

# Addressing and Unravelling the Emerging HPWS Research Problems

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**Abstract** – *High-performance work system's (HPWS) configuration is fraught with inconsistencies, and there are vague processes (black box) in-between the inputs (HPWS) and the output (performance). In addressing these issues, this research proposed that configuration of HPWS is many-sided, and it can be context-specific. Also, this study proposed a conceptual model which indicates that HPWS and performance are related via mediating mechanism(s) which will unpack the so-called "black box" in HRM research field. Using far-reaching literature survey, this paper presented a logic-based and empirically-based conceptual discussion to address and disentangle the identified HPWS research problems. The findings of this research stressed that configurations of HPWS are many-sided involving universalist approach, contingency approach, configuration approach, theory building process, etc. There are different ways of bundling up the HPWSs to achieve organizational outcomes. Using a blend of some approaches, this paper proposed a synergistic configuration of HPWS architectures for SMEs. It is hoped that the study will help in showing the stakeholders the process of enhancing SMEs' performance via employee-oriented high-performance work system. However, the proposed model can be empirically solidified further via collection and analysis of relevant data. Copyright © 2016 Penerbit Akademia Baru - All rights reserved.*

**Keywords:** high-performance work system, strategic human resource management, black box, HRM, performance

## 1.0 INTRODUCTION

Past theories have stressed economies of scale, access to capital, and regulated competition as the determinants of competitive advantage, but new streams of research have emphasized strategic human resource management as a basis for competitive advantage [1], enhanced performance [2], and the consequent nation's development [3]. The effort to substantiate these facts began in the 1990s [e.g. 4, 5], and various numbers of empirical research have emerged as a result. Human resources and its management form an indispensable part of the whole of competitive advantage [6-8]. Strategic HR that enhances task, targets and performance are formed through the effective adoption of high-performance work system (HPWS). The high-performance work systems (HPWS) literature have reported some human resource (HR) practices that consistently lead to higher individual and organizational performance [9].

Moreover, the competitive advantage of an organization over another is connected with the improvement in technical competencies, productivity, and organizational performance via the instrumentality of human resources which are equipped with the required skills, knowledge

and competencies needed for the execution of organizational strategy and planning [10- 13]. Mason, Bauer, and Erdogan [14] opined that enhanced organizational performance is contingent upon adopting a systematic combination of HR systems called HPWS.

Despite the fact that there is a mushrooming number of studies and empirical evidence regarding HPWS-performance nexus [e.g.15-17, 9, etc.], scholars have identified lacunas (i.e. gaps, unresolved issues, and black box) in the HPWS-Performance nexus and suggested usage of some mechanisms (mediator) through which the gaps in the HPWS-Performance Nexus will be filled [18-21]. Thus, adding value and facilitating the evaluation of mutuality and sustainability issues in employment relationships [21]. In the same vein, due to the burgeoning numbers of research that have provided evidence of a positive HRM-Performance nexus, examining direct relationship between HPWS and performance has become straight jacketed; thus, there is a need for a sophisticated explanation of how and why specific performance surface if useful knowledge on HPWS-performance connection is to be developed. This implies the need for understanding the fundamental processes and mechanisms involved in HPWS-performance relationship [21-23]. Boxall [21] reiterated the absence of issue in the ‘direct’ HRM-Performance relationship, but he claimed that a lot remain unknown about the chain of nexuses that are persistent inside the ‘black box’ of HRM.

Furthermore, systematic bundling of HR practices (i.e. HPWS) for the purpose of attaining a shared strategic objective to accomplish higher levels of configuration is the preoccupation of Strategic Human Resource Management (SHRM) [24, 25]. Consequently, the bundles would enhance organizational performance. Systematic bundling/configuration of HR architectures (i.e. HR practices) is central to HPWS research and cannot be overemphasized because it shapes the way managers and employees interact [26]. However, HPWS configuration is fraught with vagueness and ambiguity due to flawed theorizing in HRM with the new controversy between the proponents of “the best practices” approach and proponents of “the best fit” approach.

Equally, there is petite accord about the configuration/measurement of HPWS and the constituent HR architectures [27]. The researchers warned that this anomaly might become a deterrent to the growth of knowledge in HRM field and the degree to which organizations adopt these systems. The lack of consistency in the measurement of HPWS was as a result of various approaches adopted by the researchers. For example, research such as Subramaniam, Shamsudin, and Ibrahim [28], Nasution, Mavondo, Matanda and Ndubisi [29], Osman, Ho and Galang [30], Daud and Mohamad [31], etc. measured HPWS differently. Lack of inconsistency in HPWS measurement is deemed to be a methodological defect in the HPWS research.

Boxall [21] recommended mapping the diversity that exists in work systems, and understanding which one perform in which contexts and why. This substantiates the fact that measurement and configuration of HPWS system should be contexted specific [32, 33]. Hence, the configuration of HPWS system in large firms should be different from small firms.

Moreover, as established by the facts and figures, Small and Medium Enterprises (SMEs) has become a mainstay of the world economic growth. The shattering upshot of the global financial crisis is believed to be bulwarked by SMEs [34]. It plays a crucial role in the economic development, industrial development, job creation cum poverty reduction [35, 36]. SMEs constitutes nearly 90 per cent of all enterprises in the globe and over 50 percent of employment worldwide [35].

Nevertheless, three facts regarding SMEs remain undeniable. Firstly, SMEs in numerous countries have not attained its full potentials [37], given the fact that it is important to accomplish good performance, but it is much important to keep the pace, and much more important to keep moving up. Thus, SMEs need to continuously improve and sustain its performance level. Secondly, human capital development, which is pivotal for national economic growth [38], is an indispensable factor upon which enduring high performance and success of SMEs depend on [39, 40].

Lastly, SMEs, despite some feats recorded, still face a myriad of challenges deterrent to its ability to attain its full potentials. These challenges are prompted by SMEs' susceptibility to external environmental factors [41], lack of competitiveness [37], lack of business strategy, shortage of technical savoir-faire, poor recruitment exercise, lack of succession plan [42], lack of substantial research that investigate internal organization, internal system, and internal strengths of SMEs [37, 43], and lack of research on how to enhance SMEs' enduring high performance through HPWS, as the available studies conducted in the context of SMEs do not focus on how HPWS practices can improve performance ([e.g. 44, 45, 46]. According to Zakaria [37], for SMEs to remain competitive, there is a need for adoption of higher value added activities and best industry business practices [37].

It is against the backcloth of the above exposition that this paper primarily sought to highlight the emerging research problems in the HRM field. Based on the discerned critical issues relating to theoretical and methodological aspects of HPWS research in the above exposition, it is discerned that there is a need to examine the fundamental processes and mechanisms involved in HPWS-performance relationship (theoretical lacunas). Also, adoption of the HPWS measurement approach that is underpinned by AMO model and the suppositions of Posthuma et al.'s [27], Martinaityte's [47], and Agarwala's [48] will fill the identified methodological gap.

## **2.0 LITERATURE REVIEW**

With regards to the discerned issues in the introductory section of this study, this current section reviewed the extant literature to substantiate the raised issues, and then address them. Thus, the section will be arranged in the following order:

- ✓ Emerging issues in the extant research
- ✓ Addressing and disentangling the emerging HPWS research problems
- ✓ Unpacking the "black box" in the HPWS-SMEs nexus
- ✓ Proposed conceptual research model

### **2.1 Emerging Issues in the Extant HRM Research**

Heffernan [49] opined that many new nomenclatures had been given to HRM among which are high commitment management; high involvement management; best practice HRM; best fit etc. These concepts and nomenclatures form the elements under the rubric HPWS and call for more explanation and ampler critical analysis to help enhance further understanding of management-performance discourse.

Historically, the use of the concept 'HPWS' began around the 1970s and came to view in the US as a result of the deterioration of competitiveness suffered by the manufacturing firms. The concept was used in the prominent report tagged 'America's choice: High skills or low wages! (Commission on the Skills of the American Workforce 1990) [50]. HPWS's emergence was as

a result of some factors. The mass production system in the US was characterized by low level of responsibility and discretion, and low level of investment in better workforce skills and incentives. The need for improvement was stressed by the leading research, like those in automobile, steel, clothing and medical electronics' manufacturing [51, 26]. In the 1970s and 1980s, there were an upturn in Japanese 'lean production' systems, comprising the techniques such as quality circles, just-in-time inventory, and team-based production, which helped to develop quality, cost, flexibility and delivery [52]. Likewise, there was an upturn in Sweden's 'socio-technical systems,' Germany's 'diversified quality production' and Italy's 'flexible specialization' [53].

The work system in the US has defects in some vital areas. Such defects include constrained use of employees' abilities and discretionary effort. Also, since past three decades, it came to light the invention of advanced manufacturing technology (AMT), which comprises robotics, computer-aided design (CAD), computer numerical control (CNC) machine tools, and electronic data interchange (EDI) systems ([e.g. 54], recent emergence of 'offshoring' to China, India, and other low-cost producers are part of the factors to the emergence of HPWS [21].

Moreover, perusal of stream of research HPWS has demonstrated that HPWS attracted various tags among which are advanced human resource management practices [17]; high commitment management [55, 56]; high involvement management or work systems [57, 58]; high investment HR systems [59]; flexible work practices [60]; employee involvement [61]; high performance work organization [62]; flexible production systems [30]; alternative work practices [63]; and people management [64].

The extant research uses the terms High Commitment Management (HCM) and HPWS interchangeably [65]. Heffernan [49] consider HPWS an umbrella term that connotes HCM and high involvement management. However, some researchers such as Guest [66], and Bowen and Ostroff [67] did not specifically utilize the above terms in their HRM-performance based research. HPWS symbolizes an assertion that higher performance can be accomplished through a set of work practices for core workers in an organization [68]. The emergence of several practices in the stream of HPWS research and this has polarized HPWS research. Also, despite the abounding and amassed empirical evidence regarding positive HPWS-performance nexus, there exist significant methodological and theoretical defects (black box) with regards to understanding the relationship. There persist important glitches or weaknesses in some crucial areas. Scholars have identified 'black box' in the HPWS-Performance relationship and suggested using mechanism through which the 'black box' in the HPWS-Performance Nexus will be unpacked [18-20, 22, 64]. Thus, adding value and facilitating the evaluation of mutuality and sustainability issues in employment relationships [21].

More so, arguments exist around the measurement/composition of HPWS. Previous studies on bundling-up HRM best practices in the context of SMEs are devoid of consistency. For instance, Kwang et al. [69], Vlachos [70], Carlson et al. [71], and Cardon and Stevens [72] adopted four practices; six practices; five practices and six practices in their studies respectively. Subramaniam et al. [28], Nasution et al. [29], Osman et al. [30], Daud and Mohamad [31] adopted different practices. Also, the suggestion of Posthuma et al. [27] indicated inclusion of neglected HR practices (although promising) to form the systematic bundles of HPWS.

Theoretically, HPWS research is inconsistent [65,73]. There has been a serious debate in the research on HPWS regarding universalist versus contingency theory. Research such as Becker and Gerhart [18] and Purcell [74] demonstrate that the debate focuses on whether HPWS

generally perform better than every other system (this is referred to as best practice debate) or whether optimal system is contingent upon situations and circumstances in the organization, this is referred to as best fit debate. The argument is whether particular bundles of HR practices can outperform and be applied in all situation throughout the world or the bundling of HR practices should be contingent on the sector and business strategy [4, 26, 75].

Universalist theory otherwise known as one-style-fits-all theory posits that organizations would be able to live on if they recognize and apply the most effective 'best' policies and practices. Consequently, organizations would look alike. Huselid's seminal research posits that 'all else being equal, the use of high-performance work practices and good internal fit should lead to positive outcomes for all types of organizations [5]. This is reinforced by Delivery and Doty's [76] research findings which demonstrated strong support for the universalistic argument about some practices. From their perspectives, only certain practices had a positive effect on performance all of the time, thus having universal effects.

The assumption of the universalist theory has been criticized by Marchington and Grugulis [77] on the ground that the definitions of best practice are adapted from industrial psychology which has a tendency to be weak or keep mom on the joint issues of work organization and employee say. In the word of Purcell [74], the universalist approach can lead to what he described as 'down a utopian cul-de-sac' and pays no attention to the dominant and highly important changes in work, employment, and society visible inside organizations and in the wider community. Among the criticism meted out to the one-style-fits-all approach is that it does not recognize the interest of workers and the need to align workers interest with prevailing social norms and legal requirements and with the organization [78].

Besides, it has been held that highly successful businesses may not be those in which workers give preference for work [79], and companies focusing on a low-cost strategy may also attain high performance through low road HR polices [80]. Furthermore, HPWS research is defective. The essence of HPWS is not uncommon, but the lack of agreement among scholars on the HR components of HPWS remain elusive [81, 66]. Thus, becoming most difficult issues in HPWS research [81]. Also, various practices constitute HPWS, but it does not solve the theoretical problem bedeviling the HPWS research, rather it offers a ground for determining what to include or exclude and also leaves open the likelihood of empirically driven theory improvement [82].

Considering the submission of Boxall [21] which suggested mapping of the discrepancies that exist in work systems, and understanding which one perform in which contexts and why. It can be asserted that measurement and configuration of HPWS system should be context specific. This assertion corroborates the positions of Liao et al. [32] and Zacharatos et al. [33]. Hence, the configuration of HPWS system in large firms should be different from small firms.

## **2.2 Addressing and Disentangling the Emerging HPWS Research Problems**

Both theoretical and methodological issues have been discerned from the review of HPWS literature in the above subsection. The HRM 'black box' issue, the issue revolving around the synergistic and systematic configuration of HPWS architectures and HPWS in the context of SMEs are all identified as theoretical issues while the measurement of HR architectures is considered methodological issues in the HPWS research field. The following subsections are designated to address and disentangle the issues.

### **2.3 Unpacking the “black box” in the HPWS-SMEs nexus**

The so-called “black box” refers to the vague processes that frequently arise when inputs are transformed into useful output. It is also defined as “gap” [83], it is also described to be what is mostly unsolved [84]. In the “black box,” inputs are transformed into outputs, with no description of what happens within. In addition, the craving for persistent competitive advantage [85, 86], and the influence of some early leading research that endeavored to expound the way and the rationale behind some firms that perform better than others ([e.g. 5, 51], have given rise to a lot of empirical research on the performance-enhancing effects of HRM. Among the crucial concepts is that of the high-performance work system (HPWS) which posits that organizations which adopt fitting HRM configurations will accomplish higher performance [87].

Numerous studies on HRM-performance Nexus have underscored the significance of human resource management in enhancing organizational value. Nevertheless, these studies are of two perspectives [88]. First, perspective posits that HRM-performance Nexus is direct [89]. The second perspective, however, stressed that the nexus between HRM and organizational performance is indirect [90, 91]. From the first perspectives, three major approaches came up: universalistic, contingency and configuration while the second perspective subscribes to the notion the HR practices do not relate directly to performance [92]. Thus, the significance of mechanism and intermediate outcomes to drive home the HRM-performance link [18]. Savaneviciene and Stankeviciute [93] added that recognition of the particular mechanisms that mediate between HRM practices and organizational performance as a crucial issue in HRM literature is of high significance.

Furthermore, Becker and Huselid [22] reiterate that complexities and nuances emphasize the requirement to consider in more depth the relationship and exact mechanisms shaping the nexus between HRM and performance. There are numerous empirical studies that have attempted opening the “black box” by explaining the mechanisms through which HRM-Performance relationship works. Yet, the question raised by Wright and Gardner [23] regarding the number of the so called “black boxes” should considered when investigating HRM-Performance relationship remain unanswered. This means that the issue about what kind of mediating variable would fit into the HRM-performance relationship and how many of them would unravel the “black box” remains unresolved. As a result, Becker and Huselid [22] posits that this issue remains the most burning theoretical and empirical challenge in the Strategic HRM literature.

In their bid to resolve the issue regarding the quantity and content of “black box”, Savaneviciene and Stankeviciute [93] posit that putting too many boxes in the model will not unlock the “black box” and putting too much items in the boxes will not make the model more astute but appropriateness and logical soundness of the items in the “black box” are what matters. Likewise, Wright and Gardner [23] posited that the number of mediating variables specified in any theoretical or empirical attempt to unlock the so called “black box” does not matter. Hence, it is sufficed to assert that there should be mediating mechanism(s) in the model of ‘black box’, although the quantity and content of the box cannot be specified, subject to the nature, context, circumstances that surround the research.

### **2.4 Synergistic Measurement and Configuration of HPWS Architectures**

Systematic bundling/configuration of HR architectures is central to the HPWS research and cannot be overemphasized because it shapes the way managers and employees interact [26].

As claimed earlier, HPWS is fraught with vagueness and ambiguity due to, as explained previously, flawed theorizing in HRM with emergent controversy between the proponents of “the best practices” approach and proponents of “the best fit” approach. Universalist approach otherwise known as “the best practices” approach proposed that certain HR practices have been empirically proved to always be best practices across different organizations, and across different contexts [5, 60]. On the other hand, contingency approach assumed that HR practices should align with each other and with the other systems including organizational strategy [94]. With regards to internal fit or alignment (i.e. configurational approach), in HRM theorizing issues, it has become the fact that HPWS elements should be both vertically and horizontally fit and should be synergistically bundled up to produce higher organizational performance [5, 24, 25]. While configurational approach is theoretically reasonable, how synergy happens still remains theoretically elusive and no agreement is reached regarding testing of synergistic effects of the HPWS components. Hence, findings regarding the existence of synergy within HPWS system is empirically inconsistent [95].

However, empirical findings that established the stronger and synergistic effects of a bundle of HR practices on organizational performance against single HR practice cannot be disregarded. Some research such as Way [96], Guest et al. [97], Birdi, Clegg, Patterson, Robinson, Stride, Wall and Wood [98] have found the existence of synergies among HRM practices by examining their interactional effects. Achieving a systematic and synergistic configuration of HPWS demands reconciliation between the seemingly contending HRM approaches (i.e. universalist approach, contingency approach, and configuration approach). In actual fact, these approaches are not antithetical but rather complimentary, a group of three prominent researchers, Chuang, Jackson, and Jiang [99], posit in their work entitled “Can knowledge-intensive teamwork be Managed? Examining the Roles of HRM Systems, Leadership, and Tacit Knowledge” that the theories are by no means conflicting, but rather complementary with each other.

In addition, this exposition would be deemed incomplete if a seminal HPWS work is not discussed in this section. The work is meta-analytic in nature and it came up with an all-inclusive High Performance Work Practices (HPWPs) taxonomy under which 61 specific practices were identified. This work is really a comprehensive work ever in the HPWS research realm as the authors [27] analyzed 193 peer-reviewed articles that covered numerous countries and cultures. The reviewed articles have been published since 1992. The authors of the research developed HPWS taxonomy and multilevel framework through which the interrelationships and the synergies among practices, and the fuzziness in the HPWS realm are made clear.

Based on the Posthuma et al.’s [27] taxonomy, HPWPs have nine categories that house 61 teleological HR practices that were mentioned a total of 2,042 times in the various studies. The categories were listed from the most to least frequently mentioned categories of practices thus: compensation and benefits, job and work design, training and development, recruiting and selection, employee relations, communication, performance management and appraisal, promotion, and turnover, retention and exit management. Under each category, there were many HR practices subdivided into core, broad and peripheral practices. Core practices entails the practices reported in the top 30 most frequently cited practices in four or five regions of the world and are generalizable due to their significant overlap with the published literature. The generalizability of core practices will not be restricted by temporal and spatial contingency boundary conditions [100]. Broad practices comprise of the practices that have been stable or growing over time, or they have been reported in the top 30 most frequent practices in four or five regions of the world. Peripheral practices are those practices which are the least central

practices. They are the practices that do not fulfil the benchmarks of core practices or broad practices.

Core HPWPs, which are termed ‘best practices’ by universalist and ‘cross cultural HPWPs’ by Posthuma et al [27], become ‘tested and trusted’ that can be applied across all industries and countries. The assertion is informed by the fact that organizations, according to the economic or rational actor viewpoint, would adopt certain practices found to be contributing effectively to the success of other organizations. Hence, universalist assumption regarding ‘best practices’ is upheld [101]. However, this does not imply that other practices who are not tagged ‘best practices’ cannot contribute effectively to the success of organizations. The fact is that some practices are less adopted due to some boundary conditions such as culture, institutional pressures, risk aversion, mimetic isomorphism [102, 27].

Also, some practices such as public recognition and other nonfinancial awards have eluded the interest of researchers in the HPWS research domain, despite that they could encourage commitment and motivation [27]. Therefore, other non-core practices can also be included in the bundle of HPWS [27]. Hence, contingency approach is upheld. This implies that core HPWPs can be considered due to their high generalizability, nevertheless, it should be cautiously chosen by considering some other factors. For example, innovative recruiting practices cannot be adopted in a context where there is growing unemployment rates due to global economic recession. The reason is that employers will find it easy to recruit workers. This is what is termed ‘temporal boundary condition’ by Posthuma et al. [27].

Likewise, labor union collaboration would be less adopted in a setting where union membership is declining. This implies that HPWPs definition would remain flexible as the definition will always be shaped by changing market conditions. In addition, the HPWPs that will constitute HPWS system should align and support each other (i.e. internal alignment). For example, a HPWS system that aims at espousing teamwork, all the HPWPs that would constitute it should align with each other, practice like rewarding employees based on individual incentives should not be included. Also, HR principles should be aligned with organizational strategy, external market and economic conditions, and labor market conditions (external alignment).

The ability of organization to address its strategic obligations through adoption of management practices determines the enhancement of competitive advantage of such organization. The issue lies in the design of HRM system that would reflect a particular performance which would in turn enhance competitive advantage for the organization. Hence, HPWS composition can be objective-specific [32, 33] and universalistic as well. An objective-specific HPWS for firm A can be applicable to firm B with the same objective. According to Delery and Doty [76], the three modes of theorizing in HRM (i.e. universalistic, contingency, and configurational approaches) are feasible and can leads to different assumptions about the interactions among HR practices, strategy, and organizational performance.

In short, this discussion has demonstrated that the seemingly different HPWS approaches are not conflicting but rather complimentary. For a systematic and synergistic HPWS configuration, the three theories can be applied so that perfect bundles would form the HPWS system and consequently enhance higher performance. Therefore, in consideration of the above facts, researcher can, in the composition of the HPWS in his study, include the core HPWPs. Broad or peripheral HPWPs can also be included based on market conditions or a theoretical basis.



Also, in the configuration of HPWS, the process of theory building can be adopted. Theory building involves three stages. The three stages are variation, selection, and retention [103]. The variation stage entails coming up with different alternatives that might live on. The second stage which is selection entails the process of choosing some alternatives among the available alternatives based on logical benchmarks. The third stage is the retention. It is logical future theorists tends to adopt a theory that live on. The outcome of the second stage (i.e. selection) will determine third stage (i.e. retention). This implies that the success of the selected alternatives will determine which among the selected alternatives would be retained. In the same vein, HPWPs have passed through this kind of selection in which some HPWPs were selected by researchers on the assumption that they may induce higher performance, some were dropped along the line, and some are still in use till date. Some HPWPs have eluded the interest of researcher due to their redundancy or other factors. Based on this, it was recommended by Weick [103] that developing possible alternatives should be underpinned by suitable, interesting and reasonable benchmarks. The selection can also be shaped by social and normative influences (e.g., fads) or guided by rational choices [104]. The retention of HPWPs within this research should be based on rational choices or based on sound logic and empirically validated usefulness. In sum, the benchmark that will be used to select HPWPs should be logical and reasonable. For example, Posthuma et al. [27] observed that some HPWPs have passed through the evolutionary process of theory building which has made some of them become part of HPWS system and remain part of it while some have faded away in the HPWS research domain over time. The example of such retained HPWPs is among others matching job candidates to firm strategy, turnover, retention, and exit management.

More so, AMO HRM model proposed that HRM architectures are poised to play three roles. The first role is to improve workers' KSAs (Knowledge, Skills, and Abilities). This is achieved via recruitment and selection, training, job design, and compensation. The second role entails workers' empowerment via the optional use of time and talent while the third role involves motivation of workers via internal promotion policies, incentive compensation and performance appraisal.

Another aspect to be considered on this issue is the concept of 'equifinal.' The concept posits that configurations of HPWPs is not one-way but involves ways. There are different ways of bundling up the HPWPs to achieve organizational outcomes [105]. With this, all the ideological fuzziness in HPWS research realm is assumed to have been solved, given the fact that one can adopt universalist perspective to configure HPWPs, one can configure it using contingency perspectives, so also configurational approach can be adopted. One may move away from these approaches and follow theory building process as explained above or any other approaches. HPWS can also be objective specific [76, 106]. Based on this, the following subsection is dedicated for configuration of HPWS system for SMEs.

## 2.5 HPWS in SMEs

It has been discerned from the conceptual exposition in the previous subsection that HPWS can be configured via different approaches. Universalist approach, contingency approach, as well as configurational approach, can be adopted for the 'bundling-up' process. Theory building process is also useful. Bundling-up can be objective specific [67, 106], as it can also context specific [32, 33].

Given the fact that systematic combination and integration of HR architectures will give birth to synergistic human resources management system that works together to get the best results for an organization [25], the bundling-up of the HPWS in this proposed study will be context-

specific which will draw upon the mix of the three famous approaches; universalist, and contingency approach. Hence confirming the assertion of Chuang Jackson and Jiang [99]. This implies that HPWS will be bundled up in the context of SMEs.

It is common knowledge that HPWS has positive effects on performance of both large firm and small firms ([e.g. 107, 108, 109]). As some researchers and practitioners perceive SMEs as a smaller fraction of large organizations in which any strategy implemented in large organizations can be transported and implemented, it is evident that SMEs is a distinct entity, different from large organizations [110], if some fundamental yardsticks such as economies of scale, liabilities of Smallness, newness, and scope, HR endowment, material endowment or financial resources are put into consideration [72, 111].

It is observed that SMEs would have the edge over the larger firms regarding sustaining competitive advantage by improving employees' satisfaction, which consequently minimizes labor turnover, absenteeism and reduces production costs [112]. With highly committed, well-motivated and qualified employees, SMEs competitive advantage and performance become distinctive in the world of businesses [39]. Employee roles as well effective employee management forms the basis for the survival and sustainability of small business. Research evidence demonstrates heavy reliance of organizational success on employees' contributions [40]. The general purpose for which HRM exists is an enhancement of organizational success through people.

The above argument has established the importance of employees in the success of SMEs. This implies that SMEs should focus more on their human resources and design their firm strategies, organizational policies, industry business practices, and human resource management in such a way that will reflect, enable and enhance highly-motivated, highly committed, knowledgeable, skillful, and creative workforce, as this would consequently enhance human capital capabilities and boost the SMEs performance.

Considering AMO model and underpinned by the suggestion of Posthuma et al. [27], and drawn from the Martinaityte's [47] study and Agarwala's [48] study, the proposed configured HPWS will connote selective hiring, training, and development, performance appraisal, job design, succession planning, pay for performance, non-financial rewards, and employee participation and communication.

Notably, the composition of HPWS in this research is a blend of 'best practices', core HR practices, broads and peripherals HR practices. This configuration is logically sound, systematic and empirical-based, considering AMO HRM model and the HPWS studies such as Posthuma et al. [27], Martinaityte's [47], Agarwala's [48], Zakaria [37] and the host of others. Also, the configuration is also informed by universalist approach going by the fact that the practices such as training and development, performance appraisal, job design, pay for performance and employee participation and communication have been found to be core HR practices, generalizable and cross-cultural. Contingency approach is also considered in the configuration. Selective hiring, training, performance appraisal and pay for performance, non-financial rewards are assumed to be force to drive employee Knowledge, Skills and Abilities (KSAs), employee motivation and creativity, and creative performance which should be the preoccupation of every SMEs. Hence, the internal fit (as proposed by contingency approach) is ensured in the configuration. It can also be asserted that the configuration is context-specific, given the fact that the configuration was done by selecting the practices that would enhance the capabilities and motivation of the employees since highly committed, well-motivated and qualified employees are crucial to the survival and sustainability of small business and research

evidence has demonstrated heavy reliance of employees' contributions to the organizational success [39, 40].

Regarding selective hiring, it is empirically evident that hiring is an essential organizational practice as it can induce higher profitability and greater labor productivity [113]. Selective hiring is a core HR architecture and cross-cultural practice. In addition, training becomes an important element in the HPWS system because it has linear effect on the functional capability of the organization [114]. Training and development can be designed to improve domain- and creativity-relevant skills. Training workers can enhance creativity by boosting employees' feeling of competence and consequently give rise to enhanced intrinsic motivation [115]. Likewise, performance appraisal forms a vital part of performance management in which performance of workers are defined, gauged, stimulated and developed [116, 117]. On the aspect of job design, the rudiments of jobs, relationship between jobs, and organizational structure constitutes what is known as job design [27].

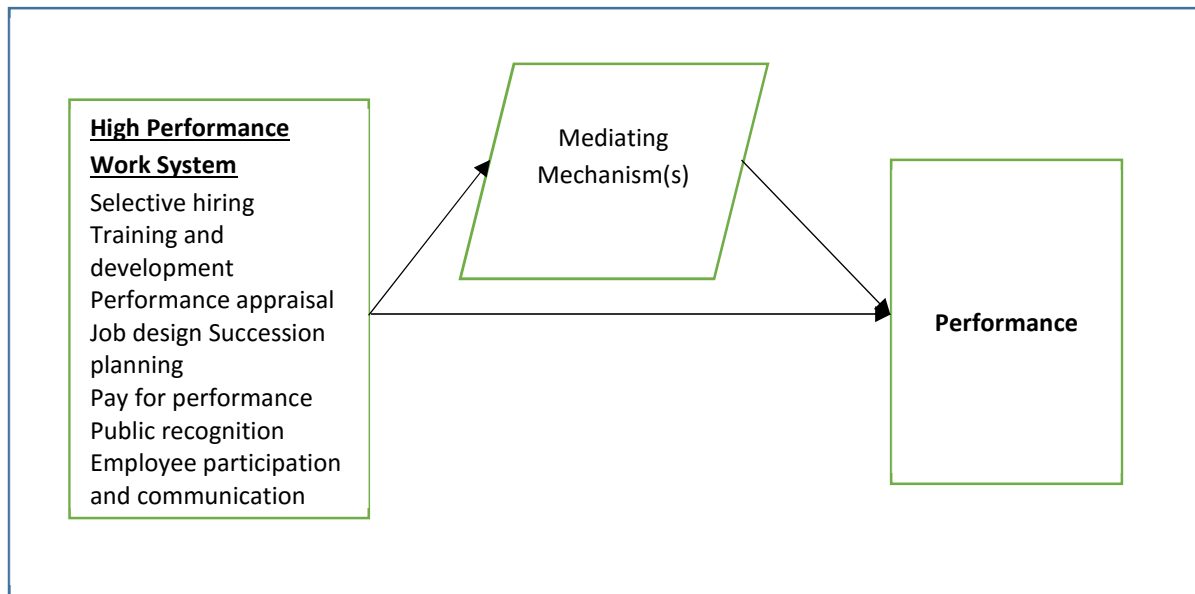
Besides, succession planning deals with performance, skills leadership gaps that would definitely be created by the exit of workers from the organization. Likewise, it deals with recruitment, training and development, performance management and retention [United States Office of Personnel Management, 1998, cited in 118]. Regarding pay for performance, it is a core HPWP that has been empirically studied across clusters of countries and thereby cross-cultural, generalizable and fit to be part of HPWS system. It refers to a technique through which individual or group performance is directly compensated in the form of money [119]. Also, non-financial reward is a broad HPWP that has been widely studied but not up to the level of the core HPWP such as pay for performance. Non-financial reward has been identified to be understudied and this necessitates more research on its promising effect on the organizational performance. As for employee participation and communication, Posthuma et al. [27] described it as the process through which information is swapped in a firm. The practice has been found to impact creativity climate [120], and organizational performance [121].

### **3.0 PROPOSED CONCEPTUAL RESEARCH MODEL**

Based on the exposition in the preceding sections, this work proposed a conceptual model which indicates that HPWS and performance are related via mediating mechanism(s) which will unpack the so called "black box" in HRM research field. The model is underpinned by the resource-based view that suggests that organizational performance is influenced by its organizational resources and capabilities. Firms are able to achieve better performance through the effective use of their organizational resources and capabilities compared to their competitors. This is illustrated in the Fig. 1.

### **4.0 CONCLUSION**

This conceptual work has hopefully contributed towards the enrichment of the relevant literature, and made contributions in many ways including theoretical and methodological contributions. It presented a logic-based and empirically-based conceptual discussion to address and disentangle the emerging HPWS research problems with regards to black box and methodological defects culminated in defected HPWS measurement/configuration. Thus, it contributes to the present body of knowledge as well as the research on HPWS-Performance nexus.



**Figure 1:** Proposed Conceptual Model

Equally, it can be a useful guide on how small firms can boost their performances via employee-oriented high performance work system. This is consistent with Ismail, Halim and Joarder's [122] recent study which indicates that employee-oriented high performance work system which is logically and empirically chosen would reflect the fact that SMEs' success heavily relies on the inputs of highly committed, well-motivated and qualified employees.

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