



Walking the tightrope: Examining the role of high performance work systems on the achievement of high performance organization in the SMEs sector

Solomon Ozemoyah Ugheoke¹

ABSTRACT

High performance work system (HPWS) has been viewed as a key to competitive advantage and capable of creating differentiation while contributing to the overall performance of the organization. However, recent developments, argued that, in spite of the undeniable significance of HPWS to organizational performance, the practices has not be extended to the context of small firms and that researchers has not identified specific set of practices in HPWS that are capable of facilitating organizational performance. In view of the above argument, this study examines the role of HPWS practices in achieving high performance within the small business sectors. Four dimensions of HPWP were identified in this study and were assessed on a seven-point scale. Our data were drawn from SMEs that have spent a minimum of ten years in the Nigeria industry. Results showed that practices involved in HPWS positively influence HPO. The findings showed that given the changing business environment, managers need to develop a HPWS culture in their organizations. Thus, the study has contributed to the enrichment of the literature on HPWS and HPO by proposing a model that was empirically tested.

Keywords: High performance work system; high performance organization; SMEs.

1. INTRODUCTION

In the current business environment, high performance has become a popular demand among shareholders. Because a high performance organization have the ability to function in a complex and hazardous environment, adopt strategies that set it clearly apart from other organizations, coaches employees on how to achieve better results, continuously innovate its core competencies and pay more attention to ways that will continuously improve customers value. An organization can achieve high performance irrespective of the size, if such can develop practices to overcome the inconsistency in their performance (Wolf, 2008). However, the issue of poor performance among small firms in developing economies has become a subject of significant discussion. Approximately 80% of small firms in developing economy particularly in Nigeria collapsed because

¹ School of Business Management, Universiti Utara Malaysia. E-mail: solowisdom60@yahoo.com

of poor managerial practices. Apart from the above, Okpara (2011) found that majority of small firms in developing countries are unable to achieve higher performance because of poorly rated best practices (HPWS). For instance, 79.8% of the businesses in Nigeria are without knowledge of best human resource practices (Mariam, et al., 2011). As such, suggested for a study on best practices (HPWS) for small firms to successfully achieve higher performance, compete in the global market (Miriam et al., 2011) because implementation of HPWS will help to improve employees skills, commitment and productivity such that employees will become a source of competitive advantage for the organization (Dato, Guthrie & Wright, 2005; Kroon, Van De Voorde & Timmers, 2013). Any organization that closely implements HPWS will achieve higher performance (Andrews, Boyne, Law & Walker, 2008). Hence, small firms find it completely important to adopt HPWS because adopting HPWS will help them to achieve higher performance (Kroon, et al., 2013), increase employee productivity and adapt to the changing business environment (Cocks, 2012).

However, even though studies on HPWS and performance are widespread, most of these studies were conducted in large manufacturing organizations in developed countries (Armstrong, Flood, Guthrie, Liu, MacCurtain & Mkamwa, 2010; Aryee, Walumbwa, Seidu & Otaye, 2012; Posthuma, Campion, Masimova & Campion, 2013; Rocha, 2012; Takeuchi, Lepak, Wang & Takeuchi, 2007). However, not much attention has been given to small firms in relation to HPWS (Klaas, Semadeni, Klimchak & Ward, 2012; Rocha, 2012) particularly in developing countries such as Nigeria due to lack of awareness of the concept. Besides, there is dearth of empirical work that examined HPWS in multidimensional approach. It is believed that a clearer understanding on this element to organizational performance will no doubt help smaller firms to overcome the inconsistency in their performance. Consequently, this study extends the body of knowledge by examining HPWS among SMEs in order to address the gap in the literature.

The study is structured as follows: the next section focuses on the review of literature on HPWS based on this, the research hypotheses was formulated. The methodology used is presented in the third section. Afterwards, the result of the research is presented in the fourth part of this paper. Following the results, discussion were made in light of the theoretical background, suggestions for further studies as well as the limitations of the study are presented in the fifth section.

2. LITERATURE REVIEW

2.1 Overview of HPWS

The phrase HPWS was dated back to the middle of 80s (Lawler, 1986) from American tradition of HRM which argued that employees contribution is significant to organizational performance (Ferreiraa, et al., 2012). Since then, the concept has continued to attract research interest both in management and organizational researches, as a global standard for HRM system (Boxal & Macky, 2009; Ngo, Foley, Loi & Zhang, 2011). According to Becker & Huselid (1998), HPWS are distinct set of unified human resource management practices that collectively select, develop, retain and motivate employees with better ability, make use of their ability towards work related activities and whose work related behavior result in firms achievement of better performance. A system that is horizontally and vertically fit employment practice that will motivate employees (Takeuchi, Lepak,, Wang, & Takeuchi, 2007). HPWS is grouped into two types: profit-oriented and win-win HPWS. Theoretically, it is unachievable for a win-win HPWS to elicit commitment and fulfilment, harm the health of employees because a win-win HPWS should also look after employees (Zhang, Di Fan & Zhu, 2014). Therefore, the concept of HPWS will continue to generate concern because of the complexity in identifying a specific definition and the specific practices involved. Even though researchers have employed different terminology in defining the concept, none has recognized the importance of fairness. Thus, HPWS can better be appreciated if the word “Fairness” is incorporated. Hence, HPWS can be defined as fairness in innovative human resource practices that once executed collectively improves employee’s skills and enhances organizational chances of achieving higher competitive advantage. Because even though it is important for organization to consider best HR practices, value creation, empowering employees with higher task autonomy, job security and extensive training among others. But these practices should be implemented with all fairness not only to the employees but to the organization at large, applying fairness in organizational practices will help in reinforcing the success of the organization.

Furthermore, the argument that different systems for managing employees and organizing work may not only result to better employee performance but lead to high organizational performance was dated back to 1970 in the United State (Neumark & Cappelli, 1999). This evolution follows directly from the rapidly changing market demands and the corresponding decline of command and control in organizational structure (Becker & Huselid, 1998). A study involving 211 employees in 45 small organizations in Dutch local industry, Kroon, Van De Voorde and Timmers (2013) established that when small firms have a greater awareness of best practices, their employees will report higher performance. They stressed further that the size of an organization does not specify the presence or absence of HPWS and that firms that determined to be innovative

should lead by demonstrating the use of HPWS practices (Kroon, et al., 2013). A study by Chi and Lin (2011) in Taiwanese manufacturing industry found that HPWS significantly and positively influence organizational performance and reduce employees cost. However, when an organization implements HPWS, such should practice it through strategies that will encourage positive employee responses rather than through a method of work escalation that will negatively affect employees. Zhang, et al., (2014) surveyed 700 employees in China; the results showed that HPWS lead to a high level of social performance. However, Zhang et al., (2014) study only focused on employee's perspective in examining HPWS. Their sample may not be a true representative of HPWS because employees may not give the actual position of HPWS in organizations except managers in the organizations. Using data from public listed companies and multinational company's branch offices in Taiwan, Shih, Chiang and Hsu (2006) found that HPWS practices such as: training involvement and motivation improve higher performance. Hence, as organizations invest in HPWS, employees become valuable assets for the organization. For HPWS to result to higher performance, the combination of these practices should work concurrently (Shih, et al., 2006). In view of this, Chiang, Hsu and Shih, (2014) and Gong, Chang & Cheung (2010) argued that investing in HPWS provides an organization the opportunity to select, develop, retain, encourage team members the opportunity to learn skills from each other and inspire operational memory system of teams to work together by using their skills to achieve a joint task which in turn sustain the competitive advantage of the organization. One noticeable limitation observe in past researches is combining multi-item measure of HPWS into a single measure to represent the entire HPWS, despite that organizations may defer in implementing HPWS practices. Therefore, for an organization to achieve high performance, such should first focus on the most significant practices because what work well in one organization may not be same in another. Observing this weakness, Becker and Huselid, (1998) suggested for a study that will identify the practices involved in HPWS, because even though high performance resulted from the adoption of HPWS, not all practices involved in HPWS positively affects organizational performance (Colvin, Batt and Katz, 2001). This indicated that the approach use in implementing HPWS in an organization determines the success of the organization. Thus, if an organization can identify itself with specific practices that fit HPWS such will achieve higher benefit for a longer period than involving in broad practice that will not significantly affect their output. Hence, the need to separate the practices involved in HPWS is important.

Furthermore, even though, previous researchers have offered an extensive understanding on HPWS however, there are several shortcomings in previous researches. One noticeable limitation is combining multi-items measures of HPWS practices into a uni-dimension to represent the entire HPWS despite that not all organization have the same practice. Following this, Richard and Johnson (2004) argued that using HPWS single-handedly does not yield organizational

performance as such, HPWS should be split into multi-dimensions (Drummond & Stone, 2007; Punia & Garg, 2012; Zhang, et al., 2013). Therefore, more understanding of these practices is important particularly in the current competitive market environment where every organization irrespective of their size and location strived to achieve high performance. Consequently, literature has suggested for a study that will incorporate in a framework best recruitment practice (Armstrong, et al., 2010), job security (Karetepe, 2013), job enrichment and work life balance (Posthuma, et al., 2013) in order to develop a broader but unique and more precise dimensionality framework for HPWS. Base on the aforesaid justification, it is imperative to presents a brief review on the dimensions of HPWS identified by this study.

2.1.1 Best recruitment practice (BRP)

Nest recruitment practice (BRP) has been identified as the most efficient and effective way of recruiting competent employees. Linley and Garcea (2010) argued that BRP is a practice that helps organizations to select applicants who matches firm's requirements more effectively from those who will not deliver better outcomes for the organizations. BRP is particularly important for small and medium sized firms (Chow, 2012). Similarly, Sangeetha (2010) argued that BRP is fundamental in achieving better organizational performance and reducing labor turnover. That is, attracting and hiring the right candidate for the right job is subject to an effective recruitment system conducted in an 'open and fair' way. For instance, Hausknecht, Day and Thomas (2004) observed that applicant perceived fairness to the selection processes significantly influence various pre and post-hire attitudes and behavioral outcome. According to Lee (2005), the first step for any organization to achieve competitive advantage is to recognize that the recruitment of the best talent is a strategic important, not an alternative. Thus, only organizations that identify themselves by engaging in highly competitive hiring and take aggressive action to compete for talent, will achieve better performance thus, organization need to make BRP a top priority. Organizations that score high on BRP will achieve high productivity, market value and sales performances (King, 1995). This further confirmed that BRP is a key to organizational success. Theriou and Chatzoglou (2009) also surveyed 212 manufacturing firms in Greece, their results showed that best practice serve as an instrument for any organization to achieve sustainable competitive advantage. In a sample of 1050 banks in United States, Delery and Doty (1996) found that organizations that adopt best practices can generate greater returns. Pfeffer (1994) argued that even though implementing best practice is not always easy task organizations that quickly or easily imitate the practice will be the best organizations. If these arguments are realistic, it is more important for small firms to spend greater effort by ensuring its recruitment is consistent with best practices. In view of the above arguments, the following hypothesis is proposed in order to achieve the objective of this study:

H1a: there is a positive relationship between BRP and high performance organization (HPO) such that SMEs that engage in BRP will achieve higher performance than others.

2.1.2 Studies on Job Security

Job security has strong universalistic positive relationships with organizational performance, a significant element of the hidden contract in HPWS (Pfeffer, 1998) and the most important employment issues over the past two decades (Reisel, Probst, Chia, Maloles & König, 2010; Sverke, de Witte, Naesswall & Hellgren, 2010). Providing job security demonstrates organizations commitment to its workforce and if employees reciprocate this commitment, the organization will have a workforce with high level of commitment to organizational performance. This is an important standard that will result to high performance (Lawler, Mohrman & Ledford, 1995). Finding by Yousef (1998) showed that job security has a significant positive relationship with high job performance. That is, the more employees are satisfied with the security of their jobs, the better their commitment to the organizations and the better performance in their jobs. Kraimer, Wayne, Liden and Sparrowe (2005) studied 149 full-time employees in non-unionized manufacturing plant in United State, their finding showed that employees with high job security will positively achieve high job performance while those with low job security will negatively achieve low job performance. Hence, job security is one of the best factors in employment contract that enhances organizational performance (Pfeffer, 1998), because ensuring employee's job security encouraged them to generously contribute in improving organizational productivity without fear of being laid off or termination. Liu, Guthrie, Flood & MacCurtain (2009) also surveyed top 1000 multinational companies in Irish, they found that the negative relationship between unions and the use of HPWSs was stronger because of low job security, and the degree of the effect fell sharply as job security increased. This implies that stronger job security would reduce the difficulty and misunderstanding between union and management. Therefore, when employees feel more secured in their job, they will be more persuaded to achieve a better performance. In view of the above, we thus hypothesized that:

H1b: there is a positive relationship between job security and HPO such that SMEs that provide job security will report higher performance than others with lower job security.

2.1.3 Studies on Job Enrichment

The phrase "job enrichment" was initiated into the job satisfaction literature by Herzberg. Job enrichment integrates work functions from a vertical segment of the work unit (Yang & Lee, 2009). Studies have demonstrated that designing complete jobs with better job autonomy enhances both employees and

organizational performance. Expectancy theory by Vroom also recognized that job enrichment increases employee's self-actualization, control, self-respect and motivation to significantly contribute to organizational performance. Jayawardana and O'Donnell (2009) also found that enrich job minimize labor costs, production cost and maximize work outcome of line employees. That is, the more employees' jobs are enriched, the better their commitment to organizational performance. Thus, organizations that enriched employee job will experience a significant boost in productivity and profitability (Patterson, West & Wall, 2004). Following this argument, we therefore hypothesized that:

H1c: *there is a positive relationship between job enrichment and HPO such that SMEs that enriched employee's job achieve higher performance than others.*

2.1.4 Work life balance

Work life balance (WLB) is the ability of an individual regardless of age or gender to merge work and household task successfully and it can be viewed in two ways; the conflict point of view and the enrichment point of view. Enrichment results from the skills and values emanating from one field of life to the other (Carlson, Kacmar, Wayne & Grzywacz, 2006; Sub & Sayah, 2013). The conflict view is created due to the pressure to balance career task within the workplace and family domain (Posig & Kickul, 2004; Sub & Sayah, 2013). It has been found that WLB improved organizational performance (Beauregard & Henry, 2009). Perry-Smith and Blum (2000) surveyed 527 United States firms their findings showed that organizations that provide WLB program will report greater market performance and sales growth. Hence, providing WLB will help employees to survive time pressure and increase the opportunity of recruiting, retaining and motivating the most valuable employees as such making the organization to be viewed as family friendly (Nord, Fox Phoenix & Viano, 2002). In a United State and Europe study, Bloom and Van Reenan (2006) found that WLB has positive relationship with organizational productivity and improved management practices. In view of the aforesaid findings, we can hypothesize:

H1d: *there is a positive relationship between WLB and HPO such that SMEs that provide WLB will report higher performance than others.*

3. METHODOLOGY

3.1 Procedure

A close ended structured questionnaire was designed to collect information on HPWS, HPO and the demographic variables of managers in Nigeria SMEs that

have spent a minimum of ten years in the industry. The data collection process for this study takes a period of 4 months. The respondents had been formally informed by telephone calls following their telephone contact from the sample frame obtained from small and medium scale development agency of Nigeria (SMEDAN), requesting their willingness and interest to participate in the survey. Considering the busy nature of the managers in these industries, the respondents who participated in the survey were given three to five working days to fill the questionnaire. Several reminders were sent to those respondents who were unable to complete the survey after five working days through emails and mobile phone to increase the response rates. Three hundred and fifty four participants participated in the survey, while 267 participants completed and return the survey, which was sufficient to run our analysis.

3.2 Measures

Four practices of HPWS have been identified in this study such as best recruitment practice (BRP), job enrichment, job security and work life balance. BRP was measured by thirteen (13) items adapted from Bauer, Truxillo, Sanchez, Craig, Ferrara and Campion (2001). Job security was measured by ten (10) items developed by Oldham, et al., (1986). Job enrichment was measured by seven (7) items adopted from the job diagnostic Survey developed by Hackman and Oldham (1974; 1975). WLB was measured by thirteen (13) items developed by Clark (2001).

Respondents were also requested to indicate their level of agreement to the items of high performance organization (HPO) applicable to their business. We did not ask for objective financial indicators because of the sensitive nature of organization financial data, as such information regarding objective performance measures may easily prompt non response. Since financial information is always regarded as personal and business secret (Way, 2002), thus, respondents will be reluctant to disclose such information. Similar studies have argued that objective financial indicators are correlated with subjective measure of financial performance (Wall, Mitchie, Patterson, Wood, Sheeran, Clegg & West, 2004). As such, we measure HPO in subjective scale. The items were made on a seven point Likert scales whereby 1 represent strongly disagree to 7= strongly agree. HPO was measured by 22 develop by de Waal (2010).

4. RESULTS

4.1 Measurement Model

In an effort to established the construct validity, we follow a two-step modeling approach recommended by Anderson and Gerbing (1988). We begin with the convergent validity and reliability, afterwards discriminant validity, then

internal consistency reliability demonstrated in table i and ii respectively. As a general standard, construct validity is achieved if the loadings are greater than 0.7, composite reliability was higher than 0.7, average variance extracted was greater than 0.5 and Cronbach alpha is greater than 0.7 (Fornell & Larcker, 1981; Hair, Anderson, Tatham, & Black, 1998).

Table 1: Results of measurement model

Model construct	Measurement items	Standardised Loading	Composite Reliability	Average variance extracted
BRP	BRP2	0.621	0.839	0.647
	BRP4	0.737		
	BRP6	0.781		
	BRP7	0.861		
	BRP9	0.549		
	BRP12	0.743		
	BRP5	0.578		
	BRP13	0.717		
	BRP1	0.815		
	BRP8	0.644		
	BRP11	0.762		
Job security	JS1	0.652	0.857	0.582
	JS2	0.638		
	JS3	0.749		
	JS4	0.787		
	JS5	0.659		
	JS8	0.747		
Job enrichment	JE1	0.829	0.894	0.683
	JE2	0.770		
	JE3	0.776		
	JE4	0.524		
	JE5	0.695		
	JE6	0.762		
	JE7	0.798		
WLB	WLB1	0.635	0.821	0.536
	WLB7	0.703		
	WLB8	0.820		
	WLB9	0.760		
	WLB13	0.501		
	WLB5	0.776		
	WLB2	0.809		
	WLB6	0.721		
WLB12	0.578			

HPO	HPO12	0.901	0.916	0.726
	HPO16	0.824		
	HPO17	0.822		
	HPO18	0.782		
	HPO19	0.698		
	HPO2	0.750		
	HPO28	0.572		
	HPO20	0.696		
	HPO22	0.706		
	HPO36	0.512		
	HPO4	0.737		
	HPO5	0.621		
	HPO9	0.773		
	HPO13	0.905		
	HPO20	0.838		
	HPO24	0.633		
	HPO27	0.752		
	HPO3	0.578		
	HPO37	0.744		
	HPO23	0.525		
	HPO35	0.696		
	HPO29	0.729		
	HPO31	0.815		
	HPO25	0.662		

We also conducted the discriminant validity following the suggestion by Fornell and Lacker (1981). In view of Fornell and Lacker (1981) recommendation, the average variance shared between each construct in addition to its measures should be greater than the variance shared between the construct and other constructs.

Table 2: Latent Variable Correlations and Square Roots of Average Variance Extracted

	BRP	HPO	JE	JS	HPO
BRP	0.719				
HPO	0.574	0.725			
JE	0.234	0.401	0.742		
JS	0.268	0.356	0.162	0.708	
WLB	0.214	0.211	0.341	0.289	0.732

Note: Entries shown in bold face represent the square root of the average variance extracted.

As showed in Table 2, the correlations of each construct is lower than the square root of the average variance extracted , this signifies satisfactory discriminant

validity of the construct (Hair, et al., 1998; Hair, Black, Babin & Anderson, 2010).

4.2 Structural Model

Following the measurement model, the structural model was also conducted. The result of the structural model and test of hypotheses for this Study was presented. Table iii shows the standardized path coefficient (β), t-values and the decision taken. As showed in the table, three out of the four practices of HPWS construct have significant positive on the achievement of HPO. While the other factor showed no significant influence to HPO. Specifically, BRP ($\beta=0.191$, $t=2.630$, $p=0.004$), job enrichment ($\beta=0.197$, $t=3.111$, $p=0.001$) and job security ($\beta=0.178$, $t=2.844$, $p=0.002$) showed a significant positive relationship with HPO. While hypotheses H1a, H1b and H1c are supported, hypotheses H1d which predicted a positive relationship between WLB ($\beta=0.042$, $t=0.797$, $p=0.213$) was not supported because the estimates from the PLS model were not significant.

Table 3: Results for HPWS Practices and High performance organization

Hypothesis	Path Coefficient Relationship	Beta (β)	T Statistics	Decision
H1a	BRP -> HPO	0.191	2.63	Supported
H1b	JS->HPO	0.218	2.844	Supported
H1c	JE-> HPO	0.247	3.111	Supported
H1d	WLB-> HPO	-0.068	0.797	Not Supported
(R ²)	0.46			

The R² value was 0.463 which signifies that the modeled can explain 46% of the variance of the HPO.

5. DISCUSSION

This section discusses the results presented in the previous section subject to the research objective and hypotheses. The objective of this study was to examine the influence of HPWS practices on the achievement of HPO. Following the study objective, four hypotheses were formulated and tested. The results of the hypotheses are discussed below.

The results of this study demonstrate that there is a positive and significant relationship between BRP and the achievement of HPO among small firms (H1a). Similar findings were also found by past researchers (Delery & Doty, 1996; Sangeetha, 2010; Theriou & Chatzoglou, 2009). Hence, BRP serves as a

significant factor for any organization that wants to be successful. The result indicated that SMEs that are more concerned about selecting employees with appropriate skills, experience and enthusiastic to be better through knowledge improvement would achieve high performance. Firms who are more concerned in recruiting employees with appropriate skills, experience and are enthusiastic to be better through knowledge improvement would achieve high performance. Implementing BRP that fit with the company's needs will improve SMEs strategy. For SMEs to take good strategic decisions they are required to recruit skilled and competent employees because competent and skilled employees are valuable assets for firms. Noting that organisational performance is largely dependent on the type of employee an organization recruited. As such, BRP will assist SMEs to develop new ways of identifying competent and motivated workforce that will provide the organization with valuable market information.

The significant result between BRP and HPO could be subject to the experience of managers. Through experience, managers constantly develop new ways of identifying the best candidates from the pool of applicants that is best suited for the company. Besides, BRP serves as the best strategies for SMEs to get the right people that fit the job due to lack of budget to retrain newly recruited employees. The fact that majority of SMEs do not have training and development program to supplement the less experience skills, BRP serves as an alternative to select the right individuals that have the ability to deliver quality outcome. Hence, implementing BRP will assist SMEs to recruit quality human capital than to retrain. Therefore, BRP is important for the firms that look forward to ways of reducing cost at the same time maximising output. Additionally, BRP provides competitive advantage for both large and small organisations regardless of the industry or context. As a result, the first step for any organisation to achieve high performance is to recognize that BRP is a strategic importance in the current market environment not an alternative practice.

We also found that job security has a positive effect on HPO. As such, hypothesis (1b) was supported. The result provides a strong support that job security has a strong universalistic relationship with performance (Delery & Doty 1996; Kraimer, Wayne, Liden & Sparrowe, 2005; Lawler, et al., 1992; Mahmoud & Reisel, 2014; Yousef, 1998). Therefore, job security is an important factor for SMEs to achieve high performance, because providing job security will improve the employee's willingness to work with the organisation and deliver high quality output. Managers should understand that insecurity of job threaten employee's productivity and weaken their commitment to organisational goals. Job security reciprocity, such that when management makes employee understand that the business will guarantee their job as long as the employee performance meets or go beyond the expected target and the employee are convinced, they will be more committed for the benefit of the firm. This understanding will also provide the employees a clear expectation of the stages of performance required in order to retain their job status.

The relationship between job enrichment and HPO was also found to be positively significant. Hence, providing employees autonomous roles will improve employee's performance and strengthens organizations vision. The result demonstrate consistency with past findings (Jayawardana & O'Donnell, 2009; Mousavi Davoudi, 2013).The primary concern of SMEs is survival, profit and growth, enriched job is an effective strategy for SMEs to achieve this goal. Through enrich job employees are giving the opportunity to develop their knowledge. The more employees' jobs are enriched, the more satisfaction they derived from the job and a satisfied employee will be more committed in achieving organisational goal. Besides, as the job grows to be more meaningful and the job outcomes increase with greater knowledge of results, the more employees feeling that their instrumentality for the firm has increased. That is, enriched job serves as a tool for employees to see themselves as having greater prospect in the organisation as such increase their loyalty and commitment to the organisation.

The study hypothesized that WLB would have a positive influence on HPO. Surprisingly, the result did not support that WLB has a direct positive influence on HPO. Result has revealed that it requires a great amount of time for WLB to be realised among SMEs. Result analysis suggests that WLB and HPO relationship is context dependent. Thus, within the context of developing economy the relationship between WLB and HPO may not be achievable because of the market pressure the environment created on the firms. The pressure will further worsen once firms implement flexible work arrangement. Besides, the economy of every country plays a significant role in firms' adoption of WLB. The current global economy is worrisome and has resulted to firms cost cutting and budgetary constraints. Firm's implementation of WLB has slow down since implementing WLB may cause the increament of labour and cost. Furthermore, there are other job-related reasons that could make WLB insignificant. For instance, the market competition wills challenges managers' thinking, style and causing pressures. In view of this, reduced hours may not be considered as an alternative in any senior management position due to the nature of job of the managers because they spend more time in the office exploring on the business opportunities.

The result of the study has a number of important implications. Implementation of HPWS will assist managers to improve the performance of their firms since majority of smaller firms are currently facing performance challenges. Thus, achieving HPO requires SMEs managers to have a deeper understanding of the concept of HPWS through training and development program such as workshop and seminar on strategic marketing. Through workshops and seminar, managers will learn soft skills to maintain self-awareness, build positive leadership, team building, creativity, conflict management, and effective performance management, learn how to identify problems, analyze problems, resolve problem, build trust and monitor outcomes. Similarly, through soft skills training,

managers can consistently develop their skills to align with the long-term needs of the organization.

Furthermore, the study has also contributed to the body of knowledge by presenting a new antecedent of HPWS to the field of HPO. The result of strengthens the relationship between HPWS and HPO since the concept of HPWS is considered to be relatively new. Thus, for firms to effectively sustain its rare, valuable, inimitable and non-substitutable resources is to invest in HPWS, because HPWS will assist firm to sustain market advantage through innovativeness because today core capability can result to tomorrow rigidity when firms failed to innovate its rare and valuable resources. Moreover, rare, valuable, inimitable and non-substitutable resources may be imitated at the long run through replication. However, HPWS will make these resources difficult to imitate because the practices is subject to continuous innovation. Even where replication is possible the improvement provides advantage for the incumbent firms. Hence, competitive advantage can be achieved through HPWS.

While this study has provided significant understanding on the relationship between HPWS and HPO, this study is not without limitations. The failure of most firms to disclose their financial information made it impossible to measure HPO in objective way, this is a limitation for this study even though the respondents gave the assurances that the subjective information provided reflects the true position of their organizations, however, the respondent's view concerning the performance of their firms may not exactly correspond with objective reality. Thus, the limitation should be viewed in the lights of objective measures. Based on the above limitation, this study opens new research opportunities for future studies. This study uses subjective measures in measuring HPO, due to inability of Nigeria SMEs to disclose their financial information; however, it would be helpful if future study can replicate this study by measuring performance using objective measures or combination of subjective and objective data in order to provide reliable conclusions about HPO. Besides, even though, HPWS may be stable over time, when SMEs do not change from the practices involved, however, there is possibility that employees may change when the practices put too much pressure on them. Therefore, future studies should conduct a longitudinal study to examine how the trends between HPWS and HPO changes over time.

6. CONCLUSION

The study discussed above has empirically showed the relationship between HPWS practices and HPO in order to provide answer to the research objectives. The study has made significant contribution to the growing body of knowledge by providing empirical support on the relationship between HPWS, and HPO. Specifically, this study has successfully achieved its objective. The study has

addressed the need for SMEs to engage in innovative practices (HPWS) such that their performance will be enhanced.

REFERENCES

- Armstrong, C., Flood, P. C., Guthrie, J. P., Liu, W., MacCurtain, S., & Mkamwa, T. (2010). The impact of diversity and equality management on firm performance: beyond high performance work systems. *Human Resource Management, 49*(6), 977-998.
- Aryee, S., Walumbwa, F. O., Seidu, E. Y., & Otake, L. E. (2012). Impact of high-performance work systems on individual-and branch-level performance: test of a multilevel model of intermediate linkages. *Journal of applied psychology, 97*(2), 287.
- Apulu, I., Latham, A., & Moreton, R. (2011). Factors affecting the effective utilisation and adoption of sophisticated ICT solutions: Case studies of SMEs in Lagos, Nigeria. *Journal of Systems and Information Technology, 13*(2), 125-143.
- Bagorogoza, J., & de Waal, A. (2010). The role of knowledge management in creating and sustaining high performance organizations: The case of financial institutions in Uganda. *World Journal of Entrepreneurship, Management and Sustainable Development, 6*(4), 307-324.
- Bauer, T. N., Truxillo, D. M., Sanchez, R. J., Craig, J. M., Ferrara, P., & Campion, M. A. (2001). Applicant reactions to selection: Development of the selection procedural justice scale (SPJS). *Personnel Psychology, 54*(2), 387-419.
- Beauregard, T. A., & Henry, L. C. (2009). Making the link between work-life balance practices and organizational performance. *Human resource management review, 19*(1), 9-22.
- Becker, B.E. & Huselid, M.A. (1998). High performance work systems and firm performance: A synthesis of research and managerial implications. In G.R. Ferris (Ed.), *Research in Personnel and Human Resource Management, 16*, 53–101. Stamford, CT: JAI Press.
- Bloom, N., & Van Reenan, J. (2006). Management practices, work-life balance, and productivity: A review of some recent evidence. *Oxford Review of Economic Policy, 22*(4), 457–482.
- Boxall, P., & Macky, K. (2009). Research and theory on high-performance work systems: progressing the high-involvement stream. *Human Resource Management Journal, 19*(1), 3-23.
- Carlson, D., Kacmar, M. & Williams, L. (2002). Construction and initial validation of a multidimensional measure of work-family conflict". *Journal of Vocational Behavior, 56*, 249-76.
- Cheng-Hua, T., Shyh-Jer, C., & Shih-Chien, F. (2009). Employment modes, high-performance work practices, and organizational performance in the hospitality industry. *Cornell Hospitality Quarterly*.

- Chi, N. W., & Lin, C. Y. Y. (2011). Beyond the High-Performance Paradigm: Exploring the Curvilinear Relationship between High-Performance Work Systems and Organizational Performance in Taiwanese Manufacturing Firms. *British Journal of Industrial Relations*, 49(3), 486-514.
- Chiang, Y. H., Hsu, C. C., & Shih, H. A. (2014). Experienced high performance work system, extroversion personality, and creativity performance. *Asia Pacific Journal of Management*, 32(2), 531-549.
- Chow, W. S., & Chan, L. S. (2008). Social network and shared goals in organizational knowledge sharing. *Information Management*, 45, (7), 24-30.
- Clark, S. C. (2001). Work cultures and work/family balance. *Journal of Vocational Behavior*, 58(3), 348-365.
- Cocks, G. (2012). Creating benchmarks for high performing organizations. *International Journal of Quality and Service Sciences*, 4(1), 16-26.
- Colvin, A. J., Batt, R., & Katz, H. C. (2001). How high performance human resource practices and workforce unionization affect managerial pay. *Personnel Psychology*, 54(4), 903-934.
- Davoudi, S. M. M. (2013). Impact: Job enrichment in organizational citizenship behaviour. *SCMS journal of Indian Management*, 10(2), 106.
- Delery, J. E., & Doty, D. H. (1996). Modes of theorizing in strategic human resource management: Tests of universalistic, contingency and configurational performance predictions. *Academy of management Journal*, 39(4), 802-835.
- Drummond, I., & Stone, I. (2007). Exploring the potential of high performance work systems in SMEs. *Employee Relations*, 29(2), 192-207.
- Ferreira, P., Neira, I., & Vieira, E. (2012). The strategic approach to the high-performance paradigm: a European perspective. *Procedia-Social and Behavioral Sciences*, 58, 474-482.
- Fornell, C., & Larcker, D. F. (1981). Evaluating Structural Equation Models with unobservable variables and measurement error. *Journal of Marketing Research*, 18(1), 39-50.
- Gong, Y., Chang, S., & Cheung, S. Y. (2010). High performance work system and collective OCB: A collective social exchange perspective. *Human Resource Management Journal*, 20(2), 119-137.
- Gupta, V. (2011). Cultural basis of high performance organizations. *International Journal of Commerce and Management*, 21(3), 221-240.
- Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (1998). *Multivariate Data Analysis* (5th ed.). Upper Saddle River, New Jersey: Prentice Hall.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis* (7th ed.). Upper Saddle River, New Jersey: Prentice Hall.
- Haar, J. M., Russo, M., Suñe, A., & Ollier-Malaterre, A. (2014). Outcomes of work-life balance on job satisfaction, life satisfaction and mental health: A study across seven cultures. *Journal of Vocational Behavior*, 85(3), 361-373.
- Hackman, J. R., & Oldham, G. R. (1974;1975). Development of the job diagnostic survey. *Journal of Applied psychology*, 60(2), 159.

- Hausknecht, J. P., Day, D. V., & Thomas, S. C. (2004). Applicant Reactions to Selection Procedures: An Updated Model and Meta-Analysis. *Personnel Psychology*, 57(3), 639-683.
- Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of management journal*, 38(3), 635-672.
- Ihugba, O. A., Odii, A., & Njoku, A. C. (2013). Challenges and Prospects of Entrepreneurship in Nigeria. *Academic Journal of Interdisciplinary Studies*, 2(5), 25-40.
- Jayawardana, A., & O'Donnell, M. (2009). Devolution, job enrichment and workplace performance in Sri Lanka's garment industry. *The Economic and Labour Relations Review*, 19(2), 107-122.
- Jensen, J. M., Patel, P. C., & Messersmith, J. (2013). Exploring employee reactions to high performance work systems: Is there a potential "dark side. *Academy of Management Proceedings*, (1), 1-6.
- Karatepe, O. M. (2013). High-performance work practices and hotel employee performance: The mediation of work engagement. *International Journal of Hospitality Management*, 32, 132-140.
- King, S. (1995). US trends in HR best practice. *Management Development Review*, 8(6)34-38.
- Klaas, B. S., Semadeni, M., Klimchak, M., & Ward, A. K. (2012). High-performance work system implementation in small and medium enterprises: A knowledge-creation perspective. *Human Resource Management*, 51(4), 487-510.
- Kraimer, M. L., Wayne, S. J., Liden, R. C., & Sparrowe, R. T. (2005). The role of job security in understanding the relationship between employees' perceptions of temporary workers and employees' performance. *Journal of Applied Psychology*, 90(2), 389.
- Kroon, B., Van De Voorde, K., & Timmers, J. (2013). High performance work practices in small firms: a resource-poverty and strategic decision-making perspective. *Small Business Economics*, 41(1), 71-91.
- Lawler, E. (1986). *High-Involvement Management*. New Jersey, Jossey-Bass.
- Lawler, III., Mohrman E.E.E., & Ledford S.A. (1995). *Creating high performance organization: Practices and result of employee involvement and totality quality management in fortune 1000 companies*. San Francisco: Jorsey Bass.
- Lee, D. M. (2005). Hiring the best teachers: Gaining a competitive edge in the teacher recruitment process. *Public Personnel Management*, 34(3), 263-270.
- Liu, W., Guthrie, J. P., Flood, P. C., & MacCurtain, S. (2009). Unions and the adoption of high performance work systems: Does employment security play a role? *Industrial and Labor Relations Review*, 109-127.
- Linley A., & Garcea N. (2010). Engaging graduates to recruit the best. *Strategic Human Resource Review*, 9(6), 11-15.

- Mihm, C. (2004). *High-Performing Organizations: Metrics, Means, and Mechanisms for Achieving High Performance in the 21st Century*. United States General Accounting Office Washington, D.C. 20548.
- Neumark, D., & Cappelli, P. (1999). Do "High Performance" Work Practices Improve Establishment-Level Outcomes? National bureau of economic research.
- Ngo, H. Y., Foley, S., Loi, R., & Zhang, L. Q. (2011). Factors affecting the adoption of high performance work systems in foreign subsidiaries: An empirical investigation in Hong Kong. *International Journal of Employment Studies*, 19(2), 11-14.
- Nord, V.R., Fox, S., Phoenix, A., & Viano, K. (2002). Real world reaction to work life balance programs: Lessons for effective implementation. *Journal of organizational dynamic*, 30(3), 223-238.
- Okpara, J. O. (2011). Factors constraining the growth and survival of SMEs in Nigeria: Implications for poverty alleviation. *Management Research Review*, 34(2), 156-171.
- Oldham, G. R., Kulik, C. T., Stepina, L. P., & Ambrose, M. L. (1986). Relations between situational factors and the comparative referents used by employees. *Academy of Management Journal*, 29(3), 599-608.
- Patterson, M. G., West, M. A., & Wall, T. D. (2004). Integrated manufacturing, empowerment, and company performance. *Journal of Organizational Behavior*, 25(5), 641-665.
- Perry-Smith, J. E., & Blum, T. C. (2000). Work-family human resource bundles and perceived organizational performance. *Academy of management Journal*, 43(6), 1107-1117.
- Peterson, R. A., & Kim, Y. (2013). On the relationship between coefficient alpha and composite reliability. *Journal of Applied Psychology*, 98, 194-198.
- Pfeffer, J. (1994). *Competitive Advantage through People: Unleashing the Power of the Workforce*. Harvard Business School Press, Boston, MA.
- Pfeffer, J. (1998). *The human equation: Building profits by putting people first*. Harvard Business Press.
- Posig, M., & Kickul, J. (2004). Work-role expectations and work family conflict: gender differences in emotional exhaustion. *Women in Management Review*, 19(7), 373-386.
- Posthuma, R. A., Campion, M. C., Masimova, M., & Campion, M. A. (2013). A high performance work practices taxonomy integrating the literature and directing future research. *Journal of Management*, 81-84.
- Punia, B. K., & Garg, N. (2012). High Performance Work Practices in Indian Organisations: Exploration and Employees' Awareness. *Asia-Pacific Journal of Management Research and Innovation*, 8(4), 509-516.
- Reisel, W. D., Probst, T. M., Chia, S. L., Maloles, C. M., & König, C. J. (2010). The effects of job insecurity on job satisfaction, organizational citizenship behavior, deviant behavior, and negative emotions of employees. *International Studies of Management and Organization*, 40(1), 74-91.

- Richard, O. C., & Johnson, N. B. (2004). High performance work practices and Human resource management effectiveness. *Journal of Business Strategies*, 21(2).
- Rocha, E. A. G. (2012). The Impact of the Business Environment on the Size of the Micro, Small and Medium Enterprise Sector; Preliminary Findings from a Cross-Country Comparison. *Procedia Economics and Finance*, 4, 335–349.
- Sangeetha, (2010). Effective Recruitment: A Framework. *The IUP Journal of Business Strategy*, 7(1),19-23.
- Shih, H. A., Chiang, Y. H., & Hsu, C. C. (2006). Can high performance work systems really lead to better performance? *International journal of Manpower*, 27(8), 741-763.
- Sverke, M., De Witte, H., Näswall, K., & Hellgren, J. (2010). European perspectives on job insecurity: Editorial introduction. *Economic and Industrial Democracy*, 31(2), 175-178.
- Sub, S., & Sayah, S. (2013). Balance between work and life: A qualitative study of German contract workers. *European Management Journal*, 31(3), 250-262.
- Tagoe, N., Nyarko, E., & Anuwa-Amarh, E. (2005). Financial challenges facing urban SMEs under financial sector liberalization in Ghana. *Journal of Small Business Management*, 43(3), 331-343.
- Takeuchi, R., Lepak, D. P., Wang, H., & Takeuchi, K. (2007). An empirical examination of the mechanisms mediating between high-performance work systems and the performance of Japanese organizations. *Journal of Applied Psychology*, 92(4), 1069.
- Theriou, G. N., & Chatzoglou, P. D. (2009). Exploring the best HRM practices-performance relationship: An empirical approach. *Journal of Workplace Learning*, 21(8), 614-646.
- Wall, T. D., Michie, J., Patterson, M., Wood, S. J., Sheehan, M., Clegg, C. W., & West, M. (2004). On the validity of subjective measures of company performance. *Personnel psychology*, 57(1), 95-118.
- Way, S. A. (2002). High performance work systems and intermediate indicators of firm performance within the US small business sector. *Journal of management*, 28(6), 765-785.
- Yang, S. B., & Lee, K. H. (2009). Linking empowerment and job enrichment to turnover intention: The influence of job satisfaction. *International Review of Public Administration*, 14(2), 13-24.
- Yousef, D. A. (1998). Satisfaction with job security as a predictor of organizational commitment and job performance in a multicultural environment. *International Journal of Manpower*, 19(3), 184-194.
- Zhang, M., Di Fan, D., & Zhu, C. J. (2014). High-performance work systems, corporate social performance and employee outcomes: Exploring the missing links. *Journal of business ethics*, 120(3), 423-435.

