

Impact of Human Resource Management Practices on Service Quality: An Empirical Study at Food- Based Downstream Industry

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Abstract

Lack of emphasis on the service quality performed by organizational employees involved in food-based downstream activity leads to negative implications in product and customer perspectives. Therefore, the organization will not be able to maintain its competitiveness in running the business. Determination of the strategic factors that would promote service quality among employees in the organization is very crucial. This research aimed to examine the impact of human resource management (HRM) practices on service quality among employees in food-based downstream industry. Investigating HRM practices in this study are based on the dimensions: namely recruitment and selection, training and development, and performance appraisal. Questionnaires were adapted from previous empirical research instruments and data were analyzed using the "Statistical Package for Social Science" (SPSS) version 26.0. This study involved a total of 162 employees from the industry as respondents. The results of the correlation and regression analyses revealed that recruitment and selection, training and development, and performance appraisal had a positive relationship and significant effect on service

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quality respectively. In addition, the results of this study showed that the most dominant determinant factor of human resource management practices on service quality was training and development. The results were seen to contribute within the scope of knowledge in managing human resource practices and the importance of the impact of HRM practices on the quality of services in an organization.

Keywords: Human resources management practices, recruitment and selection, training and development, performance appraisal, service quality

Introduction

Recently, providing a quality of service has received high consideration by organizations in both public and private sectors in Malaysia (Suruhanjaya Perkhidmatan Awam Malaysia, 2015; Rapidah & Naemah, 2020). It has been understood that organizations are moving forward to focus on service instead of selling the goods due to emphasizing customers' satisfaction (Anderson, 1996). Organizations pay serious attention to service quality in attaining its competitiveness and customer value. Recent figures show that services has contributed to an acceptable percentage of gross domestic product for the country and for more than one quarter of world trade (Winsted, 2000). Essentially, the service status should not be looked at despairingly because its contribution to the economy development has been significantly proven. However, promoting service quality still is the issue in today's organizational management. Service quality is defined as the level at which customers feel their service expectations are met by an organization (Jusoh & Sulaiman, 2020). Service quality is also known as the overall level of service provided by an organization that will be surely and finally perceived by the customer based on his/her interpersonal interactions with the employees (Andrew, 2001). Previous empirical studies have proven that how good the employee performs during this interaction is the important factor for how satisfied the customer feels from the service (Johnston, 1995). Customer satisfaction should be prioritized because it leads to the organizational competitiveness and business sustainability (Jusoh & Sulaiman, 2020). Therefore, providing service quality for customer satisfaction (Famiyeh et al., 2018) and business sustainability is still considered as a meaningful research perspective and it must be continuously conducted.

Past studies discussing service performance is full of references on the role of leadership, motivated and satisfied employees, and other organizational support in promoting the effective and efficient delivery of service. Surprisingly, little research has found to formally argue and conceptualize human resource management (HRM) practices. Therefore, although HRM practices have been discussed as important to the improvement of service quality (Shola et al., 2017), the lack of any empirical study in

testing the relationships and giving the practical implications of how HRM specialists should manage is still debated. Moreover, it is related to the study perspective in the organization of food-based downstream industry.

The objective of this study is to investigate the effect of HRM practices on service quality in one of the food processing companies (downstream industry) in Malaysia, namely Ramly Food Industries Sdn. Bhd. In trying to explicate the HRM practices construct, a proper platform may involve providing HRM with various activities. It is supported by Bass (1997), who mentioned that by categorizing construct into various dimensions, the effectiveness of the function of each dimension could be better understood. It has been proven that when particular HRM practices are performed by the HRM department, this could lead and develop such job-related outcomes and performance (Hamran et al., 2015). In addition, HRM practice is a function carried out in an organization to facilitate and to manage employees effectively by providing the best quality of service to achieve organizational goals (Shola et al., 2017). Past studies have also found that good HRM practices can increase productivity, increase affective commitment to the organization, and increase job satisfaction for employees and in turn reduce employees' desire to leave the organization (Ahmad et al., 2020). In this study, the HRM practices consist of recruitment and selection, training, and development and performance appraisal that have been revealed to significantly have a potential to promote employees' effective service delivery.

Literature Review

The relationship between recruitment and selection with service quality

According to Alusa and Kariuki (2015), recruitment and selection is the process to make the most suitable applicant selection to fill the required vacancies. The selection is made to find the right and qualified people to ensure they provide the best quality of service in the organization. The first study was entitled Factors Influencing the Recruitment and Selection of the Quality of Public Service in the Maldives. This study was conducted by (Ahmad et al., 2020) which aimed to find out the factors that influence the recruitment and selection practices by Human Resource Managers on the quality of employee services. The respondents of this study were civil servants in the Maldives (320 people). The results found that abuse, corruption, human resource manager problems on selection practices will fail to achieve the organization's objective of producing quality employees. This indicates that recruitment and selection have a significant relationship with service quality.

The next study was entitled the effects of recruitment and selection on organizational performance and quality of service of employees in the Department of Industrial Relations and Personnel Management (Joy et al., 2015). The objective of this

study was to examine the impact of recruitment and selection on organizational performance and quality of services produced by employees. This study uses a questionnaire method involving 130 randomly selected respondents in a department. The results found that the recruitment and selection of employees has a significant influence on the performance of an organization as well as the quality of employee services in the organization.

The relationship between training and development with service quality

Training and development is defined as a systematic process to provide opportunities to learn something such as certain skills, knowledge, and abilities to perform work (Maimunah, 2011). Training and development is also an ongoing effort to give new employees an understanding of something such as the skills to carry out the work done. A study by (Abdullahi et al., 2018) is entitled the impact of training and development on employee productivity in the academic staff of Polytechnic State of Kano, Nigeria. The purpose of this study was to examine the impact of training and development on employee productivity among academic staff of Kano State Polytechnic, Nigeria. This study uses quantitative methods and involved 233 randomly selected respondents. The results showed that training methods, training design, and training delivery style will affect the quality and productivity of employees. In conclusion, training and development programs have a significant relationship to employee productivity among the academic staff of Kano State Polytechnic, Nigeria.

In addition, there are studies related to training and development entitled various types of in-service training and improvement of teacher professionalism after training and development. This study by (Abdelhamied, 2019) evaluated the effect of training activities conducted for hotel employees in improving service quality performed for the hotel customers. This study involved 220 hotel employees in Greater of Cairo and Sharm Al Shikh districts, Egypt as respondents. The data obtained were analyzed using SPSS quantitatively. At the end of this study, training activities proved that there was an increase in employees' performance that enabled them to promote service quality for the hotel organization.

The relationship between performance appraisal with service quality

A study by Abdullah and Wei (2017) defined performance appraisal as measuring changes in a person's behavior while undergoing a training program. In addition, they stated that performance appraisal is a process to determine the extent to which training has achieved the goals set by the organization. Performance appraisals can be held once or twice a year. A person's job performance can be identified and evaluated through assessments made either through the way the employee does the task, from the

observation of the employer or the observation of the colleague himself (Parveen & Inayat, 2017). After the performance appraisal, the results of the appraisal can be reviewed and analyzed to ensure that the PSM practice is effective on employees. In addition, performance appraisal will be positive when employees provide the quality of services that have been set by an organization (Abdullah & Wei, 2017). Therefore, performance appraisal is an important process that every human resource manager needs to do to find out the level of service quality for each employee.

A study by Rusli and Azman (2007) entitled performance appraisal system in the public sector in Malaysia aimed to create an employee performance appraisal system in several government agencies to find out the quality of services produced by employees. This study also discussed the role that performance appraisal officers should play when evaluating employees. The study used a questionnaire to collect data from 34 secondary schools involved and 380 respondents. Researchers found that there was a significant relationship between performance appraisal and the quality of service of employees. Thus, performance appraisers were found to have a large role in helping employees to improve the quality of their services in the workplace.

The literature has been used to develop a conceptual framework for this study as shown in Figure 1.

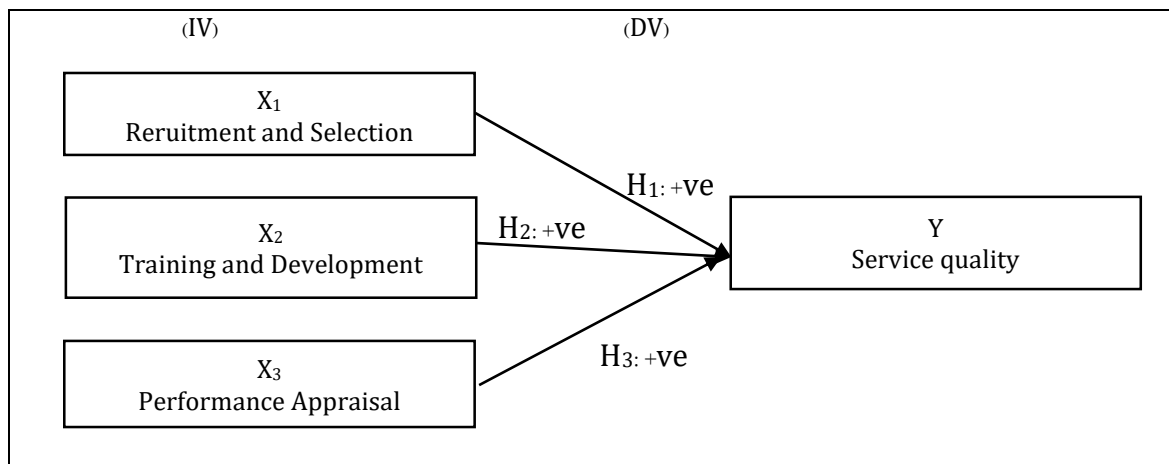


Figure 1 *Conceptual Framework*

Discussions from the above literature led this study to develop the hypotheses as following;

- H₁: There is a positive and significant effect of recruitment and selection on service quality.
- H₂: Impact of training and development on service quality is positive and significant.
- H₃: Performance appraisal positively and significantly affects service quality.

Method

This study uses quantitative research design by survey method involving the distribution of questionnaires. Survey technique is best suited because respondents' data and information can be obtained in the latest and clear form that is relevant to the issues and scenarios during the study. The study involved respondents who were randomly selected using the Minimum Determination Table for respondents suggested by Krejcie and Morgan (1970). The selected sample consists of employees who work in the factory of the company. For this research purpose, the data collected was made by self-administered questionnaire. One hundred and seventy questionnaires were distributed to ensure the minimum response of sample size (162).

The testing of the reliability and validity of the study ensured that the two levels of testing were high and reliable. According to Hair et al. (2013) the aspect of validation should be carried out which involves face validity and content validity. The validity of the content and face validity were done through the professional approval of each item in the questionnaire. Each item on the instrument is measured logically and precisely so that what is meant in measurement can be clearly understood (Zikmund et al., 2010). A pilot study was also conducted on 20 selected respondents with the result that all Alpha Cronbach values for each variable item exceeded 0.6 and above. This high value illustrates that all questionnaire items can be used for actual research and free from item deletion. Furthermore, according to Sekaran and Bougie (2016), if the Alpha Cronbach value exceeds 0.6 means the items have a good internal consistency level. Finally, the analysis of the data was carried out on 162 respondents comprising the company's workers who completed their answer in the questionnaire. This value of response rate meets the level suggested by the scholar (Zikmund & Babin, 2013) which is allowed to conduct further research. Analysis used the SPSS version 20 software involving data filtering, descriptive and inferential analyses.

Results of Reliability Tests

Reliability Test for Pilot Study and Actual Survey (162 respondents)

Reliability is about how well the researcher could get consistent feedback by using an instrument of questionnaire to measure something at one time and more. On the other hand, reliability means whether or not the research method is able to yield strong and consistent results (Gorondustse & Haim, 2013). This study assessed the consistency levels of the variables data, which was used by past researchers for the instrument reliability test. A Cronbach's alpha coefficient value was utilized to confirm the acceptable inter-item consistency (Sekaran & Bougie, 2016). In the pilot study, the researcher selected a total of 20 respondents comprising the employees from various departments in the company. By

using SPSS version 20 for windows to analyze the reliability of the instrument of this study, the results show the values from 0.774 to 0.901 that prove the high values of Cronbach alpha coefficient (see Table 1). This study confirmed the acceptable reliability of the constructs and for conducting further descriptive and inferential analyses in completing the findings. The instruments used in this study are significant to be referred for future studies in the area of human resource practices and service quality.

Table 1

Reliability Test

Constructs	Cronbach's Alpha (Pilot Study)	Cronbach's Alpha (Actual Survey)
Recruitment and Selection	0.799	0.808
Training and Development	0.781	0.852
Performace Appraisal	0.877	0.901
Service Quality	0.774	0.782

Demographic Data

Based on the demographic profile analysis (See Table 2), the results showed that 74% of respondents are males and 26% are females. Most respondents (96%) are Malay and 4% are non-Malay. It was found that 59% of respondents are those who work as general workers while 66% of respondents served the company more than fiveyears.

Table 2

Respondents' Demography (N=162)

Profile	Frequency	Percentage (%)
Gender		
Male	120	74.1
Female	42	25.9
Age		
18-28 years	24	14.8
29-39 years	82	50.6
40 years and above	56	34.6
Race		
Malay	155	95.7
Others	7	4.3

Profile	Frequency	Percentage (%)
Position		
General Worker	96	59.3
Manager	25	15.4
Technician	10	6.2
Quality Control Assistant	30	18.5
Year of Service		
Less than 2 years	18	11.1
2-5 years	37	22.8
More than 5 years	107	66.0

Pearson Correlation Analysis

Pearson Correlation Analysis was carried out to provide the pattern of the inter-correlations of the study variables. Table 3 is a summary of the results from Pearson Correlation Analysis.

Table 3

Correlation Results for Examined Variables

	Service Quality	Recruitment & Selection	Training & Development	Performance Appraisal
Service Quality	1	.662**	.718**	.621**
Rec & Select.		1		
Training & Dev.			1	
Performance App.				1

From Table 3 it can be confirmed that correlation between independent variables and dependent variable such as recruitment and selection ($r = 0.662$, $p < 0.01$), training and development ($r = 0.718$, $p < 0.01$), and performance appraisal ($r = 0.621$, $p < 0.01$) are positively correlated with service quality.

Multiple Regression Analysis of Variables

The results in Table 4 indicate that recruitment and selection, training and development and performance appraisal are significant (significant at < 0.001). They are also positively correlated and predicted to service quality variable ($\beta = .598$, $\beta = .676$ and $\beta = .475$). There is a reason to believe that recruitment and selection, training and development, and performance appraisal may explain why there are relationships between these

predictors and service quality perceived by the workers of Ramly Food Industries. Service quality would be enhanced if the HRM personnel of the company emphasized interventions of recruitment and selection, training and development, and performance appraisal effectively. The result also illustrates that 65% of the variance of in-service quality are explained by those three predictors; recruitment and selection, training and development, and performance appraisal. On the other hand, 35% of the variance is explained by other factors.

Table 4

Regression of Recruitment and Selection, Training and Development and Performance Appraisal

DV: Service Quality			
IVs:	Beta Coefficients	t	Sig
Recruitment & Selection	.598	5.121	.000
Training and Development	.676	6.934	.000
Performance A	.475	3.925	.000

$R^2 = 0.648$

Hypothesis Test

Multiple Regression Analysis was conducted to examine the hypotheses in this study. The results of hypotheses test were explained as followed:

- H1: There is a positive and significant effect of recruitment and selection on service quality - Supported
- H2: Impact of training and development on service quality is positive and significant - Supported
- H3: Performance appraisal positively and significantly affect service quality - Supported

Discussion

It focuses on existing issues that relate to this research. It can also support expansion prospects of the research and the further reference in related studies. Determination of the findings of a relationship and an impact of recruitment and selection, training and development, and performance appraisal on service quality were fundamental to achieving the main objective of this study. The study measured the variables to allow a better understanding of the relationships and the effect of those three predictors on studied criterion. The study carried out measurements on the variables in pursuit of achieving the research objectives. The main objective of the research is discussed based the findings of the study.

Main Objective: To examine the impact of recruitment and selection, training and development and performance appraisal on service quality.

Recruitment and selection, training and development, and performance appraisal as well as service quality creates a sense of success and effectiveness of HRM and supply chain areas in food based downstream industry. Service quality allows the public to perceive in a pleasant manner that indicates high performance of food service and supply of this industry. It was found that recruitment and selection, training and development, and performance appraisal have a significant relationship with service quality. Effective HRM practices performed by the HRM specialists will normally have a high effectiveness of service delivered to the customers.

In addition, trusted activities employed by HRM department such as recruitment and selection, training and development, and performance appraisal play a significant role in predicting employees' service quality performed. On the other hand, the research established that HRM practices did act as a predictor as well on service quality as perceived by the employees who are responsible to perform it. The respondents claimed that there will be bad service quality if the management of HR neglects to focus on green recruitment and selection, objective based training and development, and trusted performance appraisal in the organization. Effective recruitment and selection, training and development, and performance appraisal would be negating the tendency of low quality of service demonstrated by the employees. Talented, motivated, and satisfied employees are significant implications of HRM practices that lead to high employees' authentic behavior in performing their work and best serve the company. This contributes to low service quality solutions. The results of the relationship were supported by the study by Shola et al. (2017) which proved that HRM practices (recruitment and selection, training and development, and performance appraisal) had a direct significant impact on service quality. Other findings by Elarabi and Johari (2014) showed that HRM practices (recruitment and selection, training and development, and performance appraisal) had a direct significant impact on service quality as well.

Contributions and Recommendations

The study focused on service quality in the context of food based downstream industry. Therefore, it would be meaningful for future study and food-based downstream companies to learn from the following considerations. Potential researchers should extend the study to include more relevant respondents to increase consistency of the results. In term of theoretical implication, the results of this study had proven a relationship between recruitment and selection, training and development, performance

appraisal, and service quality. Effective and efficient service provided by employees would be improved if the HRM performs recruitment and selection, training and development, and performance appraisal functions at the right track. These are the most influential independent variables in this research, which proved that the service quality is successfully yielded. The study also recommends strategies for improving service quality for food-based downstream companies. Such strategies are for HRM personnel and specialists which they need to hire credible employees through a proper recruitment and selection process as well as considering the recommendations by the recruitment agencies pertaining to the selected qualified personnel. HRM should also emphasize a training needs analysis. This is the determinant basis for the successful training provided to the right employees who are able to benefit and finally disclose quality of service. Effective performance appraisal plays the main role as the source of significant information for training suitability to ensure the right training and development activity. The findings of this study may be useful as a guideline to other employees in other departments of the company in giving full support to improve those three practices led by HRM.

Conclusion

This study fully attained its main objectives. The findings proved that recruitment and selection, training and development, and performance appraisal have a positive and significant impact on service quality. The study proposes that the food-based downstream company's management should consider organizing extra courses regarding effective recruitment and selection, training and development as well as performance appraisal to the respective personnel. This will enable them to have extra relevant knowledge, skills, and ability in providing quality of service to customers. Customers are likely to feel satisfied with their suppliers when there are closed interactions and proper service provided to them. In principle, those who are involved in food-based downstream activity should be motivated and satisfied with their jobs. When these employees are satisfied with their jobs, they will feel free to talk positively about their jobs. This will lead to better performance. It will yield superior service and quality of product provided to customers. Customers satisfaction on the service given to them leads to repetitive customers as well as market expansion. Finally, this study reveals that recruitment and selection, training and development, and performance appraisal become important determinants in promoting service quality. The research findings will highly benefit the food-based downstream industry.

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