

# **WORK ENGAGEMENT AS A MEDIATOR BETWEEN HPWS AND EMPLOYEES OUTCOMES**

BY

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PIDE2016FMSMS12

Final thesis of  
MS-Management Sciences  
(Human Resource Management)



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## CERTIFICATE

This is to certify that this thesis entitled: **“Work engagement as a mediator between HPWS and employees outcomes”** submitted by Mr. Shahbaz Yousaf is accepted in its present form by the Department of Business Studies, Pakistan Institute of Development Economics (PIDE), Islamabad as satisfying the requirements for partial fulfillment of the degree of **Master of Science in Management Sciences**.

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## *Dedication*

This work is dedicated to my caring Parents, Family and admiring Teachers.

## **Acknowledgement**

There is no God but Allah, and Muhammad (Peace Be Upon Him) is his messenger. I am solely obliged to Allah almighty for his blessings, my efforts were nothing but his blessings enabled me to complete this project. I thank Almighty Allah for giving me courage, determination and spirit to conduct this study.

I also express my kind gratitude to my sweet Family for their continuous support and care. For sure, this project is nothing but an outcome of their sincere support & prayers. I also proudly express my feeling filled with love for my all-family members, who always dreamed superior position for me.

I am deeply thankful for the contributions of my supervisor **Prof.Dr. Khurram Shahzad** in the field of research. His style of teaching and the way he takes the class has really helped me to define him as an ideal teacher.

He is my role model in the field of HRM research, and I know he will always server as a source of inspiration for me and for many others.

**Shahbaz Yousaf**

## **DECLARATION**

I, Shahbaz Yousaf, M.S/M.Phil student in the subject of Management Sciences, hereby declare that the matter printed in this study has not been printed, published and/or submitted as research work, dissertation or publication in any form in any university in Pakistan or abroad.

***Shahbaz Yousaf***

## ***Abstract***

*A number of studies have considered the effects of HPWS on firm level performance, however few studies has examined the significant impact of HPWS on employees job outcomes. On recent calls in the literature this study is carried out to inspect the growing impact of HPWS on employees' outcome of job performance, innovative work behaviors and OCB with a mediating role of work engagement. Specifically, drawing upon the social exchange theory this study tested and assessed how the relationship between HPWS and JP, IWB and OCB are mediated by work engagement. For this purpose employees working in the banking sector at Islamabad and Rawalpindi were sought to respond to a self-reported questionnaire which measured HPWS, JP, IWB, OCB and work engagement. A total of 343 employees' participated in the survey. Data was assessed by correlation, regression and mediation analysis for type of relationship among variables. Results provided support for hypotheses except one hypothesis regarding mediating effect of work engagement between HPWS & OCB. The hypothesis was rejected. Additionally, these results function as a process wherein HPWS serves to strengthen HRM policies in the benefit of both employees and organization. Further, this paper also presents the theoretical and managerial implications of the study.*

**Keywords:** High Performance Work Systems (HPWS), HPWP, Work Engagement, Innovative work behaviors, Job Performance, OCB, Social Exchange

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## List of Abbreviations

<b>HPWS</b>	High Performance Work System .....
<b>HCWS</b>	High Commitment Work System.....
<b>HPHRP</b>	High Performance Human Resource Practices .....
<b>SHRM</b>	Strategic Human Resource Management .....
<b>HCM</b>	High Commitment Management .....
<b>HPWP</b>	High Performance Work Practices .....
<b>LMX</b>	Leader Member Exchange Relationship .....
<b>HIS</b>	High Involvement System .....
<b>JP</b>	Job Performance .....
<b>IWB</b>	Innovative Work Behaviors.....
<b>OCB</b>	Organizational Citizenship Behaviors .....
<b>WE</b>	Work Engagement .....
<b>AMO</b>	Ability, Motivation, Opportunity .....
<b>JS</b>	Job Satisfaction .....
<b>NWRP</b>	Non Work Related Work Behaviors.....
<b>EC</b>	Employee Commitment.....
<b>TI</b>	Turnover Intentions.....
<b>OPS</b>	Organizational Perceived Support.....
<b>FMCG</b>	Fast Moving Consumer Goods .....
<b>SS</b>	Selective Staffing .....
<b>EE</b>	Employee Engagement .....
<b>CO</b>	Career Opportunity .....
<b>TW</b>	Team Work.....
<b>JS</b>	Job Security .....
<b>JDR model</b>	Job Demand Resource Model .....

# CHAPTER 1: INTRODUCTION

## 1.1 Background of the Study

A world of rapid informational, technological and social changes are providing people with extended opportunities to bring their influence on events that affect their lives (Bandura, 2007). The study of individual and collective agency is contributing to human development. The emergence of high performance work systems (HPWSs) has established a growing context for study of individuals' attitude and behavior in the organization. Literature on HPWS reveals that HPWS has strong relation with employees' job attitudes like; commitment and job satisfaction (Mathieu and Zajac, 1990). In a study by Macky and Boxall (2007) from a sample of 424 found that employees' perception of HPWS directly correlates with affective and behavioral commitment.

Academic research shows that HRM practices are a vital source of sustainability in the organization (Kochan and Dyer, 1993; Pfeffer, 1994). Studies reveal that HPWS being a vital component of HR department facilitates organizations to be more stable and efficient to get competitive advantage over other firms (Zhang et al., 2018; Aryee et al., 2012; Liao et al., 2009.). Organizations which operate sustainably can satisfy economic, environmental and human dimensions of performance.

HPWS (continuous training, high compensation, merit based performance appraisal, selective hiring, and job security) provide employees a motivation needed to deliver high-quality service in the organization (Liao, Toya, Lepak, and Hong, 2009; Changa, and Chenb, 2014). Studies reveal that organizations have given more attention to financial and

economical dimensions as compare to human dimension as major source of sustainability. This sense of responsibility gives rise to adoption of HPWS in the organizational setup. High Performance Work systems (HPWSs) refers to a group of unified HRM practices (recruitment, selection, incentives, compensation, training & development, performance management and employee engagement) that are considered to improve employee attitudes, skills and abilities(Changa, and Chenb, 2011; Huselid, 1995; Datta, Guthrie, & Wright,2005 and Way, 2002). By using High Performance Work Systems an organization operates by increasing not only ‘knowledge, skills, and abilities of employees’ but also motivating and empowering employees’ to act (Becker & Huselid, 1998 and Delery & Shaw, 2001).

HPWSs such that flexible working conditions, procedures for airing grievances, Job Security and market competitive wages increases motivation by increasing commitment for engagement at work (Pfeffer, 1998 and Youndt, et.al, 1996). Different interchangeable terms have been used for HPWS such that high performance work practices(HPWP), high involvement organizational system, high commitment management system, high performance employment system etc. The importance of HPWS can be well understood in the theoretical context of social exchange (Blau, 1964)and ability, motivation and opportunity model (Zhang, Akhtar, Bal, Long, Zhang, and Ma, 2018).

HR practices and system indicates that social exchange establishes not only norms of exchange but also specifies the resources of exchange between employer and employee.

According to Blau (1964), social relations/exchanges are ‘discretionary and voluntary behaviors’ which may be initiated by employer’s treatment of its employees, with the

expectation that such treatment will motivate employees to act accordingly. In view of this assumption, if employees' perceive HR practices beneficially, in response employers will also expect them to show productive behaviors like; job satisfaction, commitment and high work engagement which are valued by the organization. This assumption is found consistent with many studies, where HR practices have been considered as vital factor in this exchange process(Changa, and Chenb,2014).

Moreover, AMO model influences organizational performance by effecting employees ability, motivation and opportunity to contribute in the organization (Gerhart, 2005). Many HR practices (pay, benefits, rewards, training and development etc.) reflect higher level of rewards offered to the employees. Conceptualizing how HR policies affect employees job performance and organizational environment has great importance and center of consideration in HRM theory and research (e.g. van Veldhoven 2005; Veld, Paauwe and Boselie 2010 and Mossholder, Richardson and Settoon 2011). According to Lepak et al. (2006) conducting a research in an area which classifies the kind of policies and performance climate that management must adopt for a particular organization has a center of important in HRM.

The HR system has its impact at four levels of the organization that include: employee (HR), organizational, financial and market level as theorized by Dyer and Reeves (1995).In the organization, managers mostly seek to create a climate for service, innovation or occupational safety and so on. Employee's perception of HR systems is influenced by the experience of the coworkers perceived from HR practices that exist in the organization (Bowen & Ostroff, 2004). HR system helps to improve quality of relationship among peers and management (Leana and Van Buren 1999).

While describing HR system; it is managers desire to implement HR practices according to organization's culture to set a kind of climate in the organization (Delery and Doty 1996; Kehoe & Collins 2008). HPWS being a key system in HRM, possess a certain systematic effect on employee as well as organizational performance and it is needed in today's complex organizational setups. HPWS bundles up HRM functions into a system. As per MacDuffie's (1995), in HPWSs' bundling' of HR policies is complex; "it is to combine practices into a bundle, which shapes the pattern of relations between and among managers and employees".

HPWS being an organizational architecture bundles up HR practices, processes, information and skills in such way that creates fit among them for the reason to maximize employee skills, knowledge, commitment, flexibility, and contribution. HPWS being a productive approach has positive effects on employees as well as organizational performance. Prior studies suggest that positive results are followed when employees are provided with HPWS. Moreover, High Performance Work Systems (HPWS) helps in management of performance through selective recruitment, merit based selection, competitive compensation, extensive employee involvement, training and development and knowledge sharing.

According to Changa, and Chenb(2011) employee affective commitment and their human capital have an indirect effect on HPWS and job performance and also HPWS has a direct effect on job performance of the employees. Similarly, HPWS by shaping employees behavior and attitudes effects organizational outcomes (Huselid, 1995). HPWS creates an environment of employee engagement to accomplish organizational goals and employees' job satisfaction (Eisenberger, Cummings, Armeli, & Lynch, 1997). Earlier

research also shows that such practices e.g. HPWSs emphasize high quality services, high engagement and empowered work places. However, adoption of these practices is associated with efficient business performance. By adoption of HPWS an organization can gain greater impact for organization.

The results or impact of HPWS is dependent on its implementation in the organization. It is evident that a range of methodologies and measures have been used to implement HPWS in the organization and different results have been followed. From the literature it is revealed that research to date has not empirically examined the social mechanisms and proposed outcomes (commitment, job performance, innovative behaviors) of HPWS,(Sun, Aryee, Law, 2007; Whitener, 2001).As noted this paper follows the results of HPWS on employees' attitudinal and behavioral outcomes at work place. Although many studies have considered various organizational outcomes of HPWS but less attention has been given to consider employee attitudinal and behavioral impact of HPWS. The causal effects of HPWS on employee attitudinal and behavioral aspects require further attention or research in the area.

Accordingly, this paper proposes a model in which work engagement is considered as mediator between HPWS and employees attitude of job performance, OCB and innovative work behaviors. This paper also argues that how come employees attitude be changed by adopting High Performance Work Systems in the organization. In this paper the proximal effect of HPWS on employee attitude of Job Performance, Organizational Citizenship Behavior, and Innovative Work Behaviors with a mediating role of Work Engagement is also considered. Building upon social exchange (Blau, 1983) and Information Processing theory, this paper also examine that how HPWS relates to



employee attitude (Work place Engagement, Innovative Work Behavior and Organizational Citizenship Behavior).

## **1.2 Research Gap**

To survive in such a complex business environment organizations' need to perform competitively. Competitiveness is prioritized as a major factor in policy matters of the firm. However, organizations are continuously losing ground for competitiveness in employee performance due to non-adaptability of a competitive strategy for employees. Employees are considered as most valuable assets of an organization. A rapid change in the technological, social and mechanical world has enabled employees to present their impact as powerful influence for the situations that affect their lives (Bandura 2007). Some organizations face serious threat of long term issues that cause them continuous decrement in the productivity of employee's performance. However, the emergence of HPWS has become a major source to enhance HRM practices in the organization.

More specifically, HRM as a whole is being considered in the light of sustainability all over. Some of the studies in the field of HRM have explored the impact of HPWS practices on firm level innovation (e.g. Armstrong et al., 2010; Cabello-Medina et al., 2011; Jimenez Jimenez and Sanz-Valle, 2008; Laursen and Foss, 2003; Shipton et al., 2005). However, Basic mechanisms through which HPWS influences employee's job outcomes (e.g. job performance, innovative work behaviors and OCB) require further investigation. High Performance Work System has been discussed as enrich researched area but this study is unique in its attempt that HPWS has been checked in few of the studies in perspective of Employee engagement as a mediator with Job performance,

Innovative Work Behavior and Organizational Citizenship Behavior. HPWS being a driver of competitive advantage has its impact on employee attitudes at individual level and strategies at organizational level. Studies have shown that High Performance Work System is checked for desirable results pertaining to employees performance such that OCB, commitment with the organization and job satisfaction (Korff, Biemann, & Voelpel, 2017; Messersmith, Patel, & Lepak, 2011; Takeuchi, Chen, & Lepak, 2009; Zhang et al., 2018; Kehoe & Wright, 2013; Jiang et al., 2013).

HPWS as a positive tool when combined with Employee engagement at work place is expected to enhance job performance, trigger Innovative work behavior in the employees and lead employees towards organizational citizenship behavior. Literature on HPWS shows that in the earlier studies; impact of HPWS has been studied in the organizational perspective but it lacks clear understanding of employee perspective. Few studies have considered the impact of HPWS on employees' job outcome.

Prior studies on HPWS have shown different results for performance and employee attitudes. Such as Combs, Hall and Ketchen (2006) tested the Impact of HPWS on organizational performance and individual practices. Results reveal that HPWS has direct effect on firm performance but different results were followed for individual practices, On the other hand Arocas and Camps (2007) presented a framework of HPWS and employee turnover intention. The study considered job satisfaction and commitment as mediator between HPWS and employee turnover intention (Whitener, 2001; Rhoades et al., 2001; Allen et al., 2003), diverse results were obtained due to different HR practices. HRM department of any organization deals with the most valuable assets e.g. human resources.

This paper attempts to check the impact of HPWS on outcome variables such that job performance, innovative work behaviors and organizational citizenship behavior namely OCB along with the mediating effect of work engagement. There is need for further investigation and better understanding of HPWS as a tool for performance management of employees as well as organization.

**Statement of Problem:** In such a diversified and high work demand High performance work system and employee job outcomes (such as; work engagement, Job performance, Innovative Work Behavior and OCB) have always been of great importance for the organization. Employee engagement, creativity and job performance have direct impact on organizational performance. The way an organization manages its employees has an impact on employees as well as organizational performance. HPWS being a vital tool is believed to augment organizational outcomes by shaping employee behaviors and attitudes (Huselid, 1995).

Studies suggest that there is need for further extension of the literature with exact relationship of HPWS on employees' job outcomes and organizational climate Takeuchi, Chen, Lepak, (2009). HPWS is believed to bring more implication for employees because good job performance and creativity requires good working environment, managerial support and knowledge, skills especially when coping up stress or challenge during the work (Buruck et al, 2016). Keeping in view the importance of HPWS this study by its attempt investigates; What is the impact of HPWS and WE on employees Job performance, Innovative Work Behaviors and organizational citizenship behavior? **And**

Whether Work engagement mediates between HPWS and JP, IWB & OCB?

This study in its attempt aims to answer the following main questions:

### **1.3 Research Questions**

1. How HPWS relates to employees job performance, innovative work behavior, OCB and work engagement?
2. What is the impact of work engagement on employees' Job Performance, Innovative Work behaviors and OCB
3. Whether work engagement mediates the positive relationship between HPWS and JP?
4. Whether work engagement mediates the positive relationship of HPWS and IWB?
5. Whether work engagement mediates the positive relationship of HPWS and OCB?

### **1.4 Objectives of the Study**

The following are the research objectives of the study:

1. To investigate the relationship between HPWS and Job Performance
2. To investigate the relationship between HPWS and Innovative Work Behavior
3. To investigate the relationship between HPWS and OCB
4. To examine the relationship between HPWSs and Work Engagement
5. To examine the relationship between Work Engagement and JP
6. To examine the relationship between Work Engagement and IWB
7. To examine the relationship between Work Engagement and OCB
8. To investigate the mediating effect of work engagement between HPWS and JP.
9. To investigate the mediating effect of work engagement between HPWS and IWB.
10. To investigate the mediating effect of work engagement between HPWS and OCB.

## **1.5 Significance of the Study**

Human resource management (HRM) deals with the most valuable assets of an organization i.e. human resources (employees). In such a diversified and complex business environment organizations need to acquire a variety of progressive HR practices to standardize employee and organizational competitiveness.

This study by its findings directs the attention of decision makers and HR managers toward the assumption that there is need for adoption of a comprehensive HRM practices such as HPWS in the organization to provide employees with competitive environment, because most of the organizations suffer the results of mismanagement and not being proactive in providing competitive environment to the employees. Results of this study are valuable to the employees and human resource managers in managing employees' job performance and attaining strategic goals through HPWS. Further, HPWS methodology is a crucial technique that will resolve issues faced by employees and organizations which need to be addressed.

This study also results in formulation of a process/model to enhance employees' job performance, trigger innovative work behaviors and OCB in the organization to gain competitive edge on forefront. HPWS has a significant impact on performance and productivity of employees and organization. Thus, it is worthy and valuable contribution to the literature of human resource management.

## **1.6 Definitions of Study Variables**

### **1.6.1 High Performance Work System (HPWS)**

HPWS refers to a group unified HRM practices that are combined to enhance employees' skills and abilities (Aryee et al., 2012; Datta, Guthrie, & Wright, 2005; Huselid, 1995).

High performance work system emphasizes flexible job assignments, rigorous staffing which provide employees with extensive opportunities to learn and develop their skills and competitive compensation (Batt, 2002, Datta et al., 2005, Delery & Shaw 2001, Zacharatos, Barling, & Iverson, 2005).

### **1.6.2 Work Engagement (WE)**

According to Kahn (1990) work engagement is a unique motivational concept which involves: the harnessing of an employee's full self in terms of physical, cognitive, and emotional energies to work role performances.

The concept of work engagement refers to the degree to which an employee exhibits high job involvement identifies strongly with his or her job and thinks about the job even when outside of work (Kanungo, 1982).

### **1.6.3 Job Performance**

Employees' job performance consists of distinct set of activities that contribute to an organization in different ways (Campbell, 1990).

### **1.6.4 Innovative Work Behavior**

According to De Jong (2006) Innovative behaviors refer to "individuals' behaviors directed toward the initiation of new and useful ideas, processes or procedures within a work role, group and organization (p. 19)". It's a complex work behavior which involves generation and application of new ideas intended in the work role or organization with a aim at improving organizational performance (Agerwal, 2014 and Janssen 2000, 2005).

### **1.6.5 Organizational Citizenship Behavior (OCB)**

According to Organ(1988), Organizational Citizenship Behavior (OCB) is defined as “individual’s discretionary behavior that is not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization”.

### **1.7 Chapter conclusion**

This chapter has highlighted need for consideration of human dimension as a source of sustainability and competitive advantage in comparison to economic and financial dimensions which are given more attention for success of the organization. The competitive advantage of the organization in terms of productivity, innovation and quality of service must be addressed by focusing more on competitive skills, abilities, motivation and opportunities of employees working in that organization. The human resource of is considered as the key asset for any organization. Similarly, this chapter highlighted the need for adoption of HPWS as a tool to enhance and make working conditions flexible for the employees. In the case of banking sector of Pakistan with all other factors success depends on employees’ work engagement, innovation and better job performance.

This chapter by its discussion identifies a link between HPWS in relation to job performance, innovative work behaviors and OCB. With the extent literature and theoretical perspective the next chapter will provide a review of literature and describe the link among study variables such that HPWS, JP, IWB, OCB and WE along with mediating effects of WE. On the basis of theoretical perspective and literature hypothesis of the study will also be proposed in the chapter.

## **CHAPTER 2: LITERATURE REVIEW**

### **Introduction**

Previous chapter dealt with the background information regarding importance of HPWS, innovation, and work engagement for competitiveness of organization and employees. It also identified individual and firm level factors that are considered to influence the productivity and ability of employees and firms to be competitive and innovative in such a complex working environment. This study considers HPWS practices such that (Hiring, Recruitment, Selection, Training and Development, Compensation and Performance Management) as area of concern. This chapter with extent literature aims to introduce the key concepts or topics of the study and then identifying areas of debate in the concerned topics.

Moreover, drawing upon social exchange theory a review of literature in areas like; HPWS, job performance, innovative work behaviors, OCB and work engagement will be provided. On the basis of theory and literature this chapter provides rational for the hypothesis that are tested and analyzed in the study. This chapter is based on different sections like; section 2.1.1 to 2.1.3 reviews and examines the theoretical perspective and empirical evidence of key concept HPWS in relation to job performance (JP), innovative work behaviors (IWB) and OCB.

This section also examines the impact of HPWS on JP, IWB and OCB for competitive advantage. In the same way section 2.2.1 to 2.2.3 reviews in detail the literature regarding work engagement and rest of the other variables of the study such that JP, IWB and OCB. Moreover, this section with the help of theory and literature takes into account how Work engagement impacts JP, IWB and OCB and hypothesis will be proposed. Finally, section



2.3 will review theoretical perspective regarding mediating effect of work engagement on independent variable (HPWS) and dependent variables (JP, IWB and OCB).

## **2.1 Theory and Hypotheses**

### **2.1.1 HPWS and Job Performance:**

The literature on Human Resource argued that HRM practices have a significant potential to gain sustainable competitive advantages (Kochan and Dyer, 1993; Pfeffer, 1994). Studies also suggest that HR practices of shaping individual attitude and behavior affects organizational and individual outcomes (Huselid, 1995). Similarly, research on Job performance shows that HRM policies/practices have significant impact on people and organizational performances such as Training, Information Sharing etc. that are components of HPWS. Number of studies has emphasized on the perspective that the way an organization manages employees' influences performance (Delaney, and Huselid, 1996). High performance work system by creating conditions of work engagement and commitment increases organizational performance (Eisenberger, Cummings, Armeli, & Lynch, 1997). HPWS has received more attention for their effect on employee performance generally and organizational performance specifically.

Studies suggest that HPWS being a vital tool of HR enables organizations to get competitive edge over other organizations (Zhang et al., 2018; Aryee et al., 2012; Toya et al., 2009; Bowen & Ostroff, 2004; Liao et al., 2009,). HPWS is the use of comprehensive and consistent HRM practices intended to enhance employee commitment as well as motivation (Aryee et al., 2012; Datta et al., 2005). Previously, HPWS is studies and linked with number concerns for employees like; High commitment, improved performance, Job satisfaction and Increased OCB (Zhang et al., 2018; Kehoe & Wright,

2013; Jiang et al., 2013; Korff, Biemann, & Voelpel, 2017; Messersmith, Patel, & Lepak, 2011; Takeuchi, Chen, & Lepak, 2009) A study by Combs, Liu, Hall and Ketchen (2006) has suggested positive relationship of HPWS with organizational performance. It is an outcome of HPWS to motivate employees for performing discretionary behaviors in the benefit of organization (Bailey, 1993). HPWSs involves selective staffing, higher compensation, merit based performance appraisal, and flexible promotion policies which motivates employees' while performing on the job (Delery & Shaw, 2001; Huselid, 1995). HPWSs through employees' job security, flexible working conditions and procedures for airing of grievances may increase motivation by increasing employee commitment to perform on the job (e.g. Pfeffer, 1998; Youndt, Snell, Dean, & Lepak, 1996).

More specifically, some studies have shown that HPWS enhances innovation which in turn contribute positively to business performance through high commitment, knowledge sharing, cultural development and strategic policies of the firms Jiménez-Jiménez and Sanz-Valle (2008); Cabello-Medina et al. (2011); De Saá-Pérez and Díaz-Díaz's (2010); and Wei et al. (2011). Strategic HRM findings suggest that uniting of HR practices into a synchronized system increases value of HPWSs (Delery, 1998; MacDuffie, 1995) because HPWS creates additive effects on performance (MacDuffie, 1995), secondly, practices at HPWS reinforce another (Delery, 1998; Huselid, 1995).

HPWS is believed to enhance employees' motivation to generate new ideas and perform creatively in the organization (Lepak et al., 2007). According to some studies in the absence of flexible job design and supportive system (e.g. HPWS) even knowledgeable, skilled, and motivated employees will not deploy their discretionary time and talent to act

or behave accordingly (Bailey, 1993; Huselid, 1995). A number of studies have emphasized with degree of evaluation on implementation of HPWS practices in competitive organizations. According to Huselid's (1995), HPWS of hiring, compensation, training and development and performance management have an impact on employee job performance and productivity. A study by Dalaney and Huselid (1996) found that employees' perception of organizational performance positively relates to HPWS. Strategies of performance management (hiring, team work, training and development, competitive compensation) also positively relates to HPWS (Hiltrop, 1999). Moreover, diversity of work practice is considered as source of implementing high performance work culture. Little consistency has been found with regard to the HRM practices and organizational performance (Gerhart et al. 2000).

In some studies contradictory results were found for different HR practices when the role of job satisfaction and commitment is studied as mediator between HPWP and turnover (Rhoades et al., 2001; Whitener, 2001; Allen et al., 2003). Whitner (2001) and Allen et al. (2003) in their studies showed direct relationship between perceptions of organizational support and employee commitment. But both the studies were conducted in different context like; in the Whitener's study, HR practices are considered as a moderator variable, while in the Allen et al. study these practices are deemed predictor variables.

Similarly, a study by Lio, Toya, Lepak, P.D and Hong (2009) examined how employee and organizational perspectives relate to individual's performance in the service context. Results reveal that through mediation of human capital; employee perspective of HPWSs has positive impact on employee service performance. Further, organizational support

positively associates with employee service performance through mediation of human capital and psychological empowerment. On the other hand study also reveals that human capital is found to positively relate with management perspective of HPWSs in both types of service performance.

In this context further clarification is needed regarding influence of human resource practices such that HPWS on individual outcomes like; turnover decisions (Guest, 1999; Allen et al., 2003). However, a number of studies have been conducted to find the relationship of HPWS and Individual attitudes (Turnover intention, Job Satisfaction, commitment, etc.) but HPWS has not been checked with job performance as a whole. On the basis of above literature it is hypothesized that

***H1a: High Performance Work System positively relates to Job Performance***

### **2.1.2 HPWS and Innovative Work Behaviors**

Employees' innovative behavior or creativity is considered one of the most important contributors in organizational success. Innovative behaviors are defined as the use of new valuable ideas created and used within a team or in the organization (Agarwal, 2014; Niu, 2014; Prieto & Pérez-Santana, 2014). Further employees can use innovative behaviors or new working methods to enhance the working procedures and products. According to Agarwal (2014) an engaged work force is a cornerstone of competitive advantage for any company. Through innovative behaviors, flexible environment and identification of areas for improvement an organization can get competitive position in the market based on employees' willingness and engagement in creativity (Scott & Bruce, 1994). According to Schimansky, (2014), employees' abilities, motivation and opportunities to participate in the organization is positively influence by HPWS.

Additionally, HPWS enables and encourages employees to be innovative. The outcomes of HPWS and innovative work behaviors suggest positive association between these two variables. On the other hand creating an innovative environment at work, supports employees positive perception of organization that as a result stimulates innovativeness in the employees. According to (Niu, 2014) *“Innovation or creativity is vital in today’s knowledge economy, as only by encouragement of innovative behavior of their employees organization’ scan obtain and maintain sustainability”*. The importance of innovativeness of employees can be imagine from this quotation that innovation is central for competitive advantage. According to Prieto & Pérez-Santana, (2014), generating innovative behaviors is vital in today’s complex and dynamic environment because organizations operate in a complex environment.

However, a rapid change enforces organizations to adopt innovative work behaviors. Organizations even recognized that through employee’s innovative behaviors, differentiation and innovation in processes can result in competitive advantage (Kehoe & Wright, 2013). There are different strategies through which organizations can achieve competitive advantages such that differentiation and lower cost etc. HPWS has its impact on both individual behaviors/attitude and organizational performance. HPWS at organizational level emphasizes decentralization approach rather centralized, it is because HPWS enables and appreciates problem solving and decision making at the level the problem exists. Through individual and collective knowledge, skills and abilities employees are expected to generate and implement creative ideas (Lepak et al., 2007; Lopez Cabrales et al., 2009).

According to Rao, et.al (1998) companies have a sense of bringing innovation in their process and products but some just talk about innovation and other try to do it, and only a few successfully analyses and implement innovation. It is because being innovative in such a complex environment is not easy. Scholars are of the believe that HPWS and organizational climate can be used to provide flexible and suitable environment to employees for innovation and creativity to empower organization and gain competitive advantage over competitors. Organizations by establishment of innovative climate can motivate employees for practice of innovative behaviors (Shipton, Fay, West, Patterson and Birdi, 2005).

Employees on the other hand perceive organizational climate and shape their understanding of organizational desired goals. Human Resource practices or system is an effective tool to increase employee's commitment and innovative behaviors. The aim of HR system is to increase employee's innovative behaviors or commitment. HPWS being an effective approach can enhance employee's innovative behaviors through comprehensive trainings, parental leadership, extensive reward system and flexible working conditions. Literature on HR system and HPWS shows that HR practices has certain influence on employee's attitude and behaviors such as commitment, ability, motivation and creativity. However, implementing suitable HR practices and establishing flexible system like HPWS has always been a challenge for strategic managers. Studies have proposed diverse arrangement of HR practices or system; however it is difficult for the firms to design practices that fit every organization because every firm has a different context, circumstances and desired goals.

There is no real consensus on the composition of HR practices but for this study the definition of HPWS is considered as “HPWS is combination of HR practices that consists of *extensive recruitment and selection, comprehensive training and development, career management, high wages, merit based performance appraisal and participation through engagement* (Allani, Arcand & Bayad, 2003; Eisenberger et al., 1986; Guest, 1997; Wright, Gardener, Moynihan & Allen, 2005). Various studies identified that to increase commitment and innovation, practices complement each other. Performance and team based pay, training and development and extensive compensation are linked with employee engagement at work to share ideas and knowledge.

On the other hand recruiting and selecting of creative individuals during recruitment process brings synergy and efficiency in the work place. HPWS being an effective system combines HR practices in a way to create a beneficial environment which directs employee’s efforts towards organization desired goals. HPWS shapes employees attitudes and behaviors to generate a sense of responsibility among the employees to perform and repay organization for its flexible working environment. One of the outcomes of HPWS is that it increases employees’ willingness to innovatively and efficiently utilize its resources for achievement of organizational goals. Organizations have taken many steps to innovate its processes by recruiting creative individuals, involving employees in decision making and paying attention to employees’ opinions. But many more efforts are needed to innovate and motivate employees for creativity. So this study investigates the effects of HPWS on employees’ job outcomes such as innovative work behaviors. it is therefore proposed that:

***H1b: HPWS will be positively related to Innovative Work Behaviors***

### **2.1.3 HPWS and Organizational Citizenship Behaviors**

Organizations are more interested about how employees think of their jobs and how much dedicated they are with the organization. One of the major concerns that have been mostly neglected in the literature of HRM is the extent to which employees consider OCB as part of their job. Many research findings reveal that employees will perform OCB when it is considered as in roll rather extra roll. Consideration of OCB as in roll or extra roll requires further understanding of the term. Although many studies have been found; identifying OCB as extra role rather than in roll behavior at work. On the other hand uncertainty at work place influences to direct employees' toward more discretionary efforts i.e. OCB.

Organization's now days are more concerned about employees' motivation to perform such discretionary efforts like OCB. OCB in general is considered as discretionary, voluntarily effort and extra role behavior in the job to enhance social/psychological context (Farh, Zhong & Organ, 2004). Moreover, OCB is extensively studied construct in the literature of organizational behavior. OCB has profound implications for organizational practices. A number of research has been found to demonstrate the essential role of OCB on organizational, group and Individual level performance (Podsakoff, Whiting, & Blume, 2009; Whitman, Van Rooy, & Viswesvaran, 2010).

According to meta-analytic review of some 34 studies employees will perform OCB when they define it as part of their work (in-role) rather than as extra-role behavior at work (Jiao, Richards, & Hackett, 2013). Some studies provide support for the assumption that employees regard citizenship behaviors as in-role than extra-role behaviors and employees willingly engages in citizenship behaviors when they perceive it as in-role



(Vey & Campbell, 2004 and Coyle, et al., 2004). For our consideration of the research citizenship behaviors are defined as extra-role behaviors that are beyond formal role requirements (Netemeyer, Boles, McKee, & McMurrian, 1997). It is in the perspective that in such a complex business environment employees are engaged in multiple tasks during their job performance.

Considering OCB as in-roll will further broaden employees' work duties and employee might not focus on assigned duties at work. Further, citizenship behavior as extra-roll motivates and creates a positive image in helping other employees in extra time. According to a study which suggest organizations should value OCBs because citizenship behaviors positively associates with organizational performance (Ackfedt and Coote, 2000). Similarly, citizenship behaviors result in different outcomes such that: OCB has direct effect on organizational commitment, whereas OCB has indirect effect on employees' work satisfaction. Based on earlier studies which suggest that job satisfaction directly effects OCBs (Netemeyer et al. 1997).

Keeping in view the importance of HPWS for employee outcomes, scholars have shown interest in explaining the effects and outcomes of HPWS. A number of studies have been drawn from the prominent theory i.e. social exchange to derive the core approaches in HPWS studies (Kehoe & Collins, 2017; Jianget al., 2012). According to social exchange process employees see HPWS as benefits received from the organization motivates them to performance well engage creatively in task performance and OCB. Different understandings for the term HPWS may be conveyed for employees because effective and efficient performance requires employees knowledge, skills and encountering sustained stress or challenge (Buruck et al, 2016; Zhang, Akhtar, Bal, Long, Zhang, and

Ma, 2018). More specifically, it can be suggested that citizenship behaviors are directly influenced by organizational culture and employee's job attitudes. Now, it is manager's responsibility to efficiently introduce and implement such mechanisms (HPWS) that have firm level effects on job attitudes and OCBs. Thus, understanding of how HRM practices such as (HPWS) has an influence on OCB and how HPWS can enhance OCB by its concern for the organization. Based on Morrison's (1994) role enlargement process employees with positive attitudes and motivation include OCB to their job requirements for betterment of organization.

HPWS being interconnected HR practices are designed in a way to enhance employees' motivation and skills. This dissertation analyzes the effects of HPWS in relation to employees' job outcomes that modify organizational information likely to impact OCB. Moreover, HPWS influences organizational culture through association of structural ties, norm of cooperation, shared psychological models, role making and citizenship behaviors (Evans and Davis, 2005). Organizational environment is perceived as a key factor by which employees shape their understanding of organizational goals and outcomes. Organizations administrative system is considered as a tool that nonverbally communicates organizational values and directs efforts for innovative and citizenship behaviors.

Literature shows that with the help of HRM practices organizations can influence employee behaviors and attitude of commitment, innovative and citizenship behaviors. Additionally, employees with more positive intention or attitude towards organizational goals expand their job requirements to include OCB as a motivator to repeat it again and again. Employees' willingness and job engagement is one of the factors to motivate

employees towards OCB and it is also a critical factor for achievement of organizational goals. A study by Takeuchi, Chen, & Lepak, (2009) indicates that organization's employee oriented climate mediates the relationship between HPWS and employee job satisfaction, OCB & commitment. Results of the study reveal that HPWS has certain level of impact on employee job outcomes and HPWS serves as bridge different perspectives of HRM. Previous studies by its conduct have focused on the impact of HPWS on organizations as a whole; however, there exists a gap for further consideration of HPWSs impact on employees' attitude of OCB. This study attempts to full fill this gap by examining the impact of HPWS on OCB. It is therefore hypothesized that:

***H1c: HPWS positively relates with Organizational Citizenship Behavior.***

## **2.2 HPWS and Work Engagement**

HPWS merges important HRM practices to create value for employees and organization. HPWS are a bundle of HRM practices which include comprehensive selection processes, competitive wages, merit based performance appraisals, extensive training and development and career management (Takeuchi, Lepak, Wang & Takeuchi, 2007 and Mackey & Boxall, 2007). HPWS are combined to strengthen employee commitment and high performance in the organization (Guest and Conway, 2011 & Macky & Boxall, 2007). HPWS are human resource practices that are designed on merit based HR estimates, Oladapo & Onyeaso (2013). HPWS enables HR manager to establish base for integrated HRM practice for achievement of goals. Organizations are considering HRM practices to internally fit and create a sound system for achievement of organizational goals (Delery, 1998). HRM policies should be designed and implemented in such way to enhance

organizational and employee level performance. Employee's perception regarding uniformity of HRM policies is must for implementing HPWSs. It is evident that uniformity of HRM practices has certain level of effect on performance of both employees and organization. The association between HPWS and employees attitude (work engagement) is known as important aspect for research and organizational learning. Work engagement is an employee's willingness or energetic participation in the assigned tasks of the organization (Rich Lepine & Crawford, 2010).

Work engagement is found to positively correlate with employee attitudes of job performance, satisfaction, commitment and productivity (Rich Lepine & Crawford, 2010). Engaged employees are found to remain motivated about their work and feel energetic and connected with their organization. Engaged employees work hard and remain connected with their organization (Kahn, 1990), performs more creative (Mishra and Sahoo, 2012) and maintains sustainability of the organization (Rich, Lepine and Crawford 2010). However, disengaged employees give no attention to work, remain mentally absent and put no energy/time and no motivation for performing their duties (Bal, Dorien and De Jong 2013).

Keeping in view the growing interest of work engagement in such a complex business environment a number of studies has focused on exploring effect of HPWS in relation to employee job attitudes (Snape and Redman 2010). HPWSs practices has certain level of impact on employee attitude and behaviors (Sun, Aryee and Law 2007; Zhang, Dwoling and Bartram, 2013). According to a study by Rogg, Schimidt, Shull and Schimtt, (2001), HRM practices such that HPWS are found to correlate with employee's attitude of job satisfaction. It is further found in the study that employee satisfaction has significant

relationship with organizational performance. A gallop report (2007) reveals globally only 11% of employees are found to engage with their work and in China 2% of employees were found engaged in 2009 which increased in to 6% in 2012. According to social exchange theory (Blau, 1964) employees in the social exchange process are thought to get information and then process it for decision making according to exchange nature. This exchange process creates feelings or emotions which individuals attribute to their employers and organization. These individual's emotions dictate individual level of attachment and engagement to their organization (Bal, Dorien and De Jong 2013; Blau 1964; Lawler 2001).

Considering social exchange theory HPWS scholars believe that HPWS will provide opportunities for employee job enhancement through skills development, decision making, job enrichment etc. (Snape and Redman 2010). An organization with the practice of HPWS expects its employees to show high engagement at work through extensive reward system and merit based performance appraisals. Employees' engagement in social exchange for each other's goodwill is expected to enhance organizational performance in the long run. According to a study by employee engagement; HPWS will lead to better organizational performance (Bal, et. al, 2013; Shore and Shore 1995). Although aim of HPWS is creating and gaining competitive edge but the dark side of the HPWS is that employees working under practices of HPWS may face overload, pressure and stress arising from these added practices (Ramsay, Scholarios and Harley 2000). Considering this view of the high performance work system it is a research gap to check HPWS effects on employee's job outcomes and work engagement.

There is mounting interest to study HPWS in the perspective of employee engagement. Research in the area is further needed to understand HPWS in relation to employee engagement. As far as West is concerned a number of studies have considered the effects of HPWS. This study by its attempt adds to the literature by testing the impact of HPWSs on employee engagement in banking sector of Islamabad and Rawalpindi, Pakistan. On the basis of above discussion it is proposed that:

*H2: HPWS positively relates with work engagement of the employees*

### **2.3.1 Work Engagement and Job Performance**

Work engagement has profound implications for organizational research and practices. Literature demonstrates the important role of Work engagement on organizational effectiveness. It is an important area of study to understanding how to improve employee engagement in the organization. Work engagement is a motivational construct that leads to job performance and involvement at work. Kahn (1990) defined engagement as “it is an individual’s willingness to link its preferred self (physical, cognitive, emotional) in work behaviors and with other employees in the organization”. Considering Kahn, (1990) definition of work engagement it is a motivational stimulus which reflects the immediate involvement of an individual’s physical, rational, and emotional energy at work (Ariani, 2013). Employee engagement is employees’ willingness and ability to provide discretionary efforts on a sustainable basis for their company to succeed and gain competitive advantage (Little & Little, 2006). Work engagement being a vital factor should be appreciated otherwise disengagement causes serious problems like weak dissatisfaction, weak commitment and turnover intention etc.

Employees who are found disengaged at work, withhold themselves from work and this is reflected as being unresponsive, inactive, and detached (Kahn, 1990). Further, disengagement also causes employee uncoupling of selves from their work which ultimately brings unnecessary transactional costs etc. due to excessive monitoring and enforcement. However, the more employees engage themselves to perform their assigned tasks the better their and organizational performance will be (Barkhuizen and Rothmann, 2006). Business consultants and some press articles show that employee engagement adds in sustainability and competitive advantage of the organization (Corporate Leadership Council, 2006; Gallup Management Journal, 2005). Some researchers argue that work engagement being a motivational variable may lead to better performance at work (Christian, et.al, 2011).

However, there is need to clearly define job performance in such way that best fit every job situation. Employees perform number of task and some of which even do not appear on formal job description. When reviewing the literature it was found that number of scholars define job performance differently. Researchers until 1990 have not derived a precise definition of job performance. Approaches to job performance to date refer to outcomes of employee performance. The process approach promotes the outcomes of behaviors undertaken for achievement of job performance.

Present study takes into consideration the growing impact of work engagement on employees' performance. The reason behind is that; the approach is practical. Over the last couple of years studies shown direct effect of job performance on indicators of employee engagement such as psychological wellbeing and job satisfaction etc. It is observed that work engagement has positive effects on individual performance. On the

other hand employee engagement directly affects organizational outcomes: employee commitment, productivity, and innovative behavior. Employee engagement is a predictor to organizational commitment, innovative behaviors and citizenship behaviors (OCB) (Bhatnagar & Biswas, 2010). Work engagement is a positive attitude of employee towards work and organization is expected to increase the occurrence of many other productive behaviors like; commitment, job satisfaction, innovative behaviors and citizenship behaviors. These behaviors are expected to promote efficient functioning of the organization and employees for gaining competitive edge over competitors. Many studies have considered effects of work engagement on antecedents' of employee attitudes such as job satisfaction, personality traits, LXM etc. One issue that has been neglected is HRM systems as a tool to keep employees engage through its best practices. Researchers relate employee engagement to job performance of the employees.

Previous studies like; Bagyo, (2013) reveal that work engagement and leadership has certain level of impact on employee performance. Accordingly, performance appraisal and employees job performance are found to be positively and significantly with each other (Lutwama, 2011).

It is observed that Kahn's (1990) study has not clearly linked relationship employee performance with work engagement, however, some theoretical studies have suggested link between employee performance and work engagement. Employees who remain engaged in their assigned tasks focus both their physical and emotional efforts for the pursuit of organizational goals (Kahn, 1990) ultimately; this engagement leads to innovative behaviors, OCB, and organizational efficiency. The discussion above



reviewed the literature regarding work engagement and job performance and proposes further investigation in the area. Considering the above discussion, it is theorized that:

*H3a: Work Engagement positively relates with Job Performance.*

### **2.3.2 Work Engagement and Innovative Behaviors**

In such a complex businesses set up organizations need to adopt such a system that encourages employees to remain engaged innovatively at work. An optimal HR system should design jobs in such a way that contribute to work engagement of the employees. A job that is designed in such way where employees have the feeling of being challenged by work and where the employees have sufficient resources, supervisory support and capabilities to deal with challenging situation will foster engagement at work. Kahn (1990) defined employee engagement as “an optimistic state of employee willingness for work which is described as vigor, dedication, and absorption”.

Engagement is an individual’s willingness to work in a system where employees are given certain value and support by the organization. According to JD-R model (Demerouti et al., 2001), supervisory support and organizational support (Job resources) leads to work engagement through intrinsic motivation and that is further linked with organizational outcomes. Building up on previous theories and concept it is assume that Work engagement being vital factor gives employees an intrinsic motivation and self determination to creatively perform their duties. Previous studies considered intrinsic motivation and self-determination as antecedents of innovative behaviors (Carmeli & Spreitzer, 2009; Shalley et al., 2004 and Yuan & Woodman, 2010). Work engagement serves as base of willingness to develop and introduce new ideas and working patterns at work. Work engagement also results in modification of work process, creativity and

openness to implement new ideas. Creative is one of the critical sources of an organization. In every organization creativity or innovative behaviors are considered as critical factors for success. Innovative behaviors are intentionally performed behaviors to efficiently get the work done (West and Farr, 1989). To work creatively employee's need to invest significant time and effort. It is because innovativeness requires mental resilience/spirit, willingness and concentration to create new ideas and get things done differently. Organizations need continuous innovation in processes as well as in its services for competitive sustainability. Researchers emphasize that one of the methods to innovate the processes and services is capitalizing the skills and abilities of human resource. Innovative employees are crucial for long term organizational sustainability and survival.

Last couple of years have witnessed that researchers and organizations have great interest to uncover factors that motivate employees to be innovative. Studies on work engagement show that it is one of the antecedents of innovative behaviors. It is revealed from the studies that work engagement positively relate to innovative behaviors. According to Janssen (2000), the perceived social support from organization and supervisor can stimulate engagement and which ultimately innovative work behavior.

Social support is a factor of good HR system like HPWS will be available to the employees with high quality relationship. As per exchange theory employees and organization are involve in exchange relationship, where both the parties aim to gain something in response to the services provided (Blau, 1964, Porter, 1985, p. 160). Based on exchange theory employees perform extra-role behaviors for achievement of organizational goals (Organ, 1988). Research related to innovative work behaviors show

that limited attention has been given regarding work engagement as an antecedent of innovative work behaviors (Hakanen et al., 2008). More specifically research to date has studied innovative behavior as resulting behavior of work engagement and work engagement has certain level of implication on employees' performance, and it supports creativity or extra role behavior (Leiter and Bakker, 2010). There exists positive correlation between innovativeness and work engagement (Bakker, & Demerouti, 2007). In another study it was found that work engagement positively correlates innovative work behavior by (Agarwal, Datta, Blake-Beard, & Bhargava,2012).

As defined earlier; employee engagement is an individual's cognitive mindset that is characterized by employees dedication and commitment to foster innovative behaviors (Wefald and Downey,2009).According to Agarwal, et.al (2012) employees posses the psychological power to resist those attractions which distract them from work (vigor) but to make this cognitive investment persistently, employees must feel pride in their work. This happens only when employees willingly concentrate on their jobs(dedication). Additionally, engagement, vigor and dedication being the core dimensions of work engagement are required by employees to be innovative at work. From the literature review it is observed that there is need for further investigation of effects of work engagement on employees' creativity or innovative behaviors. It is proposed that:

***H3b: Work Engagement positively relates with Innovative Behavior***

### **2.3.3 Work Engagement and Organizational Citizenship Behavior**

Organizations through diverse HR practices can keep employees engaged at work. Work engagement is an individual's productive mindset that is described in three dimensions such that vigor (feeling energetic), dedication (willingness to work) and absorption

(concentration at work) (Schaufeli & Bakker, 2010). Work engagement is often associated with employee's job outcomes, commitment, turnover and productivity. Work engagement being a motivational factor leads to efficient allocation of work resources for accomplishment of goals. It is believed that engaged employees are key assets of an organization because they help organizations to sustain their competitive position. On the other hand organizational citizenship behaviors are discretionary behaviors wherein employees contribute in the organization with these behaviors (Anand, Vidyarthi, Liden, & Rousseau, 2010). Moreover, organizational citizenship behavior is a voluntarily behavior that employees adopt to benefit both other employees and organization. OCB and commitment are often linked to work engagement in an attempt to define work engagement however; the two are totally different constructs in nature.

Engaged employees are always found to be happy, motivated and energetic about their work and they take their work positively to cope with co-workers and further organizational goals. Work engagement increases the occurrence of other behaviors such as OCB, innovative behaviors and agentic behaviors to efficiently achieve organizational goals. It is observed that engaged employees perform their duties efficiently with a motivation of other behaviors like commitment, OCB and low turnover intention (Schaufeli and Salanova 2008). According to Kahn (1990) engaged employees show enthusiasm to invest more energy by performing voluntarily behaviors in their job. Work engagement is a sign of positivism to show discretionary or extra role behaviors in the organization (Erickson, 2005). Work engagement is a motivational factor that can enhance occurrence of other behaviors such that OCB (Organ, 1988). Hence, it is expected that employees engagement will increase their OCB. Some studies have shown

that work engagement originates organizational citizenship behaviors in the organization. According to Rotundo & Sackett (2002) OCB through social climate of the organization contributes to achievement of organizational goals. Organizational citizenship behavior being a discretionary behavior promotes efficiency of individuals as well as organizational performance through a flexible environment of the organization.

Organizational climate or HR system is considered as the factor to stimulate employees for being engaged with their work to optimistically perform task along with organizational citizenship behaviors. A flexible and acceptable system and HR practices leads to optimistic feeling of work among the employees which resultantly exceeds to job commitment, satisfaction and OCB. OCB is a positive and voluntarily action or behavior and employees self-will to invest energy for the well-being of employees and organization. Moreover, OCB increases organizational productivity by increasing efficiency through optimistic behaviors. Literature shows that many studies have investigated correlation between work engagement and OCB as both are dimensions of job performance.

Positive association has been discussed in the literature. It shows that if an individual engages at work then he will also perform OCB and other extra role behaviors like innovative work behaviors. It is clear from the definition of work engagement that employees involve themselves mentally, physically and emotionally at work. Being a positive construct work engagement is a frequent research topic in the literature. Research on work engagement showed that employee engagement increases job performance (Hakanen, Baker, & Schaufeli, 2006). In many of the studies of OCB, work engagement is considered as the predictor of OCB (Rich, Lepine, & Crawford,

2010). Work engagement positively associates with job resources (Salanova, Agut, & Peiró, 2005). Employee engagement is an indicator of employee's citizenship behavior. Additionally, work engagement has direct effect on behavioral and attitudinal outcomes of employees. Engaged employees perform better because of their positive emotions (happiness, enthusiasm, motivation) and experiences (Salanova et al., 2005; Bakker and Demerouti, 2009). These positive emotions and experiences enhance work performance of the employees (Fredrickson, 2001).

Social exchange theory provides basis for relatedness of work engagement with OCB. Because of emotional connectivity/reciprocity employees may perform OCB (Bennett & Robinson, 2000). Social exchange theory is related because organizations favorable treatment motivates employees to perform extra-role behaviors (OCB), (Rhoades & Eisenberger, 2002). From the literature it is observed that work engagement predicts organizational citizenship behavior. Employees with high engagement may perform behaviors like OCB and innovative behaviors. According to studies engaged employees perform voluntarily behaviors for achievement of organizational goals (e.g; OCB; Schaufeli et al 2006). Earlier studies have linked work engagement with employees' job performance. Employees can perform OCB in many ways by choosing many discretionary behaviors. Employees be directed to choose OCB with the aim to help other employees and achieve organizational goals. Literature on work engagement shows that it has been considered as outcome variable rather as predictor of other behaviors. However, this study attempts to check work engagement as a predictor of other behaviors like OCB. It is therefore proposed that;

***H3c: There is a positive relationship between Work Engagement and OCB***

## **2.4 Mediating role of Work Engagement**

Work engagement being a productive attitude strengthens employees' performance and productivity (Ashforth & Humphrey, 1995; Rich et al., 2010). Employee engagement and directly relates to performance, engaged employees perform their duties attentively. Job attitude model such as attitude-engagement model direct us to expect positive relationship among employee job attitudes and job performance (Harrison, Newman, & Roth,2006). Work engagement is found to serve as antecedent of job performance including OCB. According to a study by Karatepe (2013) which reveals that work engagement has positive effects on employees' job performance. Social exchange theory provides basis for explanation of why employee engagement relates to different employee behaviors.

Engaged employees work with passion for long hours which results in modification of job performance (Rich et al., 2010). Work engagement is a positive attitude of employee enhances employee performance at work as it directly effects employee performance (Christian et al., 2011). Work engagement being a motivational factor is less considered as mediator between HPWS and employee attitude of Job performance, Innovative Behaviors and OCB. In many studies employee engagement has been considered as a prominent predictor of OCB (Rich et al., 2010).

Work engagement is a predictor of extra role behaviors such that OCB. Employees perform extra role behavior as it includes motivation as an inherent factor (Bennett & Robinson, 2000).Some studies suggest that OCB is the direct result of employee positive emotion and motivation to work (Miles et al., 2002), and positive emotions derive from organizational support (Rhoades & Eisenberger, 2002). Employees with high

engagement at work do participate in constructive behaviors like; OCB and innovative behaviors. Several studies argue that a positive organizational environment will support employee engagement and such climate leads to innovative behaviors by using commitment and encouragement (Shadur, Kienzle, & Rodwell, 1999; Yu, Yu, & Yu, 2013; Porzse et al., 2012). Further this positive environment will ensure employees to understand the value of constructive behaviors in the organization.

According to Neal, West and Peterson (2005) a clarity and fit between organizational strategy and environment motivates employees to remain engaged in innovative and extra role behaviors in the organization. Positive organizational support increases employee engagement at work which encourages employees to engage in innovative and extra role behaviors (OCB) (Xerri & Brunetto, 2011). The elements of innovativeness includes; uncertainty, threat and tolerance (Tesluk, Farr & Klein, 1997), job orientation, synergy, decentralization, challenges and knowledge sharing, trust and positive support (Porzse et al., 2012).

According to Messmann, Mulder, and Gruber, (2010), “innovative work behavior is a combination of employees physical and intellectual work activities that are carried in a social setting to realize, generate and promote new applicable ideas in their work setup”. Robinson comprehensive defined outcomes of WE as engaged employees perform their duties beyond their in-role performance as they are much concerned about organizational performance (Podsakoff & MacKenzie, 1997).

Specifically, there are many reasons that why work engagement is being proposed as mediator between HPWS and employee attitude of Innovative Work Behavior and Organizational Citizenship Behavior (OCB). There are some studies in which authors call



to test WE mediating role in different antecedents and attitudes of employees. For example, in a study Macey and Schneider (2008) discussed that there is need for further understanding of antecedents and consequences employee engagement as it has not been thoroughly studied. Similarly, Chen, Zhang, and Vogel (2011), in their study mentioned that it is not possible for employees to exhibit innovative behaviors or creativity without high work engagement. In a study by Saks (2006), for exhibiting different work attitude by employees', work engagement is an essential predecessor of other work behaviors because without high work engagement an employee might not perform something extra other than formal job description. Additionally, the effects of work engagement as mediator have not been considered in different context other than LMX. As the same Sulea (2012) in its study provide support for the assumption that work engagement has mediating effect between OCB and supervisory/organizational support (ERBs). Moreover, manager's interactive or supportive approach helps to form a system of knowledge sharing at followers end (as mentioned by Farzaneh Hassanzadeh, 2014). So, it is expected that engaged employees will show innovative and extra role (OCB) behaviors in a positive organizational climate. On the bases of above assertion, following hypotheses for mediation of WE are drawn:-

***H4a: Work Engagement would mediate the relationship between HPWS and Job Performance***

***H4b: Work Engagement would mediate the relationship between HPWS and Innovative Behaviors***

***H4c: Work Engagement would mediate the relationship between HPWS and OCB***

## Summary of Literature

Authors and Year of Publication	Variables	Methodology	Findings/Results
Zhang, Akhtar, Bal, Long, Zhang, and Ma, 2018	HPWS and JP: The Mediating Roles of Social Exchange and Thriving and the Moderating Effect of Employee Proactive Personality	Quantitative Survey, Structured Questions, Employee in China	Social exchange and thriving mediates the effect of HPWS on JP and OCB. Proactive personality attenuated HPWS's direct effect on thriving and indirect effect on employee JP and OCB through thriving.
Roberto Luna-Arocas and Joaquín Camps, 2007	HPWS, HRM practices, job satisfaction(JS) and Employee commitment (EC) as mediator	Structural equation model, Quantitative, Survey, Employees	Salary and job enrichment strategy positively relates to JS. Negative association between EC and turnover intention (TI). EC mediated JS & TI.
Korff, Biemann, & Voelpel, 2017	High Performance Work System	Employees, Quantitative Survey, Structured Questions	High Performance Work System as a positive tool for enhancement of performance and employee attitude.
Kehoe, & Wright,(2013)	HPWS, Absenteeism, OCB, Effective Commitment as mediator	Quantitative Survey, Structured Questions, Employees	Positive association was discussed for the variables.
James Combs, et.al, 2006	Meta-analysis of effects of HPWS on organizational and individual performance.	Grounded theory, Meta-analysis technique on statistical aggregation of 92 studies	Relationship is stronger for HPWPs and manufacturer firms, but it appears invariant across performance measures.
Hui Liao, et.al, 2009	HPWSs, Employee capital and Organizational perceived support (OPS) as mediator	Quantitative, Survey Employees of services organization in China.	Positive association for all the variables through mediation of Employee capital and OPS.
Brian E. Becker and Mark A. Huselid, 1998	HPWS, HRM strategy and theoretical foundations, Firm performance	Review of HRM theoretical foundations	HPWS as a source to implement firm's strategy and attainment of operational goals.
Jensen, Patel, & Messersmith, 2013	HPWS, Job Control(JC), Anxiety, TI	Job demands-control theory, Quantitative Survey, Employees in "Wales" country.	Negative effects when HPWS executed with low level of JC.
de Oliveira, L. B., & da Silva, 2015.	HPWS, LMX quality, employee engagement and turnover intention	Quantitative, Survey, Employees in "Wales" country.	Positive association found for the variables and employee engagement has negative effect on turnover intention.
Wei, & Lau, 2010.	Adaptive capability as mediator between and HPWS.	Quantitative, Survey, Stratified sampling Employees in China.	Positive association between HPWS, adaptive capability and organizational outcomes.
Mark, Huselid, 1995	HPWS, Turnover Intentions & productivity, Corporate Financial performance and Competitive strategy.	Quantitative, Survey, Intermediate Employees of firms.	Positive impact of HPWS on employees and Firm financial performance.
Boxall, 2012	HPWS, What, Why, How and for Whom	Review paper	Analyzing links inside the 'black box' of HRM.

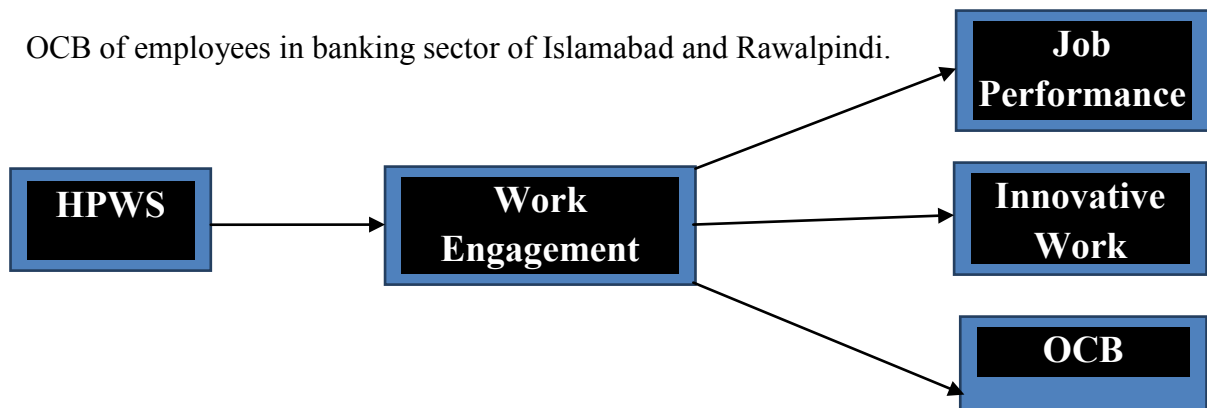
<b>Authors and Year of Publication</b>	<b>Variables</b>	<b>Methodology</b>	<b>Findings/Results</b>
Messersmith, Patel, Lepak, & Gould-Williams, 2011	HPWS, job satisfaction, organizational commitment, psychological empowerment and OCB	Quantitative, Survey, Structured Questions Welsh public-sector employees.	Positive association has been discussed for HPWS in Welsh firms.
Peter Boxall, Keith Macky, 2009	HPWS & HCM, work place change and High involvement stream(HIS)	Review of Research models and findings, Grounded theory	HIS grounds HPWS in workplace and takes us away from 'best practices'
SchirinSchimansky, 2014	HCWS, IWB, mediating role of AMO factors and innovative organizational climate	Literature Review	Discussed Direct relationship of the variables.
Imran, Saeed, Anis-Ul-Haq, & Fatima, 2010	Organizational climate and IWB	Quantitative, Survey, Managers FMCG of Pakistan	Significant positive association is documented.
Tang, Bingjie Yu, et.al, 2017	HPWS, Employee creativity, Perceived organizational support and devolved management	Quantitative, Survey, Structured Questions, Employees' of Chinese chemical industries.	HPWS improves perceived organizational support, which in turn encourages Employees' creativity.
Upasna, Agarwal, 2014	LMX, perceived organizational support (POS), engagement and Mediator and moderating role of IWB	Survey, Quantitative, Managers of service Dept. of India.	LMX, POS and WE positively relates to IWB; LMX moderates the between POS and IWB.
Upasna, Agarwal SumitaDatta Stacy Blake-Beard, Bhivganesh Bhargava, 2012	LMX, IWB and TI, work engagement as mediator	Quantitative, Survey Structured Questions Indian managerial employees Service sector	Positive association between supervisors influence, IWB and engagement. WE mediates between LMX and IWB and intention to quit.
Findıklı, Yozgat, & Rofcanin, 2015	Work Engagement, OCB, LMX and Team Work	Survey, Quantitative, Structured Questions Employees in Istanbul, Turkey.	Engagement positively associates with LMX, OCB, which resultantly improves Team performance
Shirzad Mohammed Mahdi Rafia Sourchi, 2015	HPWS is related to creativity and Job Engagement	Quantitative, Survey Structured Questions Employees of Kurdistan and Canada.	Positive association among all the variables was documented.

## **Conclusion:**

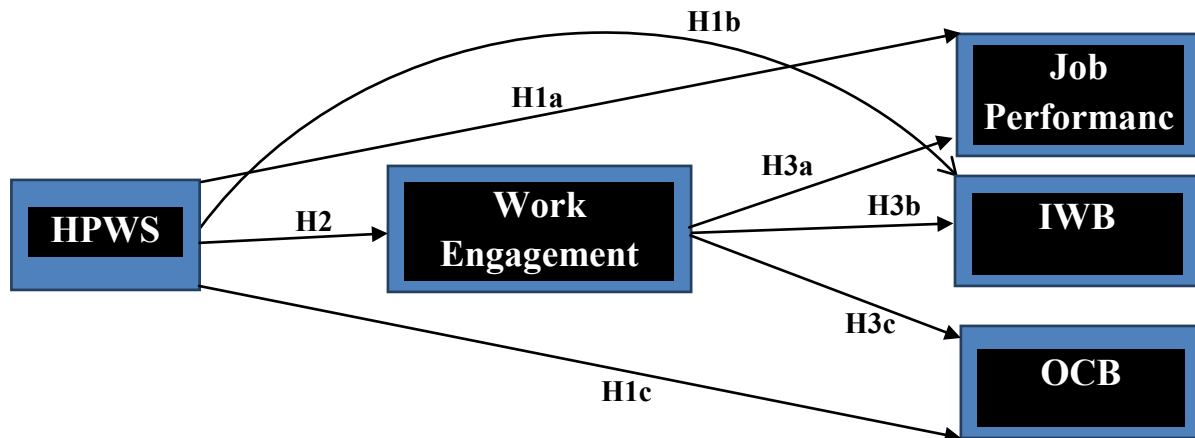
This chapter has introduced the key concepts of the study with extent literature and identified the areas of debate. This chapter provided a review of literature regarding the impact of HPWS on JP, IWB, OCB along with work engagement as mediator. The literature is based on empirical research conducted earlier on the subject matter i.e. HPWS in relation to outcome variables including work engagement as mediator. From the literature it is observed that number of studies has been conducted on HPWS in relation to its impact on organizational performance but there still exists a gap to link HPWS with individual's positive and negative attitudes and behaviors. Literature on HPWS shows there is still need for theoretical clarity and establishment of mechanisms to build association between HPWS and individual level factors; attitudes and behaviors. The present study seeks to investigate HPWS with individual level behaviors and attitude in banking sector of Pakistan. For this purpose the methodology for the study is discussed in detail in chapter 3.

## **2.5 Research Model**

The research model or framework shown below indicates the link among the variables. The framework aims to explore the degree of association of HPWS with outcome variables (Job performance, Innovative work behaviors and OCB). The framework also aims to check the mediating effects of work engagement between HPWSs and JP, IWB, OCB of employees in banking sector of Islamabad and Rawalpindi.



## Hypotheses:



*H1a: High Performance Work System positively relates to Job Performance*

*H1b: HPWS positively relates to Innovative Work Behaviors*

*H1c: HPWS positively relates to Organizational Citizenship Behavior*

*H2 HPWS positively relates to Work Engagement*

*H3a: There is a positive relationship between Work Engagement and Job Performance*

*H3b: There is a positive relationship between Work Engagement and Innovative Behaviors*

*H3c: There is a positive relationship between Work Engagement and OCB*

*H4a: Work Engagement mediates the relationship between HPWS and Job Performance*

*H4b: Work Engagement mediates the relationship between HPWS and Innovative Behaviors*

*H4c: Work Engagement mediates the relationship between HPWS and OCB*

## **CHAPTER 3: METHODOLOGY**

### **Introduction**

In the previous chapter of the study literature related to main concepts and research design was introduced on the basis of which hypotheses for this study were derived. Moreover, this chapter will continue with a discussion of processes and methods (quantitative and qualitative) applied in the current study. For this purpose, chapter 3 will provide an operationalization of the following concepts; HPWS, JP, IWB, OCB and WE. For this purpose analyses of the study are briefly mentioned and the chapter is finalized with a section on reliability, correlation, and regression analysis.

### **3.1 Research Design**

This dissertation is designed with an approach of quantitative, empirical and multisource research inquiry. The justification for adopting this approach is that it allows for testing of theoretical perspective and enables for examination of core areas of debate for managers and leaders.

#### **3.1.1 Study type**

This dissertation is a causal study wherein effects of HPWS along with work engagement as mediator was measured on such basis as self-reported perception involved respondents.

#### **3.1.2 Study Setting**

This was a field study because self reported questionnaires were filled-in by participants i.e. employees who were contacted on their job.

#### **3.1.3 Time Horizon**

For this dissertation data was collected throughout the study period. The data is cross-sectional in nature.

### **3.1.4 Research Interference**

There is no or minimal research interference however, the reason of using self-administered questionnaires as survey was primarily that in the past, most of the studies have used this technique for data collection in case of HPWS.

### **3.1.5 Unit of Analysis**

This study was conducted in Islamabad and Rawalpindi so the unit of analysis for this thesis was individual (employees) of banking sector.

## **3.2 Population and Sampling**

The current study population consists of individual employees from different banks located in Islamabad and Rawalpindi. For this reason an approximation of the population of employees was made. The study was based on convenience sampling and employees were selected and approached at their ease to access basis in the banks for collection of data, the rationale for which is that the sampling frame covered a reasonable number of individual employees.

## **3.3 Scales and Measures**

The study variables were measured on a 5-point Likert scale ranging from Strongly Disagreed=1 to strongly agree=5 in the questionnaire.

### **3.3.1 HPWS**

HPWS was measured using 21-item scale Riki Takeuchi, et.al (2007) adopted from Lepak and Snell's (2002) study.

### **3.3.2 Job Performance**

The variable Job performance was measured using 7-items version by William, (1991).

### **3.3.3. Organizational citizenship behavior**

OCB was measured using 10-items scaled developed by Spector, Bauer, & Fox, (2010).

One sample item is “I offer my ideas to improve the functioning of the organization”.

### **3.3.4 Innovative Work Behaviors**

Scott and Bruce (1994) and Janssen (2000) 5 items scale was used to evaluate IWB at work.

### **3.3.5 Work Engagement**

Work Engagement was measured using a 10 items scale which is developed by Kanungo(1982).

### **3.3.6 Control Variables**

To control variation of dependent variable (s) if any, One way ANOVA was performed.

## **3.4 Data Collection Procedure**

This chapter is based on describing the procedure and analysis techniques used for data obtained from the respondents. Data was collected on self-reported questionnaires distributed and filled-in by the employees of banking sector. The response rate was 81 %. The details are given in the below table.

**Table 1.Details of Data Collection**

Total Questionnaires Distributed	Total Questionnaires taken Back	Total Useful Questionnaires
520	426	342

The Primary Data collected from respondents were analyzed using SPSS. Using hypothetical deductive method the cause and effect of variables was checked through Statistical Package for Social Science. After performing initial tests; Cronbachs’ Alpha was used to



check reliability of all the variables. Cronbachs' Alpha reliability of the variables was found correct (in acceptable range) that are presented in tables below. After ensuring reliability of scales correlation analysis was run to check the correlation between variable. After identifying control variables regression was run for hypothesis. Control variables were controlled. Moreover, using Preacher and Hays' (2014) mediation regression process mediation regression Analysis was prepared and run for mediating effects of Work Engagement between HPWS and JP, IWB and OCB.

### **3.5 Reliability analysis using Cronbach's Alpha.**

The table given below summarizes the reliability of the variables, using measurement tools such that Cronbach's Alpha in descriptive statistics. The following results are taken from the said test. The results in the below table shows that the reliability of the construct used in the study are well within the required ratio. The table indicates that the value of Alpha for the construct (HPWS) is .843 which shows the construct is reliable. Job performance is also reliable at Alpha value of .651. Further the results show that the Alpha value of OCB is .620 which is also reliable. Value of Alpha for IWB is reliable with .721, and lastly, .661 shows the reliability of work engagement.

**Table 2. Reliability Analysis**

<b>Variables</b>	<b>Cronbach's Alpha</b>	<b>Number of Items</b>
HPWS	.843	21
Job Performance	.651	4
OCB	.641	8
IWB	.726	05
Work Engagement	.664	10

### 3.6 Demographic of the Respondents

Tables given below summarize the demographical characteristics of the respondents. From descriptive analysis it was revealed that majority of respondents were male (54.5%) and (38.8 %) were female representatives. On the other hand most of the respondents were found to have master degree at the ratio of (52.2%). Dominating age ranged between 26 to 30 years (47 %). It was also found that more than 279 % of the respondents were having 6 to 10 years of job experience. Additionally, the demographical characteristics including; gender, age, qualification and experience will be explained separately. The details are given as below in the table.

**Table 3. Gender of the respondents**

<b>Gender of the respondents</b>				
<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Male	211	61.516	61.516	61.516
Female	132	38.483	38.483	38.483
Total	343	100.0	100.0	

The above table is based on respondent's gender and it is showing frequency and percentage of the response got from the respondents in the data collection process. From the table it is found that 38.843 percent of the respondents were female while 61.516 percent were male respondents who participated in the study.

**Table 4. Age of the respondents**

<b>Age of the respondents</b>				
<b>Age</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
20-25	37	10.8	10.8	10.8
26-30	164	47.8	47.8	58.6
31-35	70	20.4	20.4	79.0
36-40	60	17.5	17.5	96.5
41-45	8	2.3	2.3	98.8
Above 45	4	1.2	1.2	100.0
Total	343	100.0	100.0	

The table above summarizes that most of the respondents belong to age group of 26-30 with a percentage of (47.8%). On the other hand the minimum level of responses is reported from age group of 41-45 and above.

**Table 5. Qualification of the respondents**

<b>Qualification of the respondents</b>				
<b>Qualification</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Bachelor	40	11.7	11.7	11.7
Master	179	52.2	52.2	63.8
MPhil/Ms	101	30.1	30.1	99.0
PhD	23	6.7	6.7	100.0
Total	343	100.0	100.0	

The above table is related to the qualification of the respondents who participated in the study. It shows that 11.7% of the respondents have a qualification of bachelors, while 52.2% are with master's degree and 30.1% have a qualification of M.Phil/MS and 6% were having PhD program. The table concludes that majority of the respondents are with a qualification of master's degree.

**Table 6. Experience of the respondents**

<b>Experience</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
1-5	202	58.9	58.9	58.9
6-10	95	27.7	27.7	86.6
11-15	16	4.7	4.7	91.3
16-20	28	8.2	8.2	99.4
21-25	1	.3	.3	99.7
Above 25 years	1	.3	.3	100
Total	343	100.0	100.0	

The above table is related to working experience of the respondents who participated in the study. It is observed that majority of (202) of the respondents are having 1-5 years of work experience and 97 (27.7%) of respondents were found to have 6-10 years of work experience. It was further observed that a number of 28 respondents fall in the category

having 16-20 and only one member in the category of 21-25 and one in above 25 years of working experience are found to have working experience.

### **Conclusion**

This chapter aimed to illustrate the methodology including research design, population, sampling and data procedure of the study. The chapter described the response rate from employees of banking sector, key variables, including an independent variable (HPWS), outcome variables (JP, IWB, OCB), control variables (gender, age, qualification, and experience) and a mediator, work engagement. The next chapter describes the results/findings of the analysis conducted on these variables. The results are briefly explained and presented with the help of tables in the chapter.

## CHAPTER 4: RESULT ANALYSIS

### Introduction:

This chapter presents findings of the study by analysing data got from respondents on questionnaire. In this chapter section 4.1 presents the descriptive analysis including age, gender, qualification and experience of the respondent who participated in the study. Section 4.2 presents the reliability analysis of the construct used for the study and section 4.3 summarizes the correlation between dependent variable (HPWS) and outcome variables (JP, IWB and OCB) along with mediating variable work engagement. Section 4.4 and 4.5 describes in detail the regression analysis and mediation analysis respectively, following a sequence consistent with the hypothesis set out in chapter 2 of the study.

### 4.1 Descriptive Analysis

**Table 7: Descriptive Statistics**

Variables	N	Minimum	Maximum	Mean	Std. Deviation
HPWS	343	2.29	4.81	3.7091	.35999
JP	343	2.20	5.00	3.2956	.42324
IWB	343	1.80	5.00	3.8513	.47799
OCB	343	2.63	5.00	3.9763	.34483
WE	343	2.20	4.40	3.5583	.35842

The table above relates to descriptive analysis of the respondents and variables of the study. Results show that the demographics of in respect of Mean and Std. The demographic analysis in perspective of Mean and SD of variables indicate that HPWS is (M=3.709, SD=.359), JP (M=3.295, SD=.423), IWB (M=3.851, SD=.477), OCB(M=3.976, SD=.344) and WE(M=3.558, SD=.358).

## 4.2 Correlation Analysis

In this section of the chapter correlational analysis and results of correlation test will be described with a sequence to answer the proposed hypothesis. As stated earlier a self-reported questionnaire was used to get responses of the employees of banking sector in Islamabad and Rawalpindi. After data collection it was entered and analyzed for Pearson's correlation between the independent variable HPWS and outcome variables Job performance, Innovative Work Behaviors, OCB, and Work Engagement was tested. The results of correlation test shown in the below table indicates that HPWS is positively correlated with Job Performance, IWB, OCB and WE which indicates that HPWS leads to better job performance, work engagement, innovative work behaviors and OCB.

Based on previous studies Pfeffer, (1998) and Youndt, et.al, (1996), HPWS has direct effects on employees job performance which increases employee motivation by increasing commitment to perform. Moreover, HPWS positively relates to employee's abilities, motivation and opportunities to perform (Schimansky,2017). Ackfedt, and Coote, (2000) also suggested positive association between organizational performance and OCB.

Additionally, HPWS is found to have positive influence on organizations internal structure by job design and OCB (Evans and Davis, 2005).On the other hand it is also found from the results that work engagement significantly and positively correlates with the JP, IWB and OCB indicating that the more an employee engages with work the better his/her Job performance will be (Barkhuizen and Rothmann, 2006). More specifically an employees work engagement is found to positively relate with job performance. According to Kahn, (1990) and Ashforth & Humprey, (1995), engaged employees are

cognitively vigilant and they are found to focus their mental and physical efforts towards attainment of assigned goals effectively. Results got from correlation test of the study are mentioned in the below table.

**Table 8. Correlation Analysis**

S#	VARIABLES	MEAHPWS	MEANIWB	MEANWE	MEANOCB	MEANJP
1.	MEAHPWS	1				
2.	MEANIWB	.431**	1			
3.	MEANWE	.347**	.361**	1		
4.	MEANOCB	.302**	.275**	.043	1	
5.	MEANJP	.173**	.191**	.257**	.145**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).  
 \* . Correlation is significant at the 0.05 level (2-tailed).

### 4.3 Regression Analysis

To test the proposed hypothesis a simple regression analysis was run in SPSS. This analysis aimed to check the cause and effect of independent variable i.e. HPWS on outcome variables (JP, IWB & OCB) and mediating variable (WE) used in the study. The results of each hypothesis is briefly explained and presented in the tables given below.

#### 4.3.1 Impact of HPWS on Job Performance

**Table 9. HPWS and JP Coefficients**

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	2.767	.243		11.411	.000
	HPWS	.200	.062	.170	3.227	.001

a. Dependent Variable: JP

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.196 <sup>a</sup>	.038	.027	.41750	.038	3.367	4	338	.010
2	.259 <sup>b</sup>	.067	.053	.41180	.029	10.415	1	337	.001

a. Predictors: (Constant), experience, gender, education , age

b. Predictors: (Constant), experience, gender, education , age, MEAHPWS

To test the hypothesis a simple regression was run. The results for this hypothesis indicate that HPWS has significant positive effect on Job Performance. From the above values i.e Beta (.170) showing that HPWS positively relates to job performance indicating that in an organization the practice of HPWS leads to better job performance. According to Delery, (1998) and MacDuffie, (1995) HPWS is a combination of multiple HR practices which increases synergies among the practices with an aim to make efficient job performance. A study by Dalaney and Huselid (1996), have found positive relationship between HPWS and perception of organizational performance among the employees. On the basis of results **H1a is supported** as the findings of previous studies also provide support for positive relationship between HPWS and JP.

#### 4.3.2 Impact of HPWS on Innovative Work Behaviors

Table 10. HPWS and IWB Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
	B	Std. Error	Beta			
1	(Constant)	1.878	.253	7.420	.000	
	HPWS	.575	.65	.433	8.881	.000

a. Dependent Variable: IWB



Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.131 <sup>a</sup>	.017	.005	.47669	.017	1.464	4	338	.213
2	.451 <sup>b</sup>	.203	.192	.42975	.186	78.877	1	337	.000

a. Predictors: (Constant), experience, gender, education , age

b. Predictors: (Constant), experience, gender, education , age, MEAHPWS

The given table is related to HPWS and IWB which after regression analysis is showing positive relationship between the variables. It means that HPWS is positively correlated with IWB, which indicates that the presence of HPWS motivates employees to perform IWB. Based on the findings **H1b is supported**. Previous studies on HPWS and IWB provides discretionary results regarding HPWS and IWB such that; according to Schimansky, (2017) HPWS is positively related to IWB because HPWS increases employee's abilities, motivation and opportunities which enables them to work innovatively. A study by O'Regan, (2011) confirms that the impact of HRM practices on innovation is higher when practices are bundled (HPWS) rather included as individual practices. The findings are related to the literature i.e. (Huselid, 1995 and Subramony, 2009)that the adoption of HPWS has greater impact on performance and attitudes of the employees.

### 4.3.3 Impact of HPWS on OCB

**Table 11. HPWS and OCB Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.054	.190		16.068	.000
	HPWS	.304	.049	.317	6.256	.000

a. Dependent Variable: OCB

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.192 <sup>a</sup>	.037	.025	.34042	.037	3.232	4	338	.013
2	.370 <sup>b</sup>	.137	.124	.32270	.100	39.135	1	337	.000

a. Predictors: (Constant), experience, gender, education , age

b. Predictors: (Constant), experience, gender, education , age, MEAHPWS

The above table after regression analysis is showing positive effects of HPWS on OCB. It means that there exists a positive association between HPWS and OCB. An organization with a practice of HPWS can motivate employees to perform OCB. For this reason a simple regression was run and the results showing positive relationship of the variables and the beta value of .317 is indicating an adoption of HPWS has positive impact on employees OCB. The results also provides **support** for **H1c**. Moreover, according to a study by Gong, Chang, & Cheung,(2010) a positive correlation exists between HPWS and collective OCB.

#### 4.4 Impact of HPWS on Work Engagement

Table below is showing results of simple regression run for independent variable HPWS and outcome variable work engagement. Results of regression analysis showing significant and positive relationship between HPWS and WE. Results are providing support for the notion that HPWS positively relates to work engagement. It indicates that the adoption of HPWS directs employees to engage with work activities and achieve organizational goals. This finding is aligned with results of previous studies like: Huang, Ma Zhenzhongand Meng, (2016) and Shirzad Mohammed Mahdi RafiaSourch. Huble&wuhan (2015).

**Table 12. WE and JP Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized	T	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	2.286	1.98		11.547	.000
	HPWS	.339	.051	.340	6.684	.000

a. Dependent Variable: WE

#### 4.5.1 Impact of Work Engagement on Job Performance

Table above is showing correlation between WE and JP. Result of the simple regression is showing positive and significant relationship between WE and JP at workplace. Results provide **support** for **H3a**. The result indicates that HPWS positively relates to JP. The more an employee engages with its work the better his/her job performance will be (Barkhuizen and Rothmann, 2006). Some of other studies like; (Rich, et.al,2010; Christian, Garza, & Slaughter, 2011) found that work engagement being a motivational factor leads to employees healthier job performance at work. Moreover, many of the management scholars have suggested positive association of job performance with work engagement indicators such that commitment, psychological well-being and motivation.

**Table 13. WE and JP Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized	T	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	2.463	.233		10.561	.000
	WE	.294	.062	.249	4.769	.000

b. Dependent Variable: JP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.196 <sup>a</sup>	.038	.027	.41750
2	.315 <sup>b</sup>	.099	.086	.40469

a. Predictors: (Constant), experience, gender, education, age

b. Predictors: (Constant), experience, gender, education, age, MEANWE

#### 4.5.2 Impact of Work Engagement on Innovative Work Behavior

To test the hypothesis 3b a simple regression was run. The above table indicates positive and significant association between WE and IWB. The results show that there is a positive and significant relationship between WE and IWB. It mean the more an employee engages at work the higher the chances of innovation/creativity in performance will be. Work engagement supports innovation/creativity because it has a certain level of implications on employees performance at work (Leiter and Bakker, 2010).A study by Bakker et al. (2007) and Agarwal et al. (2012) also found direct relationship between these two variables. The overall result of the study provides **support for the H2b**.

**Table 14. WE and IWB Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.295	.257		8.933	.000
WE	.477	.068	.358	7.031	.000

##### a. Dependent Variable: IWB

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.131 <sup>a</sup>	.017	.005	.47669
2	.378 <sup>b</sup>	.143	.130	.44582

a. Predictors: (Constant), experience, gender, education , age

b. Predictors: (Constant), experience, gender, education , age, MEANWE

#### 4.5.3 Impact of Work Engagement on OCB

To test hypothesis 3c, a simple regression was run and the value of Beta that is .233 and significance level is .000 shows direct association between work engagement and organizational citizenship behavior. The results provide support for H2c. From the

previous studies it is found that WE is a predictor of OCB. Employees who are highly engaged at work do perform discretionary behaviors like OCB and IWB (Bennett & Robinson, 2000). Engaged employees perform voluntarily behaviors that aim to achieve their organization's goals (e.g; OCB-O; Schaufeli, Bakker, & Salanova, 2006).

**Table 15. WE and OCB Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.262	.259		8.733	.000
	WE	.306	.063	.233	4.847	.000

**a. Dependent Variable: OCB**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.192 <sup>a</sup>	.037	.025	.34042
2	.201 <sup>b</sup>	.040	.026	.34029

a. Predictors: (Constant), experience, gender, education , age

b. Predictors: (Constant), experience, gender, education , age, MEANWE

## 4.6 Mediating Role of Work Engagement

This chapter discusses about the mediating role of work engagement between HPWS and outcome variables JP, IWB and OCB. This portion of the study aims to check whether WE has mediating effect between independent variable HPWS and dependent variables JP, IWB and OCB. For this purpose the proposed hypothesis 3a, 3b and 3c were tested for mediation by using process and procedures developed by Preacher & Hayes (2014). At first control variables were entered and then in step-II the mediator i.e. work engagement was tested between dependent and independent variables. The tables given below shows results got from the mediation analysis.

### 4.6.1 Mediating role of work engagement between HPWS & JP

**Table 16. Model Summary of HPWS, WE & JP**

Model						
	Coeff	se	t	P	LLCI	ULCI
<b>Constant</b>	1.9383	.2733	7.0932	.0000	1.4008	2.4759
<b>MEANWE</b>	1.9383	.0502	.0657	.0001	.1357	.3941
<b>MEAHPWS</b>	.1118	.0654	1.7095	.0883	.0168	.2405

R	R-sq	F	df1	df2	p
.2723	.0741	13.6149	2.0000	340.0000	.0000

#### Indirect effect of X on Y

	Effect	Boot SE	BootLLCI	BootULCI
<b>MEANWE</b>	.0914	.0914	.0348	.1649

The above tables are related to hypothesis 3a of mediation “*WE mediates the relationship between HPWS and JP*”. The value of R is indicating the correlation and P value showing significance level between and among the variables. The *R-sq* and observed *p*-value in the table is less than 0.05 confirms that work engagement has significant

mediating effect between HPWS and JP ( $R\text{-sq} = .0830, p < 0.05$ ). The Bootstrap (Boot SE) value is one of the methods to identify the mediating effects of the mediator. The indirect effect of HPWS on JP in the presence of WE is high which is showing that WE mediates the relationship of HPWS and JP. Results of regression test of mediation showing support for the hypothesis, which means that WE mediate the relationship between HPWS and JP.

#### 4.6.2 Mediating role of Work Engagement between HPWS & IWB

The below table is a summary the results of mediation test run for the hypothesis 3b i.e. “WE mediates the relationship between HPWS and IWB”. Results in the below table are showing that WE has significant mediating effect between the relationship of HPWS and IWB as the value of R-sq and p also at a significant level. The results are also showing indirect effect of HPWS on IWB in the presence of WE. So the results are showing support for the hypothesis.

**Table 17. Model Summary of HPWS, WE & IWB**

Model						
	Coeff	se	T	p	LLCI	ULCI
Constant	.9993	.2803	3.5654	.0004	.4480	1.5506
MEANWE	.3210	.0674	4.7649	.0000	.1885	.4536
MEAHPWS	.4609	.0671	6.8710	.0000	.3290	.5929

R	R-sq	F	df1	df2	p
.4862	.2364	52.6249	2.0000	340.0000	.0000

#### Indirect effect of X on Y

	Effect	Boot SE	BootLLCI	BootULCI
MEANWE	.1108	.0366	.0502	.1949

#### 4.6.3 Mediating role of Work Engagement between HPWS & OCB

In hypothesis 3c it was proposed that “*WE mediates the relationship between HPWS and OCB*”. Using the mediation process and procedures of preachers and Hay’s (2014) a mediation test was run on the variables of proposed hypothesis. Results in the below table are showing the negative mediating effect of WE on association of HPWS and OCB. Moreover, there is no significant change in the value of R-square which shows that work engagement does not mediate between HPWS and OCB. This rejects the proposed hypothesis. ( $R-sq = .095$ ).

**Table 18. Model Summary of HPWS, WE & OCB**

<b>Model</b>						
	<b>Coeff</b>	<b>se</b>	<b>t</b>	<b>p</b>	<b>LLCI</b>	<b>ULCI</b>
<b>Constant</b>	3.0573	.2201	13.8933	.0000	2.6244	3.4901
<b>MEANWE</b>	-.0676	.0529	-1.2777	.0001	-.1716	.0365
<b>MEAHPWS</b>	.3126	.0527	5.9354	.0000	.2090	.4162

<b>R</b>	<b>R-sq</b>	<b>F</b>	<b>df1</b>	<b>df2</b>	<b>P</b>
.3091	.0956	17.9596	2.0000	340.0000	.0000

#### **Indirect effect of X on Y**

	<b>Effect</b>	<b>Boot SE</b>	<b>BootLLCI</b>	<b>BootULCI</b>
<b>MEANWE</b>	-.0233	.0194	-.0649	.0121



**Table 19. Summary of Hypotheses**

<b>Hypotheses</b>	<b>Description</b>	<b>Results</b>
Hypothesis 1a.	High Performance Work System positively relates to Job Performance	Accepted
Hypothesis 1b.	HPWS positively relates to Innovative Work Behaviors	Accepted
Hypothesis 1c.	HPWS positively relates to Organizational Citizenship Behavior.	Accepted
Hypothesis 2	HPWS positively relates to Work Engagement	Accepted
Hypothesis 3a.	Work Engagement positively relates to Job Performance.	Accepted
Hypothesis 3b.	Work Engagement positively relates to IWB	Accepted
Hypothesis 3c.	Work Engagement positively relates to OCB	Accepted
Hypothesis 4a.	Work Engagement mediates the relationship between HPWS and Job Performance	Accepted
Hypothesis 4b.	H3b: Work Engagement mediates the relationship between HPWS and Innovative Behaviors	Accepted
Hypothesis 4c.	H3c Work Engagement mediates the relationship between HPWS and OCB	Rejected

### **Conclusion**

This chapter presented a series of multiple tests including reliability, correlation analysis, regression and mediation analysis were used to quantify the significant impact of independent variable (HPWS) on outcome variables (JP, IWB and OCB) including mediating variable work engagement. From the results it was explored that the construct used is reliable at level above (.5) and data taken from the respondents are significant at the level ( $p < 0.001$ ). Results indicate that HPWS and work engagement both have positive and significant impact on outcome variable of the employees in banking sector. A further analysis explored support for mediating effect of work engagement between HPWSs and JP, IWB. On the other hand WE was found insignificant to mediate between HPWS and OCB. The results provided support for eight hypotheses and one hypothesis was rejected in the study. Furthermore, the next chapter will provide a detail discussion and conclusion regarding findings of the study.

## **Chapter 5: Discussions and Conclusion**

### **Introduction**

This chapter aims to provide detail discussion and revisits the findings analyzed in chapter 4 of the study. The implications of these findings will also be discussed in section 5.2 of this chapter. Section 5.3 considers limitations of the study and section 5.4 provides direction for future research. Finally section 5.5 concludes the study with direction for policy development by managers and leaders.

### **Discussion of the Results**

This study by its findings adds to the literature of HPWS by identifying the association between HPWS and Job performance, Innovative work behaviors and OCB along with Work engagement as mediator in the banking sector of Islamabad and Rawalpindi. In this study nine hypothesis were developed and successfully tested/examined. The study has attempted to answer questions like what is the impact of HPWS on employees JP, IWB, OCB and WE? What is the impact of Work engagement on employees JP, IWB & OCB? Whether WE mediates the relationship between HPWS and JP, IWB & OCB?

For this purpose a self-reported questionnaire was designed wherein HPWS was measure with a 21 items scale of Riki Takeuchi, et.al (2007) and work engagement was measured with 10 item scale of Kanung (1985). A total of 343 responses from banking sector of Islamabad and Rawalpindi were made part of this study. SPSS was used to test the hypothesis. For mediation analysis Preacher and Hays' (2014) mediation process and procedures were used. Previously HPWS is mostly checked with organizational performance as whole however, fewer studies have been found to check the impact of HPWS on employees' job outcomes. This study by its attempt has checked the impact of

HPWS on employees' job outcomes i.e. (JP, IWB & OCB) with a mediating role of work engagement. From theoretical perspective this study confirms the findings of previous studies (Dalaney and Huselid, 1996; Yaping Gong, et.al, 2010; Schimansky, 2017 and Barkhuizen and Rothmann, 2006) which determines the significant impact of HPWS and Work engagement on employees job outcomes.

As predicted in the first hypothesis 1a, that HPWS positively relates to employees job performance. The results provide support for this hypothesis and it is found that HPWS positively relates to employees JP. The results reveal that HPWS has direct effect on JP. This result is consistent with findings of the study by Chang, & Chen,(2011) who also found that HPWS significantly and positively relates to employees job performance ( $r=0.24$ ,  $p < 0.05$ ). It means an organization with practice of HPWS enhances employee's job performance. A study by Huselid, (1995) also suggests that HR practices related to individual's attitude and behavior affects both organizational and individual outcomes. Studies on employees job performance show that HRM policies/practices have significant impact on people and organizational performances such as Training (Bartel, 1994, Knoke, & Kalleberg,1994).

Further, in hypothesis 1b it was proposed that HPWS positively relates to Innovative work behaviors. From the results it was found that HPWS has positive relationship with IWB. This is in line with the study by Tang, Yu, Cooke, & Chen(2017), wherein, it was found that HPWS positively and significantly relates to employees' creativity/innovative behavior. It means that HPWS has positive impact on employees' attitudes and it encourages employees to creatively perform their duties. Developing an innovative environment supports employees' positive perception of organization.

In the third hypothesis it was proposed that HPWS positively relates to OCB. Results provided support for this hypothesis and it provided that HPWS has significant and positive relationship with OCB. The previous studies also provide support for this hypothesis. From this finding it is said that HPWS has certain level of impact of employee's outcomes. HPWS has positive impact on internal social structures through bridging network ties and norms of cooperation. According to a study HPWS positively relates to collective OCB (Sun, Aryee, Law, 2007). In another study by Gong, Chang, & Cheung,(2010) it was hypothesized that HPWS has positive effect on employees extra role behaviors e.g. OCB through collective affective commitment. The results found support for the hypothesis that HPWS has positive relationship with OCB.

Additionally, it was proposed in the hypothesis 2 that HPWS has positive impact on work engagement. After testing this hypothesis results provided support for this assumption and it was found HPWS significantly and positively relates to work engagement. HPWS being an effective tool has certain level of impact on employees job outcomes. It means an organization with use of HPWS can enhance employees work engagement in the organization. This finding is also align with the previous studies which also provide support for this assumption (Huang, Ma Zhenzhong and Meng, 2016; and Shirzad Mohammed Mahdi Rafia Souch, Huble & wuhan (2015).

Moreover, in this study a positive relationship between WE and JP, IWB & OCB was anticipated in hypothesis 3a, 3band 3c. The value to this assumption is that WEis considered as a motivational factor which reflects the simultaneous involvement of employees' cognitive, physical and emotional energy in the work role. It is believed that the more an employee engages to work roles the better his/her and organizational

performance will be. Engaged employees are thought to give organization's competitive advantage (Corporate Leadership Council, 2006; Gallup Management Journal, 2005). Engaged employees perform well on the job due to their positive emotions (happiness, enthusiasm, motivation) and experiences (Demerouti & Cropanzano, 2010; Salanova et al., 2005; Bakker and Demerouti, 2009). This study has also revealed that Work engagement positively relates with employees' job outcomes. This is align with the findings of earlier studies wherein it is believed that Employee engagement is a predictor to commitment, IWB, OCB, (Bhatnagar & Biswas, 2010).

Work engagement enhances the occurrence of other behaviors such that OCB (Organ, 1988). Work engagement has certain level of implication on employee's performance, and it supports creativity and extra role behaviors (Leiter and Bakker, 2010). According to Bakker et al. (2007) WE positively associates with OCB. In another study by Agarwal et al. (2012) has also contributed to the findings in which it was found that WE positively correlate with innovative behaviors. From above discussion it is concluded that WE positively correlates with employees job performance, innovative work behaviors and OCB and results of this study provides support for hypothesis 2a, 2b and 2c.

Additionally, in this study WE is considered as mediator between an independent variable (HPWS) and dependent variables (JP, IWB & OCB). In few of the studies work engagement has been considered as mediator between HPWS and employee attitude of Job performance, Innovative Behaviors and OCB. Work engagement is considered as one of the potential predictor of innovative work behavior and OCB. Work engagement and job performance are related to each other and work engagement enhances employees' performance (Christian et al., 2011).

Hypothesis 4a: “WE mediates between HPWS and JP”

Using mediation process and procedure of Preacher and Hays’ (2014) hypothesis was checked for mediation. Results have shown an indirect effect of HPWS on job performance in the presence of work engagement which means that WE mediates the relationship between HPWS and JP. This finding confirmed the work of prior studies who also found the same relationship. According to a study by Naval Garg, BrijSharma (2015) employee engagement significantly and positively mediates the between HPWS and Job performance. on the other hand a study by Romell Thomas, (2016) has also revealed and found support for the employee engagement as mediator of HPWS and task performance which is in line with the findings of this study thereby the mediation is proved and supporting the hypothesis. Findings of this study are vital in a sense that HPWS is a key factor to enhance employee’s motivation to engage with work and enhance their individual and organizational performance as whole.

Hypothesis 4b: “WE mediates the relationship between HPWS and IWB”

The finding that HPWS indirectly impacts innovative work behaviors in the presence of work engagement is significant as WE mediates between the variables. This finding confirmed work of prior researchers who also found this relationship (Spiegelaere, et.al 2012; Agarwal, et.al 2012; Fatima, & Khan, 2012 and Agarwal, et.al 2013). This finding also provides additional support for association of work engagement and IWB (Agarwal, et.al 2012). Previous researchers have found a positive relationship between work engagement and innovative behaviors without understanding why this relationship exists (Schaufeli, 2012). This study is an important step in understanding the relationship between HPWS, work engagement and IWB. HPWS positively relates to innovative

work behaviors with work engagement acting as a mediator. This study finding may be used to support the use of HPWS as criteria to enhance work engagement and ultimately employee job outcomes.

Hypothesis 4c: “WE mediates the relationship between HPWS and OCB”

Finding of mediation test reveal that WE mediates between HPWS and OCB. Result of the mediating effect of work engagement was found insignificant between HPWS and OCB and the hypothesis was rejected for the assumption that work engagement mediates between HPWS and OCB. One of the reasons for this rejection can be; employee engagement is mostly high in job related behaviors like; JP and IWB rather in discretionary behaviors (OCB). Employees give preference to job related behaviors or to assigned duties rather performing extra role behaviors (OCB). That’s why result show that WE mediates HPWS and JP & IWB that are job related behaviors but in the case of OCB which is a discretionary behavior did not mediate between HPWS and OCB. Moreover, it is observed that due to busy and stressful working schedule employees in the banking sector are expected to remain engaged in job related behaviors rather performing extra-role behaviors.

However, prior studies provide support for this assumption (Romell Thomas, 2016; Alejandra, Matamala, 2011 and Qadeer, Ahmed, Hameed, & Mahmood, 2016). This finding is important in a sense that research on work engagement as mediator between HPWS and OCB is lacking and finding reveals negative and insignificant association of the variables in the context of employees working in banking sector of Islamabad and Rawalpindi. This finding emphasizes the use of HPWS to improve employees’ job

outcomes by creating conditions for performing of citizenship behaviors in the organization.

### **Managerial Implications of the study**

The findings of this study are significant to advance in the theory and practice of HPWS and work engagement. To date research on HPWS is emerging and the addition of research to expand on the concept of HPWS and work engagement benefits the advancement of outcomes for both employee and organization. Since, what is known about theory of HPWS is based on organizational perspective; this study has implications for theory by expanding the understanding of HPWS in perspective of employees job attitudes and behaviors such that IWB and OCB. The study has expanded the literature around work engagement, innovative work behaviors (IWB) and OCB by demonstrating HPWS as an antecedent of employees' job outcomes thorough mediation of work engagement.

The implications for practice reveal that the support for research hypothesis means the research model is supported. HPWS and work engagement are related to employees job outcomes which demonstrates importance of HPWS for an organization. The study provides support for HPWS and work engagement to be considered as predictors of employees' job outcomes, resultantly performance management process can be enhanced by implementing HPWS in the organization.

Senior managers, strategists and leaders in the organization can use this study to design working conditions and practices in such a way to implement HPWS for coping up with complex situations and gaining competitive advantage in the market. HPWS being a comprehensive set of HRM practices provide base for enhanced working conditions



through comprehensive selection procedures, extensive salary packages and training and development etc. are useful to creatively engage employees in today's complex and rapid changing world of business. This study supports the need for implementation of HPWS in the organization as HPWS, work engagement, innovative work behavior and OCB have direct implications for organization and employees. This study emphasized the need for managers to focus HPWS, IWB and work engagement.

A manager or leader who understands the benefits of implementing HPWS for employees and organization may experience a psychological motivation to maintain its employees engaged at work. This may result when managers understand that HPWS may facilitate achievement of organizational goals that include; job satisfaction, commitment, productivity, work engagement, reduced turnover intentions, job security and profitability (Harter et al., 2002).

### **5.3 Study Limitations**

Despite reaching the research objectives this study have some limitations. One of the study only pursued participants from Banking sector of Islamabad and Rawalpindi which limited the generalizability of the results to employees of Islamabad and Rawalpindi. Another limitation of the study is that the quantitative method supported to address the research questions and hypotheses but did not provide in-depth details regarding why a hypothesis is accepted or rejected (Mitchell & Jolley, 2001). Moreover, the study supports the relationships in the hypotheses but requires a clear understanding of why these relationships exist. Further it is also a limitation that latest definitions of HPWS exists (Rebecca R., Patrick M., 2010; Oliveira, B.L, et. Al 2015; Ferreira, et.al 2012; Janesen, Jet. Al, 2011 and Gaye Özçelik, et.al 2016) but constructs related to that were

not tested for this study. Although the study has addressed some latest scales and linked that with current needs of the organization but the construct adopted for HPWS limited the understanding of HPWS in the broader terms. Other limitations also include time frame for the study, respondents' biasness etc.

#### **5.4 Recommendations/Suggestions for Future Research**

Based on this study findings and limitations future studies could explore potential areas for research on HPWS. There is need for more longitudinal and experimental research on HPWS. Moreover, a mixed or qualitative method would be beneficial to examine why and how HPWS leads to positive or negative attitudes/behaviors of the employees specifically and effeminacy in organizational performance generally.

Studies have revealed that leader member exchange would be operationalized by both the members participating in interrelated activities/behaviors (which is employee and employers engagement) for achievement of mutual goals (Shweta & Srirang, 2013). Another potential effort would be to study whether organizational culture and managerial support being strong predictors helps in implementation of HPWS in the organization and how this relationship will affect employee and organizational outcomes. Additionally, HPWS can also be checked with negative behaviors like; whether HPWS is helpful or not in coping up with negative behaviors such that non work related presentism, employee disengagement, sabotage etc. Examining this proposition could expand the literature in understating of HPWS theory and implications in wider range.

#### **5.5 Conclusion**

The study analyzed the impact of HPWS on employees' job outcomes of JP, IWB and OCB with the mediating role of work engagement. The study aimed to know whether

HPWS positively correlates with JP, IWB and OCB with the mediation of work engagement or not. Moreover, results show positive association of variable independent HPWS and outcome variables JP, IWB & OCB through mediating role of work engagement. The examination of the hypothesis provided support for all the hypothesis of the study, which reveals that HPWS has positive impact on employees' job outcomes such that better JP, IWB and OCB. Results support the role of work engagement as mediator of HPWS and JP, IWB and OCB. The study has proved that HPWS can be used as a tool to enhance employees' job performance, stimulate innovative behaviors and motivate employees to perform OCB on the job.

The study has various implications for theory, practice and research of further study in the area. The study had some limitations included study design, regional focused like only considered employees of Banking sector of Islamabad and Rawalpindi, the number of responses used in the analysis, latest definition and construct of the HPWS and could not be considered for in this study. It is in the sense that when an individual listens and studies about HPWS a kind of technological system is pictured in the mind and a system of fast track working to use of technology and internet for business and HRM functions . Suggestions for future research included that a pure quantitative or mixed method for better results, a kind of longitudinal and experimental study. Further it was also suggested to measure HPWS in relation to organizational culture and managerial support. Furthermore, it will be another contribution to measure HPWS whether it lessens or not negative work practices like; NWRP, employee disengagement, sabotage and absenteeism etc.

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## APPENDICES

### Research Questionnaire

**Dear Respondent,**

I am a student of M. Phil (Management Sciences) at Pakistan Institute of Development Economics (PIDE), Islamabad and doing this survey as thesis entitled

**“The Impact of HPWS on Job Performance, Innovative Work Behaviors and Organizational Citizenship Behavior (OCB) with the mediating role of Work Engagement”.**

Your answers in this questionnaire will be kept strictly confidential and will be used only for research purpose. You are requested to take **5-10 minutes** out of your busy schedule to fill this questionnaire.

If you need findings of this research, please ask for a copy at [786shahbaz.bba@gmail.com](mailto:786shahbaz.bba@gmail.com) . Once again thanks for your precious time and cooperation.

**Regards,  
ShahbazYousaf**

Section-1 (HPWS)						
Please do not generalize, but tell about what is actually happening						
S. No	Description/Identification of Survey Item	Scale				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	In our Organization.....					
1.	Employees are involved in job rotation.	1	2	3	4	5
2.	Employees are empowered to make decisions.	1	2	3	4	5
3.	Jobs are designed around their individual skills and capabilities.	1	2	3	4	5
4.	Selection is comprehensive (uses interviews, tests, etc.).	1	2	3	4	5
5.	Selection emphasizes their ability to collaborate and work in teams.	1	2	3	4	5
6.	Selection involves screening many job candidates.	1	2	3	4	5
7.	Selection focuses on selecting the best all-around candidate, regardless of the specific job.	1	2	3	4	5
8.	Selection emphasizes promotion from within.	1	2	3	4	5
9.	Selection places priority on their potential to learn (e.g., aptitude).	1	2	3	4	5
10.	Training is continuous.	1	2	3	4	5
11.	Training programs are comprehensive.	1	2	3	4	5
12.	Training programs strive to develop firm-specific skills and knowledge.	1	2	3	4	5
13.	The training programs emphasize on-the-job experiences.	1	2	3	4	5
14.	Performance is based on objective, quantifiable results.	1	2	3	4	5

15.	Performance appraisals include management by objective with mutual goal setting.	1	2	3	4	5
16.	Performance appraisals include developmental feedback.	1	2	3	4	5
17.	Incentives are based on team performance.	1	2	3	4	5
18.	Compensation packages include an extensive benefits package.	1	2	3	4	5
19.	Our compensations include high wages.	1	2	3	4	5
20.	The incentive system is tied to skill-based pay.	1	2	3	4	5
21.	Our compensation is contingent on performance.	1	2	3	4	5
<b>Section-2(JP)</b>						
		<b>Scale</b>				
<b>S. No</b>	<b>Description/Identification of Survey Item</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
1	You meet formal performance requirements of the job	1	2	3	4	5
2	You engage in activities that will directly affect performance evaluation	1	2	3	4	5
3	You neglect aspects of the job that is obligated to perform	1	2	3	4	5
4	You fail to perform essential duties	1	2	3	4	5
<b>Section-3 (OCB)</b>						
		<b>Scale</b>				
<b>S. No</b>	<b>Description/Identification of Survey Item</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
1	I adjust my work schedule in way to create time to facilitate and share the work load of my colleagues.	1	2	3	4	5
2	I help others who have been absent.	1	2	3	4	5
3	I show genuine concern and courtesy toward coworkers, on workplace as well as their personal issues.	1	2	3	4	5
4	I offer my ideas to improve the functioning of the organization.	1	2	3	4	5
5	I express loyalty toward the organization.	1	2	3	4	5
6	I demonstrate concern about the image of the organization.	1	2	3	4	5
7	I took initiative to troubleshoot and solve problems before requesting help from a supervisor.	1	2	3	4	5
8	I voluntarily did more than the job requires so that I can help others or contribute to the overall functioning of the organization.	1	2	3	4	5

Section-4 (IWB)						
S. No	Description/Identification of Survey Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	In our Organization.....					
1.	Employees try to solve problems in different ways	1	2	3	4	5
2.	Employees are able to search for new working methods, techniques or instruments	1	2	3	4	5
3.	Employees show innovative and creative behaviors	1	2	3	4	5
4.	Employees are able to take the risk of being innovative and creative	1	2	3	4	5
5.	Employees are able to anticipate problems and opportunities	1	2	3	4	5

Section-5 (Work Engagement)						
Sr. No.	Description/Identification of Survey Item	Scale				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	The most important things that happen to me involve my present job.	1	2	3	4	5
2	To me, my job is only a small part of who I am.	1	2	3	4	5
3	I am very much involved personally in my job.	1	2	3	4	5
4	I live, eat and breathe my job.	1	2	3	4	5
5	Most of my interests are centered around my job.	1	2	3	4	5
6	I have very strong ties with my present job which would be very difficult to break.	1	2	3	4	5
7	Usually I feel detached from my job.	1	2	3	4	5
8	Most of my personal life goals are job-oriented.	1	2	3	4	5
9	I consider my job to be very central to my life.	1	2	3	4	5
10	I like to be really involved in my job most of the time.	1	2	3	4	5
Demographic (Section)						

<b>Gender:</b> <input type="checkbox"/> Male <input type="checkbox"/> Female <input type="checkbox"/> Others <b>Highest Qualification:</b> <input type="checkbox"/> Bachelors <input type="checkbox"/> Masters <input type="checkbox"/> M.Phil./MS <input type="checkbox"/> PhD. <b>Organization:</b> _____ <b>Age:</b> _____ <b>Total Experience (years)</b> _____
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