Impact of High Performance Work System on Performance of Organization: Case Study of Electronic Industry of Pakistan

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Abstract

The purpose of this research is to measure the impact of high performance work system on firm's performance with the intervention of mediator variable i.e. (attitudinal outcome), and moderator variable i.e. (workplace incivility). The nature of the research study was quantitative. The primary data was gathered from the executives and managers employed in the diverse (home appliances) companies of Pakistan. Total 310 questionnaires are distributed in the seven electronic industries of Pakistan and all the questionnaires are properly responded. For data analysis, the researcher used SPSS and AMOS statistical software. The structure equation model (SEM), factor analysis, and path analysis were utilized to examine the hierarchal association amongst the variables. The statistical result revealed that the High performance work system has a significant positive impact on the firm performance. However, the attitudinal outcome was found a significant intervening variable in a relationship with the high performance work system and firm performance. In addition to that, the workplace incivility was found a significant moderator in a relationship with high performance work system and firm performance. The study concluded that the high performance work system is very key for the smooth functioning of the organization. The recommendations and future research areas are also incorporated into the study.

Keywords: High performance work system, attitudinal outcome, workplace incivility, firm performance and electronic firms.

Introduction

In the era of hyper corporate competition, the better performance of the firm plays vital role. The firm performance is divided into further two main constructs i.e. financial performance (how well a firm can generate revenues and use assets from its primary mode of business) and non-financial performance (Any quantitative proportion of a person's or a

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substance's execution that isn't communicated in financial units) (Sadock, Sadock and Levin, 2007). For better firm financial and non-financial performance, high performance work system is the key or mandatory factor (Riaz and Mehmood, 2017).

Much consideration by researchers in the mid-21st century have been given to the high involvement work systems and still gaining grounds in present day studies (Riaz and Mehmood, 2017). According to Rodger and Ferketish (2005), high performance work systems allow organizations to optimize their innate abilities more effectively and efficiently and allow for more input from employees. A high performance work system gives employees of power, reward, teamwork, job quality, selective hiring, extensive training, transparent performance management and sharing of information and knowledge to develop and utilize their skills in exercising their job effectively (Riaz and Mehmood, 2017). Research studies reported that the concept of high performance work system is overlooked in Asian countries research work setting specifically in Pakistan (Rasool and Nauman, 2013; Siddique, 2014; Riaz and Mehmood, 2017). Recent research study on high performance work system and employee service outcome highlighted the research gap i.e. the workplace incivility is not being measured with the high performance work system till date in Pakistan (Riaz and Mehmood, 2017).

In addition to that Pak and Kim (2016) also identified that the employee attitudinal outcome including (employee trust and job commitment) has not been measured as a mediate variable with the high performance work system in Asian countries till date. In addition, to determine the root cause of employee uncivil behavior at workplace and its moderating effect on high performance work system and firm performance is the serious issue and research gap that has to be addressed in Pakistan(Rasool and Nauman, 2013; Siddique, 2014; Riaz and Mehmood, 2017).

Literature Review
Many researchers have found that high performance work system has significant effect on organization and employees' performance (Becker andGerhart, 1996; Becker andHuselid, 1998; Way, 2002; and HartogandVerbung, 2004). The study of Tang, Yu, Cooke, Chen(2017) affirms that HPWS has positive relationship with POS (perceived organizational support), which leads to enhances employee creativity (EC). In addition, between the relationship of POS and EC, devolved management moderates positively. According to Xian, AtkinsonandLewis (2017), guanxi is significantly correlated to High performance work system and trust. The study of Shirazi and Shakoori

(2017) indicated that HPWS had positive influenced on PE (psychological empowerment). Whereas, PE and HPWS both had positive effect on QPC (Quality patient care). Furthermore, between the relationship of HPWS and QPC (Quality patient care); PE (psychological empowerment) had mediated. According to Pichler, Varma, Yu, andDavoudpour (2014), the connection between high performance work system and High performance work culture are connected negatively with turnover.

Two studies were conducted by Lim, Cortina and Magley (2008) on two different samples, on which constant strain and affective events theories were applied: they found that even though there were no gender differences in outcomes, meanwhile mental health is directly affected by incivility, which impacts on physical health further. Problems like absenteeism, belatedness, lowered morale and production, turn over and work slowdowns are connected to uncivil organizational climates (Pearson and Porath, 2005; Glendinning, 2001; Cortina et al. 2001; Pearson et al., 2000 & Anderson and Pearson, 1999). According to the studies of Pearson, Anderson, and Wegner (2001) andNeuman and Baron (1997), empirically it is proved that actual turnover and increased intensions to quit is being connected to workplace incivility. Workplace incivility is also connected with lost work time or wastage of time at work. Johnson and Gardner (2001) revealed that to avoid workplace bully, 30% of employees lost work time. Pearson, Andersson and Porath (2000), affirms that the employees were detached or reduced helping and organizational activities, engaged in organizational burglary, reduced work efforts in the organization and less devoted towards organization due to workplace incivility. Workplace incivility is negatively connected with job satisfaction and positively connected with conflict management style (Spector and Penney, 2005). Furthermore, their study also affirms that on counterproductive practices, workplace incivility moderated the negative impact. Both interpersonal and organizational deviance is engaged by Counterproductive practices, which are expensive for the organizational outcome.

Conceptual Framework
Following is the proposed framework of the study;
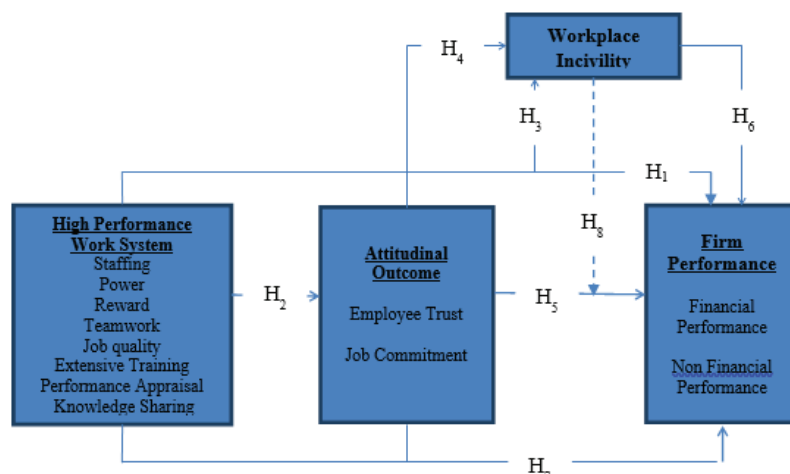
Methodology
Population
The population of the study was electronic group of Pakistan. The population frame for the study was male and female executives and managers working in the different departments including marketing, human resources, finance, sales and operations of seven top electronics (home appliances companies) of Pakistan namely, Dawlance, Haier, PEL, Ruba Digital, LG, GREE, KENWOOD, situated in different cities of Khyber Pakhtunkhwa, Punjab and Sindh province of Pakistan. These companies are chosen upon their greater assets increase (Turnover more than 20 billion rupees in last three years i.e. 2015-2017).

Sample Size and Relative Sample Determination
Formula of Yamane (1967) was used to determine the sample size of population. The final sample is310male and female executives and managers working in the diverse departments including human resources, sales, marketing, finance and operations of seven aforementioned companies located in the diverse cities of KPK (Peshawar, Mardan, Charsada, Abbotabad and Mansehra) Punjab (Islamabad, Rawalpindi, Hassanabdal, Texla, Kamra and Lahore) and Sindh (Karachi) provinces of Pakistan. For the collection of data, the stratified random sampling was utilized.

Table 3.2 Sample Size Determination

Population	Total
$n = N/1+N*(e)^2$ $n=617/1+617*(.04)^2$	$n = 310$

The relative portion technique is characterized as takes after which is mentioned as follows.

Table 3.3 Proportionate Allocation Method

S #	Companies	Population	Sample (ni)
1	Haier, Pakistan	78	39
2	PEL, Pakistan	83	42
3	Dawlance, Pakistan	115	58
4	RD, Pakistan	95	47
5	LG, Pakistan	77	39
6	GREE, Pakistan	80	40
7	KENWOOD, Pakistan	89	45
	Total	617	310

Data Collection Method
The primary data was collected via questionnaire. Total 310 questionnaires are distributed in the seven electronic industries of Pakistan and all the questionnaires are properly responded.

 Measurement Instrument
Origin of Construct
Questionnaire is developed from prior researchers and customized as per the requirement of this study. Measurement scale was measured on 5 point Likert Scale. Detail is given below.

High Performance Work System (Independent Variable)
For high performance work system, the questionnaire items were extracted from the study of (Zacharatos et al., 2005; Pfeffer's, 2005). The items selected was comprise staffing, reward, power, job quality, teamwork, extensive training, performance appraisal, and information sharing.

Employee Attitudinal Outcomes (Mediator)
 The questionnaire items for employee attitudinal outcomes were taken from the study of (Spreitzer, 1995; Boxall, Ang and Bartram 2011; Thomas & Schindler, 1993).   The items selected werecontaining psychological empowerment, trust and commitment.

Workplace Incivility (Moderator)
 From the study of Martin and Hine (2005) the questionnaire items for workplace incivility was taken. Uncivil Workplace Behavior Questionnaire measures four constructs; privacy invasion, hostility, gossiping and exclusionary behavior.

Firm Performance (Dependent Variable)
 The questionnaire items for financial and operating performance were taken from the study of (Gounaris and Tzempelikos, 2014).

Data Analysis
Respondent Demographic Profile
Following table exhibits the respondent's demographics.

Table 4.1 Respondents' Gender

Gender	Frequency	Percent
Male	281	90.6
Female	29	9.4
Total	310	100.0
Ages		
21-30 years	186	60.0
31-40 years	75	24.2
41-50 years	49	15.8
Total	310	100.0
Qualification		
Bachelors	142	45.8
Masters	168	54.2
Total	310	100.0
Experience		
1-5 years	186	60.0
6-10 years	109	35.2
11 and above years	15	4.8
Total	310	100.0
Designations		
Managers	38	12.3
Assistant Managers	88	28.4
Officers	184	59.4
Total	310	100.0

Source: Developed through SPSS

Four Factor Model Analyses
Figure 4.1 reveals the four factor (HPWS, Attitudinal Outcomes, workplace incivility and Firm performance) model through confirmatory factor analysis with seven fit indices.
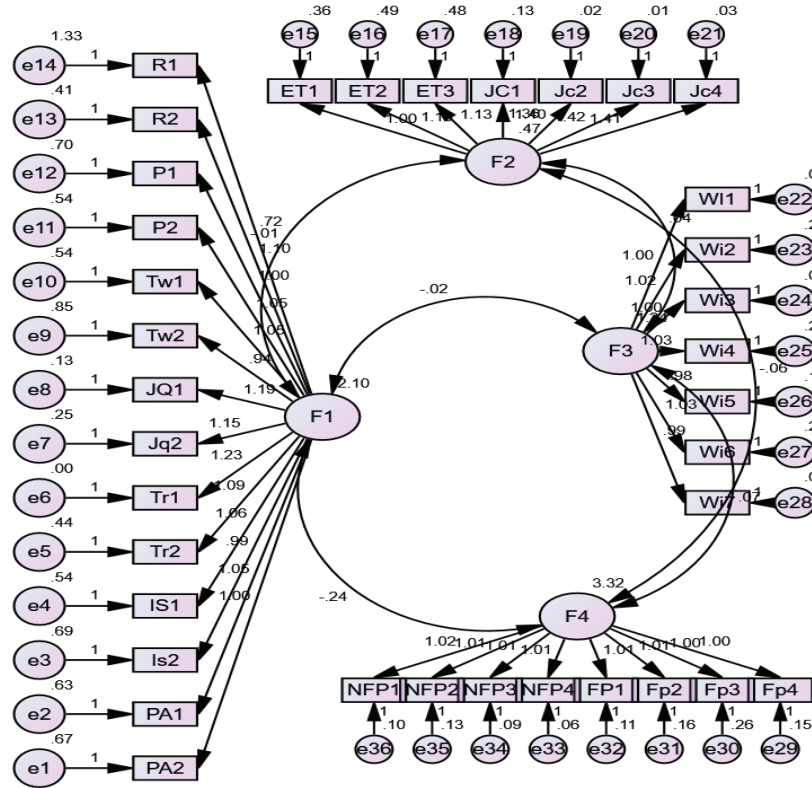
Table 4.4 Goodness of fit Statistics

Indices	Weights	Variables	CR	AVE	MSV
X^2/df	2.2	HPWS	0.982	0.800	0.008
GFI	.93	Attitudinal Outcome	0.961	0.782	0.003
RMSEA	.08	Workplace Incivility	0.984	0.898	0.003
NFI	.93	Firm Performance	0.995	0.962	0.008
RMR	.04				
AGFI	.94				
CFI	.96				

For examine the model regarding goodness of fit, seven fit indices were utilized mentioned in table 4.4. The findings of four factor (HPWS, Attitudinal Outcome, Workplace incivility and Firm Performance) model indicated that model is good fit because four constructs have their own significant loadings.The analysis of validity regarding construct (convergent and divergent) for four factor (HPWS, Attitudinal Outcome, Workplace incivility and Firm performance) models.As indicated by

Hair, Hult, RingleandSarstedt(2013), for no validity concern the value of composite reliability (CR) must be more than 0.70; value for Average Variance Extracted (AVE) must be higher than 0.50 and value of Maximum Shared Variance (MSV) must be less than the value of Average Variance Extracted. The analysis discloses the statistical value for the first (HPWS) factor i.e. CR=0.982, AVE = 0.800& MSV=0.008, for the second (Attitudinal outcomes) factor i.e. CR=0.961, AVE = 0.782& MSV=0.003, for the third (Workplace incivility) factor i.e. CR=0.984, AVE = 0.898& MSV=0.003 and for the fourth (Firm performance) factor i.e. CR=0.995, AVE = 0.962& MSV=0.008. Furthermore, finding shows that no issue exists related to construct validity. With questionnaire items, all the four variables (HPWS, Attitudinal Outcome, Workplace incivility and Firm performance) were found fit and valid as recommended the statistical values by Hair et al., (2013) and Gaskin and Lim (2016).

Regression Analysis
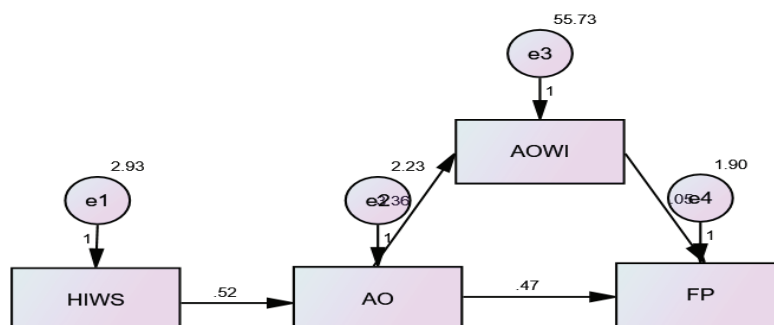Figure 4.1Regressions between HPWS -- Attitudinal Outcomes -- Workplace Incivility -- Firm Performance:

Table4.5Regressions between HPWS -- Attitudinal Outcomes -- Workplace Incivility -- Firm Performance:

Direct Effect			Estimate	S.E.	C.R.	P
AO	<---	HPWS	.523	.050	10.542	***
Indirect Effect			Estimate	S.E.	C.R.	P
AOWI	<---	HPWS+AO	3.362	.244	13.792	***
FP	<---	AO×WI	.046	.010	4.339	***
FP	<---	AO+HPWS	.472	.057	8.257	***

The first portion of table 4.5 depicted the statistical measurement for direct effect of high involvement work system on attitudinal outcome. Findings reveal that HPWS has significant positive influence on

attitudinal outcomes i.e. β = .523, t = 10.54, p<.05. The second part of the same table is based on mediation and moderator through the estimation of indirect path. Mediation statistics shows that attitudinal outcome is significant positive mediator with the relation of high performance work system and term of interaction is HPWS and AO having value of β = 3.3, t = 13.79, p<.05. Moderation statistics shows that workplace incivility is a significant moderator with the relation of attitudinal outcome and firm performance, and term of interaction is AO and WI having value of β = .046, t = .010, p<.05 towards FP. In the last row of the above mentioned table, measurement shows the statistical value for mediator i.e. attitudinal outcome (indirect relationship) and established that in a relationship with high performance work system and firm performance, attitudinal outcome is a significant mediator having value β = .472, t = 8.25, p<.05.

Discussion and Conclusion
First of all, the direct path of high performance work system and firm performance was measured. It based on the statistical value consequence shows that the high performance work system has a significant positive influence on firm's performance; thisoutcomeis matched with priorresearch studies (Chowhan, 2016; Jyoti and Rani, 2017).Second, the direct path of high performance work system and attitudinal Outcome was measured and statistical value shows that the high performance work system has a significant positive influence on attitudinal outcomes; this outcome is matched with prior research studies (Vivek, 2017;Huang, MaandMeng, 2017).Third, the direct path of high performance work system and workplace incivility was measured and statistical value shows that the high performance work system has a significant negative effect on workplace incivility; this outcome is matched with prior research studies (Gulzar, 2014; Joy, 2016).Fourth, the direct path of attitudinal outcome and workplace incivility was measured and based on the statistical value consequence shows that the attitudinal outcomehas a significant negative influence on workplace incivility, this outcome is matched with prior research studies (ZiaddiniandMohammadi, 2013; MorshidiandRazlina, 2015).Fifth, the direct path of attitudinal outcome and firm performance was measured and based on the statistical value consequence shows that the firm performance has a significant positive effect on firm's performance, this outcome is matched with prior research studies (Khan andGhauri, 2014; Sairaand Ayesha, 2015).Sixth,the direct path of workplace incivility and firm performance was measured and based on the statistical value consequence shows that the workplace incivility has a significant negative influence on firm

performance; this outcome is matched with prior research studies (BrobbeyandOhenena, 2017).Seventh, the indirect path was estimated initially as a mediation i.e. attitudinal outcome has significant and positive mediator in a relation with high performance work system and the firm performance, this outcome is matched with prior research studies (Shirazi and Shakoori, 2017; Yazid, Yahya, Ishak and Achim, 2017;Al-Abbadi, 2018).Eighth, the indirect path was estimated as a moderator i.e. interaction term of (attitudinal outcome and workplace incivility) towards financial performance and found that WI as a significant moderator in a relation with attitudinal outcomes and firm performance. This outcome is matched with prior research studies (Abubakar, Namin, Ibrahim and Arasli, 2017).

The study concluded that the high performance work system is very key for the smooth functioning of the organization because the high performance work system affirmatively affect the attitudes of individuals including (building trust and commitment) of working employees in the organization in a result the positive attitudes of workforce reduces the propensity of uncivil behavior at workplace which ultimately has the positive effect on firm overall performance. It is also observed in the research that the positive attitude of the employees is a very significant predictor of enhancing the firm performance and mitigating the workplace incivility. So, the managers must consider the importance of positive attitude of employee and must introduce such practices that enhances and build the positive work related attitude amongst the workforce.

Suggestions for Future Research
In spite of the fact that there are some of restrictions have been established that would influence the research reliability. Hence, we had turned out few of determinations for future research.

Initially and premier, as our questionnaire is put just in English dialect, in future researchers can be to organize survey in various dialects, for example, Urdu or other domestic languages on the grounds that generally the respondent don't have higher English capable expertise as to be suggested. Additionally, few open- ended questions should be added in the existing research questionnaire. By following this recommendation, it would be improved preference to measure the relationship between HPWS and organizational performance of electronic industry. Similarly, researcher can utilize few kinds of collecting data technique with the end goal to make sense of the respondents thought. For instance, researcher can consider face toface

interview from the workers in light of the fact that to may get more data through their impression.

Other than this, for the conduction of survey the time of taking approval is prolonged and process is complicated regarding application. Usually, future research is suggested to provide drawn out time period for employees to answer the questions in array to resolve respondent issue. This may give respondents a chance to have adequate time to examine each query of the questionnaire and the appropriate response will be more faithful.

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