

Impact of High Performance Work Practices (HPWPs) on the Employee Agility

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Abstract: *In today's highly volatile and constantly changing business environment, adaptability of an organization's workforce holds key to its success. This raises the case for organizations to be agile to adapt to changing environmental factors. Considering this importance placed upon employees' agility, this paper sought to understand employee agility with respect to high performance work practices (HPWPs) with mediating role of satisfaction and commitment of employees. Results obtained via survey questionnaire from services industry of Pakistan reflected that HPWPs have a significant effect on employee agility.*

Keywords: *HPWP, Employee Agility, Job Satisfaction, Organizational Commitment*

1. Introduction

In today's highly volatile and constantly changing business environment, adaptability of an organization's workforce holds the key to its success (Gunasekaran 2001; Ramesh and Devadasan 2007; Ben-Menahem et al. 2013; Livari and Livari 2011). To fight for survival, organizations need to continuously adapt to their dynamic, changing environment (Zhang, 2011). This raises the case for organizational agility to adapt to changing environmental factors. Literature on agility looks at from different angles, including Organizational/enterprise agility (Kidd, 1994; Sherehiy Karwowski and Layer, 2007), agile manufacturing (Gunasekaran, 1999), and workforce agility (Sherehiy et al, 2007; Mudli, 2016).

Workforce agility, which in this paper is termed as employee agility has been scarcely studied. Emphasis has been placed in understanding manufacturing agility (Youndt, Snell, Dean and Lepak, 1997), but since research showed that agile manufacturing relies more upon the workers and less upon the technological mechanisms used (Upton, 1995), the emphasis in understanding organizational agility has shifted from manufacturing to the employees.

Considering this importance placed upon employees' agility, this paper seeks to understand employee agility with respect to high performance work practices (HPWPs) with the mediating role of Satisfaction and commitment of the employees. To give a direction to the study, the following research questions have been framed to provide a guideline for the research.

- How does the implementation of HPWPs impact employee agility in an organization?
- What effect does HPWP have on job satisfaction experienced by employees?
- What effect does HPWP have on organizational commitment displayed by employees?
- How does presence of job satisfaction of employees impact the relationship between HPWP and employee agility?
- How does presence of organizational commitment of employees impact relationship between HPWP and employee agility?

2. Literature Review

2.1. Employee Agility

Studies on employee agility have repeatedly shown its beneficial impacts on the performance of an organization (McClain et al., 2000; Van Oyen et al., 2001; Sawhney and Piper, 1999). It has been shown to be highly relevant in today's dynamic and constantly changing business environment. Bren, Hemingway, Strathern and Bridger (2002) state this importance of employee agility by mentioning it being one of the most important ability employees need to possess in today's workforce. Employee agility has been defined by Alavi, Wahab, Muhammad, and Shirani (2014) as the ability of the employee to effectively and timely respond to the change occurring and to utilize the change for maximum benefit.

On further analysis of the available literature regarding employee agility the concept can be divided into three categories with respect to how employee agility has been viewed. Researchers have viewed employee agility as an ability that an employee can possess. In this perspective Kidd (1994) states that an agile employee would respond to an occurring change efficiently, and can exploit the changes to use them as advantageous opportunities. Moreover, employee agility has been studied from behavioral perspective as well. Dyer and Shafer (2003) and Sherehiy and Karwowski (2014) have worked to define employee agility in behavioral terms. Dyer and Shafer (2003) explain employee agility by way of an outcome of adaptive, proactive and generative behavior. It focuses its view on how an employee's behavioral adaptability, and its ability to proactively prepare and respond to change increases his ability to be more agile.

It has been shown that organizational practices have an impact on the agility of its employees (Kathuria and Partovi, 1999; Sumukadas and Sawhney, 2004; Chonko and Jones, 2005; and Sherehiy and Karwowski, 2014). Organizational factors such as culture, information systems and collaboration (Chonko and Jones, 2005), organizational factors (Alavi et al. 2014), and HR practices of equitable reward, performance reviews, and job enrichment (Martin and Puig, 2013) have been studied with relation to employee agility to better understand how the employees can be helped and trained in becoming more agile.

2.2. HPWPs and Employee Agility

High performance work practices are a set of practices employed by the HR department (Boselie, Dietz, & Boon, 2005) to gain increased employee performance and organizational productivity. Numerous studies have been conducted that show the impact of HPWPs on the organization's productivity, employee satisfaction, and commitment (Appelbaum, 2000; Combs, Liu, Hall and Ketchen, 2006; Berg, 1999; and Wright, Gardner, Moynihan, & Allen, 2005). These practices include training and development, performance feedback, and teamwork (Tummers, Kruijen, Vijverberg, and Voesenek, 2013), job autonomy, and participation in team work (Tummers, 2015). These are just a few off the list of ten best HRM practices that Boselie et al (2015) states lead to high organizational productivity and employee performance.

As mentioned, studies have shown that HR practices of an organization can have an impact on the employee agility. The implementation of HPWPs, including training and development, feedback, job autonomy participation in decision making, and encouragement of teamwork, aim to increase employee performance and productivity, and therefore impact employee agility. Sumukandas and Sawhney (2004) stress the importance training and development has on employee agility, reasoning that employees can only perform flexibility to changing environment if they have been properly trained and developed to acquire the required skills for the change. Likewise, participation in decision making by the employees and their job autonomy increases employee interaction with constant changing forces, encouraging them to display flexible behavior (Sumukandas et al, 2004; Sherehiy and Karwowski, 2014; and Kidd, 1994). This autonomy in job functions and integration in decision making must be complimented with timely reviews and feedback to the employees to help them retain the right direction. This leads to our first hypothesis that aims to understand the relationship between HPWP and employee agility

H1: Implementation of HPWP will positively impact the employee agility.

2.3. Mediating Effect of Job Satisfaction and Organizational Commitment

Job satisfaction has been extensively studied in organizational sciences literature and various models have been proposed including task characteristic approach (Hackman and Oldham, 1975), integrated approach (Griffin, Bateman, Wayne, & Head, 1987) amongst others to better understand it in various situations. Job satisfaction plays an important role in organization's productivity, growth potential and its competitiveness (Millán, Hessels, Thurik, and Aguado, 2013). It has also been shown to have positive effect on the performance of an individual employee (Sousa-Poza and Sousa Poza, 2000; Milan et al, 2013).

Organizational commitment, being an important variable in understanding employee behavior has also been extensively studied (Mowday, Steers, and Porter, 1979). In aiming to define organizational commitment, researchers have viewed it from behavioral perspective (Salancik 1977; Staw, 1977), and from attitudinal perspective (Sheldon, 1971). An employee that is committed to the organization remains in the organization irrespective of the circumstances (Meyer and Allen, 1997).

Job satisfaction and organizational commitment are interrelated variables as stated by Buitendach and De Witte (2005) with job satisfaction having a strong impact on the organizational commitment of the employee (Summers and DeCotiis, 1987; and Mowday, Porter and Steers 1982). This interdependent relationship between organizational commitment and job satisfaction is therefore taken as the mediating variables to understand the relationship between HPWP and employee agility. This leads to the following hypothesis:

H2a: Implementation of HPWP will lead to higher job satisfaction

H2b: Implementation of HPWP will lead to higher organizational commitment.

H3a: Job satisfaction will mediate the relationship between implementation of HPWPs and employee agility.

H3b: Organizational commitment will mediate the relationship between implementation of HPWPs and employee agility.

3. Methodology

3.1. Measures

In order to develop content validity, the variables included in the study were the ones that had been used by credible researchers earlier.

For HPWP measures were adopted from the study of Trummer (2016) on proactivity and vitality. These measures include training and development, feedback from managers and co-workers, job autonomy, participation in decision making and team work. Sample question is "my job allows me the opportunity for independent thought and action".

Measures for employee agility used by Mudli (2016) and Wang et al (2016) have been used and the sample question is "I map my skills, benchmark for skill assessment and develop the skill".

For Job Satisfaction and Organizational Commitment, the study adopted the measures used by Ogbonnaya, C., et al, 2016. Sample questions are "I like my work in this organization" and "I feel pride in sharing with others that I am a part of this organization" respectively.

3.2. Sampling

500 questionnaires were administered through random sampling in selected organizations operating in the Services Sector of Pakistan. Esurv forms as well as personal visits were used to collect data. Out of 500 questionnaires, 85 questionnaires were got done through personal visits to the organizations and 195 responses were received through Esurv forms.

3.3. Validity and Reliability

In order to develop content validity, the variables included in the study were the ones that had been used by credible researchers earlier. The internal consistency or reliability of each variable is assessed by finding the Cronbach's Alpha.

4. Results

To analyse the data, Pearson correlation analysis, descriptive analysis, and multiple regression analysis have been used on a uniform data set using SPSS version 23.

Cronbach's Alpha test was applied to the research variables HPWPs, Employee Agility, Job Satisfaction, and Organizational Commitment to check the consistency. The result shows that Cronbach's Alpha for HPWPs, Employee Agility, Job Satisfaction, and Organizational Commitment are 0.841, 0.831, 0.916, and 0.872, respectively. This specifies data reliability since they meet the least acceptable level, as indicated by Schaufeli et al., 2006 and this ranges between 0.60 and 0.80. Tables 1-4 show the results obtained from the reliability analysis.

Table I: Cronbach's Alpha of HPWPs

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.841	.875	6

Table II: Cronbach's Alpha of Employee Agility

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.831	.850	8

Table III: Cronbach's Alpha of Job Satisfaction

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.916	.921	5

Table IV: Cronbach's Alpha of Organizational Commitment

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.872	.885	10

Moreover, to investigate the relationship between HPWPs and Employee Agility with mediating role of Job Satisfaction and Organizational Commitment, Correlation analysis was done. Table 5 shows that independent, dependent, and mediating variables are moderately positively correlated to each other. It can be further be seen that job satisfaction is weakly correlated with employee agility which means that even if job satisfaction increases, there is a lower likelihood of there being a relationship with employee agility. Overall, HPWPs, employee agility and mediating variables are positively correlated. Implementation of HPWPs will positively effect employee agility. This indicates if HPWPs are enhanced, this will have a noteworthy positive impact on agile characteristics and behaviours of employees. Likewise, implementation of HPWPs will lead to an increase in job satisfaction as well as organizational commitment. In the nutshell, HPWPs have a significant positive impact on employee agility. With these results, H1, H2a, and H2b will be accepted.

TABLE V: Correlation Analysis

Correlations

		Job Satisfaction	Organizational Commitment	Employee Agility	High Performance Work Practices
Job Satisfaction	Pearson Correlation	1	.653**	.543**	.505**
	Sig. (2-tailed)		.000	.000	.000
	N	280	280	280	280
Organizational Commitment	Pearson Correlation	.653**	1	.589**	.449**
	Sig. (2-tailed)	.000		.000	.000
	N	280	280	280	280
Employee Agility	Pearson Correlation	.543**	.589**	1	.607**
	Sig. (2-tailed)	.000	.000		.000
	N	280	280	280	280
High Performance Work Practices	Pearson Correlation	.505**	.449**	.607**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	280	280	280	280

** . Correlation is significant at the 0.01 level (2-tailed).

In addition to that, Regression Analysis was done to determine the impact of HPWPs on the Employee Agility. Numerical values of β , R², and t. stat in Table 6 indicate that each dimension of HPWPs is positively related with employee agility and mediating variables.

TABLE VI: Regression Analysis

Model	IV	DV	B	t.stat	P	R ²
1	HPWPs	EA	0.620	10.471	0.000	0.381
2	Feedback	EA	0.574	9.249	0.000	0.326
3	Decision Making	EA	0.343	4.819	0.000	0.113
4	Team work	EA	0.281	3.856	0.000	0.073
5	Job autonomy	EA	0.308	4.277	0.000	0.90
6	T&D	EA	0.349	4.914	0.000	0.117
7	HPWPs	JS	0.596	9.795	0.000	0.352
8	HPWPs	OC	0.611	10.168	0.000	0.369
9	JS	EA	0.596	9.795	0.000	0.352
10	OC	EA	0.468	6.990	0.000	0.215

Mediation analysis is further used to understand the impact of HPWPs on employee agility in presence of the mediating role of job satisfaction and organizational commitment.

Three steps method by Baron & Kenny, 1986 was used to test the mediation effect. In first step, regression was performed between independent variables (HPWPs) and mediator variables (job satisfaction and organizational commitment). Results showed significant impact of HPWPs on both job satisfaction and organizational commitment; similarly, in second step, regression was performed between independent variables (HPWPs) and dependent variable (employee agility). Results showed the significant impact of HPWPs on employee agility. Finally, regression was performed between independent variable (HPWPs) and dependent variable (employee agility) in the presence of mediating variables (job satisfaction and organizational commitment). Results still showed the significant impact of HPWPs on the employee agility but the strength of effect has been reduced. Thus, it established the partial mediation of job satisfaction and organizational commitment in the relationship of HPWPs and employee agility. These results lead to the acceptance of H3a and H3b that is Job Satisfaction and Organizational Commitment mediates the relationship between HPWPs and employee agility.

TABLE VII: Mediation Analysis

Model	IV	DV	B	t.stat	P
1	HPWPs	EA	0.620	10.471	0.000
2	HPWPs	JS	0.596	9.795	0.000
3	HPWPs	OC	0.611	10.168	0.000
4	HPWPs	EA	0.528	7.199	0.000
	JS		0.153	2.087	0.038
5	HPWPs	EA	0.574	9.249	0.000
	OC		0.281	3.856	0.270

5. Discussion and Implications

Agility is becoming the novel statement of organizations, when it comes to how corporations can effectively deal with volatile, dynamic and always fluctuating environments, the idea of “agile enterprise” is prime and prevalent. Agility of an enterprise is difficult without the agile employees. Businesses will have to redesign themselves to gracefully arrange resources to cater the fluctuating conditions. Results showed that HPWPs positively and significantly impact the employee agility. Precisely, results presented that all the dimensions of HPWPs are positively related with employee agility. Moreover, this study has measured the effect of HPWPs on the job satisfaction and organizational commitment and found that HPWPs positively and significantly regulate the job satisfaction as well as organizational commitment. In addition to this, this study indicated that job satisfaction and organizational commitment both are positively associated with employee agility. Finally, study examined that job satisfaction and organizational commitment mediates the relationship between HPWPs and employee agility and found that mediating role of job satisfaction and organizational commitment in the relationship between HPWPs and employee agility is significant.

6. Limitations and Future Recommendations

The potential limitations of this study are related to geographical constraints and also be constrained due to potential presence of subjectivity in the responses of the employees and representatives of the selected organizations. For future research, qualitative measures like interviews may be added to better understand this relationship.

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