goal of rewarding employees fairly, equitably and consistently, which must be aligned with organizational values for the organization to achieve strategic goals.

Brigman (1995) states measuring organizational performance is not an easy matter. Organizational performance is an indicator that can show the level of achievement that the company has achieved and can also be used to reflect the success of the manager / entrepreneur. This is because performance is the result achieved, which comes from the behavior of company members (Gibson, 1998). There are several criteria that can be used to assess organizational performance, including financial and non-financial performance. In measuring organizational performance there are times when different criteria are used. This is because performance benchmarks are unique, because in practice each company has its own specificities, among others, in terms of: business field, background, legal status, capital structure, growth rate, and level of technology used by the company (Hatmoko, 2000). The increasingly popular use of the Balanced Scorecard concept indicates that non-financial performance is an important aspect of measuring organizational performance (Kaplan & Norton, 1992). In more detail, the concept of the Balance Scorecard states that in order to achieve competitive advantage, organizational performance should be measured in four areas based on: Financial Perspective, Customer Perspective, Internal Business Process Perspective, and Learning and Growth Perspective (Kaplan & Norton, 1992).

To ensure that the results of this study can provide an accurate view of the role of HR Practices in improving organizational performance, this study will focus on the Growth and Learning Perspective. This is because the Learning and Growth Perspective is the foundation of any strategy and focuses on the intangible assets of an organization, particularly on the internal skills and capabilities (i.e. employees) needed to support value-creating processes. Employees are an important element that must be maintained by the company. Without employees, the company's growth and development process will face many obstacles. Employees also function as supporters in a financial and customer perspective including work systems and procedures. Therefore, by focusing on the Learning and Growth Perspective, it is hoped that all elements are well controlled and coordinated so that harmony will arise during the course of the business.

2. Review of Literature

2.1 Training

Training is the work of growing employees' knowledge and skills to perform practical functions. The main result of training is learning. A training participant learns new behaviors, enhanced skills and useful knowledge through training that will help him get the best performance (Amin, et al, 2013). Kasmir (2016) states that training is a process carried out by companies to form and equip employees in terms of their skills, abilities, knowledge and behavior. According to Sikula in Sedarmayanti (2016), training can also mean a short-term educational process by utilizing a systematic and organized procedure, in which non-managerial personnel learn technical skills and knowledge for specific purposes.
2.2. Management Style

Management Style is a function of behavior related to personality (McGuire, 2005). Schleh (1977) states that Management Style is the glue that binds various operations and functions together. According to Watson (2003), Management Style is a different style used by managers to influence employees so that they will voluntarily strive towards achieving organizational goals. Kanyabi and Devi (2011) view Management Style as a multidimensional construct and a very vital criterion that determines the success or failure of an organization. Management Style is a way of approaching manager issues towards achieving organizational goals by converting the various resources available to any organization into outputs through the management function (Field & Dubey, 2001).

2.3. Reward

According to Anku et al. (2018), Rewards are generally understood as the total amount of financial and non-financial compensation or the total remuneration given to employees in exchange for labor or services provided at work. Chiang and Birch (2008) define Reward as a broad construct that represents everything that a certain employee might consider important to be offered by an employer in return for his contribution. According to Wang (2004), rewards have an important role to play in building and maintaining commitment among employees by ensuring high performance and employment standards. Smola and Sutton (2002) argue that companies need to examine their reward system in relation to the different needs and expectations of each generation group, if an organization fails to address these differences, it can result in lower employee productivity levels, workplace conflicts and miscommunication.

2.4. Job Competence

Competence is an individual's ability to consistently integrate the knowledge, skills, and assessments needed to carry out their work safely, ethically and effectively (Moghabghab et al, 2018). According to Suparno (2012), Job Competence is an adequate ability to perform a task or as having the required skills and abilities. According to Sudarmanto (2009) Job Competence is knowledge of an individual's skills, abilities, or personal characteristics that can affect a person's performance. Job Competence describes the knowledge base and performance standards of employees in completing a job or holding a position. The definition of Job Competence according to Mangkunegara (2015) is a basic ability factor that a person has which makes him have more abilities than others.

2.5. Job Autonomy

Job Autonomy is considered the main characteristic in a job and is the most studied job characteristic. Job Autonomy is the freedom and discretion given to employees in terms of work methods, work schedules, and work criteria to perform their duties and responsibilities (Dodd & Ganster, 1996; Hackman & Oldham, 1976). Breaugh (1985) defines Job Autonomy as flexibility in choosing procedures / methods to do work, work scheduling autonomy as a feeling in which a person can control the order or timing of his tasks, and job criteria autonomy as flexibility in making changes to indicators / standards used to evaluate one's performance.

2.6. Job Impact

Job Impact is a person's belief to make a difference in managerial processes and can affect operational results in work units (Seibert, et al. 2011). Stander and Rothman (2010) state that job impact is a sense of progress towards goals and an individual's belief that their actions make a difference in their organization, which contributes to employee engagement. According to Buitendach and Hlalele (2005), job impact means that someone believes that they can have an influence on their work unit and that other people tend to listen to their ideas. Fourie and van Eeden (2010) state that job impact is a time when a person has developed a belief that he has personal control, there is also a belief that he has an impact.

2.7. Balanced Scorecard

Kaplan and Norton (1992) developed the concept of the Balanced Scorecard (BSC) as a tool that can be used to evaluate organizational performance not only from the financial side, but also from the operational side. Since then, the BSC has been seen as capable of providing management with a set of business measures quickly and comprehensively. This is also because about 50-80% of the company's value is actually contributed by the non-financial assets owned by the company.
3. Methodology

Quantitative research, consistent with the quantitative paradigm, is the investigation of behavioral problems, based on theoretical testing of variables, measured by numbers, and analyzed by statistical procedures, to determine whether generalizations of theory predictions hold. The research design used in this study was cross sectional with a low level of intervention because it used a questionnaire as primary data. Five Likert scales are used to measure and determine respondents' perceptions. Collecting data using non-probability sampling with purposive sampling technique to ensure the suitability of respondents with research objectives.

To test the hypothesis, linear regression is used as the main method of analysis, because it can analyze the relationship between the independent and dependent variables. In this study, the independent variable regression coefficient (Beta) was used to determine the direction of the relationship between the independent and dependent variables; Beta> 0 indicates a positive relationship. The level of acceptance of the hypothesis is determined by t-sig; t-sig < 0.10 indicates the significance level of the relationship at the 90% confidence level.

This research used purposive sampling technique, where this technique requires a sampling method based on certain criteria. Out of 100 questionnaires distributed, 64 questionnaires are returned and can be used for further analysis. For the statistical analysis of the data, researcher follow the three-step procedure of validity and reliability, classical assumption test, and hypotheses testing through multiple linear regression and path analysis. First steps are validity and reliability or the measurement model were checked. Pearson’s correlation value was used to evaluate validity in this research. Cronbach’s alpha based on standardized items is used to evaluate reliability in this research. The second step is classical assumption test. Classical assumption test are consist of: normality, heteroscedasticity, linearity and multicollinearity test. The third step is multiple linear regression.

4. Result

Based on the research result, all Pearson’s correlation values are higher than r table values (0.250); therefore it can be concluded that all the indicators used in this research are valid. All Cronbach’s alpha based on standardized items values are higher than 0.60, therefore it can be conclude that all the indicators used in this research is reliable. All the classical assumption test results indicate that the assumptions are met.

Based on multiple linear regression, the correlation between Training (T), Reward (R), and Management Style (MS) on Job Competence (JC) is moderate, which is shown from the value of R 0.435; while the correlation between Training (T), Reward (R), and Management Style (MS) on Job Autonomy (JA) and the correlation between Training (T), Reward (R), and
Management Style (MS) on Job Impact (JI) are moderate, which is shown from the value of R 0.318 and 0.356 representatively; last the correlation between Job Competence (JC), Job Autonomy (JA), and Job Impact (JI) on Organization Performance based on Learning and Growth (P) is moderate, which is shown from the value of R 0.537. The Adjusted R Square value show that 14.9% of Job Competence (JC) can be explain through Training (T), Reward (R), and Management Style (MS); 5.6% of Job Autonomy (JA) can be explain through Training (T), Reward (R), and Management Style (MS); 8.3% of Job Impact (JI) can be explain through Training (T), Reward (R), and Management Style (MS); and 25.3% of Organization Performance based on Learning and Growth (P) can be explain through Job Competence (JC), Job Autonomy (JA), and Job Impact (JI). The significance of F is < 0.100, which means that the overall regression model are acceptable.

From the data, the regression equation is as following:

JC = 0.012 T – 0.124 R + 0.415 MS
JA = -0.087 T + 0.237 R + 0.251 MS
JI = 0.017 T + 0.283 R + 0.213 MS
P = 0.090 JC + 0.099 JA + 0.423 JI

<table>
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<tr>
<th>Hypotheses</th>
<th>R</th>
<th>Adjusted R^2</th>
<th>F-sig.</th>
<th>Standardized Coefficients</th>
<th>t-sig.</th>
<th>Statement</th>
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<tr>
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<tr>
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<td></td>
<td>-0.087</td>
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<td></td>
<td>0.423</td>
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</table>

5. Discussion

In terms of research hypotheses, research result showed that Training have no significant effect on either Job Competence, Job Autonomy, or Job Impact, furthermore, Training have negative effect on Job Autonomy. This is because most of the training conducted by companies is often carried out without specifying the type of training and training participants who will join the program, training is often only focused on managerial aspects (like leadership, team work, etc) and not technical aspects, so that the implementation of training is not well targeted. Most companies actually conduct training to improve
employee weakness, not to improve their skills (strength) to be better. As a result, the company will get employees with average skills, not employees with extraordinary skills or expertise or even experts in their fields. This is what causes training to have no significant effect on job competence and job impact, and even a negative effect on job autonomy.

Research result showed that Reward have no significant effect on both Job Competence and Job Autonomy, but have significant effect on Job Impact, furthermore Reward have negative effect on Job Competence. Herzberg's theory states that there are two factors that encourage motivated employees, namely intrinsic factors, which are the driving force that comes from within each person, and extrinsic factors, namely the impulse that comes from outside of oneself, especially from the organization where they work. So based on intrinsic motivation, employees will enjoy jobs that allow them to use their creativity and innovation. Satisfaction here is not primarily associated with the acquisition of material things. Conversely, those who are more motivated by extrinsic factors tend to look at what the organization gives them and their performance is directed towards getting the things they want from the organization. Hygiene / extrinsic factors will not encourage employee interest in performing well, however if these factors are not present they can be a potential source of dissatisfaction.

Research result showed that Management Style have significant effect on all Job Competence, Job Autonomy, and Job Impact. Management style of a leader is very important in an organization. It is the leader who will determine the existence of an organization through the decisions he/she makes. The leader as a person who is followed by his subordinates must be able to move and direct his subordinates to achieve organizational goals. Leaders who are able to motivate their subordinates will be able to encourage employees to have good morale and provide achievements for the organization.

Research result showed that Job Competence and Job Autonomy have no significant effect on Organization Performance based on Learning and Growth, but Job Impact does. Performance management is a process or system by which a company can measure the performance of its employees. The emphasis is on enhancing, learning and developing to achieve the overall business strategy and to create a high-performing workforce. An organization can use performance management to monitor performance at the organizational level, at the department or team level, and at the individual level, although the term most commonly refers to individual performance. Performance management programs help managers and their employees see directly their hopes, goals, and career progression, and how these align with the company's vision, and thus emphasize learning and development as well. Every employee who feels that his job has meaning will be motivated to improve skills, competencies, and development so that company performance also increases.

6. Conclusion

Based on research result and discussion it can be concluded that Training have no significant effect on either Job Competence, Job Autonomy, or Job Impact, however Training have negative effect on Job Autonomy. Reward have no significant effect on both Job Competence and Job Autonomy, however Reward have negative effect on Job Competence, but have significant effect on Job Impact. Management Style have significant effect on all Job Competence, Job Autonomy, and Job Impact. Research result showed that Job Competence and Job Autonomy have no significant effect on Organization Performance based on Learning and Growth, but Job Impact does. Further research can

References


