Relationship of Human Resource Management Practices and Perception of Performance among the Employees of Selected Small and Medium Enterprises in the Kingdom of Bahrain

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ABSTRACT
The aim of this research was to find the relationship of human resource management practices and Perception of performance among employees of selected small and medium enterprises in the Kingdom of Bahrain by studying the status of human resource management practices in terms of career planning, compensation and benefits, performance appraisal, training and development, and employee relations and then study the level of Perception of performance in small and medium entrepreneurship in the Kingdom of Bahrain in terms of productivity, flexibility and quality. Employee performance plays a major part in any organization, it is important to increase the productivity of employees; the population of the research are employees of small and medium enterprises in the Kingdom of Bahrain. A simple random sampling was used. The questionnaire was distributed to employees and then the data converted to excel sheet and then analysed using statistical package for social scientists (SPSS). The result shows there is a relationship between independent variables (statutes of human resource management practices on employees’ performance) and dependent variable (level of Perception of performance).

Keywords-- Human Resource Practices, Perception of Performance, Career Planning, Compensation and Benefits, Performance Appraisal

I. INTRODUCTION
The business world’s basic matter is the competition, CEOs and researchers’ concerns to exceed the conflicts and win the competitions and as results to this, the focus on human resource management practices increased, it considered as the backbone of any organization, the strategic approach of a successful management and an effective variable for current and future development that greatly contribute in achieving goals and objectives.

Considering the employee performance as one of the most prior impacted field by human resource management practices and the organizational achievements met through employee performance. Employee performance is a term used to represent that part of human resource practice’s concerned with career planning, compensation and benefits, performance appraisal, training and development and employee relations.

Career planning to determine the careers goals and objectives and work to attain them, compensation and benefits are the main reason behind working, the motivation power for employees that could change their behaviour, performance appraisal is the process of assessing and evaluating employees with feedback in order to understand their current situation, expectations and future development plans. The training practice concerned with the company aimed at improving individual skills and tends to enhance future productivity, employee relations by empowering employees to make decisions and actions in their work field.

Employee performance is attracting the attention due to the great impact on organizational achievement and survival. The employee’s performance in small and medium companies usually suffering from poor performance, conflict with employee’s on how to perform tasks or they just would not get along working together, the responsibility of this issue will handled by the owner to be the mediation and the problem solver. Lack of communication in small and medium organization, leads to misunderstanding followed by several consequences such as creating conflicts, poor performance and customer dissatisfaction.

Lack of management skills and mismanagement which considered as the key to fail or success of the business, furthermore insufficient experience and knowledge of leaders and owners to establish goals, strategies and managing the whole business are about to be impossible to experience the business success and growth. Insufficient knowledge and training courses because of the limited budget decreases the productivity where the employee takes longer time to perform a single task.
Employee’s turnover where employees changing their jobs frequently looking for better opportunity, and for sure they would join larger organization while the company they are in may not offer them with larger salary or any other rewards and compensations, so the retention of employee decreases in organizations. The issues above are serious and affecting the survival and the growth of the organizations. This thesis therefore investigate how the Human Resource Management practices impact the employees’ performance where the primer concern of human resource management is to provide services and support to facilitate the development of employee performance and to maximize the level of output in efficient way.

Small and medium-sized enterprises are independent firms which employ fewer than a given number of employees and according to Small and medium enterprises definition in the Kingdom of Bahrain rule no (922) that issued by the minister Zayed Bin Rashid Al Zayani for the year 2017, that the number of employees of SMEs are between six to hundred with annual turnover 50.001 to 1 Million.

The general purpose of this research was to find the relationship between human resource management practices and perceived performance among the selected small and medium enterprises in the Kingdom of Bahrain by answering the following questions:

1. To examine the status of human resource management practice among selected small and medium enterprises in Kingdom of Bahrain in terms of career planning, compensation benefits, performance appraisal, training and development, and employee relations.
2. To identify the level of perceived of performance among selected small and medium enterprises in the Kingdom of Bahrain in terms of flexibility, quality and productivity.
3. To analyze the relationship between the human resource management practice on the level of perceived employee performance in selected small and medium enterprises in the Kingdom of Bahrain.
4. To bring out the problems encountered and recommendations in relation to the human resource management practices on employee performance in small and medium enterprises in the Kingdom of Bahrain.

Hamzah & Osman (2014) considered the employee’s performance as the usage of knowledge, skills and experience as significant attributes to efficiently and effectively perform the assigned task. (Hamid, Maheen, Cheem, & Yaseen, 2017) considered organizational performance is the super objective to any organization seeks development, and the critical factors for organizational performance are compensations, employee training and development and citizenship behaviour. (Hassan, 2016) considered employee performance as the key for organizational performance. The attribute used are compensation, career planning, performance appraisal, training and employee involvement. (Mehmood, Awais, Afzal, Shahzadi, & Khalid, 2017) considered that human resource management practices have certain effect on organizational performance and the way to obtain the needed productivity level and the desired interests. The authors focus on the most important factors such as training, job definition, performance appraisal and rewards.

Moovala, (2014) recommended that the Kingdom of Bahrain seeks to improve the productivity of its citizen through several ways, and the human resource management in Bahrain can play a great in delivering the required national and individual objective. Studied the culture, talent people, recruitment, learning and development, compensation and performance appraisal as attributes for employee performance. (Khoja, 2017) considered the employee performance as one of the most important concern for any employer; consider the appraisal system and reward and compensation as the most important tool for managing the employee performance. (Hijry & Haleem, 2017) understanding the factors that affecting the employee performance are very significant especially for government, because government is supporting and enhancing the private companies. Knowledge, employee skills, compensations, and behaviour as the influenced factors to employee’s performance. A random sampling was used for the study.

Hamzah & Osman (2014) that discuss how human resource management practices affects employee performance, focus mainly on recruitment and selection as a factor beside employee training, as well as the compensation. A questionnaire was distributed using simple random sampling to particular groups, and Pearson correlation and descriptive statistics used for data analysis. The study tests if there is a positive relation between recruitment and selection toward employee performance, and if there is a relation between compensation toward employee performance. According to Pearson correlation the results indicate that there is a relationship between independent and dependent variables. The results can be used for human resource future plans because the effective use of recruitment and selection can produce a higher quality employee and increase the employees’ productivity.

Hamid, Maheen, Cheem, & Yaseen (2017) the aim of the study was to test the impact of compensation, employee development, behaviour and citizenship on the dependent variable which is performance of the organization. A questionnaire was used to all telecommunication companies. As result, the compensation is strongly related to the level of performance, development.
of employees and behaviour influencing the performance as well.

Hassan (2016) the aim of the research was to identify the influence of human resources practices on employee performance in a factory, a simple random sampling was used and a questionnaire was developed and distributed to the factory’s employees. The result of the research indicates that the human resource management practices has a positive impact on employee performance, and by giving the employee the chance to make decisions can enhance the level of quality of work, in addition, training and development plays a good role in enhancing the employee productivity. A set of recommendation was established at the end of the research to consider the employee’s performance as a measurement for rewarding, to share the ideas among employees in order to improve the level of involvement and to enhance the talent and creativity of employees.

Bou Kamal, Al Aghbari, & Atteia (2016) this study discussed the impact of online training on employee performance in ministry of education, the research authors believed that online training can improve the productivity of the employees and higher the employee satisfaction. Moreover, online training added a competitive advantage to the organization, aligned employees to the organizational goals and objectives and reduced the training budget. The study examined the impact of infrastructure of the training, the training methods, and job performance, in addition gender, age, qualifications, experience, and training courses was examined under the job performance. As results to this study, online training is very significant to be implemented in ministry of education, and the management has to implement the online training strategy in attractive and easy way in order to get the desire goals and objectives. A suggestion to enrol all employees to online training programs and courses that will higher the quality of employee performance.

Banta & Al Shaikh (2017) human capital is one of the most significant asset that has to be managed properly, any organizations seeks to achieve the targeted goals, it has to invest on their employees at first. The effects of compensations and benefits toward employee productivity. The results from the research, there is a positive relationship between compensation and productivity, the companies with good compensations performed better than others. The recommendations of this study: to follow a strategy to increase the salaries, to provide incentive and promotion based on specific settled criteria and relate compensation to employee performance such as appraisal report.

Hassan & Asif (2017) the study discussed the factor that impact the employee performance in a steel factory, the factory was complained about the low performance level and low productivity, so this research indicates the factors that affecting the most. In the research methodology, interviews have been conducted and questionnaire was sent through email to all employees' levels in the company, later, the data was edited and analyzed using SPSS and some descriptive tools. The result of the study was the indication of the most influencing factors which are: Work environment, knowledge, skills, behaviour and rewards. The research recommendations were to have a strong ability to increase the employees’ level, to understand the factors that affect the most, to keep continuously searching for the weaknesses and to continuous keep developing employees through enrolling them into development programs.

Ilyas, Farooqi, & Ahmad (2016) the study evaluates the effects of human resource management practices namely; compensation, performance evaluation and promotion on employee performance in private telecom sector. The study provides insight to the management of the organizations to use these practices for superior and improved performance and contributes to the limited empirical knowledge.

Syed, Xiaoyan, Ajmal, & Shaukat (2014) this study explores the linkage between human resource management practices, enterprise strategy and company performance in the context of Service Industry of China. The study examined five human resource management practices such as recruitment and selection, training and development, employee participation, compensation and reward and performance appraisal. Structure equation modelling and Multiple Regressions were used to measure the linkage between human resource management practices, enterprise strategy and company performance. The results indicated that all human resource management practices are significantly and positively correlated with company performance. In particular, training and development practices are seen to be significantly related with capacity to deliver quality service and on firm sale growth as perceived by managers surveyed. Recruitment and selection methods that are used more by banks and advertising firms have contributed to better firm performance. Not all formalized human resource practices lead to increase firm performance and the degree to which HR is perceived to have impacted on firm performance varies. Human resource managers, practitioners and firms could benefit greatly if focused on these practices to improve their company performance.

Cesario (2015) in increased research has been focused on establishing positive effects of HR practices on behaviours outcomes and firm performance and less attention has been taken to the perceptions of employees about the importance of the HR management practices on their professional development and career success. The researcher wanted to understand these perceptions under a deep economic and labor recession context, the study aimed
to present an instrument that accurately captures employees’ perceptions of the importance of Human Resources management practices promoted by organizations. Perceptions about each of the Human Resources management practices by employees were found to be positively related to global perception of HR activities; however perceptions showed a low valuation of the practices. These results encourage addressing the gap in literature with adequate measures from the point of view of employees’ perceptions about the importance of HR activities in the Portuguese context.

Kee, Hashim, Rafi, Sheheryar, Kazm, & Mebboob (2017) this research study examined the impact of three human resources practices – compensation, promotion and performance evaluation on the perceived performance of private university teachers. The study finds a direct relationship between human resource practices and teacher performance. It is confirmed that human resource practices serve as the main mechanism which will lead to better performance. In fact, the researchers indicates that academic staff is more concerned with the promotion, followed by performance evaluation and compensation. It is possible that academic staff care more about promotion as promotion is seen as recognition of their achievement in their career. To a large degree, promotion is also viewed as a reflection of their status and abilities. We can see that human resource practices account for strong expression of motivation which will eventually lead to better performance at the workplace. It is important for the higher education institutions to pay attention to human resource practices particularly with promotion, performance, and compensation as these human resource practices have a significant potential to improve employees’ performance in the workplace.

Shaukat, Ghafoor, & Ashraf (2015) discussed that, human resource is the most important asset for any organization and it is the resource of achieving competitive advantage. Managing human resources is very challenging as compared to managing technology or capital and for its effective management; organization requires effective human resource management system. Human resource management system should be backed up by strong human resource management practices. Human resource management practices refer to organizational activities directed at managing the group of human resources and ensuring that the resources are employed towards the fulfillment of organizational goals. The purpose of this study is to explore contribution of human resource management practices including selection, training, career planning, compensation, performance appraisal, and job definition and employee participation on perceived employee performance. This research describes why human resource management decisions are likely to have an important and unique influence on organizational performance. This research forum will help advance research on the link between human resource management and organizational performance. This study comprehensively evaluated the links between systems of High Performance Work Practices and firm performance. Results based on a national sample of firms indicate that these practices have an economically and statistically significant impact on employee performance. Support for predictions that the impact of High Performance Work Practices on firm performance is in part contingent on their interrelationships and links with competitive strategy was limited.

II. RESEARCH METHODOLOGY

This study aimed to observe and describe the impact of human resource management practices on employee’s performance in small enterprises in the kingdom of Bahrain. A Descriptive approach is considered as beneficial for this research where description and explanations of real situations, casting light on encountered problems during the analysis period which giving meaningful knowledge and guidance to recommendations and suggestion for the research statements. In order to collect the required data for the research, the respondent of the study were about 90 (Regal Gulf Training Institute 15 employees, Edamah 30 employees, Hani Arts 20 employees, Elias Chocolate Factory 25 employees) of the targeted segment that where distributed online to all employees in small and medium companies in the Kingdom of Bahrain. A simple random sampling is used in this research where employees in small organization in the kingdom of Bahrain are considered as the segment that will be used in this research.

The questionnaire’s respondents were figured out and discovered after data collection, when the whole respondents completed, it was organized well for the purpose of analysis and converted to excel sheet and then analysed using linear regression and descriptive statistics by SPSS Statistics as an analytical tool. Mean and Standard Deviation were used to find out the status of human resource practices and level of perceived performance among small and medium enterprises in the Kingdom of Bahrain. Multi Linear Regression to analyse the relationship between the status of human resource practices and level of perceived performance among small and medium enterprises in the Kingdom of Bahrain.

III. RESULTS AND DISCUSSIONS

The analysis and interpretation of result related to the relationship between the status of human resource practices and level of perceived performance among small and medium enterprises in the Kingdom of Bahrain.
The age distribution of the respondents who participated in the research are provided in the figure above which indicated that most of the respondents was in the age of 30 years or below with 58%, 30% of the respondents was on the age of 30-39 years, 6% of the respondents was on the age of 40-50 years and the 6% for the age of 50-60 years. The gender composition of the respondent was 75% female and 25% male. 55% of respondents had less than one year of work experience, 21% had experience between five to ten years, 21% had experience between ten to fifteen years, and 3% of the respondents had fifteen years or more of work experience. 60% had completed bachelor, 31% had either secondary or diploma, only very low percentages of the respondents had completed master degree 9%, and no Ph.D respondents. 43% was working in other work criteria, 31% worked in clerical jobs, 14% worked in supervisory jobs, and 12% worked in managerial jobs. Most of the respondents receive payments of 400 or below, 30% received payments between 400 to 700 BHD, 15% received payments between 701 to 1000 BHD, and only 9% received payment more than 1000 BHD.

**Statues of Human Resource Management Practices**

The mean for career planning is between 3.69 and 3.24, and the general arithmetic mean amount is 3.49. The mean is the highest with 3.69 and standard deviation of 0.957 shows that Company set its organizational goals and objectives. The second higher mean score for 3.54 and standard deviation is 1.146 shows that company has planned to exploit employee talents. The last mean score is 3.24 and standard deviation is 1.292 shows that Company set personal goals and objectives.

The mean for compensation and benefits is between 2.76 and 3.36, and the general arithmetic mean amount is 3.24. The mean is the highest with 3.36 and standard deviation of 1.227 shows that the company rewards according to performance level. The second mean score for 3.15 and standard deviation is 1.351 shows that Company provides allowances. The third mean score for 3.06 and standard deviation is 1.486 shows that company provides health insurance. The forth mean score for 2.79 and standard deviation is 1.250 shows that employee satisfied with company rewards and compensations. The fifth mean score for 2.76 and standard deviation of 1.404 shows that company provides non-monetary incentives such as discounted coupons, tickets.

The mean for performance appraisal is between 3.49 and 3.36, and the general arithmetic mean amount is 3.42. The mean is the highest 3.49 with standard deviation of 1.240 shows that the company is giving employees feedback about their performance. The second mean for 3.42 and standard deviation is 1.208 shows that the company is having appraisal system. The last mean score for 3.36 and standard deviation is 1.240 shows that the Company listens to employee’s opinions.

The mean training and development are between 3.45 and 3.16. And the general arithmetic mean amount is 3.32. The highest mean is 3.45 and standard deviation is 1.197 shows that employees are enrolled in professional training courses that fit their job requirements. The second mean score for the mean is 3.36 with the highest standard deviation of 1.422 shows that company provides new employee with an induction. The last mean score for 3.16 and standard deviation is 1.262 shows that the Company concerned about enrolling employee into professional training courses.

The mean of Employee Relations is between 3.88 and 3.61. And the general arithmetic mean amount is 3.72. The mean is 3.88 which considered as the highest with the standard deviation of 0.977 which considered as the lowest. It observed that the variable is having above standards mean in addition to low standard deviation which means that the respondents having comparable responses, moreover, it shows that the communications are effective with peers and supervisors. The second mean score is 3.78 with the standard deviation of 0.997 show that employee inform supervisor about concerns, opinion and suggestions, It is observed that the variable is having Above standards mean in addition to low standard deviation which means that respondents having comparable responses. The next mean score for 3.61 with the standard deviation of 1.086 shows that employee feel satisfied with supervisor’s relation. It is observed that the variable is having Above standards mean in addition to high standard deviation which means which dispersion in outcomes. In general, this variable observed that there is a positive attitude toward the communication effectively with peers and supervisors and ability to inform supervisor about concerns, opinion and suggestions.

**Level of Perceived Employee Performance**

The mean of flexibility practices is 3.28 which considered as the highest with the standard deviation of 1.216, it is observed that the variable is meet standard which shows that provision of priority to eligibility in promotion decision. The second mean score for 3.22 with the standard deviation of 1.204, it is observed that the variable is Meets Standards in addition to high standard deviation which means which dispersion in outcomes which shows that Provision of priority to seniority in promotion decision. The last mean score for 2.90 with the standard deviation of 1.383, it is observed that the variable is meet standards in addition to high standard deviation which means which dispersion in outcomes, it shows that Presence of written and operational promotion policy.

The mean of quality is 3.37 which considered as the highest with the standard deviation of 1.179, it is observed that the variable is meet standard which shows that performance evaluation results has a lot to do with
administrative decisions. The second mean score for 3.33 with the standard deviation of 1.260, it is observed that the variable is meets standards in addition to high standard deviation which means which means dispersion in outcomes, shows that performance evaluators are knowledgeable. The third mean score for 3.27 with the standard deviation of 1.201, it is observed that the variable is meets standards in addition to high standard deviation which means which means dispersion in outcomes, shows that presence of written and operational employee performance evaluation. The forth mean score for 3.16 with the standard deviation of 1.321, it is observed that the variable is meets standards in addition to high standard deviation which means which means dispersion in outcomes, it shows that employee performance evaluation results has to do something with salary.

The mean of productivity is 3.04 which considered as the highest with the standard deviation of 1.186, it is observed that the variable is meet standard which shows that Presence of salary that encourages better performance. The second mean score for 2.99 with the standard deviation of 1.237, it is observed that the variable is Meets Standards in addition to high standard deviation which means which means dispersion in outcomes, shows presence of fair salary. The last mean score for 2.96 with the standard deviation of 1.211, it is observed that the variable is Meets Standards in addition to high standard deviation which means which means dispersion in outcomes, shows presence of attractive compensation system.

**Relationship between the Status and the Level of Perceived Performance among selected Small and Medium Enterprises in the Kingdom of Bahrain**

To identify the relationship between the two variables of the study: status of human resource management practices on employees’ performance (as the independent variable) and the level of Perception of performance (as the dependent variable), the researcher depends on the regression analysis. R and $R^2$ the estimated R value (correlation coefficient) is 0.361. The $R^2$ value shows the relationship between the dependent and independent variables for the estimated equation is 0.131, which shows that 13.1% of the dependent variable (level of Perception of performance) is in a relationship with the independent variables (status of human resource management practices on employees’ performance in terms of Career planning, Compensation and benefits, Performance Appraisal, Training and Development, and Employee Relations). the estimated regression coefficients of the regression model fitted which indicated that Sig. Value is 0.000, t value is 16.671, B value is 2.023 for constant while Sig. Value is 0.000, t value is 10.015, B value is 0.349 for Status. $Y = A + BX_1$, $SL = 2.023 + 0.349 \times 0.000$. There is no relationship between the dependent (level of Perception of performance) and independent variables (status of human resource management practices on employees’ performance). The regression results indicate that there is a relationship between independent variables (status of human resource management practices on employees’ performance) and dependent variable (level of Perception of performance).

**Problems Encountered and Recommendations by the Respondents**

Problems encountered by respondents during the research of finding the relationship of human resource management practices on perceived performance among selected small and medium enterprises, the respondents indicated that small and medium enterprises provided less compensations and benefits to Bahrainis compared to the non-Bahraini employees. In addition to, small and medium enterprises employs people without legal papers. Recommendations offered by respondents to improve human resource management practices on perceived performance, the respondents indicated that the training courses are very significant to enhance the productivity of the employees. Respondents indicated that employees are productive when motivated by increasing rewards and incentives such as payment and health insurance. Moreover, respondents recommend the small and medium enterprises to increase credibility with staff members and prevent small and medium enterprises from employing people without legal papers.

**IV. CONCLUSION**

The main objective of this research was to find the relationship of human resource management practices on employee performance among small and medium enterprises in the Kingdom of Bahrain by studying the status of human resource management practice in terms of career planning, compensation and benefits, performance appraisal, training and development, and employee relations and then study the level of Perception of performance in small and medium entrepreneurship in the Kingdom of Bahrain in terms productivity, flexibility and quality. The finding of the study was discussed above and the detailed results of the survey and the interpretation are available in data analysis. The results show clearly that career planning and employee relations are active in small enterprises in the Kingdom of Bahrain, in addition to the level of perception of performance in small and medium enterprises are in a strong relationship with and where the employees are highly affected by these two variables. To improve human resource management practices on perceived performance, the respondents indicated that the training courses are very significant to enhance the productivity of the employees. Also, the employees are productive when motivated by increasing rewards and incentives such as payment and health insurance.
RECOMMENDATION

Small and medium enterprises should have a strong desire to improve the efficiency and effectiveness of their employees by understands the human resource management practices and its effect on the employee performance. The necessary of activating the human resource management practices in small and medium enterprises and documented the factors that can influence the employees and go through from time to time to make sure that it is stable. The need to acquire knowledge and skills of employees through continuous development training programs and holding training workshops for their employees. The need to enrol employees into basic and professional training courses that are fitted to job requirement. The need to Understanding that compensations and benefits helped to attract and retain talents and emphasis on motivating employees by establishing a system for compensation and benefits that are fair and performance-based compensation. The need to work to develop awareness and knowledge of the concept of activating the human resource management practices. Small and medium enterprises need to Empower and support employees in order to build in accountability and responsibility.

REFERENCES