Effect of Human Capital Investment on Work Performance for Small and Micro Enterprises in Hunan, China

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ABSTRACT

The research was to investigate actual effect of Human Capital Investment on Work Performance for Small and Micro Enterprises in China. The conceptual framework was developed from the literature review and survey in the area, and other contemporaneous research in tourism marketing. Accordingly, the researchers consider the importance of the factors of talent investment, training, health protection, salary and welfare, incentive investment, and work performance.

In this the researchers employed the quantitative research approaches. The instruments of research were steps of a questionnaire. Data were collected from 258 people who are entrepreneurs of small and micro business in Hunan of China. The data collected were analyzed using the path modeling and on the basis of observing the actual operational efficiency of the organizations studied through all operational links in the management of small and micro enterprises.

Findings are as follows: Applications of talent investment, training, health protection, salary and welfare, incentive investment, were explanatory of the variance in work performance at 35.1 percent (R2 = 0.351). Each factor involves significant aspects with the total being 28. All aspects should be addressed if problems are to be successfully solved over the long haul.
Keywords: small and micro enterprises, human capital investment, work performance

INTRODUCTION

Composition of human capital investment: Based on all kinds of literature, the following four categories of human capital investment in enterprises are commonly used:

(1) According to the different forms of enterprise human capital investment, it can be divided into labor flow investment of human capital, human capital education and training investment, human capital health protection investment, human capital compensation investment and human capital incentive investment. Human capital and labor flow investment refers to the investment caused by the introduction and outflow of talents in the production process, including recruitment, selection, recruitment, resettlement, compensation and other expenses. Human capital investment education and training refers to all kinds of education and training expenditure for employees that enterprises hope to obtain the benefits of future enterprise development through strengthening training. Including vocational skills training, comprehensive ability improvement training, education, "dry middle school" and other investment. Human capital health protection investment is mainly invested in all kinds of insurance, medical security and health examination expenditure to ensure the safety and health of employees. The compensation investment of human capital refers to the compensation and

allowances paid to the employees by the enterprises that arrange production labor for their employees. Employee compensation is the most direct and obvious human capital investment in an enterprise, and in some cases, it is also directly interpreted as the operating situation of the enterprise. Human capital incentive investment refers to the cost of positive incentive for employees, such as material bonus and reward, vacation travel and other welfare, year-end bonus and equity options distribution. (Carpenter, Sanders & Gregersen, 2017).

(2) According to the different ways of enterprise human capital investment, it can be divided into indirect investment and direct investment. The main investment object of direct human capital investment is the outsourcing talents with strong professional ability and scarce enterprises, and the investment method is mainly the employment cost. Has the investment of large investment, discontinuous characteristics. Zhang Weijie. (2011) believe that indirect human capital investment refers to the investment that affects the work level and efficiency of employees, such as on-the-job training. In addition, the social insurance paid for employees in accordance with national regulations, as well as rewards, benefits and other investments that can ensure work efficiency, are also the scope of indirect Human capital investment. (Hou Menglong, Sun Hui, 2016).

(3) According to the different functional evaluation indicators of human capital investment, it can be divided into human capital stock investment and human capital utilization rate investment. Hu Jianping (2006) believes that human capital stock investment refers to the investment cost of increasing human capital stock, including acquiring new human capital, improving the existing human capital structure, and improving the quality of human capital, such as recruitment and training. Human capital utilization is usually measured in the efficiency of scale and technical efficiency of human capital. Reasonable allocation of human capital investment and expenditure scale under the best balance point can improve the production efficiency of enterprise human capital investment by improving technical efficiency and promoting technological progress, and then improve the use efficiency of human capital investment. (Huang Jing, 2020).

(4) According to the difference of human capital investment benefits, it can be divided into tangible human capital investment and intangible human capital investment. Chen Shunliang, Pan Changliang (2004) proposed that through human capital investment, enterprises can be directly observed by recruiting new employees, expanding employee scale and improving employee work efficiency, while some human capital investment results cannot be directly represented, and improve the market share growth and gain good market reputation is intangible investment. (Wang Li, 2017).

METHODOLOGY

In the study of the Effect of human capital investment on work performance for small and micro enterprises in China, the researcher has studied documents, textbooks, concepts, theories, and related research consistent with the study's objectives. This research is quantitative research in the format is survey research. The research tool was a questionnaire. Data was collected by instrument-based interviews. The population is small and micro entrepreneurs in China, the total number of entrepreneurs is 730 people in Hunan, China. The survey sample was 258 people from entrepreneur of small and micro business in Hunan. The researchers used a simple random sampling method to conduct a random sample size, as

determined according to the Taro Yamane formula (Yamane, 1973). Multiple Regression Analysis to test the influence of variables between Talent Investment, training, health protection, salary and welfare, incentive investment, and work performance.

RESULTS

Determination of instrument confidence

Reliability Test (Reliability) The researcher used the revised questionnaire to try out the researcher (Try Out) with Entrepreneurs of Small and micro business in Hunan 30 people who are not a sample group. Internal consistency was tested using composite reliability and Cronbach' Alpha coefficients, where the researchers analyzed the reliability coefficients of each question and each measure. The alpha value is between 0.5 – 0.65, which is a moderately reliable value. And at values from 0.7 and up, it has quite high reliability. But if it is below 0.5, it is less reliable. Normally, the criterion used to measure these two values should not be less than 0.6 (Cronbach, 1990).

Validity checking after collecting the data, the researchers checked their validity using the corrected Item-total correlation. Which is a measure of the correlation between the score of any question and the total score of the category in which the question appears, in the calculation process, the total score must be adjusted by deducting the data value of any question issued in order to prevent the information of the questionnaire from appearing in both places. The decision criteria were that the correlation must not be less than 0.70.

The reliability and validity test results are shown in the following table.

Table 4.1 Results of testing reliability and validity by statistical methods

Variable	Corrected Item-Total Correlation	Cronbach's Alpha
Talent investment		0.865
1. Satisfaction with the company's talent introduction policy	0.865	
2. Satisfaction with the company's talent introduction fees	0.789	
3. Satisfaction with the company's talent introduction benefits	0.832	
4. Satisfaction with the company's talent introduction efforts	0.812	

Training 1. There is definitely a chance to get promoted if I get professional training. 2. Employees here love to train until they are skilled in their work. 3. I am very satisfied that the company gave me job training. 4. I'm very satisfied with the promotion once I've mastered the training. 5. The company arranges for all employees to receive thorough training.	 0.864 0.823 0.755 0.876 0.891	0.912
Health protection 1. The company's attention to its employees' health 2. Employee insurance policy (medical treatment, accidental injury) 3. Physical examination benefits for company employees 4. The sense of security of the company's employees	 0.779 0.868 0.734 0.711	0.834
Salary and welfare 1. Employees have welfare benefits for medical expenses. 2. Employees have welfare for medical expenses for parents and children. 3. Employees have welfare benefits for their children's tuition. 4. Employees have benefits after retirement	 0.823 0.722 0.896 0.818	0.828
Incentive investment 1. Incentive policy of company 2. Incentive amount 3. Incentive cash	 0.875 0.887 0.765	0.898
Work performance 1. Employees intend to work efficiently without mistakes. 2. Employees do not miss work. 3. Employees don't come to work late. 4. Employees do not strike.	 0.859 0.878 0.859 0.854	0.944

The results of the study of Effect of human capital investment on work performance for small and micro enterprises in Hunan, China are as follows:

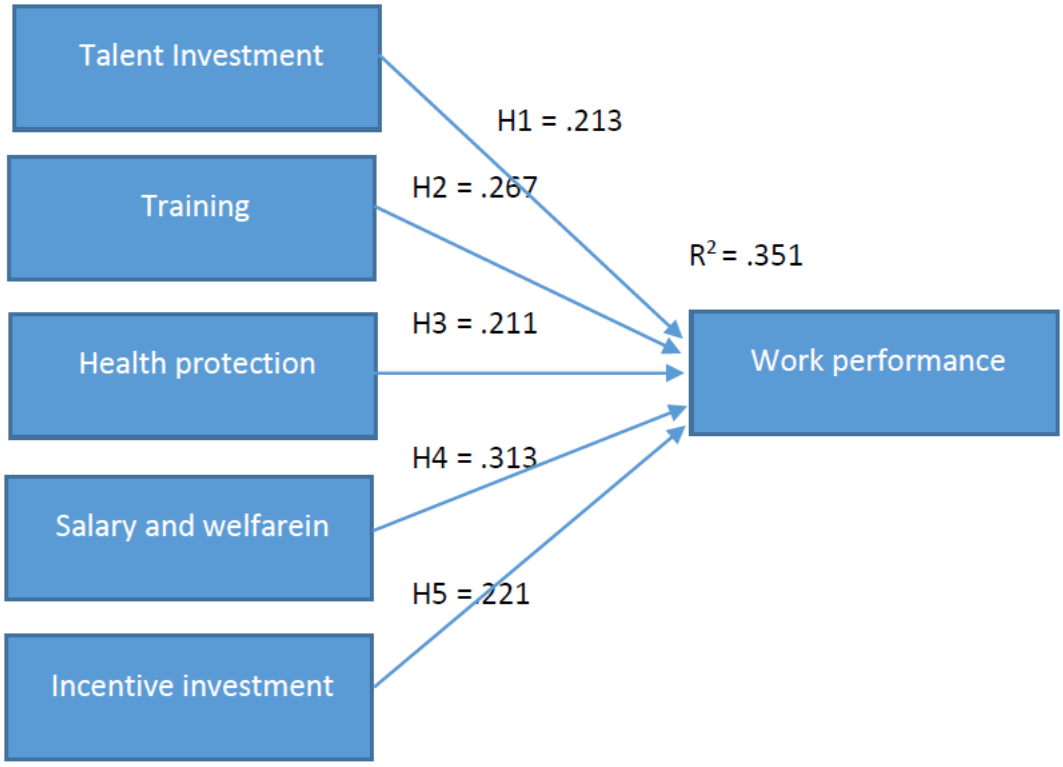

Figure 1 Results of path analysis

Research hypothesis testing

The researcher formulates research hypotheses for testing in accordance with the route equation according to the route analysis model with the following equations and assumptions:

$$EMS = \beta 0 + \beta 1\ TAI + \beta 2TRP + \beta 3HEP + \beta 4SAW + \beta 5INI + \zeta 1 \ldots\ldots\ldots\ldots\ldots\ldots (1)$$

Hypothesis 1 Talent investment has positive effect on work performance

Hypothesis 2 Training positive effect on work performance

Hypothesis 3 Health protection has positive effect on work performance

Hypothesis 4 Salary welfare has positive effect on work performance

Hypothesis 5 incentive investment positive has positive effect on work performance

Table 4.1 Hypothesis Testing Results

Path	Path coefficient	t-stat	p-value	Hypothesis
H1: Talent investment → work performance	0.213	3.618***	0.000	support
H2: Training → work performance	0.267	2.221***	0.000	support
H3: Health protection→ work performance	0.211	4.419***	0.000	support
H4: Salary and Welfare → work performance	0.313	2.455***	0.000	support
H5: Incentive investment → work performance	0.221	3.121***	0.000	support

CONCLUSION

The study of the effect of human capital investment on work performance for small and micro enterprises in Hunan was based on regression equation analysis. It was found that checking the preliminary terms of linearity and checking the regression coefficient had a positive linear relationship between the variables. All 5 factors talent investment, training, health protection, salary and welfare, and incentive investment of small and micro businesses in Hunan were positively linear, which was consistent with the agreement. It was also found that there were mutually positive influences, talent investment, training, health protection, salary and welfare, and incentive investment. There is a positive direct influence on work performance, indicating that the results of the study confirm the consistency of the small and micro businesses in Henan, Work performance variable is consistent and has a fundamental interplay and can be used in business operations small and micro enterprises in Hunan of China.

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