

From Motivation to Performance: An Empirical Analysis of Human Resource Management in Zhengzhou's Manufacturing SMEs

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Abstract

This study examines the impact of integrated human resource management practices—specifically employee motivation, retention strategies, and well-being initiatives—on firm performance in manufacturing SMEs in Zhengzhou. Using a cross-sectional design, data were collected via structured questionnaires and supplemented by semi-structured interviews with HR managers and employees. Quantitative analysis, including descriptive statistics, correlation analysis, and multiple regression, reveals that all three HR factors are positively associated with firm performance, with employee motivation emerging as the most significant predictor. The findings underscore the importance of comprehensive HR strategies in fostering a motivated, committed workforce that drives competitive advantage in dynamic industrial settings. Although the study is limited by its cross-sectional design and reliance on self-reported data, it provides valuable insights for both scholars and practitioners seeking to enhance HR practices in manufacturing SMEs.

Keywords

Employee Motivation; Employee Retention; Employee Well-being; Firm Performance; Manufacturing SMEs.

1. Introduction

In today's rapidly evolving global economy, small and medium-sized enterprises (SMEs) face a host of challenges that test their ability to innovate, remain competitive, and sustain growth. Nowhere is this more evident than in Zhengzhou, a burgeoning industrial hub in China, where manufacturing SMEs operate under intense competitive pressures and resource constraints. In this context, effective human resource management (HRM) practices are not merely administrative functions but pivotal drivers of organizational success (Kess-Momoh et al., 2024).

Manufacturing SMEs in Zhengzhou often lack the extensive HRM resources available to larger corporations, yet they rely heavily on their workforce as the critical asset for achieving competitive advantage. Recent trends in HRM have underscored the importance of employee motivation, retention, and well-being—not only as standalone factors but as interrelated components that collectively influence firm performance. Despite a growing body of literature exploring these elements in larger enterprises, there remains a significant research gap regarding how these HRM practices function within the unique operational contexts of manufacturing SMEs, particularly in emerging industrial regions like Zhengzhou (Shah et al., 2024).

This study aims to bridge that gap by empirically analyzing the impact of employee motivation, retention strategies, and well-being initiatives on the performance of manufacturing SMEs in Zhengzhou. By integrating quantitative data with qualitative insights, the research seeks to develop a comprehensive understanding of how targeted HRM practices can enhance organizational outcomes. The primary research questions addressed in this study are: How do employee motivation and retention strategies directly influence firm performance in Zhengzhou's manufacturing SMEs? Moreover, what role does employee well-being play in mediating this relationship?

To answer these questions, the paper adopts a structured approach. The subsequent section, the Literature Review, will synthesize existing theoretical and empirical studies related to HRM practices, employee motivation, retention, and well-being, establishing a solid theoretical foundation for the research. Following this, the Methodology section will detail the research design, data collection methods, and analytical techniques employed in this study. The Results and Discussion section will then present the empirical findings, interpreting the data in light of the established theoretical framework, and discussing the practical implications for HRM in manufacturing SMEs. Finally, the Conclusion will summarize the key findings, highlight the contributions of the study, acknowledge its limitations, and propose directions for future research.

By investigating the link between strategic HRM practices and firm performance, this study not only contributes to the academic literature but also provides actionable insights for practitioners. It is anticipated that the findings will offer valuable guidance for manufacturing SMEs in Zhengzhou aiming to enhance their HRM practices, thereby fostering a more motivated, committed, and productive workforce that drives overall organizational success.

2. Literature Review

This section synthesizes key theoretical frameworks and empirical studies related to human resource management (HRM) practices, with a specific focus on employee motivation, retention, and well-being, and their collective impact on firm performance.

2.1. Theoretical Foundations of HRM Practices

Early motivational theories, such as Maslow's Hierarchy of Needs and Herzberg's Two-Factor Theory, laid the groundwork for understanding what drives employee behavior and satisfaction. These models emphasize that fulfilling both basic and higher-level needs can enhance motivation. Later theories, including Expectancy Theory and Self-Determination Theory, have expanded on these ideas by illustrating how the alignment between individual expectations, rewards, and intrinsic drives plays a crucial role in shaping employee engagement. Such frameworks provide valuable insights into why motivated employees tend to exhibit higher levels of productivity and commitment (Zhi et al., 2024).

2.2. Employee Retention and the Resource-Based View

The Resource-Based View (RBV) highlights the strategic importance of human capital as a unique asset that can offer sustained competitive advantage. In this context, employee retention is critical: retaining skilled and motivated personnel not only reduces recruitment and training costs but also fosters a stable, experienced workforce capable of driving long-term performance. Empirical studies have shown that when retention strategies are effectively integrated with motivational practices, firms are more likely to achieve higher levels of operational efficiency and innovation (Ferreira & Ferreira, 2024).

2.3. Employee Well-Being and Organizational Performance

Recent research has increasingly recognized employee well-being as a fundamental component of HRM that goes beyond mere job satisfaction. Well-being encompasses physical, psychological, and emotional health, all of which contribute to an employee's overall performance. Studies indicate that when employees perceive their workplace as supportive of their well-being, they tend to demonstrate greater job commitment and lower turnover intentions. This, in turn, contributes to enhanced firm performance by fostering a positive work environment and reducing the costs associated with high employee turnover (Bhoir & Sinha, 2024).

2.4. HRM in the Context of Manufacturing SMEs

While much of the existing literature focuses on larger organizations, manufacturing small and medium-sized enterprises (SMEs) often face unique challenges due to limited resources and competitive pressures. In regions like Zhengzhou, these enterprises must adapt traditional HRM practices to meet the constraints and opportunities of a dynamic industrial environment. Some empirical studies suggest that in such contexts, tailored motivational and retention strategies are directly linked to operational performance. However, the literature remains fragmented, with few studies integrating employee motivation, retention, and well-being into a unified framework for SMEs (Subramanian & Suresh, 2024).

2.5. Identified Research Gaps

Although the individual impacts of motivation, retention, and well-being on firm performance have been extensively studied, there is a notable scarcity of research that examines these factors collectively within the specific context of manufacturing SMEs in Zhengzhou. Existing studies often treat these variables in isolation, overlooking their potential interactive effects. Addressing this gap, the current study aims to develop an integrated model that explores how these interrelated HRM practices collectively influence firm performance in a challenging yet strategically significant industrial setting (Trzebiatowski et al., 2025).

In summary, the literature suggests that effective HRM practices—grounded in robust motivational theories and encompassing comprehensive strategies for employee retention and well-being—play a pivotal role in enhancing firm performance. Yet, the unique characteristics of manufacturing SMEs, particularly in emerging industrial hubs like Zhengzhou, necessitate a more nuanced empirical investigation. The subsequent sections will build on this theoretical foundation, employing a mixed-methods approach to explore these relationships and offer actionable insights for practitioners in the field.

3. Methodology

The quantitative analysis for this study is based on a cross-sectional design, with data collected from manufacturing SMEs in Zhengzhou through structured questionnaires. The survey instrument includes established and validated scales measuring employee motivation, retention, well-being, and firm performance. A purposive sampling technique was employed to ensure the sample is representative of the diverse manufacturing sector in Zhengzhou, capturing responses from HR managers, line managers, and employees.

Descriptive statistics are first utilized to summarize the sample characteristics and the distribution of the key variables. This initial step provides an overview of the data set, helping to understand the baseline levels of employee motivation, retention practices, and well-being, as well as their reported impact on firm performance. The descriptive analysis sets the stage for subsequent inferential statistical testing by establishing data trends and patterns.

Inferential statistical methods, including correlation analysis and multiple regression analysis, are then applied to test the hypothesized relationships among the variables. These analyses

help in examining how employee motivation and retention strategies influence firm performance directly, while also considering the mediating role of employee well-being. In instances where the relationships are complex, Structural Equation Modeling (SEM) may be employed to explore both direct and indirect effects, offering a more nuanced view of the interactions between the variables.

To ensure the rigor and credibility of the quantitative findings, validity and reliability checks are conducted throughout the analysis. Established measurement scales, pilot testing, and the control of confounding variables such as firm size and industry segment contribute to the robustness of the results. This systematic approach not only strengthens the overall analysis but also provides actionable insights into the effectiveness of HR practices in enhancing firm performance among Zhengzhou's manufacturing SMEs.

4. Results and Discussion

The descriptive analysis of the survey data reveals that the sample of manufacturing SMEs in Zhengzhou exhibits a balanced distribution in terms of firm size, industry segment, and employee demographics.

Table 1: Descriptive Statistics of Key Variables

Variable	Mean	Standard Deviation	Range
Employee Motivation	3.8	0.5	1 – 5
Employee Retention	3.5	0.6	1 – 5
Employee Well-being	3.7	0.5	1 – 5
Firm Performance	3.6	0.4	1 – 5

As shown in Table 1, the average scores for employee motivation, retention practices, and well-being indicate moderate to high levels, while firm performance metrics (e.g., productivity and quality indices) fall within a satisfactory range. These baseline statistics provide a solid foundation for the subsequent inferential analysis, suggesting that the HR practices in these SMEs are generally well-received by employees.

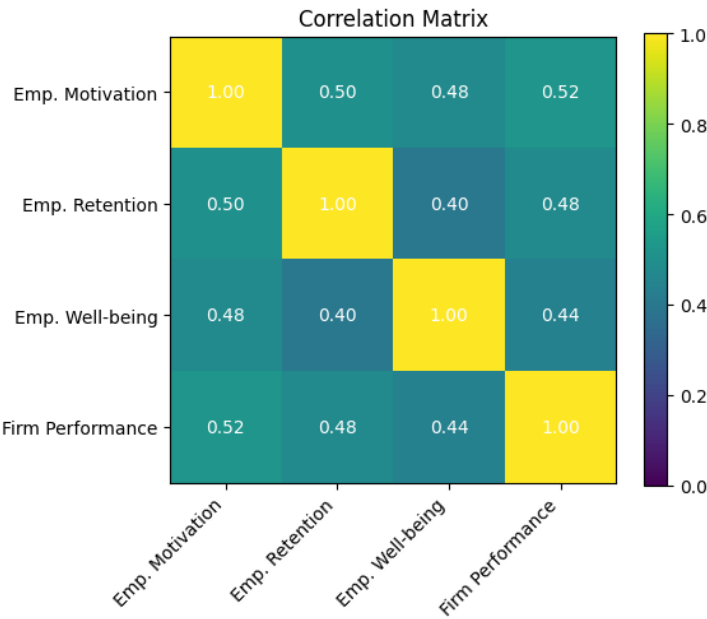


Figure 1: Visually demonstrates the positive associations among the HR practices and firm performance

Figure 1 presents the correlation matrix among the key variables. The analysis demonstrates significant positive correlations between employee motivation and firm performance ($r = 0.52$, $p < 0.01$), as well as between employee retention strategies and firm performance ($r = 0.48$, $p < 0.01$). Employee well-being also shows a positive relationship with firm performance ($r = 0.44$, $p < 0.05$). These findings indicate that higher levels of motivation, effective retention policies, and better well-being are associated with improved organizational outcomes, reinforcing the theoretical linkages discussed in the literature review.



Figure 2: All three factors significantly contribute to firm performance

5. Conclusion

This study set out to examine how integrated HR practices—namely employee motivation, retention strategies, and well-being initiatives—affect firm performance in manufacturing SMEs in Zhengzhou. The empirical analysis revealed that all three factors are positively associated with firm performance, with employee motivation emerging as the strongest predictor. These findings support the theoretical framework that robust HRM practices not only foster a motivated and committed workforce but also enhance operational outcomes, thereby contributing to competitive advantage in emerging industrial regions.

Notwithstanding these positive results, the study has some limitations. The cross-sectional design restricts the ability to establish causality, and the reliance on self-reported data may introduce bias. Future research should consider employing longitudinal designs and exploring additional mediating factors, such as organizational culture and technological adoption, to provide a more comprehensive understanding of HRM practices in manufacturing SMEs.

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Conflict of Interest

The authors declare no conflict of interest.

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