

# The Impact of High Performance Work Systems (HPWSs) on Organizational Performance by the Roles of Job Design

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**Keywords:** High Performance Work System (HPWS), Job Design, Job Analysis, Job Specification, Skill, Knowledge and Abilities (SKAs).

**Abstract:** The changing nature of the 'job' has gained an increasing attention to examine the nature and substance of jobs and its impact on organizational performance. This paper aims to examine the relationship between organizational performance and job design in the manufacturing sector. The survey questionnaire was administered to the different categories of managerial level in the manufacturing firms in Kuala Lumpur and Northern Region through email and in person. The questionnaire consists of factors like; organizational performance, job design, job description, job specification and job analysis. The study is quantitative research approach. The collected data reveal that organizational performance and job design are positively related with each other. This study also shows that job design is a powerful tool to enhance organizational performance and could be considered as one of the HPWS components.

## 1 INTRODUCTION

The technology advancement in the workplace, changing in workforce, population demographics, customers preference and competition environment put a pressure on organizations to develop strategies to maintain its competitiveness in the marketplace. It requires to establish a strategic job analysis in ensuring jobs are critically relevant in the workplace. As defined by (Brannick and Levine, 2002) the job analysis is an organized process whereby the nature of a job is divided and established. The job related information and other related tasks and qualifications are the core functions in the human resource management (HRM) perspectives. The job analysis plays a vital role. It has an impact on the HR functions and significantly linked to the organizational performance (Bowin and Harvey, 2001). (Dessler, ) recognized on a strong Human Resource-Performance linkage for those organizations that are systematically implementing job analysis as a human resource strategy where they perform better with gain more in terms of benefits as compared to those who are not. By treating workers with respect and as capable and intelligent individuals, organizations find that workers are more committed to the organization and more trustful of management, which will result in improved perfor-

mance (Walton, 1985) .

The job analysis provides job-related information and determines the employee's skills, knowledge and abilities (SKAs) to perform certain job activities. Most of the researchers concluded that job analysis is a backbone and the cornerstone of the human resource practices (Huselid, 1994), (Huselid, 1995); (Delaney and Huselid, 1996) and enhance job retention, organizational performance and productivity. There are a few indicators of organizational performance such as human resource outcomes, organizational outcomes, financial or accounting outcomes and stock-market performance indicators as well as every part of product performance as explained by (Stankard, 2002). The job analysis output is a job description which outlines the job tasks, duties and responsibilities in relation to the technical and non-technical aspects of the job, its title, job summary, job duties, tasks and outputs. It is a written statement of the tasks to be performed by employees. As (Byars and Rue, 1984) further described, job description is a written narrative of the tasks to be performed and what it entails. Whereas, job specification is a written statement of qualifications, traits or behavioural perspectives needed by the tasks as well as physical and mental characteristics should be possessed by an individual to perform the job duties and responsibili-

ties. (Gatewood et al., 2015) concluded that the tasks and employee attributes of an assigned job are considered as worker-oriented or work oriented. This has led many scholars to examine the ways 'jobs' are created and designed to make it more open towards the continuous change in the workplace. The organization should ensure that jobs are continuously re-designed to keep them at pace with the changing in technology and other environmental factors. Job design has been expanded in the empirical studies recently (Parker et al., 2001) (Morgeson et al., 2012). The job design research initiated by (Hackman et al., 1975) through the development of Job Characteristics Model (JCM). The JCM's components of skill multiplicity, task distinctiveness, tasks implications, self-sufficiency and job feedback are positively related to employee motivation and high job performance.

It has been concluded that an integrated approach used by firm in managing their employees has a significant impact on firm performance (Becker et al., 1997) (Wright and Boswell, 2002) based on the theoretical perspectives (Lado and Wilson, 1994) (Jackson and Schuler, 1995) and empirical studies (Huselid, 1995) (MacDuffie, 1995). These integrated HRM practices have an impact on employees' performance in improving their skills, attitudes and commitment, which empowered them to make a good decision while performing their tasks (Batt, 2002) (Datta et al., 2005) (Guthrie, 2001). These practices yield employees' capabilities and subsequently have a positive influence on organizational performance. These HRM practices able to sustain the organizational core competencies, its people and crucially important for the effective implementation of the organizational strategy (Pfeffer, 2005).

## 2 LITERATURE REVIEWS

### 2.1 High Performance Work Systems (HPWSs)

The high-performance work systems (HPWSs) are the integration of innovative and interactive human resource management (HRM) practices or in other term, it is a bundle of HRM practices that contribute significantly to the firm better performance (Huselid, 1995). Researchers have proven that there is a positive link between HPWSs and organizational performance (Appelbaum et al., 2000) ; (Arthur, 1994); (Guthrie, 2001) ; (Youndt et al., 1996). High performance work systems (HPWSs) have been associated with the employees and organizational high job per-

formances. The HPWSs enhance employees' potential by improving their knowledge, skills and abilities (KSAs), motivation and commitment and eventually producing a high quality of performance (Appelbaum et al., 2000) ; (Huselid, 1995); (Youndt et al., 1996).

Previous empirically studies had identified a broad component of HRM practices in association to the HPWSs. Those practices are employment of employees (recruitment and selection), financial and non-financial compensation, flexible work schedule, communication amongst the group members, performance appraisal, training and development provided by employers, their commitment and innovation, employment security, career development, organizational structure, policies, procedures and practices, employee involvement and participation, promotion, grievance procedure and status distinction according to the position hold by employees (Arthur, 1994) ; (Baer and Frese, 2003); (Becker et al., 1998) ; (Boxall and Macky, 2007) ; (Chow, 2005) ; (Guthrie, 2001) ; (Huselid, 1995); ((Ichniowski et al., 1995) ; (MacDuffie, 1995). It is concluded that, the HPWSs are a set of integrated HRM practices.

It has been a lack of consensus pertaining to which HPWSs contribute to financial performance (Huselid et al., 1997), in the aspect of firm productivity (Guthrie, 2001) to employee commitment (Whitener, 2001), absenteeism (Guest and Peccei, 1994) and customer satisfaction (Rogg et al., 2001). Due to the existence of vast differences in such measures, the aggressive debates about the relationship between high performance work practices and firm performance occurred (Wright and Snell, 1998); (Guest, 1997); (Gerhart et al., 2000) on the causal relationships between these variables and linkages of HPWSs to employee outcomes and as well as to the organizational performance.

### 2.2 Job Design

The first major theory with respect to the job design constructed by Herzberg and his colleagues (Herzberg et al., 1959) where they distinguish between two types of factors, namely motivators (e.g. achievement, recognition, and responsibility), and hygiene factors (e.g. work conditions, pay, and supervision). According to Hertzberg's theory, a challenging job lead to higher achievement, recognition, advancement and growth amongst employees. Most of studies into work design theory is centred on the Job Characteristics Model (JCM) by (Hackman and Oldham, 1980) . The job design would help organizations and employees to survive in the turbulent marketplace (Hackman et al., 1975). The job characteristics approach to job

design is the most widely recognized model developed by (Hackman et al., 1975) as per Figure 1. This model contributes to a certain level of psychological states and employees' need for growth. The critical psychological states can be summarized in the three conditions. Firstly, the cognitive state is where employees perceive their valuable work contributions are crucial for the organization. Secondly, is the responsibility of employees, how they feel personally accountable for the work they do and its results. The next degree is when employees have an ability to understand how effective they are in performing their jobs, that is the results or outputs they produce. The job enrichment (JE), job engineering (JEng), quality of work life (QWL), socio-technical designs, the social information processing approach (SIPA) and the job characteristics are a variety of job design approaches.

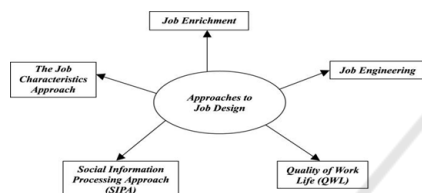


Figure 1: Hackman and Oldham Job Characteristics Model (1976)

### 2.3 Job Design and Organizational Performance

As indicated by (Loher et al., 1985) there is a positive relationship between job characteristics and job satisfaction and a high level of individual growth need strength (GNS). A study conducted by (Morrison et al., 2005) further proven that job designs lead to a high level job control amongst the employees and provides opportunities for the skills enhancement. In addition, the job design approach leads to high level of productivity through the perceived work demands by employees, job control and social support (Love and Edwards, 2005). (Sokoya, 2000) concluded that a combination of jobs, work and personal characteristics contribute to the high level of job satisfaction through the implementation of job rotation amongst managers of different jobs. This job design approach adds the benefit of task variety and increases the employees' performance. It was then further proven by (Bassy, 2002) that skills, task identity, task significance, autonomy, feedback, job security and compensation are the important determinants of employee motivation. Empirical studies have established that jobs and goal setting can enhance performance through a job design approach. A well designed jobs

have a positive impact on employees' satisfaction and the quality of performance. The job design in association to an expanded job characteristics, its outcomes in improving motivation, enhancing learning and developing organizations, innovation/creativity towards a high performance environment contribute directly to organizational outcomes, individual/group outcomes and social outcomes (Garg and Rastogi, 2006).

The high-performance work practices (HPWSs) contribute successfully in improving the organizational performance by having a mutual communication and integrating tasks amongst the employees to carry out their tasks and responsibilities. It is supported by (Bowen and Ostroff, 2004) that human resource practices contribute positively to the firm performance by integrating work practices and intensifying its adoption to a high level of degree across all relevant employee functions. The job design is able to build a systematic, symbiotic, task-induced, and high performance environment. Empirical studies have indicated that well designed jobs positively have an impact on both employee satisfaction and the quality of performance. Thus, it is proposed that a job design would improve the employees working behaviour and simultaneously contribute to the firm better performance. The employees work commitments and efforts are the strength of high-performance work practices. These notions lead to the development of Hypothesis 1;

Hypothesis 1. The job design has a positive impact on firm performance

## 3 RESEARCH METHODOLOGY

This study aims to examine the relationship of organizational performance and job design. The research instrument is a survey questionnaire, which comprised of three sections; Section A is on corporate profile data, Section B is related to demographic data and Section C is statements related to the job design and its relationship with organizational performance. The research study involved respondents in different categories of managerial level; Chief Executive Officers (CEOs), Human Resource Directors/Managers and Operation Managers of the manufacturing firms in Kuala Lumpur and Penang to complete a survey questionnaire, which asked them questions about their perceptions of the High Performance Work Systems (HPWSs) components of job design and their impacts on firm performance, and a series of questions relevant to respondents' biodata and corporate profile.

The survey questionnaire was administered through email and in person. A total of 1500

questionnaires was delivered and emailed to those manufacturers (MNCs and local manufacturing firms) in Kuala Lumpur and Northern Region. For manufacturers located in Penang, some of the questionnaires were delivered personally. The convenience sampling technique was used. The sampling list of firms, local manufacturing firms and MNCs were obtained from the Malaysia Productivity Corporation (MPC). Presently, there are 2000 manufacturing firms (i.e. SMEs, large firms) including MNCs registered with MPC. The sampling covers large manufacturing firms with an employment of more than 500 employees. The large local manufacturing firms and MNCs represent 25% of the list. The percentage of respondents involved is 420 respondents and considered as “reasonably representative” of the population organizations.

The respondents were asked about their perceptions based on 7 Likert-type scales from Strongly Disagree (1) to Strongly Agree (7) on the job design and organizational performance. For other measurements of organizational characteristics comprise of organization size (i.e. number of workforce) and the company’s ownership, the respondents furnished the factual data of their firms. The firm performance measurements were based upon the respondents’ perceptual judgment of the current performances of the firms associated with profitability level, productivity index and market growth with a range from (1) Above Industry Level; (2) Average Industry Level; (3) Below Industry Level and (4) At Par with other Industry Level. They were also required to estimate the percentage of perceived organizational performance on those performance indicators. These respondents are more likely to have wide experience and knowledge in human resource management policy and practices.

### 3.1 Respondents Profile

The majority of respondents is an operation manager from MNC and local company in Malaysia. Compared to local company, MNC appeared to have more respondents from the HR manager/ executive. Since most of the respondents were from the managerial positions and they have been actively involved in company operations and decision making, which shall ensure the reliability of the responses in reflecting the company they represented.

		Frequency	Percent	Valid Percent	Cumulative Percent
MNC	Hr Senior Manager	3	1.5	1.5	1.5
	Operational Manager	132	66.7	66.7	68.2
	Others	5	2.5	2.5	70.7
	HR Manager/Executive	58	29.3	29.3	100.0
	CEO	9	3.9	4.1	4.1
	HR Director	26	11.3	11.7	15.8
LOCAL	HR Senior Manager	25	10.9	11.3	27.0
	Operational Manager	133	57.8	59.9	86.9
	Others	29	12.6	13.1	100.0

Figure 2: Descriptive statistic for position by type of company.

## 4 FINDINGS

### 4.1 Reliability of Job Design

Figure 3 reports the Cronbach alpha reliability output for job design dimension, which has 10 indicators (measurement variables). Based on the table, the Cronbach alpha value of 0.926, which is higher than the 0.7 cut off point, suggesting that this dimension exhibited a good construct/ dimension reliability. In addition, all of the variables showed high corrected item-total correlation, hence no item should be omitted.

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
JD1	3.1748	2.125	0.798	0.952
JD2	3.1842	2.09	0.797	0.952
JD3	3.1628	2.126	0.815	0.951
JD4	3.1542	2.108	0.802	0.952
JD5	3.1799	2.112	0.813	0.951
JD6	3.1748	2.127	0.816	0.951
JD7	3.1565	2.123	0.819	0.951
JD8	3.1585	2.116	0.798	0.952
JD9	3.1663	2.111	0.81	0.951
JD10	3.1772	2.13	0.816	0.951

Cronbach alpha = 0.956

Figure 3: Cronbach alpha for Job Design.

### 4.2 Reliability of Firm Performance

Figure 4 reports the Cronbach alpha reliability output for firm performance dimension, which has 8 indicators (measurement variables). Based on the table, the Cronbach alpha value of 0.946 is higher than the 0.7 cut off point, indicating that this dimension exhibited a good construct/ dimension reliability. In addition, all of the variables showed high corrected item-total correlation, hence no item should be omitted.

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
FP1_P	2.3777	1.288	0.838	0.937
FP2_P	2.4124	1.301	0.769	0.942
FP5_P	2.4202	1.283	0.776	0.941
FP6_P	2.4439	1.269	0.807	0.939
FP7_P	2.4046	1.305	0.807	0.939
FP8_P	2.4034	1.295	0.811	0.939
FP9_P	2.4038	1.276	0.81	0.939
FP10_P	2.4003	1.293	0.822	0.938

Cronbach alpha = 0.946

Figure 4: Cronbach alpha for Firm Performance.

### 4.3 Relationship Between Job Design and Firm Performance

Based on the Figure 5, clearly the path was significant with a p value smaller than 0.05. Findings showed that, the job design had significant impact on the firm performance (FP) at 0.05 significance level. The positive BETA value tells that the job design factor has a positive impact on firm performance. In other words, with the implementation of job design-JD, the firm will likely result in higher performance.

Path	BETA	p value
FP ← JD	0.181	0.001

Figure 5: Regression Weight of direct effect.

with the organizational goals. Thus, the main purpose of implementing the job design is to diagnose what is needed for the job and job holders. The HR managers should play a critical role in instilling the perceptions of jobs and create competitive and strategic jobs by increasing levels of engagement and responsibilities and developing positive perceptions of the job design. The implication of this research work is, the organisations should consider orchestrating jobs with an emphasis on creating variety in people’s work, providing them with autonomy in the decisions as well as developing enriched and strategic jobs.

Future research should consider the relationship between the strategic jobs and organizational performance as jobs itself is the cornerstone of the HR practices. It should explore the effect of the strategic jobs in that link between organizational performance, individual outcomes with a mediating variable of job analysis. Thus, for both academicians and practitioners, creating a strategic job is vital in today’s human resource management system to capitalise the human potentials in increasing their intrinsic motivation, SKAs and work performance, and simultaneously improve the performance of an organization to effectively compete in the global marketplace

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## 5 CONCLUDING REMARKS

In this paper, it has been focused on the role of job design as a critical component of the High Performance Work Systems and its impact on organizational outcomes. The job design is one of the most effective approach to enhance employee performance. There are various approaches of design jobs to boost up employee motivation, increase productivity and enhance organizational growth. An implementation of the effective job design requires management to look at what aspects of the jobs are important and how it fits

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