

The Benchmarking Techniques in Human Resource Management: A Case Study in Business Organization

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Human Resource Management (HRM) is designing management systems in order to ensure that human talent is used effectively and efficiently to accomplish organizational goals. Hence, to ensure that the basic alignment of HRM parallel with overall organization strategy, there is a need to study the effectiveness of each HRM practices implied in the organization. In this respect, benchmarking study is identified to be one of the most effective tools to indicate the effectiveness of HRM practices in the organization. With this in view, this case study was conducted to digest and diagnose the HRM practices implied by the benchmarking community in the Northern Region of Malaysia. With the hope of understanding in depth of HRM practices, it will also indicate the strength and weaknesses each of the practices by identifying the gaps between importance and achievement and provide rooms for improvement. National Productivity Corporation Malaysia (NPC) has implemented this study in collaboration with Federation of Malaysian Manufacturers Northern Branch (FMM). Hence, this case study will use the secondary data for the purpose of analyzing. The study has used a comprehensive approach of benchmarking techniques, which assist the participating benchmarking community in establishing benchmarks, measure their own practices and identify best practices in key areas of HRM. A total of 6 companies participated the benchmarking study which comprised of a manufacturer of corrugated cartoons, a automation and robotics equipment manufacturer, manufacturer of agricultural chemicals, frozen seafood producer, meter cluster for automotive and automation equipment manufacturer and a conveyor system manufacturer.

Field of Research: Human Resource Management, Benchmarking Techniques, Best Practices

1. Introduction

Human Resource Management (HRM) addresses key human resource practices that are directed towards creating a high performance of managing people. To ensure that the basic alignment of HRM parallel with overall organization strategy, there is a need to study the effectiveness of each HRM practices implied in the organization. The effectiveness of HRM practices will focus on the evaluation of how the organization enables employees to develop and use their full potential.

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In this respect, benchmarking study is identified to be one of the most effective tools to indicate the effectiveness of HRM practices in the organization. With this in view, this case study was conducted to digest and diagnose the HRM practices implied by the benchmarking community in the Northern Region of Malaysia. With the hope of understanding in depth of HRM practices, it will also indicate the strength and weaknesses each of the practices by identifying the gaps between importance and achievement and provide rooms for improvement.

Benchmarking is identified to be one of the most critical and effective organizational tool or technique for such improvement efforts. The National Productivity Corporation Malaysia (NPC) defines benchmarking as a systematic and continuous process of searching, learning, adapting and implementing the best practices from own organization or from other organization towards attaining superior performance. In this case study, benchmarking is used as analytical tool to measure and compare the effectiveness of HRM practices which allows realistic view of the organizations' strategic plan and ways to achieve better HRM practices.

1.1 Background of Study

Benchmarking study on HRM practices involves measuring and comparing key people management metrics. It covers wide areas that include Training and Development, Recruitment of Skilled Workers, Employee Retention Program, Performance Measures and Evaluation, Responsibilities and Scope of Human Resources Department, Employees Morale and Motivation, Managing Change, Employees Relations Program, Employees Career and Succession Planning and Human Resources Information System. These areas are generated from the HRM Perceptual Survey represents the qualitative data and Performance Metrics for quantitative data.

National Productivity Corporation (NPC) has implemented this study in collaboration with Federation of Malaysian Manufacturers Northern Branch (FMM). Hence, this case study will use the secondary data for the purpose of analyzing. As advocated by Nkomo, Fottler and McAfee (2000; 2005), case studies are meant to provide researchers with the opportunity to actively experience the reality and complexity of the issues facing practicing managers and human resource executives. Unlike other disciplines such as physical science which allow you to test theories in a laboratory, performing a case analysis allows researchers to apply human resource management theories to specific organisational problems. Thus this study has used a comprehensive approach of benchmarking techniques, which assist the participating benchmarking community in establishing benchmarks, measure their own practices and identify best practices in key areas of HRM.

A total of 6 companies participated the benchmarking study which comprised of a manufacturer of corrugated cartons, a automation and robotics equipment manufacturer, manufacturer of agricultural chemicals, frozen seafood producer, meter cluster for automotive and automation equipment manufacturer and a conveyor system manufacturer.

1.2 Objectives of Study

The main objective of the study is to identify *benchmarks* and best practices for the HRM involved in manufacturing industries. Other pertinent objectives are as follows:

- a) To identify benchmarks and best practices for the HRM involved in manufacturing industries.
- b) To examine Key Performance Indicators (KPIs) measures and benchmarks established on HRM practices in the manufacturing companies.
- c) To study the benchmarking technique applied in understanding the HRM practices.
- d) To learn how successful companies have used process elements effectively to support their key values, changes and results.
- e) To assess companies' practices and results versus the practices and results of benchmark companies

1.3 Conceptual Framework

In order to develop a comprehensive HRM Practices framework, there must be a common understanding on HRM Practices, Critical Success Factors (CSF), Key Performance Indicators (KPIs) and measurement used. The following is the list of HRM effectiveness measurements that could be considered used in the study for specific HRM measures (Table 1) and (Table 2).

Table 1: Performance Metrics

Critical Success Factors (CSF)	Key Performance Indicators	Measurement
Labour Turnover	1. Resignation for all employees 2. Recruitment for all employees	Percentage Percentage

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Table 2: HRM Practices

Key Performance Indicators (KPIs)	Best Practices	Measurement
Training and Development	<ol style="list-style-type: none"> 1. Training systematically address organization plans and needs 2. Up to date training delivery such as web based instruction, mentoring and apprenticeship 3. Training focuses on skill standards performance improvement techniques. 	<ul style="list-style-type: none"> • Training expenditure • Hours of training • Number of trainers
Staffing Process	<ol style="list-style-type: none"> 1. Automated recruitment 2. Capture recruiting cost by position 3. Public posting of job opportunities and recruitment on the internet 4. On-line access and response to job posting 	<ul style="list-style-type: none"> • Cost per hire • Time to fill
Reward and Recognition	<ol style="list-style-type: none"> 1. Must matched to support business success 2. Tied to demonstrated skills and peer evaluation 3. Include profit sharing, team or unit performance awards 3. Linked to achievement of certain level of customer satisfaction 	<ul style="list-style-type: none"> • Types of reward for all level of employee • Number of bonus and certificates given
Performance Measures System	<ol style="list-style-type: none"> 1. Provide feedback to employees that support their ability to contribute high performing organization. 	<ul style="list-style-type: none"> • Reported survey feedback • Value of profit contribute to companies
Management Responsibilities	<ol style="list-style-type: none"> 1. Responsible for creating for effective systems to enhance employee satisfaction and motivation. 	<ul style="list-style-type: none"> • Commitment to quality policy
Employees Relations Morale and Motivation	<ol style="list-style-type: none"> 1. Special activities and services are available for employee. 2. Special facilities for employee meetings to discuss their concerns 3. On-demand electronic survey available for employee satisfaction feedback. 	<ul style="list-style-type: none"> • Number of meetings • Indicator from organization survey • Number of employees program conducted
Compensation and Benefits	<ol style="list-style-type: none"> 1. Practices reinforce desired performance excellence 2. Encourage development of employee potential 	<ul style="list-style-type: none"> • Amount of profit monthly / quarterly
Communication and Information Sharing	<ol style="list-style-type: none"> 1. Effective communication across functions and work units. 2. Disseminate and shared knowledge and information at all level. 	<ul style="list-style-type: none"> • Number of meetings • Number of improvement programmes
Career Planning	<ol style="list-style-type: none"> 1. Career Progression Plan 2. Analyze competency gap 	<ul style="list-style-type: none"> • Number of staff success in progression plan
Human Resource Information System (HRIS)	<ol style="list-style-type: none"> 1. Centralized record keeping and integrated 2. On-line profile search for employees 	<ul style="list-style-type: none"> • Number of computer used • Number of information session and employees involved

1.4 Importance of Study

This study is important in such way that it will assist the participating companies to justify the effectiveness of HRM practices in the organization and to create self awareness among the employees on whether they received the right treatment and application from HR personnel. In order to support their routine operation, HR department can use these processes to continually monitor results and provide evidence that HRM practices is one of the major building blocks for competitive advantage in the organization.

The information and knowledge gained would be possible for benchmarking community to establish a framework based on industry standards. The effectiveness and efficiency of current HRM practices can be measured, structured an improved future service. The current human resource practice is always referred to a general comprehension and administration of 'what HR people do', and 'what HR people delivers'. However the real question is how can HR add value and deliver best results. Therefore, by utilizing benchmark data and best practices, information from the benchmarking can assist human resource community to transform itself from predominately administrative service provider to strategic business partner.

The study could be an initiative to establish Key Performance Indicators in key areas of HRM. This will help to set up or improved data management at the HRM department. The findings will indicates how HRM practices were applied in practice within the benchmarking community. By providing the benchmarks and best practices, it will assist companies to audit on internal processes and compare with other benchmarking members.

In addition, the study is also important in terms of identifying strength and weaknesses of HRM practices applied in the participating companies. The gaps between importance and achievement of each HR practices would be the measurement to implement future improvement.

1.5 Definition of Terms

In order to provide a meaningful explanation and further understanding of this case study, this section will mention the definition of terms used in the benchmarking study on HRM practices. All terms used throughout the case study were based on definitions provided by National Productivity Corporation of Malaysia (NPC).

a. Benchmarking Terms

Term	Definition
Benchmark	A measured, "Best in Class" achievement; A reference or measurement standard for comparison.
Benchmarking	A systematic and continuous process of searching, learning, adapting and implementing the best practices from within your organization or from other organizations towards attaining superior performance.
Best-in-class	Outstanding process performance within an industry; words used as synonyms are best practices and best-of-breed.
Best practices	Superior performance within a function of independent of industry, leadership, management, operational or methods or approaches that lead to exceptional performance.

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b. Terms used in Benchmarking Study in HRM Questionnaire:

Term	Definition of HRM Practices
Training and Development Programme	To enhance employees skills, knowledge and abilities towards higher productivity in the company.
Staffing Process	Recruitment of workers with the right skills and at the right time of requirement.
Reward and Recognition	The company rewards and recognizes the employee participation, contribution and dedication.
Performance Measures System	Measuring and evaluating employees performance to identify training needs and career development which will improve the results achieved by the employees
Management Responsibilities	Management and supervisors are responsible and committed to Human Resource Department in their respective departments.
Employees Relations, Morale and Motivation	Establishing a conducive company's culture and values which build a stable, cooperative and harmonious relationship and increase the employees morale and motivation towards higher performance
Compensation and Benefits	The company provides competitive salary and benefits in line with market competitiveness.
Communication and Information Sharing	Constant communication and sharing of information throughout the organization.
Career Planning	A clear career path for employees in the organization.
Human Resource Information System (HRIS)	Using information system to increase effectiveness of HR management.

2. Literature Review

Benchmarking has emerged as major management approach for improving organizational performance and competitive advantage. It is a means of continuous learning and improvement of corporate performance based on the industry best practices. While the performance comparison system of the business in earlier days used to focus on financial aspects only, benchmarking applies to all facets of business. It is applicable to products and services, processes and methods that are in support of getting those products and services effectively to customers. For all these characteristics, benchmarking has lately attracted the HRM personnel to reinforce as a tool in managing the human capital.

Fisher (1996) has mentioned that benchmarking excellence in the future will come about through more skilled people who are better trained, networked electronic data, that can easily compared and more senior managers who recognize that world-class quality can only be delivered through measuring processes rather than bottom line results. Therefore, a growing numbers of human resource functions have turned to benchmarking to examine their own practices and measure them against other companies. According to 'Fortune 500', more than 70 percent of companies in United States had used benchmarking on regular basis.

According to Samuel Greengard (2002) in the article 'Discover Best Practices Through Benchmarking', mentioned that currently, HR departments discovered benchmarking is necessary and useful. Rapidly advancing technology, new ways of tackling works and leading-edge management approaches translate into a far need to understand the people and align human resources with company goals. He also

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stated that companies that used benchmarking successfully in HR often have leapfrogged the competition and enjoyed substantial competitive advantage. Goodyear as example, in HR department, the company has scrutinized everything from benefits to training procedures, compared with other companies and examines HR practices.

In the article *'Benchmarking innovation best practices'* by Pervaiz K. Ahmed (2002) stated that there are several factors affecting innovation. In this article, Rothwell (1992) and Cooper (1980) provided good summaries of key factors that emerge in many studies, in relation to firms that are technically progress successful innovation. Among the key set of factors with regards to HRM practices included having high quality management, dynamic and open minded, able to attract and retain talented managers and researchers and commitment to developing human capital. In addition to those factors, Asian Production Organization (2001) also supported the statement. A case study of call-centres Fuji Xerox Singapore (FXS) conducted by Singapore Productivity and Standards Board mentioned that it is important to ensure that the right person was hired, and focused on applicants with positive attitudes.

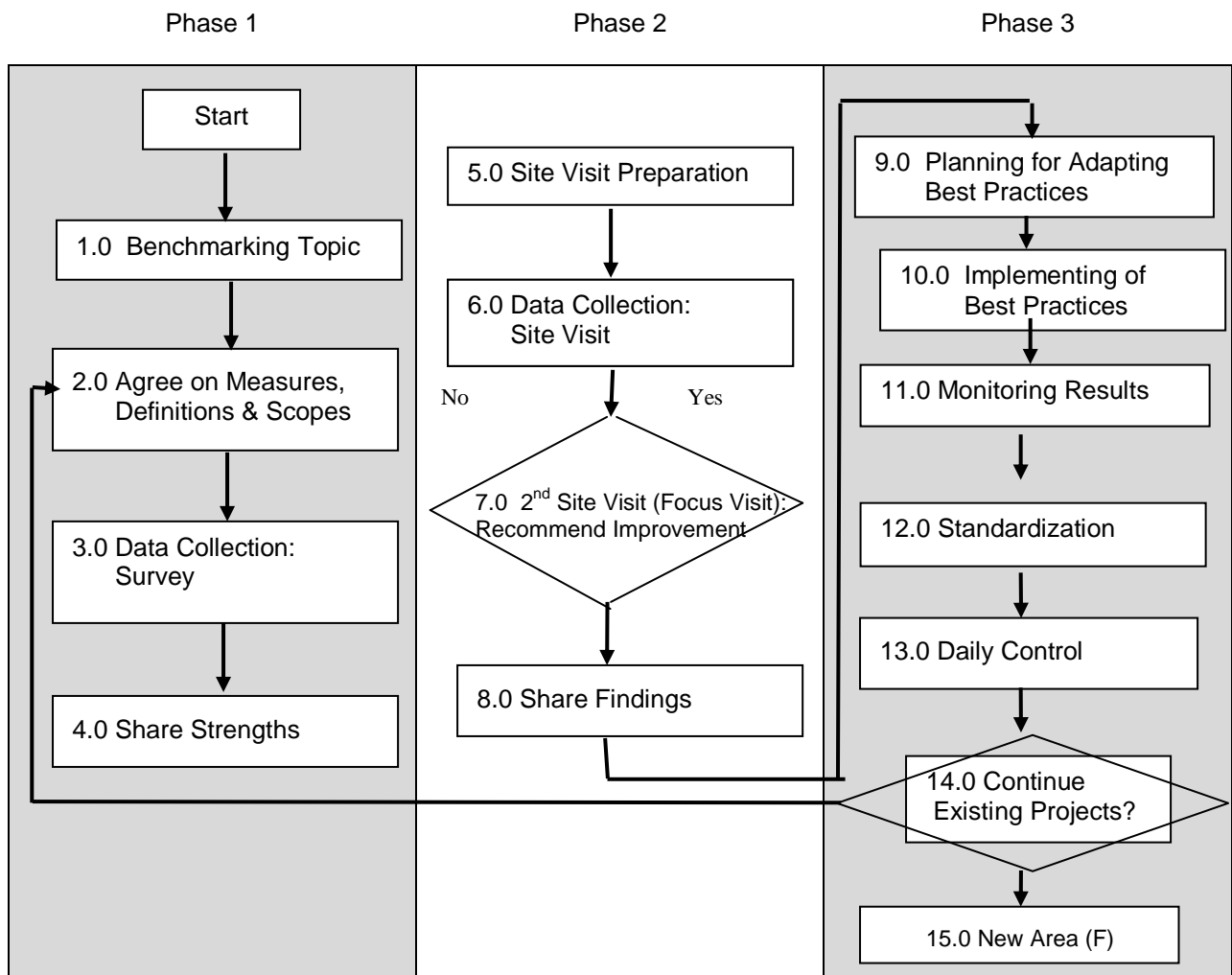
'Benchmarking – The Main Ingredients' by National Productivity of Malaysia and the European Centre for Quality Management University of Bradford (1998) portrayed several examples of best practices in HRM such as Cadillac and IBM Rochester. In Cadillac, employee strategy has been introduced to address specific needs to its employee. The linkage between human resource strategy and business plan ensures that employees are fully developed, involved in the decision making process and kept fully informed on business priorities. Involvement is encouraged at all levels and in all functions of the organization. In the case of IBM Rochester, formal training and education is strategic imperative to change company from product driven to common focus on the end customer organization. It is also included the measures of effectiveness such as morale, quality of people or ideas brought into the organization.

Mathis and Jackson (2003; 2011) advocated that one approach to measure the human resource effectiveness is benchmarking. It will compares specific measures of performance against data on those measures in other best practices organizations. He also mentioned that there are means to obtain benchmarking data which similar to methodology of the case study. These means include questionnaire survey, telephone calls and site visits to benchmarking partner. Common performance measures in HRM are such as percentage of management positions filled, dollar sales per employee, and benefits as percentage of payroll cost, total compensation as percentage of net income before tax, etc.

3. Methodology

The methodology of the used for the study is a secondary data based on benchmarking framework that is NPC Benchmarking Model (Figure 1).The model incorporates 3 phases. Phase 1 is Benchmark Survey - to measure and establish benchmarks, Phase 2 is Benchmarking Process - to study best practices and Phase 3 is the implementation of Best Practices.

Figure 1: NPC Benchmarking Model



3.1 Research Design

The benchmarking study on HRM for Northern Region Community has used the combination of research and training elements. At every meeting, which is conducted among NPC and community members, is a contact time to implement and monitor the progress of benchmarking study. Questionnaires were used as a medium for data collection. Perceptual Survey used to collect qualitative data while the Performance Metrics Survey used for quantitative data. The design of the whole study can be referred to each of the activities listed in the table below as Benchmarking Output for each step (Table 3).

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Table 3: Benchmarking Output

Meeting	Activities	Benchmarking Output
Meeting 1	Benchmarking Planning	Participating companies were trained on how to design and develop the plan for conducting benchmarking investigation.
Meeting 2	Data Collection	Participating companies collect data at their own companies according to the method agreed in Meeting 1.
Meeting 3	Benchmarking Analysis and Site Visit	Participating companies analyzed the data collected so as to provide the basis for comparison. During the site visit, companies identified and learn on the best practices of the benchmarked company.
Meeting 4	Benchmarking Integration	Participating developed goals and integrated them into the benchmarked process so that significant performance improvement can be made.
Meeting 5	Sharing of strength and experiences	Sharing of experiences and lessons learnt.
Meeting 6	Benchmarking Integration	Developed action plan to achieve target.

3.2 Sampling

Samples were selected based on the member companies from Federation of Malaysian Manufacturers (FMM) in the northern region who agreed to form the benchmarking community. Since this study has been implemented to form the benchmarking community in northern region, information gathered was based on secondary data. There were 6 companies participated in this study and a total of 360 employees involved as respondent at all level. Each participating company distributed 60 questionnaires to their employees which 20 was distributed to management level and 40 distributed to the non management staff. The population covers employees in the manufacturing sector, which has been categorized into management, supervisors, production operators and supporting staff.

3.3 Data Gathering

Once all participating members had agreed on the topic, Meeting 1 (Benchmarking Planning) was held to discuss and finalize the scope, measures and definitions of terms used. In this meeting, each member explained and discussed general information about their organization and specific issues about HRM practices that needed to be addressed in the study. Key measures were established and agreed upon so as to allow for ease comparative analysis among participating companies. Questionnaires were developed to facilitate data collection among the members. Two types of questionnaires were used in the study, a) the Perceptual Survey and b) Performance Metrics Questionnaire. The purposes of the questionnaires were to gather qualitative and quantitative information. All 6 participating companies from a total of 360 employees responded the questionnaires. Data were transformed into KPIs in order to establish the benchmarks and measure performance of individual companies. In the survey, KPIs and benchmarks in HRM practices for the 6 participating companies were established and summarized as below:

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Summary of KPIs for HRM Benchmarking Study

KPIs for HRM Benchmarking Study	
Resignation for all employees	Compensation and Benefits
Recruitment for all employees	Communication and Information Sharing
Training and Development	Career Planning
Staffing Process	Management Responsibilities
Rewards and Recognition	Performance Measures System
Human Resource Information System (HRIS)	Employee Relations, Morale and Motivation

3.4 Data Analysis

The questionnaires were coded for individual companies to ensure confidentiality. All data were computed using Excel for Windows software. Data and information collected during the survey were computed and ranked in terms of value or performance. In order to rank the indicators and establish benchmarks, all computed data were tabulated in table in a form of Summary Report for 6 manufacturing companies. The top most rank was established as the benchmarks for the said indicator and tabulated in the Summary Report. Data were validated by confirming with companies by using telephone. For the purpose of individual company's performance, Individual Report was prepared for each participating company. The Individual Report indicates their own performance indicators and their positions as compared to other companies and the established benchmarks.

4. Findings

This section will explained the findings based on information gathered from the questionnaires of the study. The section started with sample profile, job category, age, genders and length of years in service. Next section indicated the benchmark survey result on Perceptual Measure and Performance Matrix. Overall, this section will indicate the effectiveness of HRM Practices emphasizes on the established benchmarks.

4.1 Sample Profile

A total of 360 questionnaires were distributed to the companies and response rate for the study is 100 percent. Apart from 360 questionnaires, 120 responded by the management staff and 240 responded by the non management staff. In terms of genders, about half of the total respondents were female employees because most of the production operators were generally female employees. The profile for age was divided into 5 categories which is less than 20 years, 21 to 30 years, 31 to 40 years, 41 to 50 years and more than 50 years. Most of the respondents were in the category of less than 40 years old. Meanwhile the length of years in service was categorized into 1 to 3 years, 4 to 6 years, 7 to 10 years and more than ten years of experiences. Generally most of the employees belong to 5 years of working experiences. It is noted that the sample profile was not in detailed explanation as it was restricted by NPC in order to respect the confidentiality stated under the benchmarking code of conduct.

4.2 Summary of Findings

4.2.1 Benchmark Survey Result on Perceptual Measures

An analysis of the survey findings and information gathered has established benchmarks. A Perceptual Survey and Performance Matrix results were prepared and this findings were summarized to indicate the benchmarks and provide relative performances for each participating companies. The Perceptual Survey result measures the gaps between what the employee considered important in HRM and how much companies achieved in these areas. The bigger the gaps, more improvements needed to be done. All Information and data were collected from the cases and compared over a two year period. Table 4 summarized the findings for Perceptual Survey.

Table 4: Benchmark Surveyⁱ Results on Perceptual Measures

Company	Training & Development	Staffing Process	Rewards & Recognition	Performance Measures System	Management Responsibilities	Employee Relations, Morale & Motivation	Compensation & Benefits	Communication & Information Sharing	Carrier Planning	HRIS
<i>Benchmark</i>	<i>1.35</i>	<i>1.59</i>	<i>1.65</i>	<i>1.63</i>	<i>1.61</i>	<i>1.65</i>	<i>1.92</i>	<i>1.38</i>	<i>1.57</i>	<i>1.69</i>
	1.87	1.88	2.14	1.77	1.75	1.91	2.02	1.78	1.63	1.87
	2.10	2.20	2.32	1.80	1.84	2.03	2.37	1.88	2.08	2.22
	2.88	2.40	3.18	3.17	2.85	3.00	2.98	3.08	3.34	3.02
	4.02	2.75	3.41	3.24	3.32	3.18	3.23	3.20	3.38	3.08
	4.65	3.12	4.03	3.78	3.43	3.32	3.97	3.52	3.80	3.12

Based on Table 4, the benchmark result for Perceptual Measures was ranked at the top of each column. The findings indicated ten types of HRM practices that have been measured. In this case, the smallest gap establishes the best performance and identified as benchmarks. These benchmarks were made into **bold** and *italic* items for each KPIs measure. In terms of comparative analysis, training and development (4.65), reward and recognition (4.03) and compensation and benefit (3.97), carrier planning (3.80) and performance measures system (3.78) depicted the largest gaps. Meanwhile, the practices for staffing process (3.12), employee relation, morale and motivation (3.32) and HIRS (3.12) showed relatively smaller gaps.

The benchmarks for all HRM practices indicated gaps less than 2. It is noted that there are two areas contributed less than 1.5 which is training and development (1.35) and communication and information sharing (1.38). From here, we could make an observation with regards to each of the practices. For those practices with bigger gaps, there is a need for human resource personnel of particular company to further improve the area. It is clearly noted that there is a tendency for the respondents (employees) to give higher expectation that they have perceived highly importance towards training and development, reward and recognition, compensation and benefit, career planning and performance measures system. However the employees were also gave lower rating to the achievement of these areas. As a result, we found that gaps were bigger in those areas as compared to other HRM

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practices. This factor provides a 'signal' to HR personnel that they must improve the efficiency of both their own functioning and the outcome of their activities for the entire organization. In addition, it also showed that the new generations of employees demand more on their rights, preservation and benefits in order to encourage them to be loyal and efficient in performing task.

4.2.2 Benchmark Survey Results on Perceptual Measures for a Company

With the view to study the Benchmark Survey Result for a company, we can refer to one of the participating company's result. In order to respect the confidentiality of benchmarking code of conduct, the company name has been coded. Company F01 can be indentified its performance by referring to the circle items and the line linking these items to determine their relative performance in the indicators (Table 5).

Table 5: Benchmarks on Perceptual Measures for company F01

Company	Training & Development	Staffing Process	Rewards & Recognition	Performance Measures System	Management Responsibilities	Employee Relations, Morale & Motivation	Compensation & Benefits	Communication & Information Sharing	Carrier Planning	HRIS
Benchmark	1.35	1.59	1.65	1.63	1.61	1.65	1.92	1.38	1.57	1.69
F01	1.87	1.88	2.14	1.77	1.75	1.91	2.02	1.78	1.63	1.87
	2.10	2.20	2.32	1.80	1.84	2.03	2.37	1.88	2.08	2.22
	2.88	2.40	3.18	3.17	2.85	3.00	2.98	3.08	3.34	3.02
	4.02	2.75	3.41	3.24	3.32	3.18	3.23	3.20	3.38	3.08
	4.65	3.12	4.03	3.78	3.43	3.32	3.97	3.52	3.80	3.12

The benchmark result for Perceptual Measures indicates that company F01 recorded the smallest gaps in the area of Training and Development (1.35) and Compensation and Benefits (1.92) while the other areas such as Staffing Process, Performance Measures System and Career Planning indicated bigger gaps. The line linking those KPIs indicated gap for company F01. In this respect, company F01 becomes the benchmark in the area of Training and Development and Compensation and Benefits for other companies.

4.2.3 Benchmark Survey Result on Performance Matrix

A set of benchmarks were established for 6 participating companies over a two-year period comparison, indicated as Year 1 and Year 2. The benchmark established for percentage of resignation and percentage of recruitments were showed according to category of employee that cover management, supervisors, production operators and supporting staff (Table 6 and Table 7).The lowest percentage would be the benchmark (the **bold** and *italic* figure) according to the types of employee.

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Table 6: Benchmark Survey for Performance Metrics – Percentage of Resignation

	Year 1					Year 2				
	All Employees (%)	Mgmt. Staff (%)	Supervisors (%)	Production Operators (%)	Support Staff (%)	All Employees (%)	Mgmt. Staff (%)	Supervisors (%)	Production Operators (%)	Support Staff (%)
8	11.41	6.06	0.00	10.59	3.28	10.19	0.00	0.00	10.58	8.33
	17.86	14.29	0.00	22.50	4.00	12.24	0.00	0.00	13.43	10.31
	25.78	14.29	10.00	29.59	18.66	17.22	11.11	0.00	21.76	13.04
F01	40.15	16.67	10.00	45.79	22.22	18.00	20.00	0.00	27.71	15.00
	51.66	25.00	20.00	60.16	34.15	46.73	27.27	0.00	56.77	15.63
	54.27	32.14	30.00	67.05	65.00	47.65	33.33	18.18	58.82	38.10

Table 6 indicated established benchmarks for percentage of resignation. For Year 1, the percentage of resignation for total employee was 11.4%. The benchmarks for other category of employees comprised of management staff (6%), supervisors (0%), production operators (10.6%) and supporting staff (3.8%). In Year 2 the benchmarks showed a trend of improvement in overall employee's resignation. Total employee (10.9%), management staff (0%), supervisors (0%), production operators (10.6%) and supporting staff (8.3%). The circle items were the position for company F01 as compared to other five companies. Base on the data provided, it is interesting to note that there is significant improvement of labour turnover in management staff, production operators, and support staff. Since the data provide quantitative measures, this benchmarking study will assist the HR personnel to establish on-going databases on employee turnover of the company. Besides, it also could be used this study to monitor the availability between the direct and indirect employee involved in manufacturing production. Therefore, these KPIs are important in terms of planning, controlling and allocation of resource in the manufacturing company.

Table 7: Benchmark Survey for Performance Metrics – Percentage of Recruitment

	Year 1					Year 2				
	All Employees (%)	Mgmt. Staff (%)	Supervisors (%)	Production Operators (%)	Support Staff (%)	All Employees (%)	Mgmt. Staff (%)	Supervisors (%)	Production Operators (%)	Support Staff (%)
Benchmark	13.04	0.00	0.00	18.82	4.92	15.56	0.00	0.00	14.93	3.33
	35.04	0.00	0.00	38.32	26.76	16.33	0.00	0.00	20.56	15.31
F01	36.49	0.00	0.00	41.96	38.89	18.53	0.00	4.17	23.08	17.39
	44.37	6.06	0.00	52.50	39.02	28.66	14.29	9.09	24.10	21.88
	48.17	8.33	10.00	53.41	50.00	59.06	22.22	13.33	76.77	30.00
	49.11	17.86	30.00	56.10	52.00	62.81	56.25	100.00	81.18	42.86

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Table 7 indicated the established benchmarks for Percentage of Recruitment. The lowest percentages would be the best performance metrics. The circle item refers to company F01 position as compared to others. From the observation, we noticed that the percentage of recruitment varies according to the types of employee. In Year 2, there was 100% recruitment for supervisors and 81% recruitment for production operators, which showed a double increment as compared to Year 1. However we also found that there are companies, which not recruited the supervisors and production operators. The impact on the HRM practices would be in terms of recruitment and employee selection. The HR personnel need to be more careful during the recruitment process. For example, if the company policy is to increase skilled and knowledge worker, HR personnel must choose the qualified and experience candidates. This measure would be a baseline for HR department in providing budget and training facilities for the purpose of employees' competency.

As stated previously the use of Perceptual and Performance Metrics Survey is to establish benchmarks in HRM practices. Benchmarks can be used as measures to improve performance, enhance competitiveness and assist companies to monitor the HRM effectiveness in the organization. Hence, the findings from the benchmarking study have proved that it was in fact benefited the participating companies. To summarize the benchmarks, table 8 and table 9 listed the results of the benchmarking study.

Table 8: Summary of Benchmarks Result for Perceptual Survey

No.	HRM Practices / KPIs	Benchmarks
1.	Training and Development	1.35
2.	Staffing Process	1.59
3.	Rewards and Recognition	1.65
4.	Performance Measures System	1.63
5.	Management Responsibilities	1.61
6.	Employee Relations, Morale and Motivation	1.65
7.	Compensation and Benefits	1.92
8.	Communication and Information Sharing	1.38
9.	Carrier Planning	1.57
10.	Human Resource Information System (HRIS)	1.69

Table 9: Summary of Benchmarks Result for Performance Metrics

Benchmarks	Percentage of Resignation		Percentage of Recruitment	
	Year 1	Year 2	Year 1	Year 2
Total employee	11.41	10.19	13.04	15.56
Management staff	6.06	0.00	0.00	0.00
Supervisors	0.00	0.00	0.00	0.00
Production Operators	10.59	10.58	18.82	14.93
Supporting staff	3.28	8.33	4.92	3.33

5. Recommendations

The findings of the study seem to suggest a positive application towards HRM practices within organizations. The data suggested that the benchmark established would be use as a baseline for HR personnel to audit internal strength and provide comparative analysis with other participating companies. Following to the completion of data collection and presentation of findings, a sharing of information and experience has been conducted.

5.1 Best Practices to be Adapted

The participating companies are recommended to exchange ideas, communicate actively and share their experience with regards to the HRM practices that has been as benchmarks in the study. Members who became the benchmark in certain HRM areas had map out the process, present and shared their practices with others. This session benefited the companies in terms of opportunity to acquire new knowledge, strength and weaknesses in each of HRM practices identified in the study. Finally all 6 companies have agreed to implement a focus benchmarking study on Training and Development and Career Planning due to high expectation gaps, easy to share ideas and motivate employee succession plan. Therefore, one company which is a winner of Prime Minister Quality Award (PMQA) has been selected to be the benchmarking partner for this company to benchmark in the this particular area. Table 10 listed the best HRM practices applied in benchmarking partner company in terms of training and development and career planning.

Table 10: Best Practices HRM in Benchmarking Partner Company

Best Practices Company	
Training and Development	Career Planning
<ol style="list-style-type: none"> 1. Equipped with training facilities such as 2 libraries, a multipurpose hall for capacity of 400 people, 3 computer labs, microprocessor, simulation lab and language lab. 2. Training module such as instructors led courses, online student registration and history, online learning, computer based training, educational assistance program (EAP), external courses and seminars. 3. Training fund comprises 5 % -10 % of individual business unit budget. 4. Allocate 40 training hours per employee per year. 5. To encourage knowledge sharing and hands-on guidance, the company requires its senior managers to allocate at least 8 hours to train fellow colleagues. 	<ol style="list-style-type: none"> 1. Incorporates the company strategic objectives 'to be employer of choice' parallel to the employees succession plan. 2. Developed a workforce transformation program called Employee Development System (EDS) which has the focus areas in technical efficiency, employee self development, and management development 3. Management Development Strategy (MDS) has is categorized into 4 phases of career path for managers as follows: <ul style="list-style-type: none"> • Phase 1 (0 – 3 months) building the foundation • Phase 2 (3 – 9 months) develop fundamental management skills • Phase 3 (9 – 18 months) creating individual development path. • Phase 4 (18 months above) enhancing the leadership skills 4. Technical Career Ladder Strategies (TCL) categorized into 3 phases career path for technical experts: <ul style="list-style-type: none"> • Phase 1 Building the foundation • Phase 2 Creating career path • Phase 3 Enhancing skill set 5. Provide Executive Program for 6 month duration where employees will undergo session on decision making, finance and business knowledge, professionalism, strategic thinking and planning.

6. Conclusion and Limitation

In conclusion, the benchmarking study was successful in establishing benchmarks for 12 Key Performance Indicators on HRM practices for 6 manufacturing companies in the Northern Region of Malaysia. This is very much in parallel with the objectives of the study. The participating companies found that the benchmarks assisted HR personnel to further evaluate on the effectiveness in human resource department. These companies realize that it is important to give attention in those areas as it will ensure the well being of employees, satisfaction and promote a conducive working environment. The impact from Perceptual Survey showed that each of the practices has fully evaluated to balance the importance and achievement. The performance gaps have contributed continuous improvement activities which will increase the skills of its employees.

In the spirit of benchmarking code of conduct on participation by exchanging information, the best practice company voluntarily shares some excellent practices in the area of training and development and career planning. This proves that there are good practices which could be shared among all participating companies irrespective which industries and sizes they are form. The most important point is both parties gained benefits from the benchmarking study undertaken which have set a proper climate for further exchange of information and better networking initiatives.

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It is clear that the benchmarking study allows the participating companies to identify where their own practices diverge significantly from the benchmark sample and the best practice company. Hence, this factor will help the organization to identify ways to structure an improvement plan in increasing the productivity of their organization.

In benchmarking studies, the limitations were generally related to the different types of manufacturing processes, unavailability of relevant data due to poor data documentation, and inconsistent company's monitoring the benchmark questionnaire. It is occurred due to companies' low level of awareness and understanding on the data to be collected. The scope of the study only involved reports on data and information provided by National Productivity Corporation.

Endnotes

ⁱ Benchmark Survey referred to Perceptual Survey and Performance Metrics Survey

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