

HIGH-PERFORMANCE WORK SYSTEM ON SUSTAINABLE ORGANIZATIONS PERFORMANCE IN SMEs

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Abstract. Managing performance is quite easy, but sustaining that performance is the real challenge for organizations in the 21st century. Hence, the research's main objective is to examine the impact of high-performance work system on sustainable organizational success in small and medium business (SMEs). Moreover, for global business organizations to succeed innovation must be involved. Therefore, the study is mediated by the Innovative work behaviour. Data were obtained among 820 SME employees in Nigeria. The Analysis used Partial Least Square (PLS) to check the hypothesis. In order to introduce creativity or inspire workers to behave innovatively in the workplace, they need a sense of well-being to actively engage employee organisations. This research will allow managers to agree to invest in workers so that employees work successfully and display creative actions in order to achieve sustainable organisation. This study adds to the scientific management literature by exploring the phenomena sustainable lens innovation and high-performance work by the SMEs in concurrently improve innovation-specific skills, inspiration, and voice habits across employees, resulting in higher innovation efficiency.

Keywords: high performance work systems, innovative work behaviour, sustainable organizational performance, Small and Medium Enterprises, Partial Least Square (PLS), Nigeria.

JEL Classification: M10, M12, M13.

Introduction

In today's globalized economy and dynamic environment, organizations are saddled with the responsibility of satisfying all stakeholders and as well as enhance all dimensions of their performance. Managing performance is quite easy, but sustaining that performance is the real challenge of the 21st century. Sustaining the higher performance is possible through continuous effective monitoring and measurement of a company's performance. A famous saying of Fazzari et al. (1996), Kaplan and Norton (1992) that what you measure is what you get or what gets measured gets attention has been widely acknowledged by both practitioners and academia. Sustaining performance

is a challenge for every organization, regardless of the industry in which it operates and the nature of its business. Therefore, organizations need to constantly keep an updated performance measurement system that constantly reflects the levels of performance output and identifies any gaps that interrupt the system. However, the service industry is more vulnerable and more competitive than other industries. More specifically, the small and medium business (SMEs) are facing a greater challenge in sustaining performance because of the lack of management expertise or resources (Bititci et al., 2012; Garengo et al., 2005; Garengo & Bititci, 2007).

According to the repositories of literature Eniola (2018), Eniola and Olorunleke (2020) organizational

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performance is generally measured in two dimensions, the financial and non-financial performance. Kaplan and Norton (1992), Siddiqui (2001) asserted that some managers in the industries are more financial centric by focusing mainly on financial measures while others on non-financial measures, given the logic that financial results will follow automatically. In fact, it is not prudent to consider a single measure as a benchmark and expect that it will generate the desired outcomes in critical business areas. Therefore, it is an intense need that managers focus on balance scorecard that propagates to focus on both financial and non-financial performance measures to get the optimal results. Hence, this study considers both financial and non-financial performance measurement of the organizations.

Financial performance can be measured through: cash flow, increased market share and Returns on Earnings (ROE), sales growth and operating income by division, percentage of sales from new products, share of key account purchases. While non-financial performance can be measured through ranking by key accounts, on-time delivery (defined by customers), a number of cooperative engineering efforts, manufacturing geometry vs. competition, new product introduction vs. competition, and percent of products that equals 80% sales. Non-financial measures deal with the internal process, improvement, innovation, customer satisfaction and while the financial performance measures the report regarding actions which are already taken by the organization.

This research, particularly focuses on sustainability of non-financial performance that is, improving internal processes, continuous improvement in services and customer satisfaction, and innovation. Continuous improvement is considered to be one of the most crucial elements in services industries due to the fact that 21st century organizations are facing cut-through competition in a dynamic globalized environment, and their survival is directly proportionate on the organizational capability to become persistently innovative.

Firms' innovation success has demonstrated to increase with high-performance work systems (HPWS) (Shahzad et al., 2019). However, a study of the literature shows that previous analyses have concentrated on large companies, leaving out how HPWS relate to innovation success in the sense of SMEs (Rasheed et al., 2017). SMEs' competitiveness is influenced by their innovation performance, therefore, HPWS research in SMEs is a new learning and significant in Nigeria context. Scholars contend that SMEs vary from big companies in their approach to adopting and implementing HPWS due to a variety of reasons, including a lack of funding, a lack of bureaucracy, informal and agile processes, a fire-fighting spirit, and better contact (Shahzad et al., 2019). However, our interpretation of how HPWS influence innovation performance in the SME sense remains underdeveloped and a *black box* that researchers should investigate further (Shahzad et al., 2019). Moreover, the inclusion of innovative work behaviour as a multidimensional conceptualization mediating

factor in this study adds a more comprehensive and inclusive paradigm for identifying critical antecedents of SMEs' innovation performance.

HPWS research covers both organisational and individual-level. Scholars also confirmed the significant correlation between HPWS and organizational performance at the operational stage. Individually, longitudinal research indicates that HPWS may increase personal success in areas such as worker satisfaction, service efficiency, corporate responsibility activity, and knowledge sharing (Zhu et al., 2018). Nevertheless, the available studies on the intermediate relation between HPWS and performance have produced very modest knowledge about the impact of HPWS on organisational performance (Zhu et al., 2018). Therefore, our view of the connection between HPWS and organisational performance needs to be expanded. Moreover, what the resource-based view (RBV) lacks is an examination of the mechanism to determine how and why HPWS improve organisational performance. The context provided by resource-based theory allows one to consider how human resources can have a sustained competitive edge and how human resource policies can help improve this advantage (Chowhan, 2013).

Furthermore, SMEs in Nigeria play a very predominant role in boosting the economy as they contribute more than 48% of the gross domestic product (GDP) of the country out of which 7.3% earnings come from service-oriented SMEs (National Bureau of Statistics and Small & Medium Enterprises Development Agency of Nigeria [NBS/SMEDAN], 2017). Although, SMEs contribute a lot towards GDP of the country and the overall economy, the SMEs sector remains disregarded (Eniola, 2014, 2018, 2020a, 2020b). However, the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) is making efforts to develop SMEs in the country (Eniola & Entebang, 2014; NBS/SMEDAN, 2017). Very limited research has been conducted to understand the real needs and requirements of SMEs, especially in terms of innovations and sustainable performance. Thus a wide gap exists in the service led SMEs of Nigeria, which this study attempts to address by measuring the mediating impact of innovative work behaviour on sustainable performance when triggered by HPWS. This study thus attempts to investigate how organizations achieve sustainable performance through either individual led innovation or the innovative work behaviour that is being triggered by High performance work systems (HPWS) implemented in the organizations.

1. Hypotheses development

1.1. The RBV and HPWS

A resource is described as something that could be considered of a given organization as a forte or shortcoming... whose substantial resources are bound semi-permanently to the business. Barney (1991) developed this concept, claiming that organisational assets involve altogether tools, skills, organisational procedures, firm characteristics,

facts, expertise, and so on that a firm controls and that allow the firm to conceive of and execute strategies that increase its productivity and effectiveness. In contrast to the competitive advantage environmental models, the resource based view (RBV) of the company relies on the firm's internal capital as the primary determinant of competitive performance (Barney, 1991). These models are based on the premise that companies within a market have the same competitive capabilities and that any idiosyncratic company characteristics are ignored (Porter, 1985, 1991). The RBV of the business, on the other hand, suggests that companies inside a sector or community can be varied regarding the capital they oversee, and that these firm assets are imperfectly mobile and quirky in nature. The resource based view (RBV) likewise had an effect on strategic human resource management as the human resources (HR) function sought to demonstrate its importance and relevance to the organisation (Özçelik et al., 2016). Resources, according to the resource based view, may give a firm with long-term competitive advantages if they are scarce, important, irreplaceable, and non-substitutable (Barney, 1991, 2001). For the reason that of the growing emphasis on the resource based view in the management strategy literature, human resources has had the option to legitimise its stance that a that a company's human resource is advantageously critical to its performance. Following these assumptions, the issue of whether the firm's human resources or human resources (HR) strategies had a greater capacity to be a source of sustainable competitive advantage arose. Though, it is advocated that for firm employees with skills and motivation (Wright & McMahan, 1992), while other scholars as cited in Özçelik et al. (2016) proposed that implementing HR practises as a system – HR tools used to manage the firm's human resources – would provide a firm with a sustainable competitive advantage by developing and sustaining exclusive, synergistic, and integrated human resources. These two contrasting viewpoints may be integrated into the philosophy of HPWS, which finds workers to be important, self-managed, self-controlled, and improvement-oriented, and whose performance can be improved and maintained through constructing a series of interconnected human resources management (HRM) activities. These HR activities are used to successfully pick, grow, and inspire employees by rigorous preparation and knowledge exchange, as well as including them in decision-making processes.

1.2. Sustainable organizational performance

Performance of a firm plays decisive role in business success. There are many factors which affect organizational performance and it can be predicted in different ways, such as market share, sales volume, profits and many internal factors, including improvements in organization systems (Augustie & Saad, 2019; Frega et al., 2018; Teece, 2007). There are different approaches for measuring organizational performance. Innovation at the organizational level, including innovation in terms of new product/

service development, administrative and marketing, process of knowledge development, developing creative capabilities and enhancing origination performance through innovation by differentiation is a few that organizations undertake (Ferrier & Lyon, 2004; Siddique et al., 2019). Basically, organizations need to adapt to changes through innovation management to meet the changing needs of the market and the environment (Baker & Sinkula, 2002; Balkin et al., 2000; Ferrier & Lyon, 2004; Wolfe, 1994).

Organizational performance can be described in three scenarios: First, shareholders enjoy a higher share of profits while employees are treated as burdens and liabilities and consequently, the firm loses a good reputation in terms of employee relations, thereby going through serious legal and environmental concerns. Second, the firm is very famous among community and has won the best employer award three times in the past ten years but financial performance is precarious. Third, the firm slogan is “being green” but in reality, it is bearing a heavy financial cost due to green advertising campaigns and increase manufacturing costs. These are different scenarios which craft clear picture of multi-faceted existence of organizational performance. It becomes even more complex if relying upon the expectations of stakeholders.

1.3. High-performance work system and sustainable organizational performance

A large body of research as well as the meta-analysis of this literature such as, Bamber et al. (2009), Gittel et al. (2010), Hoffer Gittel (2016), Siddique et al. (2019) however, argued that certain human resource (HR) practices which enhance performance of the organizations are referred to as high-performance work systems (HPWS). The phenomenon of HPWS propagated the adoption of a group of key human resource (HR) practices that enhance knowledge, skills, and abilities (KSAs) of employee can facilitate organizations high performance achievement and create value for the organization (Siddique et al., 2019; Takeuchi et al., 2007).

HPWS has its roots in management history as organizations have always been striving for improving performance through effective management of people and resources. It has its roots throughout in scientific management, industrial democracy, human relations movement, the evolution of management and job enrichment (Nonaka, 1998; Nonaka & Takeuchi, 1995). The concept has been used in Japanese Lean Production systems in 1970's in the production industries. Recently the concept has been seen in offshoring to China and India for low cost production. Work related to HPWS can contribute to the existing HRM literature in two ways: first by addressing the diversity existing at workplace and secondly by developing understanding about what strategies are suitable for a particular business, called the “best practices or “High Performance Practices”.

Human Resource Management has been recognised as an essential feature that has an impact on the enterprise

as far as various effects and component, one of which is firm performance. In recent years, HRM results have been based on HPWS. Finlay et al. (2001); Walsh et al. (2004), in their book "Manufacturing advantage": The concepts HPWS have been commonly used not only in academia, but also in the industrial sense. The concept has been commonly used not only in business, but also by ministries of various governments, labour unions, and professional societies in developed nations. For example, in the United Kingdom, high performance working has been used in official reporting (see UK Commission for Employment and Skills, 2010). The term high performance workplace programs" has been used in Australia by Queensland government to help manufacturers lift their performance (Queensland Government, 2010). In New Zealand, it has also been used as high-performance working partners (Tran & Tookey, 2011).

The performance of the SMEs, especially service oriented SMEs can be enhanced, if they focus on motivating their employees to be more innovative by implementing high performance works system (HPWS) in organizations. HPWS will lead SMEs towards sustainable performance in presence of innovative work behaviour that comes through employees' active engagement in their work. In today's globalized economy, the industry is highly dependent on the knowledge, skills, abilities (KSAs), and commitment of employees. Therefore, an investment on employees should not be treated as an expense; since, they are the source of firm's competitiveness. Hence, the efficiency and effectiveness of systems can be gained through well competent workforce acquired by an organization.

The review of the literature made it clear that HPWS has a relationship with firm performance and HPWS have an impact on the innovative work behaviour of employees. Stakeholder theory explains the whole model in the light of resource-based view (RBV) (Gamage, 2020). HPWS aims at creating a holistic culture of employee commitment, employee engagement, excellence and a commitment to continuous improvement by the highly qualified employees. According to Gamage (2020), Timiyo (2014), researchers have explored HPWS and have summarized it into different practices to gain competitive advantage, to survive in the market and to sustain performance. However, Pfeffer (1998) reduced sixteen HPWS into seven. First, organizations that ensure a sense of security among their employee and build trust between them are more committed towards success. Second, organizations that focus on selective hiring and hire employees based on specific skills and aptitude requirements suitable for a particular kind of job are better off than others hiring people based only on academic qualifications. This in turn improves long term employee orientation and turns these companies into great rather than just being good. Third, decentralized decision making creates a sense of empowerment among employees and results in increased customer and employee satisfaction and higher firm performance.

Fourth, compensation system in which employees at all levels are rewarded results in satisfaction and better

performance. Fifth, training employees on problem solving, quality initiatives and linking these training programs with organizational vision, goals and strategies lead to better performance. Sixth, encouraging the culture of high trust would lead organizations towards success by nurturing people in spite of controlling them. Employees are valued at all levels of organization policies, practices and rewards system which provokes dignity and respect among them. Seventh: if employees have all kinds of necessary information available at all levels of the organization, this will strengthen their trust and create a sense of ownership among them. Organizations need to assimilate all these seven practices and develop an integrated employee focused structure in order to sustain performance.

This research focuses on seven key human resource practices that help to achieve higher organizational performance – selective staffing, comparatively high compensation, flexible job assignments, teamwork, performance appraisal, training and development, and clear communication (Huselid, 1995). These practices are considered to engage employees in innovative work behaviour by enhancing their knowledge, skills and abilities (KSAs) and motivate them to ultimately contribute to the competitiveness and sustainable performance of the organization.

H1. HPWS positively influence the sustainable organization's performance.

H2. HPWS positively influence the Innovative work behaviour of the employees.

1.4. High-performance work system, innovative work behaviour and sustainable organizational performance

Innovative work behaviour is all about generating, presenting and applying new ways of doing things at work for performing work roles with intentions towards improvements in terms of individual and organizational performance (Dediu et al., 2018). Innovation work behaviour is carried out in sequential steps. An individual generates a new idea or solution for work related issues and if the idea is novel he/she needs support for the acceptance of an idea, idea promotion and implementation of the idea (Scott & Bruce, 1994; Van der Vegt & Janssen, 2003).

An innovative work behaviour usually revolves around work related issues and problems, fulfilling needs of individuals (de Jong & den Hartog, 2010), knowledge sharing, finding solutions of existing problems and new ways of dealing with the problems (Woodman et al., 1993). In today's competitive business environment, organizations encourage work related innovativeness which is a key to survive in the competitive climate. Many researchers have explored the impact of leadership, groupings and organization climate in determining innovative employee behaviour and it was confirmed that supportive and empowering leadership, smooth communication and organization climate are positively linked with innovative employee behaviour (Bakhshi et al., 2008; Gamage, 2020; Oldham & Cummings, 1996).

Yidong and Xinxin (2012) proposed their multilevel model and found the influence of ethical leadership on employee innovative behaviour via intrinsic motivation as a mediator at both group and organizational levels. Innovative work behaviour is associated with individual and group ethical leadership and intrinsic motivation mediates the relationship. According to Innovation theory; innovation is not only restricting to the generation of ideas, but it also embeds its worth and implementation. To get desirable results from innovative behaviour it is necessary to accept and implement the new ideas, and organizations need to provide all the necessary support and resources to get maximum benefits from innovation. Innovation is considered as an important element in attaining and maintaining competitive advantage, which leads towards sustainable organizational performance.

The performance of an organization is influenced by innovation (Damanpour & Evan, 1984; Damanpour et al., 1989). The concept of innovation is not limited to finding new ways of creating products and providing services by companies, it also includes new and diverse ways of managing people (Shin et al., 2018; Siddique et al., 2019; Sindakis & Kitsios, 2014; Tajeddini et al., 2006). Innovation is at the panicle for attaining competitive advantage and managing the environmental change and implementing the change management process (Wang & Chung, 2013). The role of innovation also depends on the type of business i.e. innovation is more important for high tech firms as compared to low tech firms (Laforet, 2009). Innovation has positive relationships with market orientation in both small and medium size enterprises (Alhakimi & Mahmoud, 2020; Kirner et al., 2009). A number of studies confirm that innovation has positive effects on new product development (Farrelly & Quester, 2003; Handiwibowo et al., 2020; Yu et al., 2020). It is the process of making changes to products, processes, and services, large and small, radical and incremental that results in the introduction of something new for the business that provides value to customers and contributes to the organization's knowledge store. Innovation has expedited the rate at which new products are developed and launched, as well as revenue growth and profitability (Mehta, 2015).

In numerous ways, innovation influences labour productivity and organisational performance. Product innovations provide new demand and higher value for customers, or they develop scale efficiencies (Woltjer et al., 2021) by improving the motivational, technical-organizational, and moral levers that raise labour efficiency, whereas process innovations are expected to increase operational efficiencies (Woltjer et al., 2021). Crépon et al. (1998) find a positive link between product innovation and productivity activities, assessed as sales of new products and services per employee or as a regression model for product innovation. The third is the organisational innovation, which refers to the development of new organisational forms and/or management practises (Mehta, 2015). Hence,

companies' sustainability is created by HPWS and organisational innovation.

Innovation is very important for organizational performance if it is carried out with an appropriate plan of action. It also depends on the firm's orientation (Dibrell et al., 2011; Jaworski & Kohli, 1993; Prifti & Alimehmeti, 2017). Innovative and creative organizations have access to a larger pool of opportunities as compared to those that are not highly innovative. Many researchers have precedent that there is a significant relationship between innovation and performance along with a perceived level of associated risks (Frega et al., 2018; Pisano & Teece, 2007; Zehir & Zehir, 2019). Organizations need to develop their innovation strategy within the general business strategy to attain a stable base for attaining an ultimate level of performance (Rosenbusch et al., 2011).

Many researchers have linked innovation with organizational performance and concluded that there exists a positive relationship between them (Afriyie et al., 2019; Damanpour & Evan, 1984; Damanpour et al., 1989; Kitsios & Grigoroudis, 2020; Prifti & Alimehmeti, 2017). Despite the fact that the research of Prifti and Alimehmeti (2017) found a positive relationship between innovation and performance. The researchers affirm that innovation is not a strong determinant of organisational performance due to inconclusiveness and other parameters of measurement (Sethibe & Steyn, 2016). However, most of the researchers were of the view that innovation is related to the development of new products. Organizational performance is difficult to measure, particularly when it is fluctuating at a rapid pace. The scope of measurement of sustainability has been widened by different concepts of sustainability, but there is a lack of consensus via specified reporting standard. It is necessary to simplify and conceptualize sustainability in order to measure it (see Figure 1).

The relation between innovation and performance is stronger in large organizations due to availability of more resources and investment. Innovation has been studied in production firms and very few studies are available that deals with services sector. A number of studies are conducted on organizational performance; yet few researchers have investigated the relationship between Innovative behaviour and high performance work practices in the context of sustainable organisation performance. It is very useful for researchers and practitioners to measure the impact innovation management in relation to organizational performance. Therefore, in the theoretical framework of this study, as depicted in the Figure 1, HPWS practices are taken as independent variables, innovative work behaviour as the mediator variable and firm sustainable performance as an outcome variable.

H3. Innovative work behaviour positively influences the sustainable performance of the organizations.

H4. Innovative work behaviour mediates the relationship between HPWS and sustainable performance of the organizations.

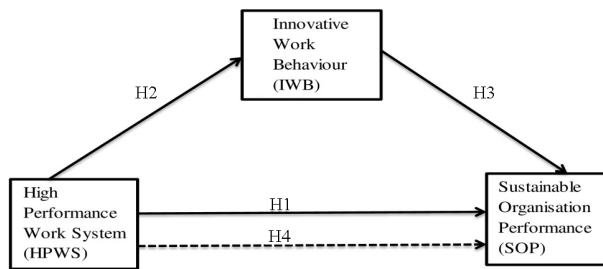


Figure 1. Research framework

2. Research methodology

The current study is quantitative in nature where data has been collected and analysed, hypothesis were developed and empirically tested. The outcomes were evaluated using numerical data. Positivist paradigm has been used in current research. The study is descriptive as well as explanatory; as it provides explanation about the relationship between variables. The quantitative research approach is more useful and efficient as it tests the set hypothesis and enables the researcher to investigate and validate the objectives of the study. The research assumptions with the help of research questions followed by hypothesis also explain the characteristics of a larger population with the help of collecting data. The data has been collected through self-administrated questionnaire as it is considered as a reliable source for data collection, as compared to interviews. There are fewer chances of biases due to the influence of researcher’s own judgment in the study. NBS/SMEDAN (2017) make available that 44,182 of the 17,28 million small and medium-sized enterprises running in Nigeria comprise 7,474 small and medium-sized enterprises located in the South-West. The study was therefore conducted among 7,474 small and medium-sized enterprises in the South-West region, utilising questionnaire survey. From early March to mid-May 2021, 915 surveys were distributed to entrepreneurs in the service industry. These efforts resulted in 835 responses. After removing those with missing values or incomplete responses, we had 820 valid responses. The response rate indicated that 820 people, or 89.6 percent, responded. This cannot be compared to a similar study conducted by Zhu et al. (2018), which had a response rate of 39.11 percent. As a result, the obtained data accurately reflects the complicated reality.

The service sector is where business owners are productive and generate economic opportunities. The investigation takes a gander at enterprises that expressed business without any preparation and in presence for as long as five years. Our samples include special respondents that have chosen to take a route to entrepreneurialism in one the three different approaches; starting a new company on their own or through partnerships, by legacy and thus taking the decision to continue to grow it and buying an existing company (Eniola, 2021).

3. Analysis and findings

3.1. Reliability

This research opts for VB-SEM measurable methodology while using SME-PLS software on 820 samples gathered from employees working in service providing SME. This approach helps to analyse the reliability. The reliability of all the items/variables, are above the 0.7 which is the threshold level as recommended by (Eniola & Osigwe, 2021; Hair, 2014). Reliability and convergent validity are measured by Cronbach’s alpha (CA) and average variance extracted (AVE) respectively. Eniola et al. (2019), suggested that the extracted average variance demonstrates the extent to which indicator variances are explained by the latent structure. The basic rule for convergent validity is that when each construct describes at least 50 percent of the variance allocated to the predictor, it can only be accepted as adequate (Bagozzi, 1996; Eniola et al., 2019). For all bases of this analysis, the average variance extracted is more prominent than 0.5, indicating that the convergent’s validity is sufficient (Fornell & Larcker, 1981). In addition, all the builds of CA and Composite reliability (CR) are more prominent than 0.80, fulfilling the general guideline proposed by (Hair et al., 2014). The final results of the estimation model is indictaed in the Table 1.

Table 1. Reliability statistics

	CA	CR	AVE
High Performance Work System (HPWS)	0.923	0.939	0.687
Innovative Work Behaviour (IWB)	0.959	0.971	0.892
Sustainable Organisation Performance (SOP)	0.927	0.945	0.775

3.2. Validity

After testing, the second step of internal consistency and reliability instruments used in this research is the testing of discriminant validity. To allow instruments to be valid, the square roots of AVE should be higher than the off indirect components in their related line and segment. For each AVE square root, the discriminant validity is defined (Fornell & Larcker, 1981), which is greater than the interconnections in the framework between both the structure and other structures. Table 2 shows adequate outcomes for discriminat validity.

Table 2. Measurement model

Discriminant Validity			
	HPWS	IWB	SP
HPWS	0.829		
IWB	0.674	0.944	
SOP	0.729	0.748	0.88

Note: Bold numbers represent the squared root of AVE while the other entries represent the correlations.

3.3. Test for normality

The Kolmogorov-Smirnov test was used to determine the normality of the dependent variable, sustainable organisational performance (SOP). Given that H_0 and H_1 both have a P-value of 0.05, the rule is to reject H_0 if the P-value is less than 0.05, else fail to reject H_0 , where H_0 indicates that the data is normal and H_1 indicates that the data is not normal.

Table 3. Test for normality (One-Sample Kolmogorov-Smirnov Test)

		Sustainable Organisation Performance
N		820
Normal Parameters ^{a,b}	Mean	21.4817
	Std. Deviation	6.32876
Most Extreme Differences	Absolute	.157
	Positive	.084
	Negative	-.157
Kolmogorov-Smirnov Z		1.712
Asymp. Sig. (2-tailed)		0.311
a. Test distribution is Normal.		

Table 3 shows that using the Kolmogorov-Smirnov Test of Normality, the data on sustainable organisational performance (SOP) shows that the P-value, 0.311, is greater than 0.05. Therefore, there is significant evidence to reject the null hypothesis, (H_0). The variable follows a normal distribution thereby allowing for further analysis. Furthermore, it demonstrates that variables are roughly normally distributed, with a mean of 21.4817, a standard deviation of 6.32876, and 820 responses.

3.4. Hypothesis testing

After going through the reliability and validity test current study measures the path coefficients which also denotes as Beta coefficients for the research model while applying a bootstrap analysis of up to 10000 measurements

to evaluate the path analysis on the importance of the coefficients of the direct effects path. In the result of this test it was revealed that all the direct hypotheses have been accepted as they all have positive beta coefficient values. T values are also within the prescribed limit and the model is significant at 95% confidence interval. The results in Table 4 which is provided below show that (H1) HPWS gives a positive significant connection with sustainable performance ($\beta = 0.729$, t-value = 19.729, $p < 0.00$). (H2) HPWS gives a significant and positive influence on innovation work behaviour ($\beta = 0.674$, t-value = 15.544, $p < 0.00$) and (H3) Relationship of innovative work behaviour and sustainable performance is positively and moderately established ($\beta = 0.471$, t-value = 7.55, $p < 0.00$). Consequently the study concluded that the entire direct hypothesis were accepted/ supported as shown in Table 4. This research also takes the confidence interval test into consideration while testing the hypothesis. All the confidence interval values are positive; no interval contains the value 0. So this also helps us in accepting the hypothesis. Multicollinearity was examined through variance inflation factor (VIF). Standard VIF is 1.8 to 2.8 but in some cases it can be relaxed up to 5 (Hair et al., 2011). In this examination multicollinearity is not an issue among the estimated model.

3.5. Hypothesis testing for mediating variables

Moving towards the mediation of innovative work behaviour was tested amongst the relationship of HPWS and sustainable organisational performance. The connection between HPWS and sustainable organisational performance is partially mediated by innovative work behaviour. Although Beta coefficient is (0.061) means it has very less influence on the relationship and significance (p value is 0.05) which is also high, but, yet we would like to accept the hypothesis on the basis of the other test which indicates that confidence interval values does not contain 0. Both the confidence interval values are on the positive side, clearly indicating that confidence interval values do not contain zero (0) which gives leverage to researchers that we could accept our hypothesis partially as seen in Table 5.

Table 4. Hypothesis testing for direct effect

Hypothesis	Path	Beta	T Statistics	P Values	CILL	CIUL	VIF	Decision
H1	HPWS -> SOP	0.729	19.729	0.00	0.669	0.789	2.4	Accepted
H2	HPWS -> IWB	0.674	15.544	0.00	0.596	0.741	1.96	Accepted
H3	IWB -> SOP	0.471	7.554	0.00	0.364	0.571	2.19	Accepted

Table 5. Hypothesis testing for mediation

Hypothesis	Path	Beta	T Statistics	P Values	CILL	CIUL	VIF	Decision
H4	HPWS -> IWB -> SOP	0.061	1.56	0.05	0.001	0.129	1.89	Partially Accepted

4. Discussion

This study reveals that High performance work systems when placed in the organizations can lead the organizations towards sustainable performance. High performance works system engages the employees towards their work by giving them a sense that the organization is working hard for their well-being. When employees feel that they are being taken care of by their organizations, they feel motivated and energetic. Hence, they get solely engaged with their work and bring innovative ideas at the workplace to implement and to make the organization progressive and competitive in the local and global market. Researches on organizational studies have broadened its scope by recognizing and unfolding the psychological capacities in order to help facilitate business managers to cope with expected outcomes regarding organizational performance. Morgan (1986) gave his metaphor of the executive as catalyst/individual according to which individuals act as catalyst and enhance performance of others. The theory of self creates links between executive meaning making and the propensity to design a message which can engage people and at the same time creates self-aimed complexity.

The finding is intriguing; the key input of this paper to the literature is that it offers confirmation supporting the idea that innovative work behaviour mediates the association between HPWS and organisational performance. Whereas some studies have proposed it (Fu et al., 2015; Naranjo-Valencia et al., 2017), research on the innovative work behaviour as mediation has been extremely sparse up to this stage (Fu et al., 2015). The results of this paper not only add to the body of knowledge, but also have practical consequences for practitioners.

The first addition is obvious. It demonstrates to companies looking to improve organisational efficiency that having workers who partake in innovative behaviour at work is a critical component to achieving this aim. Employees who explore opportunities to change existing systems and products, who can rethink current concepts and unlearn outdated practises, who suggest new ideas and encourage their adoption are needed. Furthermore, as the degree of radical egalitarianism of inventions is greater, this form of behaviour is much more important (Naranjo-Valencia et al., 2017).

Second, this paper demonstrates that human resources management activities can be used to support workers' innovative work behaviour. According to the results, innovative work behaviour would profit from the implementation of the series of human resources management activities known as HPWS, which involves practises such as empowerment, continuous preparation, and the use of rewards for innovative concepts. Thus, the core people management imperative for managers is to maximise efficiency and use the implicit expertise of these workers for creativity (Naranjo-Valencia et al., 2017).

4.1. Contributions to theory

This article contribute theoretically by responds to previous research calls (Naranjo-Valencia et al., 2017; Zhu et al., 2018) by delving into the intrinsic innovation impact process underlying the HPWS-performance relationship at the organisational level. Prior research has not been able to unearth the precise mechanism by which HPWS affects organisational performance (Zhu et al., 2018). This study has contributed to the analytical advancement of human resource management by expanding our perception of the partnership between HPWS and organisational performance through resource base view theory. The theory make us to understand that part of the firm resources is the application of High Performance Work Systems (HPWS), which finds workers to be important, self-managed, self-controlled, and improvement-oriented, and whose performance can be improved and maintained through constructing a series of interconnected HRM activities.

Second, prior literature on the mediation of IWB has argued that human resource management strategies can help organisations achieve a higher degree of entrepreneurial spirit (Zhu et al., 2018). However, these points are mostly theoretical in nature and ignore scientific validation. This investigation is a valuable addition to SMEs philosophy.

4.2. Implications for managers

In terms of managerial ramifications, the findings indicate that by incorporating HPWS, SMEs will not only develop their employees' creative experience, expertise, and talents, but also inspire them to use their innovative abilities to improve innovation success. According to the results, SMEs must also provide their capable and inspired workers a reasonable chance to engage in the transition phase and perform ambitious tasks that may include certain additional risks of innovation and failure. Employees must therefore believe that their thoughts and views are mirrored in the organization's strategies and activities. The results include a more holistic and detailed blueprint for SMEs about how to pay attention to various elements at the same time in order to improve innovation outcomes. This basically means that SMEs must guarantee the presence of a comprehensive set of HR procedures in order to improve employees' skills, morale, and voice behaviours all at the same time. In practise, this study indicates that previous analysis has misinterpreted how HPWS are operationalized in real SME workplace environments, suggesting that greater care is needed in the conceptualization and collection of variables used to explain the HPWS-innovation success relationship. Managers may also use the findings of this analysis to improve the benefits of their already-implemented HPWS. If HPWS may not provide the optimal organizational-level results, the issue could be a feature of employees' skills, enthusiasm, or voice behaviours. Managers must specifically determine if any of

these variables are actually complementary and synergistic. Managers should revise the firm's procurement and hiring policy to improve creative human resources in the company if workers lack innovation-specific skills. Performance assessment and incentives should be updated in the case of motivating problems. If employees do not initiate change, it may be time to examine the organization's empowerment and decision-making structure.

Conclusions

The major contribution of this research towards management literature and practices is to discuss the issues of sustainable performance in service oriented SMEs operating in Nigeria, as SMEs are largely contributing towards Gross Domestic Product of the country and contributing to the overall economy. This research will not only benefit the SME sector in Nigeria but also other African countries as many of the west-African countries are relying on SMEs especially the Benin Republic, Ghana, Togo, and many other countries. This research will help many SMEs at global level and it will attract greater networking opportunities as people inherent a keen interest towards research, especially, on SMEs of service sector in developing countries. The findings of this research can be generalized among all the countries sharing the same characteristics.

A large number of studies have focused to determine the relationship between sustainable performance with innovation (Kleindorfer et al., 2005; Linton et al., 2007). It has also been linked with environmental, cultural, social and economic dimensions (Wood, 2010). Studies have also explored the relationship between sustainability and different factors like HR Processes, social responsibilities, leadership, resources, organizational strategy, competitiveness (Al Hammadi & Matloub, 2019). Researchers are yet to comprehensively explore sustainable organizational performance through innovative work behaviour, especially when organizations bring that innovative work behaviour out of employees by engaging them towards their work or by giving them a sense of wellbeing by implementing High performance works systems in the organizations. The current research study has taken the innovative work behaviour as mediator between HPWS and sustainable organisation performance because employees will never show positive and innovative behaviour until they feel that organization is doing something for their well-being. But once they are convinced that the organization cares for their well-being, innovative work behaviour will start to set into the daily routines and will eventually lead the organizations towards sustainable organizational performance.

Limitation

The limitation of this study is that it is carried out among the entrepreneurs. Subsequent studies in this area may look into larger companies and other sectors. However, organizations are using different means, including hiring

part time employees for reducing labour costs and using lean and mean management approach to sustain performance in today's tough and competitive business environment. It is unwise to consider human resources in an organization as a burden and treat them as liabilities. Evidence from research has precedent that HPWS are useful investment of time and resources. Managing human resources in way to value them and consider them as owners motivates them, adds value and leads the organization towards better performance. There are seven most common and famous practices that are key components of HPWS which help in evolving the sense of partnership among employees. HPWS influences the relation between management practices and performance directly. However, recent studies are focused on diverse outcomes and investigate the mechanisms through which HPWS affects organizational performance.

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