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**'BEST PRACTICE' HUMAN RESOURCE MANAGEMENT: IMPACT ON EMPLOYEE
PERFORMANCE IN NON-WESTERNISED COUNTRIES**

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Abstract

Recent research has argued that the use of 'best practice' HRM such as selection, training, team working, performance appraisal, communication and rewards, can enhance the organisational performance. Scholars have found that there were positive significant relationships between 'best practice' HRM and performance. However, the majority of the empirical works used financial measurements as performance measures. Moreover, the works were mainly based in manufacturing and automobile organisations in westernised countries, particularly the USA and UK. Therefore, an empirical work in public sector organisations, in non-westernised countries might put forward a new insight on employee performance. This study investigates the relationships between 'best practice' HRM used by Malaysia local government organisations and performance from the employee point of view. Using a self administered questionnaire survey of 453 frontline employees, supervisors and managers working in Malaysia local government organisations, this study found that the investments in 'best practice' HRM can considerably help organisations perform better. This paper supports the universalistic perspective of HRM.

(160 words)

Keywords: HRM practices, employee performance, universalistic and public sector

Introduction

During the last few decades, scholars have devoted a great deal of attention to investigating the relationship between 'best practice' HRM and organisational performance. There appears to be growing interest evidence that 'best practice' HRM significantly enhances organisational performance (e.g. Delery and Doty 1996; Appelbaum et al. 2000; Godard 2001; Gould-Williams 2004; Boselie et al. 2005). Based on these empirical evidences, it is also becoming increasingly clear that the human resource is one important element that can help an organisation to be more effective and achieve competitive advantage. Using a resource-based perspective of the organisation, Barney (1995) suggests that organisations can simply develop sustained competitive advantage by generating value in a unique way, which is difficult for competitors to replicate, through employees. According to this view, if employees are a source of competitive advantage, they should not be viewed as a cost to be minimised or avoided (Wright and McMahan 1992; Pfeffer 1994; Barney and Wright 1998; Gratton 2000). More organisations are now considering their employees as assets in an attempt to gain competitive advantage, as other organisational resources, such as technology, new product, natural resources and economies of scale, are easier to replicate by competitors (Becker and Gerhart 1996).

'Best practice' human resource management

If we accept the view that employees are the most important assets in achieving organisational competitive advantage, then the way they are treated is important (Pfeffer 1994). The question that should be addressed now is how managers can manage their employees effectively? In order to address the question, scholars in the area of HRM and performance propose that on the basis of the resource-based perspective, there is an identifiable set of 'best practice' HRM that are thought to have a universal, additive and significant positive effect on organisational performance (Wood and deMenezes 1998; Godard 2001; Gould-Williams 2004). Furthermore, as the individual practices have limited capability to develop competitive advantage in isolation, 'best practice' HRM should be considered as a collection group (Barney 1995; Pfeffer 1998; Becker et al. 2001). Considering as complementary resources, the practices "*can enable a firm to realise its full competitive advantage*" (Barney 1995: 56).

Scholars have named this set of 'best practice' HRM according to their studies, as the following labels show: 'high performance work practices' (e.g. Huselid 1995; Pfeffer 1998; Delaney and Godard 2001), 'high performance work systems' (e.g. Huselid and Becker 1997; Appelbaum et al. 2000; Danford et al. 2004), 'high commitment HRM practices' (Walton 1985; Gould-Williams 2004), 'innovative HR practices' (e.g. MacDuffie 1995), 'high involvement work practices' (e.g. Lawler 1992; Guthrie 2001), 'best practice' HRM (e.g. Pfeffer 1994), 'progressive HRM practices' (e.g. Delaney and Huselid 1996), 'specific employment practices' (e.g. Delery and Doty 1996), and 'high-performance practices' (e.g. Godard 2004). Although scholars support the notion of the specific set of 'best practice' HRM, the question of which practices should be compliment together seems unanswered (Lepak and Snell 1999). However, "*until consensus is achieved on conceptual matters, and perhaps even then, it would seem that HRM can consist of whatever researchers wish or, perhaps, what their samples and data sets dictate*" (Boselie et al. 2005: 74).

Performance measures

As mentioned earlier, there have been numerous studies focused on empirically testing the impact of HRM practices on performance outcomes. These studies suggest that there is a significant positive relationship between 'best practice' HRM and performance (Ichniowski et al. 1997; Delery and Doty 1996; Capelli and Neumark 2001, Bjorkman and Xiuchen 2002; Wright et al. 2003; Bartel 2004; Michie and Sheehan-Quinn 2005). However, the majority of the studies used organisation-dominated performance measures, notably financial-economic indicators such as return on average assets, return on equity, turnover, sales, labour productivity, and profitability. Therefore, less attention has been paid to exploring the concept of performance from an employee's perspective. Here, as Paauwe (2004) argues, shows that prior studies have adopted a narrow definition of performance. As such, in order to improve our understanding of the relationship between HRM and performance, broader definitions of performance should be used, with a consideration of performance outcomes of interest to a range of stakeholder groups and environmental issues (Guest 1997; Paauwe 2004).

For example, the balanced scorecard model recognises the importance of outcomes for both shareholders and stakeholders. This model defines performance at different dimension of outcomes such as financial-economical, operational, and customers rather than to focus on typical financial outcome (Kaplan and Norton 1992). Though the balanced scorecard has suggested a multiple dimension of performance, it has been criticised that the model

does not go far enough as it ignores performance from the perspective of employees (Atkinson et al. 1997; Maltz et al. 2003; Andersen et al. 2004). In consequence, a definition of performance with a much wider range of stakeholders is needed (Paauwe 2004).

Paauwe (2004) defines performance by integrating both financial-economic and employment relationships dimensions and propose a multidimensional model of performance. In this model, he divided performance into three dimensions namely: (i) strategic dimension, (ii) professional dimension, and (iii) societal dimension. While the strategic dimension focuses on the expectations of boards of directors, CEOs, shareholders and financial institutions to generate added value and profits for the organisations; the professional dimension focuses on the expectations of line managers, employees and staff of HR departments to achieve high quality of personnel department services. The third dimension highlights moral values and focuses on the expectations of work councils, trade unions, government and other interest groups form both inside and outside the organisation. Thus, Paauwe (2004) argues that performance should not only be measured from the financial-economic perspectives but also from other perspectives.

Besides the argument concerning a narrow definition of performance, there is on-going debate concerning the process of how 'best practice' HRM and performance link. In fact, the lack of empirical evidence in this area is regarded as a key weakness in the 'best practice' HRM and organisational performance literatures (Appelbaum et al. 2000). In order to explain the process of how 'best practice' HRM affect performance, Guest (1997) suggests theories of organisational behaviour and motivation. For example, Guest (1997) proposes one possible basis for developing a rational relationship between 'best practice' HRM and performance based on expectancy theory of motivation. Boxall and Purcell (2003) also adapted the expectancy theory to describe the linkage between 'best practice' HRM and performance. Besides expectancy theory, the AMO theory of human performance (Appelbaum et al. 2002) and psychological contracting theory (Rousseau 1990) might also explain how the link between 'best practice' HRM and performance work.

In sum, the majority of studies in the HRM literature focus on the relationships between 'best practice' HRM and performance at the organisational level. In other words, the majority of scholars have relied on managers' perceptions to examine the performance of the organisation. Therefore, the studies on the relationship between 'best practice' HRM and performance using the measures of employees' experience are few and limited (Boselie et al. 2005).

International comparative human resource management

It has been said that research in international comparative HRM is important due to the increased level of globalisation and the internationalisation of business (Clark et al. 1999; Budhwar and Debrah 2001). As multinational corporations enter the more dynamic and challenging world of international business and globalisation of world markets continues rapidly, managers need to concern on how to manage their multi-cultural human resources in other countries and within their own national contexts (Schuler et al. 2002; Lansbury and Baird 2004). With regards to the universalistic perspective of HRM, this perspective has received many supports from previous studies examining the relationship between 'best practice' HRM and organisational performance (e.g. Pfeffer 1994; Huselid 1995; Gould-Wiliams 2004). It is argued that a specific set of 'best practice' HRM will always achieve superior performance outcomes, regardless of size, industry or business strategy (Pfeffer 1998).

Nevertheless, the studies have tended to use samples only from the US and UK. Some scholars argue that those studies advocated universal perspective without taking into consideration the differences in national culture and institutional background (Budhwar and Khatri 2001; Budhwar and Debrah 2001; Boselie et al. 2005). The models used in the US and UK may not provide similar findings in non-Westernised countries due to the difference in national cultures, economic situations, labour laws, trade union systems, government interventions and management styles (Brewster 1995; Bowen et al. 2002; Budhwar and Sparrow 2002a; 2002b). Therefore, *"there is a need to understand more thoroughly differences in HRM systems across wider range of cultural and nationalistic boundaries"* (Arvey et al. 1991: 368).

Taken the above paragraphs as a whole, the majority of the empirical research has been undertaken in westernised countries with very few studies carried out across countries. The studies mainly considered the relationships between 'best practice' HRM and performance at organisational level in private sector organisations. Consequently, whether 'best practice' HRM affect performance at the individual level, in public sector, in non-westernised countries remains an empirical question. It is also questionable whether the universalistic perspective of HRM is applicable beyond westernised countries.

Therefore, on a basis of the rationale of the study explained in the previous section, the purpose of this study is to examine the effects of 'best practice' HRM on performance outcomes of a stratified sample of local government employees in Malaysia. Specifically, it is to test the relationship between 'best practice' and both employee outcomes and perceived organisational performance in Malaysia local government organisations.

Hypotheses of the study

In order to achieve the objective of the study, and to address the gap in the 'best practice' HRM and performance literature, the author will tests the following hypotheses:

Hypothesis 1: 'Best practice' HRM will positively effect employee motivation in Malaysia local government organisations.

Hypothesis 2: 'Best practice' HRM is positively associated with job satisfaction in Malaysia local government organisations.

Hypothesis 3: 'Best practice' HRM is positively associated with organisational citizenship behaviour in Malaysia local government organisations.

Hypothesis 4: 'Best practice' HRM is positively associated with stress in Malaysia local government organisations.

Hypothesis 5 'Best practice' HRM is positively associated with perceived organisational performance in Malaysia local government organisations.

Hypothesis 6: Employee motivation is positively associated with perceived organisational performance in Malaysia local government organisations.

Hypothesis 7: Job satisfaction is positively associated with perceived organisational performance in Malaysia local government organisations.

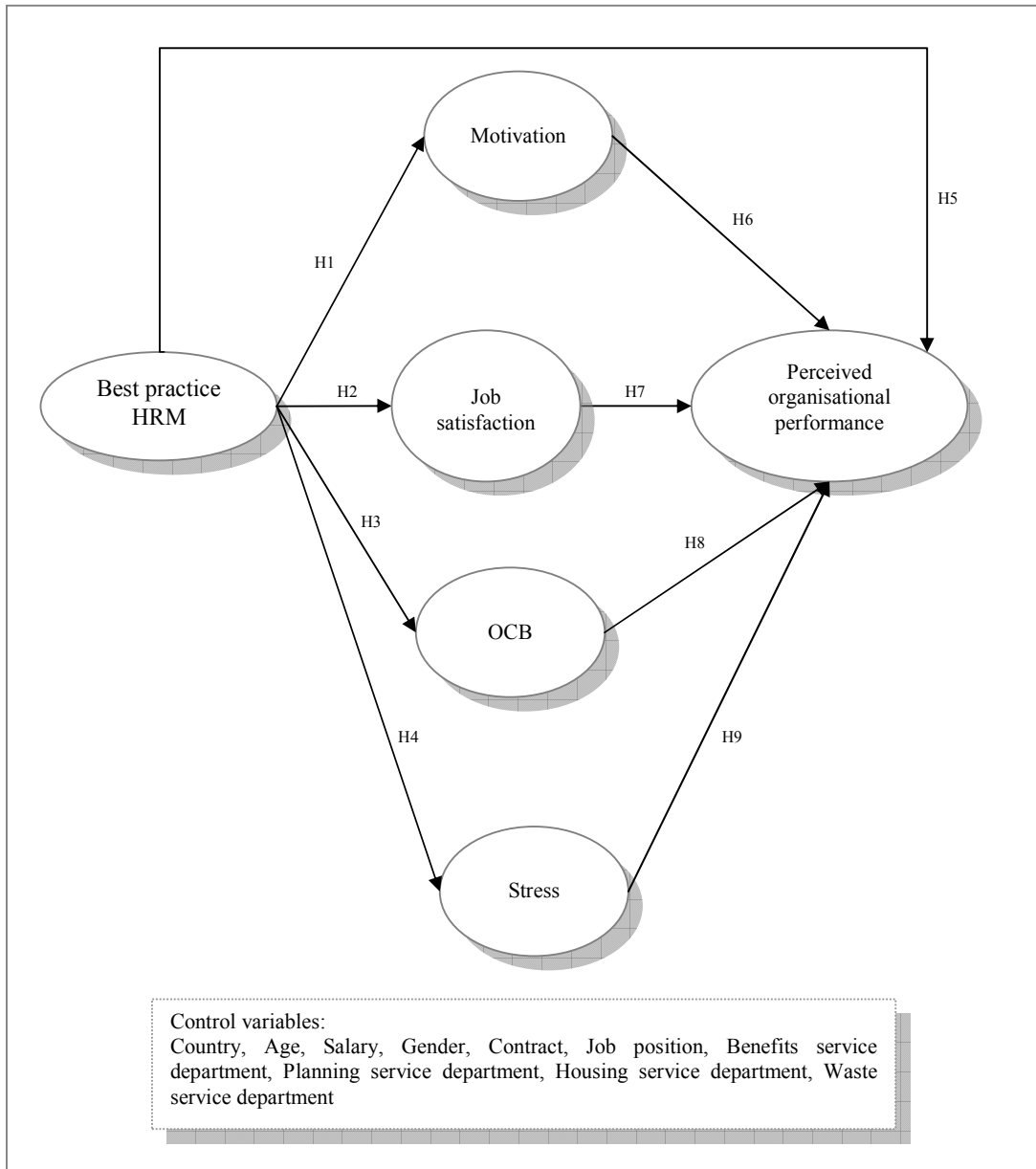
Hypothesis 8: Organisational citizenship behaviour is positively associated with perceived organisational performance in Malaysia local government organisations.

Hypothesis 9: Stress is positively associated with perceived organisational performance in Malaysia local government organisations.

Research framework

The research framework of the study shows that the independent variable that is 'best practice' HRM is linked with employee motivation, job satisfaction, organisational citizenship behaviour, and stress, and consequently linked with perceived organisational performance. In particular, as shown in Figure 1 the research framework explains that 'best practice' HRM is expected to be positively associated with employee motivation, job satisfaction, organisational citizenship behaviour, stress and perceived organisational performance. Furthermore, the framework explains that motivation, job satisfaction, organisational citizenship behaviour and stress are expected to be positively associated with perceived organisational performance. The control variables for this research also showed in the research framework. These are country, age, salary, gender, contract, job position, benefits/revenue service department, planning service department, housing service department and waste service department.

Figure 1 Research framework



Research Methodology

The study presented here employs a stratified sample of Malaysia respondents from 20 local government service departments. The participated departments were Benefits/Revenue, Planning, Housing, Waste, and Leisure. Data were randomly collected from front-line employees, supervisors and managers working in Malaysia local government organisations. A self-administered questionnaire survey was undertaken during 2003/2004 which consists of five sections containing a total of 60 statements which sought respondents' perceptions concerning HRM practices, service standards, working environment, work experiences and performance. The final section of the questionnaire asked for general background information. The questionnaire applied both open-ended and closed-ended questions, and was structured in three forms: (i) the completion items or fill-in items; (ii) checklists; and (iii) the Likert-type items. The independent variable was 'best practice' HRM while the dependant variables were motivation, job satisfaction, organisational citizenship behaviour, stress, and perceived organisational performance. The reliability of measurement scales was .60 to .86 which fall within the generally accepted limits.

This study has adopted the 2003 UK Local Government Workplace Survey questionnaire, which has been developed by Gould-Williams (2003) to examine the effects of management practices and organisational context on employees' perceptions of their working environment and organisational performance in UK local government organisations. Of the 750 questionnaires issued, 453 questionnaires were completed and returned. Thus, the response rate was 60.4 per cent. This study employed both descriptive and inferential statistics using the SPSS Package 12.

Findings and Discussion

Table 1 Demographic profile of the survey respondents

		Count (% of Total)	
		Malaysia (N=453)	
		Frequency	Percentage
Gender			
	Male	197	43.5
	Female	256	56.5
			100
Age (years)			
	18-20	7	1.5
	21-30	284	62.7
	31-45	114	25.2
	46-60	48	10.6
	Over 60	0	0
			100
Highest educational qualification			
	Standard 6 or equivalent	6	1.3
	SRP/LCE or equivalent	19	4.2
	SPM/MCE or equivalent	229	50.6
	STPM/Diploma or equivalent	169	37.3
	Bachelors Degree or equivalent	28	6.2
	PhD/Masters Degree or equivalent	2	0.4
			100
Job position			
	Frontline staff	340	75.1
	Supervisor/line manager	23	5.1
	Middle manager	46	10.2
	Senior manager	44	9.7
			100
Nature of employment			
	Temporary	2	0.4
	Contract	184	40.6
	Permanent	267	58.9
			100
Union			
	No	201	44.4
	Yes	252	55.6
			100
Years working in current job			
	Less than 1 year	56	12.4
	1 to less than 2 years	59	13.0
	2 to less than 5 years	103	22.7
	5 to less than 10 years	133	29.4
	10 years or more	102	22.5
			100
Years working for authority			
	Less than 1 year	56	12.4
	1 to less than 2 years	63	13.9
	2 to less than 5 years	103	22.7
	5 to less than 10 years	130	28.7
	10 years or more	101	22.3
			100

The demographic profile of the survey respondents is presented in Table 1. In sum, the majority of respondents for this study were female, aged between 21-30 years, had SPM/MCE educational qualification, worked permanently as frontline staff and members of the union. The majority of respondents worked for 5 to 10 years in the current job and for authority.

Table 2 presents the means, standard deviations and r values of independent variable and employee outcomes. The results from bivariate correlation analysis show that there was a positive and strong relationship between HRM practices and perceived organisational performance ($r .58, p .000$). The results also show that HRM practices had medium relationships with motivation ($r .44, p .000$), job satisfaction ($r .44, p .000$), organisational citizenship behaviour ($r .31, p .000$). Stress was found to have a weak inverse relationship with HRM practices. Thus, the results show that HRM practices enhanced employee motivation, job satisfaction, organisational citizenship behaviour and perceived organisational performance; and reduced employee stress in Malaysia local government organisations.

Table 3 presents the R^2 values, Adjusted R^2 , F values, standardised β values, significant values, number of cases of independent variables, employee outcomes and perceived organisational performance. As presented in the table, all five equations are statistically significant, with the variance explained for each equation as follows: (i) Equation 5, 42 per cent for Perceived Organisational Performance ($R^2 .42, F 21.19, p .000$); (ii) Equation 4, 35 per cent for Stress ($R^2 .35, F 15.63, p .000$); (iii) Equation 1, 26 per cent for Motivation ($R^2 .26, F 10.33, p .000$); (iv) Equation 2, 25 per cent for Job Satisfaction ($R^2 .25, F 9.78, p .000$); and finally (v) Equation 3, 21 per cent for Organisational Citizenship Behaviour ($R^2 .21, F 7.73, p .000$). On this basis, it can be argued that the regression equations provide an adequate explanation of variation for each of the dependent variables for Malaysia local government organisations.

Consistent with the research hypotheses, the analyses show that HRM Practices in Malaysia local government consistently had significant effects on all five dependent variables, all of which were in the anticipated hypothesised direction, other than that of Stress ($\beta -.15, p .000$). The HRM Practices had similar effects on Perceived Organisational Performance ($\beta .40, p .000$), Motivation ($\beta .39, p .000$), Job Satisfaction ($\beta .38, p .000$), and Organisational Citizenship Behaviour ($\beta .27, p .000$). Therefore, the results support the universal application of best practice HRM which proposed by Walton (1985) and Pfeffer (1994, 1998). Subsequently, the results support the earlier findings by Arthur (1994), MacDuffie (1995), Delery and Doty (1996), Ramsay et al. (2000), Godard (2001), Bjorkman and Xiucheng (2002), Gould-Williams (2003), Bartel (2004), Tzafrir (2005) and Tessema and Soeters (2006), which found that best practice HRM will always present a positive impact on organisational performance regardless of size, industry, business strategy or country. In other words, the findings of this study support the application of universal model in non-westernised countries.

On the basis of the β values, this study supports Hypotheses H1, H2, H3, H5 and H6; however rejects Hypotheses H4, H7, H8 and H9. The first hypothesis (H1), regarding a positive relationship between best practice HRM and employee motivation in Malaysia local government organisations, is confirmed. Results of this research project support previous studies by Huselid (1995), Dowling and Richardson (1997), Guest (1999), Fey et al. (2000), Appelbaum et al. (2000), Godard (2001), Gould-Williams (2004), Gould-Williams and Davies (2005) and Tessema and Soeters (2006).

The hypothesis H2, regarding a positive relationship between best practice HRM and job satisfaction, is confirmed. This result is in line with earlier studies by Guest (1999), Appelbaum et al. (2000), Godard (2001), Guest (2002), Boselie and Viele (2002), Park et al. (2003), Batt (2004), Gould-Williams (2004), Bartel (2004), Kinnie et al. (2005) and Tessema and Soeters (2006) who examined the relationship between these constructs in westernised countries. The hypothesis H3, concerning a positive relationship between best practice HRM and organisational citizenship behaviour, is also confirmed. Again, this result is consistent with earlier studies by Cappelli and Rogovsky (1998), Hui et al. (2000), Ghorpade et al. (2001) and Pare and Trembley (2004).

The hypothesis H4, regarding a positive relationship between best practice HRM and stress, is not confirmed. Moreover, the correlation between the two variables appeared to be negative rather than positive. Therefore, there is no evidence for a positive relationship between best practice HRM and stress. These findings contrast with earlier studies by Ramsay et al. (2000), Appelbaum et al. (2000), Godard (2001) and Kalleberg and Berg (2002). The hypothesis H5, regarding a positive relationship between best practice HRM and perceived organisational performance, is confirmed. The result supports earlier findings of Harel and Tzafrir (1999), Gould-Williams (2004), Galang (2004) and Tzafrir (2005).

Table 2 Correlations matrix of HRM practices and employee outcomes in Malaysia local government organisations

	Variables	N	Mean	SD	1	2	3	4	5	6	7	8	9	10
1	HRM Practices	453	4.75	1.00										
2	Climate	453	4.38	.63	.47**									
3	Involvement	453	4.63	1.27	.41**	.39**								
4	Trust	453	4.50	1.46	.50**	.33**	.49**							
	Resources:													
5	Understaffed	453	4.54	1.71	-.17**	-.07	-.07	-.11*						
6	Work pressure	452	4.14	1.16	-.10*	.05	-.05	-.11*	.25**					
7	Motivation	452	5.81	1.33	.44**	.25**	.17**	.22**	-.05	-.10*				
8	Job satisfaction	452	5.37	1.30	.44**	.30**	.16**	.22**	-.01	-.04	.47**			
9	Organisational Citizenship Behaviour	452	4.78	1.63	.31**	.22**	.10*	.18**	.07	.08	.32**	.39**		
10	Stress	452	3.61	1.34	-.17**	.01	-.01	-.10*	.20**	.55**	-.28**	-.10*	-.08	
11	Perceived organisational performance	452	5.39	1.30	.58**	.28**	.28**	.38**	-.05	-.14**	.43**	.36**	.17**	-.21**

* statistically significant at .05 level;

** statistically significant at .01 level;

*** statistically significant at .001 level

Table 3 Regression analyses of the affects of HRM practices on employee outcomes in Malaysia local government organisations

Independent variables	Employee Outcomes										Organisational Outcomes	
	Equation 1		Equation 2		Equation 3		Equation 4		Equation 5		Equation 5	
	Standard β	VIF	Standard β	VIF	Standard β	VIF	Standard β	VIF	Standard β	VIF	Standard β	VIF
HRM Practices	.39 (.000)	1.64	.38 (.000)	1.64	.27 (.000)	1.64	-.15 (.003)	1.64	.40 (.000)	1.95		
Climate	.11 (.035)	1.46	.16 (.001)	1.46	.11 (.041)	1.46	.01 (.919)	1.46	-.00 (.945)	1.48		
Involvement	-.02 (.766)	1.48	-.06 (.235)	1.48	-.04 (.442)	1.48	.06 (.188)	1.48	.03 (.555)	1.49		
Trust	.00 (.981)	1.62	.02 (.701)	1.62	.08 (.158)	1.62	.00 (.988)	1.62	.12 (.011)	1.59		
Resources												
Understaffed	.05 (.269)	1.19	.07 (.134)	1.19	.08 (.096)	1.19	.04 (.381)	1.19	.08 (.041)	1.18		
Work pressure	-.05 (.263)	1.12	-.01 (.795)	1.12	.10 (.035)	1.12	.51 (.000)	1.12	-.02 (.667)	1.57		
Personal characteristics												
Age	-.06 (.213)	1.46	.06 (.248)	1.46	.06 (.280)	1.46	.01 (.889)	1.46				
Salary	.06 (.356)	2.19	.01 (.840)	2.19	.18 (.004)	2.19	-.00 (.979)	2.19				
Gender	-.02 (.647)	1.05	.04 (.331)	1.05	.11 (.016)	1.05	-.04 (.356)	1.05				
Contract	.13 (.006)	1.35	.05 (.304)	1.35	.08 (.132)	1.35	-.04 (.332)	1.35				
Job position	-.09 (.102)	1.70	-.07 (.209)	1.70	-.06 (.321)	1.70	-.04 (.385)	1.70				
Benefits service dept.	.22 (.001)	2.46	.07 (.320)	2.46	-.08 (.215)	2.46	-.14 (.020)	2.46	.04 (.475)	2.38		
Planning service dept.	.14 (.022)	2.33	.01 (.859)	2.33	-.05 (.409)	2.33	-.05 (.444)	2.33	-.03 (.657)	2.32		
Housing service dept.	.15 (.005)	1.73	.14 (.009)	1.73	-.14 (.016)	1.73	-.03 (.506)	1.73	-.03 (.605)	1.80		
Waste service dept.	.14 (.019)	2.21	.12 (.057)	2.21	-.17 (.008)	2.21	.01 (.920)	2.21	.05 (.403)	2.22		
Motivation									.13 (.007)	1.74		
Job satisfaction									.05 (.249)	1.63		
Organisational Citizenship Behaviour									-.07 (.107)	1.34		
Stress									-.03 (.548)	1.71		
R²	.26		.25		.21		.35		.42			
Adjusted R²	.24		.23		.18		.33		.40			
F value (Sig. level)	10.33 (.000)		9.78 (.000)		7.73 (.000)		15.63 (.000)		21.19 (.000)			
N	452		452		452		452		452			

Concerning the relationships between employee outcomes and perceived organisational performance, the results show that perceived organisational performance had significant effects on one dependent variable in Malaysia local government organisations. Specifically, Motivation had significant effect on perceived organisational performance (Motivation β .13, ρ .007). Job satisfaction, organisational citizenship behaviour and stress had no significant effects on perceived organisational performance.

Furthermore, the analyses show that the Service Departments in Malaysia local government had significant effects on employee outcomes. Particularly, when compared with the control group, Leisure Service Department, respondents in the four remaining Service Departments were more likely to be motivated (Benefits β .22, ρ .001; Planning β .14, ρ .022; Housing β .15, ρ .005; Waste β .14, ρ .019). Waste and Housing Service Departments in Malaysia had significant, inverse effects on Organisational Citizenship Behaviour (Housing β -.14, ρ .016; Waste β -.17, ρ .008), but a positive effect on Job Satisfaction (Housing β .14, ρ .009; Waste β .12, ρ .057). In other words, employees in these two departments experienced higher job satisfaction but surprisingly were less likely to exert discretionary effort. In addition, Benefits Service Department in Malaysia had a significant effect on Stress (β -.14, ρ .020). Thus, it appears that Benefits Service Department employees experienced less stress in comparison with the other service departments. Therefore, employees in Malaysia Service Departments were motivated and satisfied with their job however, the employees were unlikely to do extra work without additional pay.

The Employment Contract in Malaysia local government organisations had a positive significant effect on Motivation (β .13, ρ .006). This result shows that permanent employees in Malaysia were more likely to be motivated. As for Salary and Gender, the analyses show that both Salary and Gender in Malaysia had one significant effect on Organisational Citizenship Behaviour (Salary β .18, ρ .004; Gender β .11, ρ .016 respectively). These results show that female employees and those with higher salaries were more likely to do extra work without any additional pay. Finally, the analyses show that Age had no significant effects on all dependent variables. These results show that in Malaysia local government organisations, age was not an important factor to predict the relationship between best practice HRM and employees' performance.

In order to evaluate the individual effects of the best practice HRM, further regression analyses were undertaken as shown in Table 4. As presented in the table, all five equations are statistically significant, with the variance explained for each equation as follows: (i) Equation 5, 36 per cent for Perceived Organisational Performance (R^2 .36, F 22.79, ρ .000); (ii) Equation 4, 34 per cent for Stress (R^2 .34, F 20.58, ρ .000); (iii) Equation 1, 29 per cent for Motivation (R^2 .29, F 16.01, ρ .000); (iv) Equation 3, 24 per cent for Organisational Citizenship Behaviour (R^2 .24, F 12.40, ρ .000); and finally (v) Equation 2, 23 per cent for Job Satisfaction (R^2 .23, F 11.75, ρ .000). On this basis, it can be argued that the regression equations provide an adequate explanation of variation for each of the dependent variables for both countries. The analyses show that Team Working had significant effects on three of the four dependent variables. The size of the effects were as follows: Motivation (β .36, ρ .000), Job Satisfaction (β .12, ρ .019), and Stress (β -.01, ρ .047). There was no significant effect between Team Working and Organisational Citizenship Behaviour in Malaysia local government organisations. These findings suggest that team working practices is an essential practice for achieving desirable outcomes such as motivation and job satisfaction, and reduce their stress. These findings provided additional support to previous studies by Paul and Anantharaman (2003), Ahmad and Schroeder (2003), Gould-Williams (2004), Gould-Williams and Davies (2005) and Tessema and Soeters (2006) who reported similar significant effects of team working.

In conclusion, this study has addressed the significant gaps in the extant literature and has presented empirical evidence in support of the universal thesis, in that the evidence presented reports statistically significant relationships between best practice HRM and employee outcomes in public sector organisations in non-westernised countries. Thus, best practice HRM enhanced employees' motivation, job satisfaction, organisational citizenship behaviour, and perceived organisational performance; and lessen employee stress in Malaysia local government organisations. In other words, employees in Malaysia were found to be motivated, satisfied and willing to help others with no extra pay. Concerning the relationship between employee outcomes and perceived organisational performance, employee motivation predicted perceived organisational performance. Finally, of the six HRM practices examined, team working consistently had the most powerful effects on employee outcomes. Therefore, it appears that team working is an important predictor for achieving desirable employee outcomes in Malaysia local government organisations.

Table 3 Regression analyses of the affects of HRM practices on employee outcomes in Malaysia local government organisations

Independent variables	Employee Outcomes												Organisational Outcomes	
	Equation 1		Equation 2		Equation 3		Equation 4		Equation 5		Equation 4		Equation 5	
	Standard β	VIF	Standard β	VIF	Standard β	VIF	Standard β	VIF	Standard β	VIF	Standard β	VIF	Standard β	VIF
HRM Practices	.39 (.000)	1.64	.38 (.000)	1.64	.27 (.000)	1.64	-.15 (.003)	1.64	-.40 (.000)	1.64	.08 (.041)	.08 (.041)	-.40 (.000)	1.95
Climate	.11 (.035)	1.46	.16 (.001)	1.46	.11 (.041)	1.46	.01 (.919)	1.46	-.00 (.945)	1.46	-.02 (.667)	1.46	-.00 (.945)	1.48
Involvement	-.02 (.766)	1.48	-.06 (.235)	1.48	-.04 (.442)	1.48	.06 (.188)	1.48	.03 (.555)	1.48	-.02 (.667)	1.48	.03 (.555)	1.49
Trust	.00 (.981)	1.62	.02 (.701)	1.62	.08 (.158)	1.62	.00 (.988)	1.62	.12 (.011)	1.62	-.02 (.667)	1.62	.12 (.011)	1.59
Resources														
Understaffed	.05 (.269)	1.19	.07 (.134)	1.19	.08 (.096)	1.19	.04 (.381)	1.19	.08 (.041)	1.19	-.02 (.667)	1.19	.08 (.041)	1.18
Work pressure	-.05 (.263)	1.12	-.01 (.795)	1.12	.10 (.035)	1.12	.51 (.000)	1.12	-.02 (.667)	1.12	-.02 (.667)	1.12	-.02 (.667)	1.57
Personal characteristics														
Age	-.06 (.213)	1.46	.06 (.248)	1.46	.06 (.280)	1.46	.01 (.889)	1.46	.01 (.889)	1.46	-.02 (.667)	1.46	.01 (.889)	1.46
Salary	.06 (.356)	2.19	.01 (.840)	2.19	.18 (.004)	2.19	-.00 (.979)	2.19	-.00 (.979)	2.19	-.02 (.667)	2.19	-.00 (.979)	2.19
Gender	-.02 (.647)	1.05	-.04 (.331)	1.05	.11 (.016)	1.05	-.04 (.356)	1.05	-.04 (.356)	1.05	-.02 (.667)	1.05	-.04 (.356)	1.05
Contract	.13 (.006)	1.35	.05 (.304)	1.35	.08 (.132)	1.35	-.04 (.332)	1.35	-.04 (.332)	1.35	-.02 (.667)	1.35	-.04 (.332)	1.35
Job position	-.09 (.102)	1.70	-.07 (.209)	1.70	-.06 (.321)	1.70	-.04 (.385)	1.70	-.04 (.385)	1.70	-.02 (.667)	1.70	-.04 (.385)	1.70
Benefits service dept.	.22 (.001)	2.46	.07 (.320)	2.46	-.08 (.215)	2.46	-.14 (.020)	2.46	.04 (.475)	2.46	-.02 (.667)	2.46	.04 (.475)	2.38
Planning service dept.	.14 (.022)	2.33	.01 (.859)	2.33	-.05 (.409)	2.33	-.05 (.444)	2.33	-.03 (.657)	2.33	-.02 (.667)	2.33	-.03 (.657)	2.32
Housing service dept.	.15 (.005)	1.73	.14 (.009)	1.73	-.14 (.016)	1.73	-.03 (.506)	1.73	-.03 (.605)	1.73	-.02 (.667)	1.73	-.03 (.605)	1.80
Waste service dept.	.14 (.019)	2.21	.12 (.057)	2.21	-.17 (.008)	2.21	.01 (.920)	2.21	.05 (.403)	2.21	-.02 (.667)	2.21	.05 (.403)	2.22
Motivation														
Job satisfaction														
Organisational Citizenship Behaviour														
Stress														
R²	.26		.25		.21		.35		.42		.35		.42	
Adjusted R²	.24		.23		.18		.33		.40		.33		.40	
F value (Sig. level)	10.33 (.000)		9.78 (.000)		7.73 (.000)		15.63 (.000)		21.19 (.000)		15.63 (.000)		21.19 (.000)	
N	452		452		452		452		452		452		452	

Table 4 Regression analyses of the affects of individual HRM practices on employee outcomes in Malaysia local government organisations

Independent variables	Employee Outcomes										Organisational Outcomes		
	Equation 1		Equation 2		Equation 3		Equation 4		Equation 5		Organisational Outcomes		
	Motivation	Job satisfaction	Organisational Citizenship Behaviour	Stress	Perceived organisational performance	Standard β	VIF	Standard β	VIF	Standard β	VIF	Standard β	VIF
HRM Practices													
Selection	.00 (.998)	.01 (.879)	.07 (.185)	.02 (.737)	.06 (.218)	1.51	1.51	.02 (.737)	1.51	.06 (.218)	1.51	.06 (.218)	1.51
Training	-.05 (.373)	.15 (.022)	-.11 (.091)	-.02 (.744)	.14 (.017)	2.25	2.25	-.02 (.744)	2.25	.14 (.017)	2.25	.14 (.017)	2.25
Team working	.36 (.000)	.12 (.019)	.01 (.872)	-.01 (.047)	.13 (.008)	1.58	1.58	-.01 (.047)	1.58	.13 (.008)	1.58	.13 (.008)	1.58
Performance appraisal	-.05 (.268)	.04 (.389)	-.14 (.007)	.07 (.137)	.02 (.751)	1.46	1.46	.07 (.137)	1.46	.02 (.751)	1.46	.02 (.751)	1.46
Rewards	.15 (.014)	.19 (.000)	.43 (.000)	-.10 (.043)	.07 (.130)	1.58	1.58	-.10 (.043)	1.58	.07 (.130)	1.58	.07 (.130)	1.58
Communication	.06 (.204)	.05 (.414)	.14 (.021)	-.07 (.247)	.26 (.000)	2.19	2.19	-.07 (.247)	2.19	.26 (.000)	2.19	.26 (.000)	2.19
Climate	.01 (.810)	.12 (.017)	.05 (.372)	.04 (.364)	.02 (.624)	1.43	1.43	.04 (.364)	1.43	.02 (.624)	1.43	.02 (.624)	1.43
Involvement	.03 (.525)	-.04 (.485)	-.03 (.552)	.06 (.228)	.02 (.683)	1.50	1.50	.06 (.228)	1.50	.02 (.683)	1.50	.02 (.683)	1.50
Trust	.03 (.525)	.02 (.713)	.08 (.143)	-.02 (.732)	.09 (.054)	1.64	1.64	-.02 (.732)	1.64	.09 (.054)	1.64	.09 (.054)	1.64
Resources													
Understaffed	.04 (.343)	.08 (.063)	.16 (.000)	.04 (.313)	.06 (.116)	1.13	1.13	.04 (.313)	1.13	.06 (.116)	1.13	.06 (.116)	1.13
Work pressure	-.06 (.189)	-.01 (.795)	.09 (.039)	.51 (.000)	-.10 (.018)	1.13	1.13	.51 (.000)	1.13	-.10 (.018)	1.13	-.10 (.018)	1.13
R²	.29	.23	.24	.34	.36								
Adjusted R²	.27	.21	.22	.32	.35								
F value (Sig. level)	16.01 (.000)	11.75 (.000)	12.40 (.000)	20.58 (.000)	22.79 (.000)								
N	452	452	452	452	452								

Implication and future research

This study will make reference to theory and have some important implications to policy makers for Malaysia local government organisations. For instance, policy makers should think about what advice is needed to ensure that their employees can perform superior without any difficulty of the red tape practice. Further research will be needed to focus on certain HRM practices that negatively perceived by the employees. By doing so, it is hope that policy makers will understand better about their employees' feelings and consequently will make changes for best practice HRM so that superior performance will be achieved.

(5,121 words)

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