

# The study to examine the impact of HRM practices on corporate performance in manufacturing firms in Guangdong Province, China

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## ABSTRACT

This study investigates the relationship between key human resource management (HRM) practices namely procedural fairness, employee performance, information sharing, and organizational identity and corporate performance in Chinese manufacturing firms. The research adopts a quantitative approach, utilizing a self-administered, close-ended questionnaire to collect data from employees in two manufacturing firms located in Guangzhou, Guangdong Province, China. A probability-based stratified random sampling technique was employed to ensure a representative sample across different employee groups. The analysis tested nine hypotheses to examine the direct and indirect effects of HRM practices on corporate performance. The findings reveal that eight out of the nine proposed hypotheses were supported, indicating strong positive associations between the selected HRM practices and corporate performance. One exception emerged in the mediation analysis, suggesting that not all relationships are equally mediated by the proposed variables. These results underscore the strategic importance of implementing fair procedures, fostering open information sharing, enhancing employee performance, and strengthening organizational identity as pathways to improved corporate outcomes. The study provides practical insights for managers and policymakers in emerging and evolving industries, particularly in China, highlighting the need for integrated HRM strategies that align with broader organizational goals to sustain a competitive advantage in a dynamic business environment.

**Keywords:** Corporate performance, human capital theory, human resource management, resource-based theory, social exchange theory.

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**Transparency:** The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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### Highlights of this paper

- This paper explores the impact of key human resource management (HRM) practices, including procedural fairness, employee performance, information sharing, and organizational identity, on corporate performance in Chinese manufacturing firms.
- The study employs a quantitative approach using stratified random sampling and self-administered questionnaires.
- The findings support eight out of nine hypotheses, highlighting the significant role of HRM practices in driving corporate performance, with one exception noted in the mediation analysis.

## 1. INTRODUCTION

The rapid industrialization and economic growth of China have increased demands on manufacturing firms to enhance corporate performance through effective human resource management (HRM) practices. Guangdong Province, recognized as a key industrial hub, plays a crucial role in China's manufacturing sector, encompassing both traditional and high-tech industries. In this competitive environment, organizations must develop strategies to optimize corporate performance, which is influenced by various HRM factors, including procedural fairness, employee performance, information sharing, organizational identity, and human resource flexibility. However, despite extensive research on HRM, a gap remains in understanding how these factors collectively impact corporate performance, particularly within the Chinese manufacturing context (Demortier, Delobbe, & El Akremi, 2014).

Procedural fairness is a crucial HRM practice that affects corporate performance. Procedural fairness refers to the perceived equity and consistency in an organization's decision-making processes. Employee performance plays a significant role in determining business success because highly productive employees support and contribute significantly to organizational creativity and efficiency. Hence, treating employees fairly can increase their commitment, motivation, and trust, which will improve employee performance and eventually boost corporate performance. Therefore, effective HRM practices that improve employee performance are essential to maintaining the competitiveness of manufacturing firms (Akosile & Olatokun, 2020).

Information sharing within organizations is a crucial element that impacts corporate performance. Effective communication and knowledge sharing among staff members can enhance decision-making, foster creativity, and improve operational efficiency within a company. When employees have access to relevant and accurate information, they can better align their efforts with organizational goals, leading to increased productivity and overall success. Ensuring that information flows smoothly across different levels and departments is essential for maintaining a competitive edge and adapting to changing market conditions (Al-Kurdi, El-Haddadeh, & Eldabi, 2018). Organizational identities refer to the shared values and culture that characterize a business. A strong organizational identity can increase employee engagement and performance by fostering a sense of belonging and alignment with corporate goals.

Human resource flexibility is the capacity of an organization to adapt its workforce, which includes functional, numerical, and behavioral elements, in accordance with ever-changing market conditions. Recently, many HRM-related studies have emphasized the importance of human resource flexibility. It is crucial for an organization to maintain its competitiveness in constantly evolving markets, and this can be achieved by incorporating HR flexibility into HRM procedures and enhancing workforce agility. An organization can modify employee roles, contract arrangements, and skill sets as necessary. Despite its significance, how HR flexibility influences the relationship between HRM practices and corporate performance remains to be further explored (Demortier et al., 2014).

Given the significance of these elements, the purpose of this study is to investigate how the capacity of an organization to modify its workforce in accordance with shifting market conditions, employee performance, information sharing, and organizational identity relates to corporate performance. It also aims to explore the

mediating role of HR flexibility in these relationships. This study focuses on China's manufacturing sector, specifically Chinese manufacturing companies in Guangdong Province, which require constant innovation and contend with intense competition.

The findings of the study are significant both theoretically and practically. From a theoretical perspective, the study contributes to the literature by addressing knowledge gaps regarding the relationship between HRM practices and corporate performance, with HR flexibility serving as a mediating factor. This study is based on the resource-based view of the firm, which emphasizes the importance of internal resources in maintaining competitive advantages. Over time, organizations can enhance their competencies by implementing specialized, valuable, and distinctive HRM practices. By including HR flexibility as a mediating variable, this framework is further refined, providing clearer insights into how companies can optimize employee productivity and adaptability (Al-Kurdi et al., 2018).

In terms of practicality, the study provides insightful analysis for manufacturing sector policymakers, HR professionals, and top management. Organizations can develop strategic HR policies to attract and retain talent who can contribute to the organization by understanding fundamental HRM techniques as an effort to improve corporate performance. Moreover, the study emphasizes how procedural fairness, knowledge exchange, and organizational identity help create a motivated and involved workforce, enabling companies to maintain a sustainable competitive advantage and navigate the challenges of a rapidly changing industrial landscape.

In this study, three theories are selected: Social Exchange Theory (SET), Human Capital Theory, and Resource-Based Theory (RBT). Firstly, Social Exchange Theory emphasizes the importance of procedural fairness and organizational identity in influencing employee engagement and corporate performance. It conceptualizes interactions as exchanges based on reciprocity and mutual obligation (Cropanzano, Anthony, Daniels, & Hall, 2017). Next, Human Capital Theory helps to understand how HRM practices interact to affect corporate performance. The study's emphasis on factors such as employee performance, information sharing, and organizational identity makes this theory particularly relevant, as it highlights the importance of employees' knowledge, skills, and abilities as vital assets for organizational success. Lastly, resource-based theory is essential as the theoretical framework of the study because it offers a fundamental perspective on how businesses can strategically manage their resources, including human capital, to obtain a long-term competitive advantage.

Several important factors are identified to investigate how they affect corporate performance in Chinese manufacturing companies. Procedural fairness, employee performance, information sharing, and organizational identification serve as independent variables, while corporate performance is the dependent variable. Human resource flexibility functions as a mediator among these variables. A comprehensive evaluation of these factors' impact on organizational outcomes depends on understanding their interactions and relationships.

Based on background research, several research questions (RQ) are formulated as follows: (RQ1) Is there a significant relationship between procedural fairness and corporate performance? (RQ2) Is there a significant relationship between employee performance and corporate performance? (RQ3) Is there a significant relationship between information sharing and corporate performance? (RQ4) Is there a significant relationship between organizational identity and corporate performance? (RQ5) Does human resource flexibility serve as a mediating variable in the relationship between procedural fairness, employee performance, information sharing, organizational identity, and corporate performance in manufacturing firms in Guangdong Province, China?

## **2. RESEARCH METHODOLOGY**

This research is descriptive, aiming to systematically characterize a phenomenon, its features, and the relationships between variables without manipulation. The research framework of the study is illustrated in Figure

1, which seeks to explore patterns, relationships, and potential associations among these variables to understand their contribution to corporate performance in Chinese manufacturing firms.

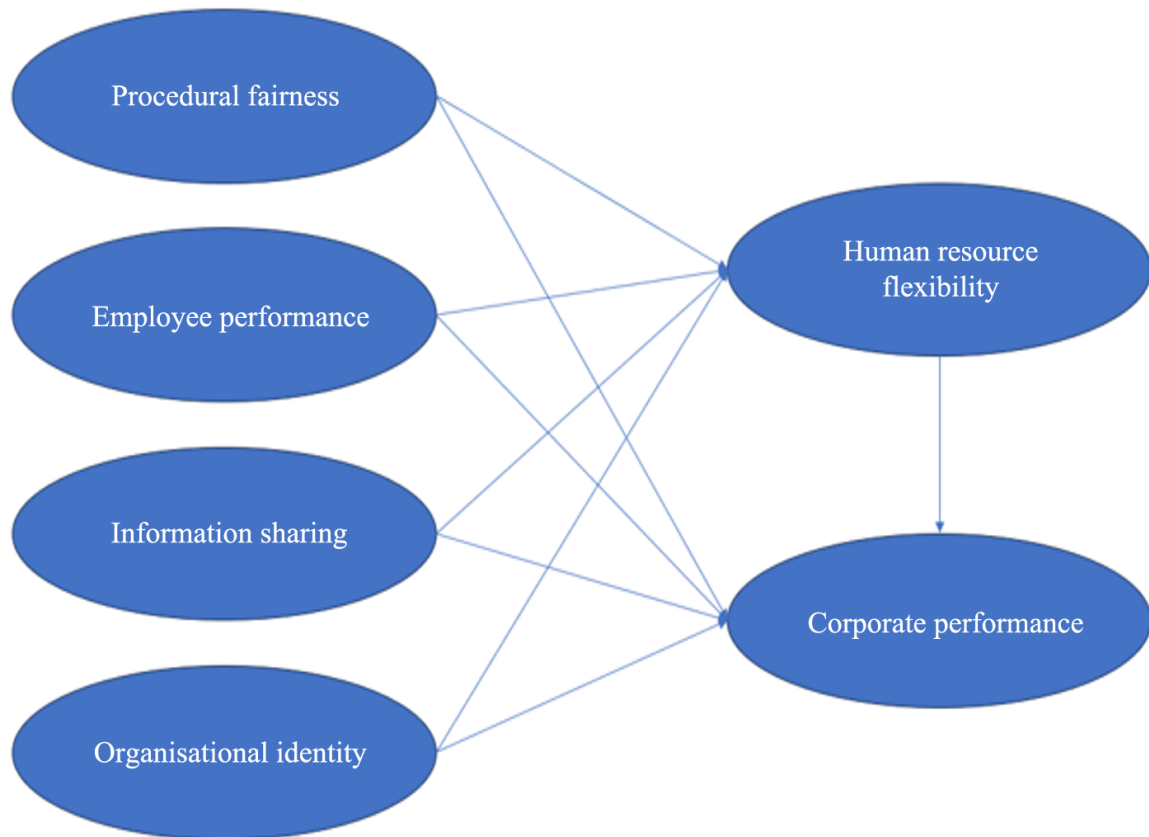


Figure 1. Research framework on factors influencing corporate performance in Chinese manufacturing industry.

Based on the research objectives and theoretical reviews, the research hypothesis is:

*H<sub>1</sub>: There is a significant positive relationship between procedural fairness and corporate performance.*

Procedural fairness refers to the fairness of the processes that lead to outcomes, and it plays a crucial role in shaping employees' attitudes and behaviors (Deepak & Perwez, 2022).

*H<sub>2</sub>: There is a significant positive relationship between employee performance and corporate performance.*

Employee performance is described as the extent to which an individual's level of productivity aligns with the organization's established performance expectations (Mohammad, 2020).

*H<sub>3</sub>: There is a significant positive relationship between information sharing and corporate performance.*

In today's knowledge-based economy, effective information sharing is often facilitated by advanced technologies, such as online databases and data storage systems, which enable easy access to and dissemination of information across organizations (Rashnavadi, Sadeghvaziri, & Nosrat Panah, 2021).

*H<sub>4</sub>: There is a significant positive relationship between organizational identity and corporate performance.*

Organizational identity refers to the extent to which employees align themselves with the values, goals, and overall identity of their organization (Piening, Salge, Antons, & Kreiner, 2020).

*H<sub>5</sub>: There is a significant positive relationship between human resource flexibility and corporate performance.*

Human Resource (HR) flexibility refers to an organization's ability to adapt its workforce and HR practices to meet changing demands and challenges (Sabuhari, Sudiro, Irawanto, & Rahayu, 2020).

*H<sub>6</sub>: HR flexibility plays a mediating role between procedural fairness and corporate performance.*

*H<sub>6a</sub>: HR flexibility plays a mediating role between employee performance and corporate performance.*

*H<sub>6b</sub>: HR flexibility plays a mediating role between information sharing and corporate performance.*

*H<sub>6c</sub>: HR flexibility plays a mediating role between organizational identity and corporate performance.*

Corporate performance is a critical measure of an organization's success, encompassing various dimensions such as financial outcomes, operational efficiency, market position, and long-term sustainability. It reflects how well a company is achieving its goals in relation to its competitors and the market as a whole.

Data were collected using a validated questionnaire, with questions structured into sections based on the variables the study aimed to measure. To assess these variables, a Likert scale was employed, ranging from 1 (strongly disagree) to 5 (strongly agree). A total of 244 questionnaires were distributed via social media platforms. The target population consisted of employees from two manufacturing firms in Guangzhou, Guangdong Province, China, including those in the general manufacturing sector and the high-tech manufacturing sector.

**Table 1.** Response rate.

Description	Total	Percentage
Total number of questionnaires distributed	244	100%
Response rate overall	234	95.9%
Effective response rate (Usable)	234	95.9%
Questionnaire returned (Unusable)	0	0%
Unreturned questionnaire	10	4.1%

Out of the 244 distributed questionnaires, 234 were returned, resulting in an overall response rate of 95.9%, as shown in Table 1. The collected data were processed and presented based on the principles of descriptive statistics using the Statistical Package for Social Sciences (SPSS). The authors assessed the hypotheses through Partial Least Squares Structural Equation Modeling (PLS-SEM).

**Table 2.** Gender.

	Frequency	Percent	Valid percent	Cumulative percent
Female	101	44.1	44.1	44.1
Male	128	55.9	55.9	100.0
Total	229	100.0	100.0	

### 3. RESULTS

The gender distribution of respondents is shown in Table 2. Out of a total of 229 respondents, 128 (55.9%) were male, while 101 respondents (44.1%) were female. This indicates a slightly higher representation of male respondents compared to female respondents in the sample.

**Table 3.** Age.

	Frequency	Percent	Valid percent	Cumulative percent
21-30	84	36.7	36.7	36.7
31-40	67	29.3	29.3	65.9
41-50	39	17.0	17.0	83.0
51-60	26	11.4	11.4	94.3
Above 60	13	5.7	5.7	100.0
Total	229	100.0	100.0	

The age distributions of respondents are shown in Table 3. The largest age group among the 229 respondents is 21-30 years, comprising 84 respondents (36.7%). This is followed by the 31-40 age group, with 67 respondents

(29.3%). The 41-50 age group accounts for 39 respondents (17.0%), while 26 respondents (11.4%) fall within the 51-60 age range. The smallest group, those aged above 60, includes 13 respondents (5.7%).

**Table 4.** Highest level of education.

	Frequency	Percent	Valid percent	Cumulative percent
High school or below	99	43.2	43.2	43.2
Diploma	65	28.4	28.4	71.6
Bachelor's degree	42	18.3	18.3	89.9
Master's degree	15	6.6	6.6	96.5
Doctorate	8	3.5	3.5	100.0
Total	229	100.0	100.0	

Table 4 illustrates the distribution of respondents according to their highest level of education. Out of 229 respondents, the majority, 99 (43.2%), have attained a high school education or below, making it the most common educational level. This is followed by 65 respondents (28.4%) who hold a diploma, and 42 respondents (18.3%) who have completed a bachelor's degree. A smaller proportion, 15 respondents (6.6%), have achieved a master's degree, while only 8 respondents (3.5%) hold a doctorate. These findings indicate that the majority of respondents have a basic or intermediate level of education, with a smaller percentage possessing advanced qualifications such as master's or doctoral degrees.

**Table 5.** Company.

	Frequency	Percent	Valid percent	Cumulative percent
GM	104	45.4	45.4	45.4
HM	125	54.6	54.6	100.0
Total	229	100.0	100.0	

Table 5 presents the distribution of respondents by company type. Among the 229 respondents, 104 (45.4%) are from general manufacturing (GM) firms, while 125 (54.6%) are from high-tech manufacturing (HM) firms. This indicates a slightly larger proportion of respondents from high-tech manufacturing firms compared to general manufacturing firms.

**Table 6.** Department.

	Frequency	Percent	Valid percent	Cumulative percent
Finance	11	4.8	4.8	4.8
HR	22	9.6	9.6	14.4
Marketing	22	9.6	9.6	24.0
Operation	42	18.3	18.3	42.4
Production	47	20.5	20.5	62.9
R & D	43	18.8	18.8	81.7
Sales	42	18.3	18.3	100.0
Total	229	100.0	100.0	

Table 6 provides an overview of the distribution of respondents across various departments. Among the 229 valid responses, the Production department has the highest representation, with 47 respondents (20.5%), followed closely by the Research and Development (R&D) department, which accounts for 43 respondents (18.8%). The Operations and Sales departments are equally represented, each with 42 respondents (18.3%). The Human Resources (HR) and Marketing departments also share the same number of respondents, with 22 each (9.6%). Lastly, the Finance department has the lowest representation, with 11 respondents (4.8%). This distribution reflects a diverse range of



departmental affiliations among the respondents, with the highest concentration in the Production, R&D, Operations, and Sales departments, which are critical functions in many manufacturing firms.

**Table 7.** Years of working experience in the current company.

	Frequency	Percent	Valid percent	Cumulative percent
Below 1	26	11.4	11.4	11.4
1 - 3	76	33.2	33.2	44.6
4 - 6	74	32.3	32.3	76.9
Above 7	53	23.1	23.1	100.0
Total	229	100.0	100.0	

The [Table 7](#) shows the distribution of respondents' years of working experience in their current company. Among the 229 respondents, the largest group falls within the 1 to 3 years category, comprising 76 respondents (33.2%). This is closely followed by those with 4 to 6 years of experience, totaling 74 respondents (32.3%). Respondents with more than 7 years of experience make up 53 respondents (23.1%), while the smallest group includes those with less than 1 year of experience, representing 26 respondents (11.4%). This distribution reflects a relatively even spread across the last three categories, with the majority having short- to medium-term tenure in their current company, and a smaller proportion of respondents possessing long-term experience.

**Table 8.** Percentage of manufacturing firms prioritizing HRM in Guangdong Province.

	Frequency	Percent	Valid percent	Cumulative percent
Less than 25	13	5.7	5.7	5.7
25 - 50	42	18.3	18.3	24.0
50 - 75	134	58.5	58.5	82.5
More than 75	40	17.5	17.5	100.0
Total	229	100.0	100.0	

[Table 8](#) illustrates the distribution of responses regarding the percentage of manufacturing firms in Guangdong Province, China, that prioritize Human Resource Management (HRM) practices, based on insights from 229 respondents. The largest proportion of respondents, 134 (58.5%), believe that 50% to 75% of manufacturing firms emphasize HRM practices, reflecting a significant recognition of HRM's role in enhancing organizational performance and employee management. Meanwhile, 42 respondents (18.3%) indicated that 25% to 50% of firms prioritize HRM, suggesting a moderate acknowledgment of its importance within the industry. A smaller group, 13 respondents (5.7%), perceived that less than 25% of manufacturing firms prioritize HRM, reflecting a minority opinion and potential skepticism about HRM integration in some organizations. Conversely, 40 respondents (17.5%) believe that more than 75% of manufacturing firms prioritize HRM practices, highlighting a perception that a substantial portion of the sector is committed to incorporating HRM as a key element of their strategic operations.

**Table 9.** Familiarity with HR flexibility and its implications for corporate performance.

	Frequency	Percent	Valid percent	Cumulative percent
Not familiar	7	3.1	3.1	3.1
Slightly	55	24.0	24.0	27.1
Moderately	145	63.3	63.3	90.4
Very	22	9.6	9.6	100.0
Total	229	100.0	100.0	

Table 9 showed the distribution of the respondents' familiarity with the concept of HR flexibility and its implications for corporate performance. Based on the data, most of the participants are familiar at a certain level with HR flexibility and its impact on corporate performance. A significant majority, comprising 145 respondents (63.3%), reported being moderately familiar with HR flexibility and its implications for corporate performance, indicating a considerable portion of the sample has a reasonable understanding of the concept, which may highlight the importance of HR flexibility in enhancing corporate outcomes. Following this, 55 respondents (24.0%) said they were only vaguely familiar with HR flexibility. In contrast, 22 respondents (9.6%) stated that they were extremely familiar with the concept, indicating that it is less common for respondents to be highly familiar with HR flexibility. Lastly, but not least, only 3.1%, which is 7 out of 229 respondents, said they were not familiar with HR flexibility.

Table 10. Prevalence of HR flexibility in manufacturing firms in Guangdong Province.

	Frequency	Percent	Valid percent	Cumulative percent
Common	130	56.8	56.8	56.8
Moderate	56	24.5	24.5	81.2
Not sure	15	6.6	6.6	87.8
Rare	24	10.5	10.5	98.3
Very rare	4	1.7	1.7	100.0
Total	229	100.0	100.0	

Table 10 showed the responses of participants regarding the prevalence of HR flexibility in manufacturing firms in Guangdong Province, China. A total of 229 responses were collected, divided into five different levels, ranging from very rare to common. The majority of respondents, consisting of 130 respondents or 56.8%, believe that HR flexibility is a common and accepted practice in the manufacturing industry. Following this, 56 respondents (24.5%) rated the prevalence of HR flexibility as moderate, indicating that although HR flexibility exists, it might not be as strong or pervasive as the "common" classification implies.

Next, 15 respondents (6.6%) voted "not sure" about the prevalence of HR flexibility, which may indicate that they were unclear or lacked knowledge about HR flexibility practices in their companies or the industry as a whole. Furthermore, 24 respondents (10.5%) rated HR flexibility as rare, as HR flexibility is infrequently practiced in their firms. Lastly, a small minority of 4 respondents, or 1.7% of total respondents, rated HR flexibility as very rare, as HR flexibility is almost non-existent in some firms. As a conclusion, the majority of respondents believe that HR flexibility is a common practice within the manufacturing sector in Guangdong Province.

Table 11. Hypotheses testing.

Hypotheses	Relationship (Exogenous -> Endogenous)	Path coefficients (β)	t-values	p-values	Decision
H1	Procedural fairness (PF) -> Corporate performance (CP)	0.123	2.042	0.041	Supported
H2	Employee performance (EP) -> Corporate performance (CP)	0.169	2.737	0.006	Supported
H3	Information sharing (IS) -> Corporate performance (CP)	0.234	3.798	0.000	Supported
H4	Organisational identity (OI) -> Corporate performance (CP)	0.145	2.035	0.042	Supported
H5	HR flexibility (HRF) -> Corporate performance (CP)	0.321	6.247	0.000	Supported

Note: \*Significant at  $p < 0.05$ .



Next, the hypothesis testing results from PLS-SEM are tabulated in Table 11. The findings indicate that procedural fairness has a significant positive impact on corporate performance ( $\beta = 0.123$ ,  $t = 2.042$ ,  $p = 0.041$ ). This suggests that when organizations implement fair and transparent processes, corporate performance improves, reinforcing the importance of equity in decision-making (H1 supported). Similarly, employee performance is positively associated with corporate performance ( $\beta = 0.169$ ,  $t = 2.737$ ,  $p = 0.006$ ). Employees who perform well contribute directly to corporate success, highlighting the role of workforce efficiency in achieving organizational goals (H2 supported).

Additionally, the results show that information sharing significantly enhances corporate performance ( $\beta = 0.234$ ,  $t = 3.798$ ,  $p = 0.000$ ). The effective exchange of knowledge within the organization strengthens corporate outcomes, emphasizing the necessity of fostering a collaborative work environment (H3 supported). Organizational identity also plays a crucial role ( $\beta = 0.145$ ,  $t = 2.035$ ,  $p = 0.042$ ), indicating that employees who strongly identify with their organization are more likely to contribute positively to its performance (H4 supported).

Among the tested variables, human resource flexibility exhibits the strongest positive impact on corporate performance ( $\beta = 0.321$ ,  $t = 6.247$ ,  $p = 0.000$ ). This finding highlights the importance of adaptable HR policies in responding to changing market conditions and workforce needs, reinforcing flexibility as a key driver of corporate success (H5 supported). Overall, these results demonstrate that organizational factors such as fairness, employee performance, information sharing, identity, and HR flexibility collectively enhance corporate performance, underscoring their strategic significance in Chinese manufacturing firms.

Lastly, the mediation analysis using PLS-SEM confirms that HR flexibility significantly mediates the relationships between procedural fairness, employee performance, and information sharing with corporate performance.

**Table 12.** Direct effect (Mediator is excluded).

Direct effect	Path coefficients ( $\beta$ )	t-values	p-values	Decision
Procedural fairness (PF) -> Corporate performance (CP)	0.204	3.234	0.001	Supported
Employee performance (EP) -> Corporate performance (CP)	0.221	3.244	0.001	Supported
Information sharing (IS) -> Corporate performance (CP)	0.339	5.23	0.000	Supported
Organisational identity (OI) -> Corporate performance (CP)	0.179	2.158	0.031	Supported

Note: \*Significant at  $p < 0.05$ .

**Table 13.** Indirect effect (Mediator is included).

Indirect effect	Path coefficients ( $\beta$ )	t-values	p-values	Decision
Procedural fairness (PF) -> HR flexibility (HRF) -> Corporate performance (CP)	0.081	2.633	0.008	Supported
Employee performance (EP) -> HR flexibility (HRF) -> Corporate performance (CP)	0.053	2.073	0.038	Supported
Information sharing (IS) -> HR flexibility (HRF) -> Corporate performance (CP)	0.105	3.827	0.000	Supported
Organisational identity (OI) -> HR flexibility (HRF) -> Corporate performance (CP)	0.034	1.232	0.218	Not supported

Note: \*Significant at  $p < 0.05$ .

The mediation analysis results refer to Table 12 and Table 13. Procedural fairness ( $\beta = 0.081$ ,  $t = 2.633$ ,  $p = 0.008$ ), employee performance ( $\beta = 0.053$ ,  $t = 2.073$ ,  $p = 0.038$ ), and information sharing ( $\beta = 0.105$ ,  $t = 3.827$ ,  $p < 0.000$ ),

0.001) all demonstrate significant indirect effects through HR flexibility, indicating that organizations with adaptive HR practices can enhance the positive impacts of these factors on corporate performance. However, HR flexibility does not mediate the relationship between organizational identity and corporate performance ( $\beta = 0.034$ ,  $t = 1.232$ ,  $p = 0.218$ ), suggesting that the influence of organizational identity is more direct. These findings highlight HR flexibility as a crucial mechanism in strengthening corporate performance, particularly through procedural fairness, employee performance, and information sharing.

#### 4. DISCUSSION

The findings of this study provide strong support for Hypothesis H1 and align with previous research (Imamoglu, Ince, Turkcan, & Atakay, 2019). They confirm a significant positive relationship between procedural fairness and corporate performance. Procedural fairness is important for improving employee self-motivation, loyalty, and encouraging their commitment to organizational objectives, especially when employees perceive organizational procedures, such as rewards, as fair and transparent. This sense of fairness motivates employees to exert extra effort to ensure the company's success.

Procedural justice is capable of promoting fair and consistent organizational procedures that encourage positive cognitive, emotional, and behavioral responses among employees (Faupel & Helpap, 2021). This helps to create a harmonious and cohesive working environment that contributes to improved corporate performance. Additionally, procedural justice also helps to minimize disruptive workplace behaviors such as theft, sabotage, and counterproductive actions, which can significantly impair corporate performance (Öztürk & Poyraz, 2021). It also reduces the likelihood of high turnover intentions and a decline in organizational commitment, both of which can greatly impair corporate performance (Kordsmeyer, Speer, Wilms, & Kurz, 2024).

Next, the results strongly support Hypothesis H2 by confirming a significant positive relationship between corporate performance and employee performance. Employees are crucial to the success of a corporation and its financial results (Al-Kharabsheh, Attiany, Alshawabkeh, Hamadneh, & Alshurideh, 2023). High-performing employees directly impact labour productivity, which measures the effectiveness of output per labour unit and is an important indicator of corporate profitability (Wu, 2024). An excellent employee performance not only involves merely finishing assigned tasks but also being able to surpass organizational standards and coordinate individual contributions with the strategic objectives of the company (Mohammad, 2020). Consequence, enhanced employee performance greatly supports the company's competitive advantage and long-term enterprise value creation in addition to operational efficacy (Wu, 2024).

Furthermore, the findings of this study strongly support Hypothesis H3, confirming a significant positive relationship between information sharing and corporate performance. The findings are consistent with previous studies by Baba, Wang, Adzani, and Abdul-Hamid (2021) and Imamoglu et al. (2019) that emphasize the important role of information sharing in improving organizational performance. Information sharing is crucial for promoting collaboration, innovation, and efficiency. Effective information sharing enables the retention and utilization of intellectual assets within the organization that directly contribute to corporate productivity and performance (Azeem, Ullah, Thaheem, & Qayyum, 2020).

Managerial support significantly influences employees' willingness to practice knowledge sharing across all levels of the organization (Muhammed & Zaim, 2020). It is important for top management to create an atmosphere where employees feel valued and empowered to contribute their expertise by providing guidance, resources, and recognition to employees who participate in knowledge sharing. Such an environment cultivates creativity and reinforces employee commitment to organizational objectives, which can ultimately enhance corporate performance.

By encouraging and facilitating the exchange of knowledge among employees, organizations are able to tackle complex challenges, develop innovative solutions, and improve work processes.

Besides, the findings of this study confirmed a significant positive relationship between organizational identity and corporate performance, lending strong support to Hypothesis H4. Organizational identity is defined as employees' shared understanding and emotional connection with the organization's core values, mission, and goals. [Tiep Le and Nguyen \(2022\)](#) suggested that organizations with a strong organizational identity lead to higher employees' loyalty levels and a greater sense of belonging. Employees align their goals with organizational objectives and treat its success as their own; hence, they are more motivated to put in more effort and consistently contribute their best to achieve excellent corporate performance ([Vu, 2022](#)).

In addition, the findings of this study establish a significant positive relationship between human resource (HR) flexibility and corporate performance, affirming Hypothesis H5. HR flexibility enables organizations to adapt swiftly and efficiently to an ever-changing environment while minimizing costs to maintain their competitive advantage ([Abu-Nahel, Alagha, Al Shobaki, Abu-Naser, & El Talla, 2020](#)). HR flexibility also promotes continuous learning and development, enabling employees to continuously equip themselves and adapt to necessary improvements with the competencies needed to address emerging opportunities and threats ([Mijatović, Uzelac, & Stoiljković, 2020](#)).

Lastly, the findings support the mediating role of HR flexibility in the relationships between procedural fairness and corporate performance (H6a), employee performance and corporate performance (H6b), and information sharing and corporate performance (H6c). This indicates that HR flexibility acts as a critical medium through which fair procedures, high employee performance, and robust information-sharing practices enhance corporate outcomes ([Mijatović et al., 2020](#)). In contrast, the mediating role of HR flexibility in the relationship between organizational identity and corporate performance (H6d) is not supported. This suggests that HR flexibility does not directly influence how an organization's identity affects its corporate performance.

## 5. CONCLUSION

This study highlights the crucial role of HRM practices in improving corporate performance in the manufacturing sector. From the results, procedural fairness, employee performance, information sharing, and organizational identity significantly impact corporate performance, with HR flexibility acting as a key mediator, except in the case of organizational identity. These findings emphasize the need for HRM systems that promote fairness, collaboration, and adaptability to sustain competitiveness in enhancing corporate performance. Practically, this study offers a framework for improving HRM strategies in Guangdong's manufacturing sector. Theoretically, it enriches HRM literature by clarifying HR flexibility's mediating role.

There are some limitations present in the study. Firstly, the generalizability of findings was restricted due to the study only focusing on two manufacturing firms in Guangzhou, Guangdong Province, China. The other limitation is that the study focused solely on HR flexibility as a mediator. There are some recommendations for future research. Firstly, the study samples can be gathered from various firms across different regions and industries, such as the electronics and automotive sectors, to capture diverse patterns and outcomes. Next, other mediators, such as organizational culture or leadership style, can be considered to explore their impact on corporate performance. Also, additional antecedents, for example, employee well-being and innovation, can be relevant to the success of corporations. These future directions can contribute to a more holistic understanding of how HR practices influence corporate performance in an increasingly competitive global landscape.

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