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**HIGH PERFORMANCE WORK SYSTEM, EXTERNAL  
ENVIRONMENT AND HIGH PERFORMANCE  
ORGANIZATION: THE MODERATING EFFECT OF  
ORGANIZATIONAL CULTURE**

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**UUM**  
Universiti Utara Malaysia

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## **ABSTRAK**

In the current business environment, high performance is highly demanded among shareholders. Due to pressure, managers have been compelled to deliver quality output in order to achieve competitive advantage with minimum resources. It is important to adapt ideas and practices from time to time since organizations and environments are continuously improving. Consequently, this study examines the role of high performance work system (HPWS), external environment on high performance organization (HPO). This study also aims to identify the effect of organizational culture on the relationship between HPWS, external environment and HPO. A cross-sectional research design was conducted in this study. Data was collected from 354 SMEs in Nigeria that has spent a minimum of ten years in the business. The research hypotheses were tested using multiple and hierarchical regression analyses. Generally, with a few exceptions, high performance work system (HPWS) is significantly and positively related to the achievement of high performance organization (HPO). Organizational culture plays a significant role in moderating the relationship between HPWS and HPO. The results also show that external environment has significant effects on HPO. On the contrary, organizational culture does not moderate the relationship between external environment and HPO. This study contributes to the enrichment of the literature on HPWS, external environment, organizational culture and HPO by proposing a model that was empirically tested on the validity and reliability in predicting HPO. Lastly, the managerial, policy and theoretical implication are presented. The limitations of the study and suggestions for future study are included in this regard.

**Keywords:** HPO, HPWS, external environment, SMEs in Nigeria

## ABSTRACT

Dalam persekitaran perniagaan semasa, prestasi tinggi adalah penting dalam kalangan pemegang saham di sesebuah syarikat. Berdasarkan tekanan inilah pihak pengurus terpaksa menghasilkan output yang berkualiti bagi mencapai kelebihan daya saing dengan sumber yang terhad. Hal ini sangat penting kerana organisasi dan persekitaran terus membangun, manakala idea dan praktikal memerlukan masa untuk penyesuaian. Oleh itu, penyelidikan ini dijalankan untuk menguji Sistem Kerja Berprestasi Tinggi (HPWS) dengan persekitaran luaran dan Organisasi Berprestasi Tinggi (HPO). Penyelidikan ini juga menguji budaya organisasi dengan hubungan antara HPWS, Persekitaran luaran dan HPO. Kaedah kajian “cross sectional” diaplikasikan dalam penyelidikan ini. Data dikumpul daripada 354 SME di Nigeria yang telah menjalankan perniagaan sekurang-kurangnya sepuluh tahun. Hipotesis kajian telah diuji menggunakan analisis regresi berganda dan hierarki. Secara umumnya, HPWS mempunyai hubungan yang positif dan signifikan dengan HPO. Budaya organisasi berperanan sebagai “pengantara” yang signifikan dalam hubungan antara HPWS dan HPO. Keputusan kajian juga menunjukkan bahawa persekitaran luaran memberi kesan kepada HPO. Namun begitu, budaya organisasi tidak mempunyai kesan “pengantara” antara hubungan persekitaran luaran dengan HPO. Kajian ini menyumbang kepada ulasan karya dalam bidang HPWS, persekitaran luaran, budaya organisasi dan HPO dengan mencadangkan model kajian yang tepat dan mantap. Implikasi pengurusan, dasar, dan teori juga dibentangkan. Kekangan kajian dan cadangan untuk kajian seterusnya juga dilampirkan.

**Kata kunci:** HPO, HPWS, persekitaran luaran, SME di Nigeria

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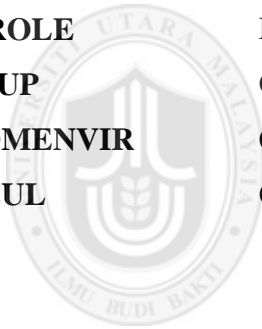
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## **List of Abbreviations**

<b>SMEs</b>	Small and Medium-Sized Enterprises
<b>SMEDAN</b>	Small and Medium Enterprises Development Agency of Nigeria
<b>GDP</b>	Gross Domestic Product
<b>HPO</b>	High Performance Organization
<b>HPWS</b>	High Performance Work System
<b>BRP</b>	Best Recruitment Practice
<b>FPRO</b>	Fairness in Promotion
<b>COMSAL</b>	Competitive Salary
<b>JE</b>	Job Enrichment
<b>JS</b>	Job Security
<b>MROLE</b>	Managerial Role
<b>GSUP</b>	Government Support
<b>COMENVIR</b>	Competitive Environment
<b>OCUL</b>	Organizational Culture



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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of The Study**

In the current business environment, high performance has become a popular demand among shareholders (Akdemir, Erdem & Polat, 2010; de Waal, 2012; Gupta, 2011; Van-Heck, Baalen, Meulen & Oosterhout, 2012). Because a high performance organization have the ability to function in a complex and hazardous environment, adopt strategies that set it clearly apart from other organizations, coaches employees on how to achieve better results, continuously innovate its core competencies and pay more attention to ways that will continuously improve customers value (Bagorogoza & de Waal, 2010; Baker, Day & Salas, 2006; de Waal, 2012; de Waal, Goedegebuure & Tan Akaraborworn, 2014; Jamrog, Vickers, Overbolt & Monison, 2008; Laporte, 1996; Weick, Sutcliffe & Obstfeld, 1999).

In view of the above, Wolf (2008) argued that an organization can achieve high performance irrespective of the size and location, if such can develop practices to overcome the inconsistency in their performance. Given that a high performance and ultimately competitive advantage, relatively depends on the overall impact on the economy regardless of sector, size or structure of the organization (Wiesner, McDonald & Banham, 2007). For instance, major sources of economic development and the best performing economies in Asia are heavily based on small firms (Chidinma, 2012). Other researchers such as, Apulu, Latham and Moreton (2011); Ihugba, Odii and Njoku (2013) and SMEDAN (2012) also identified the importance of high performance among small

firms because small firms constitute the platform for achieving highly industrialized economy, sustainable industrial growth and diversification, particularly from non industrialize to industrialize as in the case of China, Japan and Taiwan.

In Malaysia, China, Taiwan, United States, Japan and United Kingdom, SMEs has become an instrument for accelerating economic growth and development (Kazem & van der Heijden, 2006). Through SMEs, Malaysia has achieved a very high growth and development and has changed from a commodity based nation to manufacturing based nation (SME Corp Malaysia 2013). SME has remained a major strength of Malaysia economy, contributing over 56.4% to the country's workforce (Dato, Sfri, Siti & Yuvaraj, 2010) and 57% to the country GDP (SME Corp Malaysia, 2013). In the United State, SMEs represent 99.9% of the 25.8 million businesses, contributed 60–80% to employment annually (Asiedu & Freeman, 2007). In China, SMEs has contributed 55% to the country GDP, 55% to Taiwanese GDP, 50% to United Kingdom annual GDP, while in Japan SME accounted for 50% of its GDP (Osman *et al.* 2011; SMEDAN, 2012). Other researchers such as Fisher, Dowling and Garnham (1999) and Wiesner (2001) acknowledged that the growth in SMEs and its significant role to the economy is subject to the growth in human resource management (HRM) practices.

Recognizing the significant role of SMEs in various economies, the Nigeria government channeled its effort towards SMEs development by initiating different programs to support SMEs growth (Chidinma, 2012). Despite these programs, SME in Nigeria grossly under performs (Arinaitwe 2006; Ihua, 2009; Manbula, 2002; Rebecca & Benjamin,

2009). While some of the problems are self-inflicted, such as lack of business innovation and poor management practices, a high proportion is external such as vulnerable external shocks, global competitiveness and poor financial strength, unfavourable and unsympathetic economic conditions resulting from unstable government policies (Ben-Caleb, Faboyede & Fakile, 2013; Chidinma, 2012; Ihua, 2009; Oboh, 2002; Okpara, 2000) leading to an increase rate of SMEs failure (Ihua, 2009). The aforesaid factor causes majority of the SMEs to either remain small, declining or shut down within few years of operation (Chidinma, 2012). This has caused a biased economic environment for SMEs to compete with multinational companies under a liberalized trade environment (Chidinma, 2012). Thus, there is reasonable assurance that given favorable environment and better managerial practices SMEs can successfully achieve higher performance and compete in the global market (Chidinma, 2012; Briggs, 2007).

Apart from the above, Gbandi and Amissah (2014) argued that SMEs in Nigeria has contributed less than 10% to the country GDP. That even though a country's economic development is subject to firms ability to increase its value, SMEs in Nigeria still perform poorly in terms of profit and contribution to economic growth (Ihugba, Odii & Njoku, 2013). Similarly, the World Bank also expressed dissatisfaction over the poor performance of SMEs in Nigeria, that even though the labour is cheap, the value added by SMEs in Nigeria is minimal (Punch, 2013). Following this, Ihugba, et al., (2013) argued that most of the SMEs hardly survived in businesses and failed to thrive beyond incubation period. Some have downsized to the barest minimum, very few press on in expectation of a better tomorrow, yet many more have been frustrated to shut down

(Ihugba, 2013) due to unfavourable and hard economic conditions (Ihua, 2009; Oboh, 2002; Okpara 2000).

Moreover, Ayanda and Laraba (2011) reported that majority of the SMEs in Nigeria wind up within their first five years of business while only 5% to 10% survive to achieve maturity stage, despite the overabundance domestic market and raw material. Similarly, Gbadebo (2016) argued that the current economic downturn in Nigeria should be blamed on the failure of SMEs (Punch newspaper, 2016).

Furthermore, a study conducted in food and beverage SMEs, Gladson-Nwokah and Maclayton (2006) revealed that majority of the food and beverages (F&B) firms in Nigeria perform very low. Besides, 70% to 80% of F&B SME's products in Nigeria are of poor quality (Mohammed & Obeleagu-Nzelibe, 2013). Likewise, majority of these SMEs always failed in an effort to expand their businesses (Mohammed & Obeleagu-Nzelibe, 2013) due to economic instability (Fapohunda, 2015), poor management, lack of financial access and poor infrastructure (Onugu, 2005).

In view of the aforesaid issues, the need to help food and beverage SMEs to achieve high performance in Nigeria is necessary because addressing the problem of poor performance among F&B SMEs will consequently increase the quality of their product, profit and their contribution to the country GDP. Achieving this requires SMEs to implement HPWS and a greater understanding of the business environment. Implementation of HPWS will help SMEs managers to select, retain and improve employee's skills such that the employees

become a source of competitive advantage for the firm. The environment will also help to keep SMEs managers on their toe, because as SMEs faces strong competition in the market, they will be disposed to make effective decision. It is in this respect, this study seeks to examine these elements in order to help SMEs to achieve high performance in Nigeria.

## **1.2 Problem Statement**

The issue of poor performance among SMEs in Nigeria has become a subject of significant discussion. A survey by Chukwuemeka (2006) reported that approximately 80% of Nigeria SMEs collapsed because of poor financial and managerial practices. Tagoe, Nyarko and Anuwa-Amarh (2005) and Okpara (2011) also found that majority of SMEs are unable to achieve higher performance because of poor human resource practices. Similarly, Mariam, Tunde and Oluwakemi (2011) argued that international best practices such as HPWS in Nigeria are poorly rated. They highlighted that human resource practice among SMEs in Nigeria is still at infancy, this seems to affect their business view (Mariam et al., 2011). They Emphasized further that 79.8% of the businesses in Nigeria are in the business without best human resource practices (Mariam, et al., 2011). This is consistent with Iyedun (2004); Egena, Ngovenda, Theresa and Bridget (2014) and Salles (2006) that managerial practices and changing environment affect SMEs performance. These factors makes them weak locally and uncompetitive in the international markets (Berman, 2003).



Apart from the above, the World Bank (2015) reported that the environment for doing business in Nigeria has continued to deteriorate (Udo, 2015). The report revealed that Nigeria slumped from 138th ranking out of 189 countries in 2013 to 147th position in 2014 (Udo, 2015). The central bank of Nigeria (2015) also reported that the objective of SMEs in Nigeria is far from being achieved (Egwuonwu, 2015). Because of vulnerable external shocks, unfavourable economic conditions resulting from unstable government policies (Chidinma, 2012; Ihua, 2009; Oboh, 2002) some SMEs become highly discouraged as such, lost the confidence to successfully achieve better performance. Examination of SMEs failure in Nigeria, Ihua (2009) reported lack of research attention. That majority of the studies on SMEs performance focused on America and other developed countries, even though the impact of these factors probable be the same globally, empirical work on high performance among SMEs in Nigeria need to be conducted (Ihua, 2009). As such, researchers called for the expansion of high performance researches to SMEs (Chi & Lin, 2011) particularly, in Nigeria SMEs (Gladson-Nwokah & Maclayton, 2006).

Furthermore, Miriam et al., (2011) argued that SMEs in Nigeria lack international best HRM practice. As such, research on best practices (HPWS) is needed for Nigeria SMEs to successfully achieve higher performance, compete in the global market and elevate Nigeria to a leading position by 2020 (Chidinma, 2012; Briggs, 2007; Miriam et al., 2011) because implementation of HPWS, improves employees skills, commitment and productivity such that employees become a source of competitive advantage for the organization (Dato, Guthrie & Wright, 2005; Kroon, Van De Voorde & Timmers, 2013).

Accordingly Andrews, Boyne, Law and Walker (2008) argued that any organization that closely implements HPWS will achieve higher performance. Using 62 society global leadership and organizational behavior effectiveness data, Gupta (2011) found that HPWS have a significant positive effect on high performance. Mowday, Porter and Steers (1979) opined that HPWS increases high job performance and inspire employees confidence of achieving better performance. A study by Liu, Guthrie, Flood and MacCurtain (2009) found that HPWS increases employee's productivity. In a sample of 1,000 firms, Huselid (1995) reported that HPWS affects higher sales, high market value and high profit. Similarly, Mihm (2004) affirmed that achieving high performance requires organizations irrespective of the size and location to adopt practices that are consistent with current best practices (HPWS). Hence, SMEs find it completely important to adopt HPWS because adopting HPWS will help them to achieve higher performance (Kroon, et al., 2013), increase employee productivity and adapt to the changing business environment (Cocks, 2012). As such, for SMEs to achieve high performance they need to access best practices (Bagorogoza & de Waal, 2010) because best practices will help SMEs to select, develop, retain, encourage employees to work in team, learn skills from each other and using these skills to achieve competitive advantage for the firm (Chiang et al., 2014). Rowden (2002) also confirmed that HPWS remain the best practice for any organization because practices connected with HPWS yield higher performance than the traditional human resource practices.

Despite this paradigm, studies have also demonstrated insignificant result between HPWS and the achievement of higher performance (Chow, 2005). Flood, Guthrie, Liu,

Armstrong, MacCurtain, SMkamwa and O'Regan (2008) examined the nature of high performing and average performing firms in Irish, the results showed that work system has no significant effect on higher performance. A survey of 11,221 observations in European organizations, Ferreira, Neira and Vieira (2012) found that practices involved in HPWS have no significant effect on organizational performance. Richard and Johnson (2004) also argued that using HPWS as a unidimension does not influence organizational performance. In view of this, Gupta (2011) asserted that societal factors play a significant role in the emergence of different framework in HPWS. This brings discrepancies in the result between HPWS and organizational performance. However, empirical studies on the relationship between high performance work systems (HPWS) and SME performance is remarkably little in the developing countries particularly in Nigeria (Ismail, 2012). As such, Ismail (2012) suggested for a study that will help to fill this gap.

Besides, studies has argued that implementation of HPWS alone will not fully result to the achievement of higher performance without firms orientation to external environment, because today core capabilities can result to tomorrow core rigidities if firms fail to adapt them to environmental changes (Newey & Zahra, 2009). As such, external environment remained another major factor for SMEs to achieve higher performance (Okpara, 2011) since majority of the business decisions are subject to environmental conditions (Sul, 2002). For instance, Appelbaum, Gittell and Leana (2009) found that sustaining a high performance requires a positive environment that will develop and influence employee's knowledge and ability to create value. A study by Avci, Madanoglu and Okumus (2011) and Gupta (2011) found that achieving high

performance requires an organization to adapt to external environment and manage its employees to constantly act in responds to environmental changes. Similarly, Kotter and Heskett (1992) and Morton (2003) found that external environment has significant effect on higher performance. Rocha (2012) argued that achieving higher performance is to provide firms with a favorable environment. Owen, et al., (2001) also affirmed that creating a high performance is to fully understand the current environment in which organizations operate. Since the environment that an organization functions determine the organization high or low performance (Mannion, Davies & Marshall, 2005b). In other words, organizations are more committed to a better environment.

However, studies on external environment and high performance have also showed a mixed empirical result when tested in different environment. While majority of the studies have showed significant positive relationship between external environment and HPO. Conversely, Idoko, Nkamnebe and Amobi (2013) conducted a study in the eastern part of Nigeria the result showed that external environment has negative effect on higher performance. Nevertheless, Idoko, et al., (2013) studies and its instrument for measuring environment vary from the present study. Therefore, applying the construct and its measuring instrument to a different state or environment such as Lagos may perhaps produce a significant different result because Lagos environment is different from other state in Nigeria in terms of business orientation.

However, some studies have confirmed a positive relationship between HPWS (Andrews, et al., 2008; Dato, et al., 2005; Gupta, 2011; Kroon, et al., 2013; Liu, et al.,

2009), external environment (Appelbaum, et al., 2009; Avci, et al., 2011; Gupta 2011; Okpara, 2011; Rocha, 2012) and organizational performance, while some other studies have affirmed a negative relationship between HPWS (Chow, 2005; Flood, et al., 2008; Ferreira, et al., 2012; Richard & Johnson, 2004), external environment (Idoko, et al., 2013) and organizational performance. The inconsistencies in the results between HPWS, external environment and organizational performance suggest the need to further examine these relationships (Baron & Kenny, 1986). Apparently, the discrepancy may be due to moderating variables which influenced the relationship (Baron & Kenny, 1986). Consequently, it is suggested that future researchers should introduce organizational culture to strengthen HPO framework (Bagorogoza & de Waal, 2010) because organizational culture has the potency of influencing every aspect of organizational life. Specifically, Lucky (2012) suggested that the moderating effect of culture on SME performance should be retested in Nigeria SMEs. Therefore, the introduction of a moderator becomes necessary considering the inconclusiveness regarding the relationship between HPWS, external environment and organizational performance. A moderator will help to strengthen the nature of the relationship between independent and dependent variables, and also reduces confusing conclusions about this relationship (Baron & Kenny, 1986; Hair, Hult, Ringle, & Sarstedt, 2014). However, this study is not aware of any empirical studies that have examined the relationship between HPWS, external environment and HPO: the moderation effect of organizational culture. Consequently, this study will address this gap.

Apart from the above, the relationship between HPWS, external environment and HPO in Nigeria organizations is yet to be known most probably because the concept are relatively new. Besides, even though studies on HPWS, external environment and performance are widespread, most of these studies were conducted in large manufacturing organizations in developed countries (Armstrong, Flood, Guthrie, Liu, MacCurtain & Mkamwa, 2010; Aryee, Walumbwa, Seidu, & Otaye, 2012; Posthuma, Campion, Masimova & Campion, 2013; Rocha, 2012; Takeuchi, Lepak, Wang & Takeuchi, 2007). However, not much attention has been given to SMEs in relation to HPWS and external environment (Klaas, Semadeni, Klimchak & Ward, 2012; Khandekar & Sharma, 2005; Rocha, 2012) particularly in developing countries such as Nigeria due to lack of awareness of the concept.

Besides, Ezirim, Nwibere and Emecheta (2012) acknowledged that there is a paucity of research on the influence of external environment within the context of Nigeria SMEs as such, suggested that environmental factor should be integrated in such a research framework. Lucky (2012) also suggested that further studies on SMEs performance in Nigeria should include the influence of external environment. To the best of the researcher's knowledge, no similar study has been examine on the influence of external environment on SMEs performance in Nigeria. Following Ezirim, et al., (2012); Klaas, et al., (2012); Lucky (2012) and Khandekar and Sharma (2005), this study extend the body of research by examining the relationship between HPWS, external environment and HPO in Nigeria SMEs.

Furthermore, a substantial amount of research has been conducted on HPO. But a review of extant literature demonstrated that majority of the researches were conducted in developed economies while very few were conducted in developing economies. Specifically, an overview of 290 studies on HPO (de Waal, 2006, revised. 2010, 2012b) from the period of late 1960s to date, documented that only 19 organizations (6.6 percent) involved Asian organizations while 81% comprises of organizations in developed economies (de Waal & Akaraborworn, 2013). However, there is paucity of similar research conducted in the Nigerian context. More importantly, despite the significant research attention on HPO, no solid definition has been given on what constitute HPO. Moreover, hardly had any empirical research on HPO that have resulted to a framework that can be applied in different organizational settings (de Waal & Sultan 2012; Waal, Goedegebuure & Tan Akaraborworn, 2014) hence, there is a need to accurately define and empirically validate high performance framework so that organization can improve themselves towards a high performance (Bagorogoza & de Waal, 2010). Referring to the aforesaid problems, the present study addressed the following questions:

### **1.3 Research Question**

1. Is there any relationship between HPWS and HPO in Nigeria SMEs?
2. Is there any relationship between external environment and HPO in Nigeria SMEs?
3. Does organizational culture moderate the relationship between HPWS and HPO in Nigeria SMEs?
4. Does organizational culture moderate the relationship between external environment and HPO in Nigeria SMEs?

## **1.4 Research Objective**

The main objective of this study is to examine the relationship between HPWS, external environment and HPO, the moderation effect of organizational culture. Hence, the objectives of this study, resulting from the identified research gap in the literature are stated as follows:

1. To determine whether there is a positive relationship between HPWS and HPO in Nigeria SMEs.
2. To examine the relationship between external environment and HPO among SMEs in Nigeria.
3. To determine whether organizational culture moderate the relationship between HPWS and HPO in Nigeria SMEs.
4. To determine whether organizational culture moderate the relationship between external environment and HPO in Nigeria SMEs.

## **1.5 Scope of the Study**

This study focused on food and beverage SMEs in Lagos Nigeria that have spent a minimum of ten years in the industry because SMEs that have spent ten years are more stable in the market. Besides, having spent ten years in the market is sufficient for them to access HPO characteristics such as long term market orientation and ability to function in a competitive market environment. SME was selected for this study for a number of reasons. First, performance challenges have been associated with SMEs in Nigeria. The low level of performance amongst SMEs in Nigeria provided a fertile ground for studying forces such as HPWS, external environment and organizational culture to shape



the achievement of HPO. Second, SMEs was chosen because most of the previous studies on high performance only focuses on large manufacturing organizations, less has been reported to be known within small business (Klaas, et al., 2012). Given the assumed smallness in the size of SMEs, researchers seems not to give them attention as emphasis are placed more on large businesses (Idoko, Nkamnebe & Amobi, 2013). As a result, researchers have called for the expansion of high performance research to SMEs (Chi & Lin, 2011).

Furthermore, Lagos was choosing as the study sample because of Lagos position as the highest concentration of SMEs in Nigeria (Onugu, 2005; SMEDAN, 2012). The researcher focuses on food and beverage (F&B) SMEs in Lagos because performance challenge is widespread among food and beverages (Gladson-Nwokah, & Maclayton, 2006). The poor performance required a need to conduct a study in this sector so that a more comprehensive action can be taken. Besides, from the SMEDAN directory, F&B constitute the highest number of SMEs in Lagos businesses. This enables the researcher to cover the sample, needed to achieve the study objective.

Finally, this study focuses only on top managers because they are the decision makers in setting strategic goal for the organization (Cunningham & Lischeron, 1991). Top managers are the chief executive officer (CEO) of the SMEs who develop goals and make decisions about the direction of the business. Similarly, managers have extensive knowledge about the organizations hence they provide the researcher with more reliable information (Rhodes, Hung, Lok, Lien & Wu, 2008).

## **1.6 Significance of the Study**

### **1.6.1 Practical contribution**

This study was conducted based on the issues identified in relation to SMEs performance in Nigeria. It is important that since organizations and environments are continuously improving, ideas and practices require adjustment to time (Strebel, 2003). Therefore, SMEs need HPWS in order to adjust to changing business environment. Neglecting this, put firms in high risk of liquidation as many SMEs have faced in the past. Thus, the findings of this study provide effective contribution to the management of SMEs particularly in Nigeria by helping them to identify the most significant factors in achieving higher performance. Over 80 percent of businesses in Nigeria are SMEs, improving their performance using the HPO framework will have great economical impact. This is a broader contribution that also goes beyond the context of Nigeria SMEs. Besides, through the HPWS practices identified in the questionnaire, managers will be able to determine the high performance status of their firms, comparing their practices with that which has been identified in this study, accordingly, become noticeable for them to identify a number of practices that need substantial improvement in their various organizations.

### **1.6.2 The contribution to Policy**

This study also helps both the Nigeria government and other developing countries with similar characteristics to take appropriate steps in creating a friendly environment for SMEs to flourish. The study has come up with recommendations that will help the government not only to see itself as a regulator but as partner in the business. This will

enable them to gain the cooperation of SMEs and effectively monitor their performance, afterward improve their contribution to the GDP especially in the current economic recession. Furthermore, this study also come up with suggestions for regulatory body such as SMEDAN not just to develop programs but to do a follow up to the program so as to know the actual happening of SMEs.

### **1.6.3 Theoretical Contribution**

This study was conducted based on the gaps identified in relation to the relationship between HPWS, external environment and HPO, the moderation effect of organizational culture. From the theoretical view, the findings from this study contributed to the body of knowledge on HPO. From the review of literature, there is paucity of empirical study on the issue of HPWS and the achievement of higher performance among smaller firms. This study contributed to HPO research as one of the most extensive of its kind and takes a different root than previous research. For instance, much of the study on high performance so far has been conducted not just in large organization but in developed economy which may make HPO researches appear less important in developing economy. This study therefore distinguishes itself from the previous studies by conducting a survey among high performing SMEs in developing country such as Nigeria.

Moreover, based on the analysis that take place within the framework of this study, future researchers can recognize the HPO framework and identify required improvements. In response to this issues, and in an effort to enhance organizational performance, this study

help to further enhance the role of resource base view (RBV) by providing an understanding on how organizational practices influences firm's ability to achieve and maintain competitive advantage over its rivals. The study also enhances, RBV by presenting more explanation on why managers should make decisions base on comprehensive understanding of the environment.

### **1.7 Definition of Key Terms**

The following contain the definition of the constructs and dimensions involved in this study. This constructs are subject to different interpretation by different researchers. Thus, the operational definitions of these constructs are briefly discussed as follows.

#### **1.7.1 High performance organization**

An organization that has achieve both financial and nonfinancial outcomes better than their competitors over a minimum period of five to ten Years (de Waal, 2010; de Waal & Sultan, 2012).

#### **1.7.2 High performance work system (HPWS)**

Innovative human resource practices designed to enhance employee's skills, commitment and productivity such that employees become a source of competitive advantage for the organization (Datta, Guthrie & Wright, 2005).

#### **1.7.2.1 Best Recruitment Practices (BRP)**

Organization consistency to its recruitment process supported by ethical standard, selecting the best and providing realistic information to applicant in recruitment process (Bauer, Truxillo, Sanchez, Craig, Ferrara & Campion, 2001).

#### **1.7.2.2 Fairness in promotion**

Fairness in the procedure and decision in determining employee promotion in an organization (Hwang, 2007).

#### **1.7.2.3 Competitive salary**

Organization ability to provide financial and non financial benefits that is suitable or above others in the market.

#### **1.7.2.4 Job Security**

The extent to which an employee could expect to stay in the job over an extended period and his or her work hour not affected (Oldham, et al., 1986).

#### **1.7.2.5 Job enrichment**

A medium through which management motivate self driving employees by assigning them additional responsibility to use variety of skills (Hackman & Oldham, 1974, 1975).

#### **1.7.2.6 Work Life Balance**

A program that supports employees to split their time and energy between work, family, personal growth and other important aspects of their lives (Clark, 2001).

#### **1.7.2.7 Managerial role**

The ability of managers to mobilize personal contacts, identify new idea and cooperate with others to achieve competitive advantage for the organization.

#### **1.7.3 External environment**

The overall factors that possibly and significant influence the organization which is beyond their control (Bae, 2011; Chi, Kilduff & Gargeya, 2009).

##### **1.7.3.1 Competitive environment**

The dynamic external system in which a business competes and functions as a result affect the life span or growth of the organization (Voss & Voss, 2000).

##### **1.7.3.2 Government support**

The support provided by the government to encourage the growth of small business (Busenitz, Gomez & Spencer, 2000).

#### **1.7.4 Organizational culture**

The pattern of shared values and beliefs that help members of an organization understand why things happen and thus, teach them the behavioral norms in the organization (Deshpandé, Farley & Webster, 1993).

#### **1.7.5 Organization of the Thesis**

The current study was presented in five chapters. The researcher presented chapter one by giving a brief introduction of the study, including the background of the study in relation

to the issues involved, the statement of the problem was immediately discussed, followed by the formation of research questions and the objectives of the study. Within this arrangement, the scope of the study was presented to specify the boundary which the research covered. This provides opportunity in identifying the significance of the study, organization of the overall thesis, finally, definition of key terms.

Chapter two discusses the literature of past studies, which provides argument for the research gap, including the construct that made up the conceptual framework of this study. The chapter conceptualizes four most important construct that make up this study such as, HPWS, external environment, organizational culture and HPO. Moreover, the dimensions of HPWS and external environment were also discussed briefly to make clearer the argument supporting the formulation of the research hypothesis. Besides, the moderating effect of organizational culture on the relationship between HPWS, external environment and HPO was also discussed. This chapter also encompasses the underpinning theory for this study, theoretical framework originated from extensive review of extant literature related to the study and propose research hypothesis.

Chapter three describes the research methodology employed for this study. The chapter clarifies the population of the study, sampling techniques, method of data collection and method of data analysis.

The findings of the study, analysis of statistical test conducted and testing of hypotheses was presented in chapter four, leading to discussion of the findings, limitation of the study, implication and suggestions for future research in chapter five.





## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This section focuses on the review of relevant literatures on SME, high performance organization (HPO), high performance works system (HPWS), external environment and organizational culture, to have a comprehensive understanding of the topic under study. The review of literature related to the topic has assisted the researcher in developing a framework and hypothesis formulated for this study. The researcher first and foremost presented this chapter by providing an overview of SME, HPO, HPWS and review of previous studies on HPO, HPWS, external environment and their dimensions. The second section of this chapter covers the review of literature on organizational culture as a moderating variable. Most importantly, the chapter justify using resource base view (RBV) and social exchange theory (SET) as the underpinning theory for this study. Finally, the chapter provides the theoretical framework and the development of hypothesis. The general overview of SME and its development are discussed in the next section of this chapter.

#### **2.2 Overview of SME**

##### **2.2.1 Defining Small and Medium Scale enterprise**

Small and medium scale enterprises (SME) have been defined in different ways, though the fundamental characteristics remained the same (Ardic, Mylenko & Saltane, 2011). None of the definitions appeared to be more important than the other (Ardic, et al., 2011). These definitions vary from country to country, subject to the objective and the policy

that govern the sector in that particular country, number of employees, the value of assets, capital invested on plant and machinery and the turnover of the business (Ayanda & Laraba, 2011; Egbuogu, 2003; Hallberg, 2000). However, the fundamental characteristics such as number of employees, the value of assets, capital invested on plant and machinery and the turnover of the business remained the same all over the world (Ardic, Mylenko & Saltane, 2011). The heterogeneity of what constitutes SME in different countries is subject to the changes in economic indicators such as exchange rate which either increase or decrease the monetary value of various countries. These makes establishing a common definition for SME not feasible (Ardic, Mylenko & Saltane, 2011; US International Trade Commission, 2010).

In the United State, SMEs have been defined as an industry whose employees are fewer than 500 (Asiedu & Freeman, 2007; US International Trade Commission, 2010). The American Small Business Administration (SBA), also defined SME as a business that is independently owned and functioned but not leading in its area of expertise, although meet definite precise condition for SME support loan programs (Ogundele, Hassan & Olajide, 2008). World business council for sustainable development defined SMEs in Canada as firms whose employees are less than five hundred (WBCSD, 2010). In other develop economy such as Britain, SME was defined base on the annual income or revenue and the number of full time employees engages by the firms (Ogundele, et al. 2008). Similarly, organization of European and economic development (OECD) (2000) defined SME in Europe as an industry whose employees are more than ten, but not more than fifty (50) with annual turnover and assets that is lesser than or equal to ten million

Euro. In Malaysia, SME have been categorized in three sectors such as manufacturing, services and other sector. SMEs in manufacturing sector are industries whose sales turnover and employees do not exceed RM50 million and 200 employees respectively. Whereas SME in the services and other sectors was defined as firms with sales turnover not exceeding RM20 million or whose employees are not more than 75 (SME Corp Malaysia, 2013). In Japan, SMEs are industries with capital investment of 100 million yen and a labour size not exceeding 300 (Ogundele et al. 2008).

Unlike majority of countries which defined SMEs in terms of the extent of employment generated, capital invested or turnover, SMEs in Indian was defined only in terms of investment limits in plant and machinery, such that the definition places an investment limit of 3 to 10 million rupees on plant and machinery whether owned on ownership terms, lease or by hire purchase (Dutt & Sundharam, 2001; Kulkarni, 2008). Additionally, SME in Ghana is an industry with annual turnover of \$ 23,700 and \$2, 370, 000 (Gibson & Vandervart, 2008). These demonstrated that no one universally acceptable definition for SME.

Nigeria also faces the dilemma of what constitute SME, using size and scale of business. For example, Udechukwu (2003) defined SME in Nigeria as industries having 100 to 300 employees with an overall capital of 50 to 200 million Naira including working capital, excluding cost of land. According to small and medium industries equity investment scheme (SMIEIS), SMEs are industries having 10-300 employees and overall capital of 1.5 to 200 million naira including working capital (Obamuyi, 2010). Still in the process

of providing a common definition, the International Bank for Reconstruction and Development (IBRD), in collaboration with Nigerian Bank for commerce and industry defined SME as a business enterprise whose capital cost and cost per employee fall within the value of \$300,000 and \$7,500 respectively (Ogundele et al., 2007). Upon these definitions springing from various sectors, the Nigeria Bank of Commerce and industry (NCR) develop its own operational definition for SME by defining SME as an industry with operating capital of \$750,000 excluding cost of land.

Despite the official definition by NCR, confusion still trail agreeing on a common definition within the national boundary. As a result, the National policy on micro, small and medium enterprise (MSMES) provided a general comprehensive definition of micro, small and medium enterprises (SMEDAN, 2012), which serves as the operational definition for this study. Operationalizing this definition is based to the understanding of changes in economic indicators such as exchange rate, interest rate and price index which will either decrease or increase the monetary value. The definition is presented in table 2.1 below.

Table 2.1  
*Categorization of SMEs in Nigeria*

S/N	Size/Category	Employment	Assets (=N= Million) (excluding land and building)
1	Micro enterprises	Less than 10	Less than 5
2	Small enterprises	10 to 49	5 to less than 50
3	Medium enterprises	50 to 199	50 to less than 500

Source: National Policy on MSMEs, 2012.

### 2.2.2 SMEs in the Past Decades

In a very few words, it is crucial to flash back on the early days of SMEs. SMEs in the early period are a turning point in the history of Nigeria SMEs. For instance, Lucky (2011) asserted that SMEs in the past were viewed as exchange of products, buying and selling, even though their activities then were operated blindly due to lack of formal education by their owners. Similarly, the early SMEs were not seen as tool for economic development because government was not fully involved in their development. In Nigeria, SMEs is far back as during the colonial period of 1946 with a ten years developmental plan laying the foundation for the economic development of the country. For instance, history has indicated that the blacksmith and the farmers were the first to be involved in business because of their ability to produce above their needs, therefore, dispose their excess through trade by barter (Nicks, 2008; Arowomole, 2000).

### **2.2.3 The Current state of SMEs**

Currently, SMEs are identified as the engine of growth of every nation, seedbed for wealth creation, enhancing the standard of living of the poor, breeding and nurturing grounds for industrial improvement, managerial capability, catalysts for social and economic modification, breeding group of skilled and semi-skilled employees to enlarge the future of business (Akabueze, 2002; Ayanda & Iaraba, 2011; Berisha & Namani, 2009; Ihua, 2009; Ongori & Migiro, 2010; Okpara, 2009; Ogujiuba, Ohuche & Adenuga, 2004; Rocha, 2012; SMEDAN, 2012; Wattanapruttipaisan, 2003). Hence, more educated SMEs have emerged besides, SMEs has become academic discipline and area of research for researchers, with more recognition by various governments. Presently, various governments are creating favorably policies and enabling environments for SMEs to flourish which may not have been witness in the past. This is against the view that SME was only meant for those with no formal education.

Furthermore, studies have shown that SMEs development is correlated with economic growth and development. For instance, a study by Beck, Demirguc-Kunt and Levine (2005) found a significant positive relationship between the size of SME and economic growth. Similarly, Ayyagari, Beck and Demirguc-Kunt (2007) affirmed that SMEs has contributed over 50% to the GDP of high income countries. Hence, SMEs play an important role in ensuring that growth is inclusive and regionally balanced (Nagayya, & Rao, 2011). In Canada, it has been reported that SMEs are growing in a very rapid rate (Piangpis, 2007).

Even though Asia continent have been categorized as a developing nations or third world countries, the speeding growth rate of some counties within these regions have counter this assertion. For instance, Malaysia has achieved a very high growth and development and has changed from a commodity based nation to manufacturing based nation. SMEs have also help China to overcome poverty (Chea, 2009). Thailand has also be noted to be highly dependent of SMEs, that is no SMEs, no Thailand (Chea, 2009).

However, SMEs within African region is quite challenging due to numerous constraints which have drawn the attention of this study. Within Africa continent, Nigeria in particular, the growth of SMEs is not faster compared to other continent such as Asia, Europe, America and Australian. Even though countries like Ghana and south Africa where SMEs has recorded 21% and 22% contribution to the country's GDP (SMEDAN, 2012; Kim, 2011) they are still far below their counterpart in developing countries, such as Malaysia where SMEs contributed over 57% to the country's GDP. Even in India, SMEs has contributed over 39% of gross industrial value to the country economy (Kulkarni, 2008). Hence, to change the current slow pace of SMEs in Nigeria to compete globally or align with their counterpart in Asian and western world, there is a need to improve SMEs environment by making it friendly and embrace HPWS and integrate good cultural practices for them to compete globally. The overall views of HPO are discussed in the next section.

### **2.3 Overview of High Performance Organization (HPO)**

High performance organization (HPO) has remained a popular demand among shareholders. This is because a HPO have the ability to function in a complex and hazardous environment, making minimum errors over a long period of time and serve as a valuable lesson for how all organizations can minimize inaccuracy and handle peak demands (Baker, Day & Salas, 2006; Laporte, 1996; Weick, Sutcliffe & Obstfeld, 1999). Achieving HPO requires an organization irrespective of the size and location to have a well-articulated, clear and compelling mission, focusing on the needs of customers and strategically manage its employees (de Waal, 2008; Mihm, 2004). Similarly, Wolf, (2008) argued that building a HPO requires an organization to move beyond a process of removing difficulty to a process of creating an open environment that will encourage uninterrupted performance built on competent and positive transformation. This process refers to built to change organization, because a built to change organization does not only seek to eliminate difficulty but to a continuous planning, organizing and improving the organization (Worley & Lawler, 2006; Wolf, 2008). Hence, organization that pays close attention to these characteristics will achieves better result than competitors irrespective of the industry, sector and location (de Waal & Chachage, 2011). Drawing on the above assertion, it is important to give a brief understanding on the concept of HPO. As such, the next section explains how various studies have defined the concept of HPO.



### 2.3.1 Defining High Performance Organization (HPO)

The definitions by previous researchers on HPO are required in order to have a deeper understanding of the concept. Every definition provided varies according to the authors, academic discipline, organizational context, goals and preference, ability, competence level and culture (Akdemir, et al., 2010). Drawing on this assertion, Table 2.2 provides the definitions of HPO based on the views of different researchers.

Table 2.2  
*The Concept of HPO*

Year	Authors	Concept of HPO
2004	Epstein	An organization with well-built financial result, employees and customer's satisfaction, excellent employee's creativity, high level of organizational productivity and innovation, aligned performance indicator and reward systems, with excellent leadership.
2008	Jamrog, Vickers, Overbolt & Monison	Organization with clear, consistent strategy, striving beyond and above in providing customer value, better in terms of clarifying performance measures, training people to perform their task and creating environment for employees to work in teams.
2008	Waal	Accountable organization, highly reliable, adaptive venture, intellectual, agile, flexible, real time organization, the resilient enterprise, robust enterprise, reactive and sustainable organization.
2010	Akdemir, Erdem & Polat	According to Development Dimensions International IN Pittsburgh, a HPO is one which the culture provides employees with the responsibility and critical task of meeting customer's desires in a timely way that will ensures business success.
2011	de Waal	An organization that achieves financial and non financial results that is exceedingly better than those of its competitors over a period of five to ten years.
2012	de Waal & Sultan	An organization that have achieve both financial and nonfinancial outcomes better than their competitors over a minimum period of five to ten years.

Therefore, de Waal & Sultan (2012) definition has been adopted for the purpose of this study because the definition integrate both financial and non financial concept. Although HPO literature has provided an understanding on the concept however, their definitions have limited guidance. While the present study does not diminish the value of their insights, their definitions could raise questions regarding the generalizability of the concept. For instance, Bagorogoza and de Waal (2010) argued that financial result should not be the only focus of HPO, that a HPO should be more concerned about the process of management.

Similarly, Laszlo, Laszlo and Johnsen (2009) also opined that an organization cannot pursue high performance completely and solely on single bottom line of financial gain. Achieving high performance requires an organization to evaluate its most important value plan that addresses the economic, social, ecological and cultural aspect of the organization. Following these arguments, this study argued that every organization is unique; hence, financial gains may not solely be the major focus of all organizations or a precondition for making a HPO. As an alternative, HPO definition requires diagnostic analysis such that the definition matches what really matter to the organization. Therefore, HPO definition would better be appreciated by integrating the phrase“focusing in a disciplined way on what really matters to the organization”. Thus, a HPO can be redefined as an organization that have achieved financial or non-financial results better than its competitors over a minimum period of five to ten years and by focusing in a disciplined way on what really matters to the organization. This is because some organizations are purely on financial gain, while others exclusively focus on non-

financial gain yet they do better than others in terms of meeting corporate social responsibility. For instance, some NGO in Nigeria are regarded as high performance because they have been consistently meeting corporate responsibility over the past ten years.

### **2.3.2 Review of Past Studies on High Performance Organization (HPO)**

There has been a strong concern among researchers in identifying high performance factors (Gottfredson & Schaubert, 2008; Thoenig & Waldman, 2007; O'Reilly III & Pfeffer, 2000) because identifying high performance factors will help managers to add value and take dedicated action that will result to firms competitive advantage (Waal & Frijns, 2009). The type of factors appear to be dependent on the angle of research or the personal view and interest of the researchers on what characteristics to be established that will result to the creation of HPO (de Waal, 2012). Using an in-depth case study in Nepal bank, de Waal and Frijns (2009) found that it is possible to recognize the factors that determine continuous organizational success, so that managers can be provided with a model that will enhance organizational value.

In a Thailand study, de Waal and Akaraborworn (2013) also found that achieving HPO is an important way for organizations to improve in a sustainable way. A study conducted in the health care industry, Wolf (2008) found that building HPO demand firms to move beyond a process of removing difficulty to a process of creating an open environment to encourage uninterrupted performance that is built on competent and positive transformation. Worley and Lawler (2006) called this process a built to change

organization, because a built to change organization does not only seek to eliminate difficulty but to a continuous planning, organizing and improving the organization (Wolf, 2008).

According to de Waal (2012); de Waal et al., (2014); de Waal, Orij, Rosman and Zevenbergen (2014), management of HPO support trust relationships with all level employees by valuing employees loyalty, treating employees with respect, creating and upholding individual relationships with employees, encouraging belief and trust in others, and treating people fairly. Similarly, de Waal and Akaraborworn, (2013); de Waal et al., (2014) argued that managers in HPO work with integrity and act as a role model by being honest, commitment and being enthusiastic. A case study conducted in Nepal bank, it was found that management in HPO treat people with respect, build and maintain individual relationships with employees, encouraging confidence and hold employees responsible to achieve better results (de Waal, 2012; de Waal & Frijns, 2009). The researchers stressed further that HPO has an open culture and also focus on using this openness to take dedicated action to achieve better results (de Waal, 2012; de Waal & Frijns, 2009).

Furthermore, a HPO pay more attention to long-term than short-term gain (de Waal, 2012; Waal & Frijns, 2009) and endlessly work harder to improve customer value via learning customers needs, understanding their values, building excellent relationships, having direct contact with customers, engaged them in organizations activities, create openness and pay attentions to ways that will continuously improve customers value (de Waal, 2012). Similarly, a HPO nurture new management from their own ranks by

encouraging employees to become leaders, filling positions with internal talent, promoting from within and create secured work environment by giving employees job security (de Waal, 2012; de Waal & Akaraborworn, 2013; de Waal et al., 2014). In the same way, HPO also initiate the process of continuous improvement by adopting a strategy that will set it apart, building numerous alternatives to pay off dying strategies (de Waal & Frijns, 2009; de Waal & Akaraborworn, 2013; de Waal et al., 2014). A review of 290 research studies and a testing of high performance items using 1470 organizations de Waal (2012) opined that a HPO measures progress monitors goals achievement and report to stakeholders everything that matters so that every members of the organization have the information needed to drive improvement at their disposal.

A study in the diamond industry, de Waal, et al., (2014) argued that HPO constantly develop, simplifies and aligned processes, innovate its products and services, create new way for competitive advantage to respond to market changes. The researchers stressed that achieving HPO ensures firms to bring together a diverse and complimentary workforce and recruit people with high flexibility that will help to identify problems in the business and stimulate creativity in solving them, work for the improvement of its workforce by training employees to be flexible, learn from each other and by working hand to hand with suppliers and customers (de Waal & Akaraborworn, 2013; de Waal, et al., 2014). Thereby motivating the employees to work on their skills to achieve extraordinary results and holding them responsible for their performance (Waal & Frijns, 2009). Accordingly, de Waal (2012) avowed that organizations that paid more attention to the aforementioned qualities and constantly score high on them will achieved better

results than competitors in every industry across the globe. Hence, a HPO will do all within its ability to fulfill this unique strategy (de Waal, 2012).

However, researchers cannot strongly say that the aforesaid argument is applicable in all context and organizations globally. Firstly, 1470 organizations across the globe by de wall et al. does not completely represent all organizations globally. Besides, because these items has not been extensively tested in developing economy such as Nigeria which has a unique culture from developed economy, researchers argument that workforce quality, continuous improvement, long term orientation, openness and action orientation and management quality are the key HPO characteristics can be contested. Moreover, all the aforesaid qualities cannot stand in the test of time due to continuous industrial and society changes. Besides, majority of the data collected in establishing the HPO qualities by previous studies are unmatched because of the instantaneous wide variety of organizations, industries and countries that were involved. Based on the understanding that for generalization to take place, organizations that have been tested should have similar characteristics (Martin, Feldman, Hatch & Sitkin, 1983). Observing these weaknesses, researchers have suggested that HPO items should be retested in another country (de Waal, 2012). The next section focuses on the overall view of HPWS, various definitions provided by previous studies on HPWS, and past studies on HPWS are discussed in the next section.

## **2.4 Overview of High Performance Work System (HPWS)**

As organization seeks for innovative ways to achieve higher performance, studies on strategic human resource management (SHRM) have gained rising awareness (Jensen, Patel & Messersmith, 2013). Within this field of researches, a particular attention has been on HPWS known as innovative practices, best HRM practice or high performance standard (Ferreiraa, Neirab & Vieirac, 2012; Jensen, et al., 2013). Zhang, Di Fan and Zhu (2014) divide HPWS into two types: profit-oriented HPWS and win-win HPWS. Emphasizing that theoretically it is unachievable for a win-win HPWS to elicit commitment and fulfillment, harm the health of employees because a real win-win HPWS should also look after employees (Zhang et al., 2014).

HPWS was dated back to the middle of 80s (Lawler, 1986; Watson, 1985) from American tradition of HRM which argued that employees contribution is significant to organizational performance (Ferreiraa, et al., 2012). Since then, the concept has continuously attracted extensive interest both in management and organizational researches, as a global standard for HRM system (Boxal & Macky, 2009; Ngo, Foley, Loi & Zhang, 2011). Therefore, it is important to understand the meaning of HPWS to provide a solid understanding of the concept. Understanding this will promote goal achievement and encourages supportive employees behavior that will subsequently enhances the benefit and performance of the organization (Huselid, 1995; Richard & Johnson, 2004). As such different studies have giving various definitions of HPWS and some of these definitions are summarized in table 2.1 below.

Table 2.3  
*The concept of HPWS*

<b>Year</b>	<b>Authors</b>	<b>Concept of HPWS</b>
<b>1994</b>	Appelbaum & Batt	Practices that comprise selective hiring, extensive training, performance contingent pay, workplace empowerment, reduce status differentials, as well as information sharing.
<b>1995</b>	Huselid	A group of separate but unified human resource practices aspire to enhance employee's skills and effort.
<b>1996</b>	Becker & Gerhart	Practices with natural factor such as thorough and coherent recruitment and selection process, contingent pay and training program that is focus on the need of the firm.
<b>1997</b>	Huselid & Becker	Strategic force for developing and sustaining organization core competencies and strategic implementation.
<b>1998</b>	Becker & Huselid	Distinct set of unified human resource management practices that collectively select, develop, retain and motivate employees: (1) with better ability; (2) make use of their ability towards work related activities; and (3) whose work related behavior result in firms achievement of better performance.
<b>1999</b>	Batt	Planed approach by organization to invest in its human capital.
<b>2000</b>	Godard & Delaney	Wide range of human resource management practices having the potentials of enhancing firm competitive advantage and performance.
<b>2004</b>	Godard	Best and innovative practice associated with high level of performance than traditional workplace and employment related practices.
<b>2005</b>	Datto, Guthrie & Wright	Innovative human resource practices that are intended to enhance employee's skills, loyalty and productivity in such that employees become a source of competitive advantage for the organization.
<b>2006</b>	Becker & Huselid	HR practices that once executed collectively show a significant impact on organizational outcome.
<b>2007</b>	Tekeuchi, et al.,	A system that is horizontally and vertically fit employment practice that will motivate employees.



Year	Authors	Concept of HPWS
2009	Cheng-Hua, Shyh-Jer & Shih-Chien.	Empowering employees, with higher task autonomy, decreasing job title and level of management, putting into practice extensive training program with high employee selectivity, promoting information sharing programs, utilizing performance based pay as well as applying gain sharing plan.
2009	Kauhanen	Coherent combination of employee involvement using teamwork, organizational training and incentive pay.
2011	Heffernan, Flood, & Liu	A focus on investment in people, employee empowerment, good communication systems, performance management, fairness in setting pay, promotion on the lines of merit, job security, as well as low status differentials.
2012	Punia & Garg	A means of value creation and value enhancement.
2013	Kroon, Van De Voorde & Timmers	Human resource management practices aimed at promoting both employees and organizational performance.

In view of the above, researchers have operationalized HPWS in different ways subject to the context of their study, emphasizing on a practice that either employees or organization fit which this main players complement each other in achieving organizational goal. As a result, the concept of HPWS will continue to generate concern because of the complexity in identifying with a specific definition and the practices involved. Even though researchers have used one or more criteria in defining the concept of HPWS, however, none has recognized the importance of fairness. Therefore, HPWS can better be appreciated if the word “Fairness” was incorporated. Fairness is a personal estimation; it is always to some degree subjective because it involves judgment which can be imperfect and prejudice inherent in man's own value

system which is the foundation upon which he judges something. If managers failed to execute HPWS with fairness, the desired goal of HPWS may not be achieved. Because organizations that implement HPWS with fairness would enjoy benefits in morale, efficiency and productivity. HPWS should be implemented in a friendly manner to solve problems. If there is no fairness, organization would not gain the cooperation of the employees. Following this, this study defines HPWS as fairness in innovative human resource practices that once executed collectively will not only improve employee's skills but at the same time enhance organizational chances of achieving higher performance. Even though it is important for organization to consider best or innovative HR practices, value creation, empowering employees with higher task autonomy, selective hiring and extensive training among others. But these practices should be embraced with fairness not only to the employees but to the organization in general, applying fairness in organizational practices will help to reinforce the success of the organization. Having established that, the next section, provides the result of previous studies on HPWS and performance relationship.

#### **2.4.1 Review of Past Studies on HPWS**

Arguments suggesting that different systems for managing employees and organizing their work may not only result to better employee performance but lead to high organizational performance was dated back to 1970 in the United State (Neumark, & Cappelli, 1999). Originally, its attention was on ownership structures with the view that employees work together to provide superior performance (Neumark & Cappelli, 1999). This evolution follows directly from the rapidly changing market demands and the

corresponding decline of command and control in organizational structure (Becker & Huselid, 1998). Since then the subject has continued to capture the attention of researchers in different field of study.

A study involving 211 employees in 45 small organizations in Dutch local industry, Kroon, et al., (2013) found that when small firms have a greater awareness of best practices, their employees will report higher performance. They stressed that the size of an organization does not specify the presence or absence of HPWS because firms that determined to be innovative should lead by demonstrating the use of HPWS practices (Kroon, et al., 2013). Zhang, et al., (2014) surveyed 700 employees in China; the results showed that HPWS lead to a high level of social performance. That when an organization implement HPWS, such should practice high performance through the strategies that will encourage positive employee responses rather than through a method of work escalation that will negatively effects employees and subsequent organizational performance (Zhang et al., 2014).

However, Zhang et al., (2014) study only focused employee's perspective in their examination of HPWS. Their sample may not be a true representative of HPWS because employees may not give the actual position of HPWS in their various organizations except managers in the organizations. Therefore, it is unclear if the size of an organization does not specify the presence or absence of HPWS pending when a further analysis is conducted to confirm this finding. Using data from public listed companies and multinational company's branch offices in Taiwan, Shih, Chiang and Hsu (2006)

found that HPWS practices such as training involvement and motivation improve higher performance. That as an organization invests in HPWS practices employees become valuable assets for the organization (Shih, et al., 2006). Shih, et al., (2006) stressed further that for HPWS to result to higher performance, the combination of these practices should work concurrently.

Additionally, in a survey involving Danish firms, Cristini, Eriksson and Pozzoli (2013) found that HPWS have positive effects on corporate and employees performance. As such, investing in HPWS provides an organization the opportunity to select, develop, retain, encourage team members the opportunity to learn skills from each other and inspire operational memory system of teams to work together by using their skills to achieve a joint task which in turn sustain the competitive advantage of the organization (Chiang, et al., 2014; Gong, Chang & Cheung, 2010). One noticeable limitation observe in their findings is combining multi-item measure of HPWS into a single measure to represent the entire HPWS even though organizations may defer in the implementation of HPWS practices. It is believed that for an organization to achieve high performance, such should first focus on the important element in developing complementary practices because what work well in one organization may not be same in another. This was supported by Colvin, Batt and Katz (2001) in a survey of telecommunications organization which engages over 100 employees. They found that even though achieving high performance resulted from the adoption of HPWS, not all the practices involved in HPWS are positively related to organizational performance (Colvin, et al., 2001). These findings further necessitate the need to separate the practices that are involved in HPWS.

Furthermore, in a sample of 191 employees in United Kingdom local government, Gould-Williams (2003) found that HPWS are powerful predictors for higher performance. In a sample of 1000 firms in Irish times top companies Armstrong, Flood, Guthrie, Liu, MacCurtain and Mkamwa (2010) found that an organization that uses HPWS achieve higher performance. Thus, increasing the use of HPWS will result to higher benefits for both employees and organization (Armstrong, et al., 2010). This indicated that the approach use in implementing HPWS in an organization determines the success of the organization. Thus, if an organization can identify itself with specific practices in HPWS such will achieve higher benefit such as competitive advantage and opportunity to sustain it for a longer period than involving in broad practice that will not significantly affect their output.

In a survey of 4000 United State public firms that engages over 100 employees, Becker and Huselid (1998) asserted that the practices involved in HPWS have a positive effect on multiple measures of higher organizational performance. However, Becker and Huselid (1998) failed to identify the precise practices in HPWS that will provide a significant positive effect on organizational performance. As a result, they suggested for a further study to do a much better job by identifying these HPWS (Becker & Huselid, 1998). However, identifying the precise practices in HPWS has remained a major challenge for HR managers to implement HPWS in their organizations (Becker& Huselid, 1998). Similarly, Chi and Lin (2011) study of Taiwanese manufacturing industry found that HPWS significantly and positively influence higher organizational

performance and reduce employees cost. Likewise, Björkman and Ean (2002) used a sample of 62 manufacturing international joint ventures in China, they found a positive relationship between HPWS and organizational performance.

On the contrary, the relationship between HPWS and performance has not been completely established. Whereas some studies has provided direct positive support for HPWS and organizational performance. Conversely others argued that in reality, HPWS negatively affect organizational performance. Using 11,221 observations in European companies Ferreira, et al., (2012) found that reward and employee's representative which forms the practices of HPWS in their study has no significant effect on better performance. Other researchers such as, Harley (2001) has questioned the true impact of HPWS, referring to HPWS as window dressing with no significant positive or negative relationship.

Even though, researchers have provided an extensive understanding of HPWS and performance relationship. However, the concept has several shortcomings. One noticeable limitation is combining multi-items measures of HPWS practices into a uni-dimension to represent the entire HPWS despite that not all organization have the same practice. Following this, Richard and Johnson (2004) argued that using HPWS single-handedly does not yield organizational performance. As such, HPWS must be split into multi-dimensions (Drummond & Stone, 2007; Punia & Garg, 2012; Zhang, et al., 2013). Therefore, more understanding of these practices is important both in theory and practical terms, particularly under the current competitive market environment where every

organization irrespective of their size and location strive to achieve high performance (Drummond & Stone, 2007). Secondly, inconsistencies in the results of previous studies necessitate the need to further re-examine the true impact of HPWS linkage. Thirdly, studies on HPWS have been conducted within the context of developed and Asia economy mostly in multinational organizations, to the researcher's knowledge little are known about HPWS among Nigeria small firms. Finally, there is dearth of empirical work that links the levels of each element in HPWS to a wider range of high performance among smaller firms (Drummond & Stone, 2007). It is believed that a clearer understanding on this relationship will no doubt help in understanding the degree to which every element in HPWS contribute to organizational performance, knowing this will help to overcome the inherent problems of achieving high performance among smaller firms.

#### **2.4.2 Dimensions of High Performance Work System (HPWS)**

HPWS have been conceptualized in different ways by different scholars, demonstrating no uniformity in the measurement of HPWS as such there are many overlaps between the dimensions. The overlaps suggest the need to increase the effort in developing a model to better understand HPWS. Table 2.4 provides the summary of some of the studies on HPWS and the dimensions used.

Table 2.4

Summary of Selected Studies on HPWS.

Yr	Authors	Conte xt	IV	DV	Analysis Techniques
1997	Huselid Becker	& USA	HPWS	Corporate performance	financial Regression analysis
2002	Way	USA	HPWS	workforce turnover, Labor productivity.	supplemental analyses
2006	Kintana, Alonso Olaverri	& Spain	HPWS	Operational performance.	Factor analysis.
2006	Combs, Hall Ketche	Liu, & USA	HPWS	Organizational performance.	Statistical regression
2007	Luna- Arocas & Camps	Spain	Salary, Job security enrichment & Job	Turnover intention.	Structural equation model
2008	Beltrán- Martín, Roca- Puig, Escribana, & Bou-Llusar	Spain	HPWS-(selective comprehensive training, developmental performance, equitable reward systems, performance- based pay.	staffing, Organizational performance.	structural equation modeling (SEM)
2009	Guthrie,	Ireland	HPWS	HR & organizational	Factor analysis



Yr	Authors	Conte xt	IV	DV	Analysis Techniques
2009	Patrick, Flood & Liu Kauhanen	Finlan d	Socio economic status, communication technology	outcome HPWS, adaptiveTeams.	
2010	Young, Bartram, Stanton & Leggat	Austra lian	HPWS	Effective commitment, Job satisfaction.	Regression
2010	Armstrong, Flood,Guthrie ,Liu,Maccurta in&Mk mwa	Ireland .	HPWS, Diversity/equality management.	Organizational performance.	OLS regression analysis.
2010	Shih, Chiang & Hsu	China	HIWS, perceived family conflict, Job satisfaction and supervisor rating.	Expatriate performance.	job Structural equation model.
2011	Wood & de Menezes	UK	HPWS :( enriched jobs, high involvement management, employee voice& motivational supports).	Well-Being (job satisfaction and anxiety-contentment)	weighted multilevel models hierarchical regression
2011	Wang, Lawler & Zhang	China	HPWS(training, teamwork & workerEmpowerment)	Organizational commitment.	Factor analysis.
2012	Punia & Garg	India	Employees awareness on HPWPs, Segmentation of HPWP.	Organizational performance	factor analysis
2012	Aryee, Walumbwa, Seidu &	Ghana	HPWS	Individual service performance and branch- levelmarket performance.	Ordinary least squares regression.

Yr	Authors	Context	IV	DV	Analysis Techniques
Otaeye					
2012	Patel, Messersmith & Lepak	USA	HPWS	Firm growth	Robustweighted least squares (RWLS; MPlus 5.21)
2013	Jesen, Patel & Messersmith	USA	HPWS- perception, utilization	HPWS Turnover intention	Multi level structural equation model
2013	Stirpe Bonache & Antonio Revilla	Britain	Contingent employment	HPWS	OLS regressions testing
2013	Karatepe	Romanian	Training, Empowerment, Reward.	Job performance and extra role customer service	SEM and confirmatory factor analysis.
2013	NaFu	Dublin	Staffing training and development, compensation, performance control and communication, participation.	Firm performance	
2014	Zhang, Di Fan & Zhu	China	HPWS	OCB, commitment. Affective	structural equation modeling
<div>IV: independent variable;</div> <div>DV: Dependent variable</div>					

It has been suggested that further study should broaden the dimensions of HPWS (Drummond & Stone, 2007; Punia & Garg, 2012; Richard & Johnson 2004; Zhang, et al., 2013). In the light of the above, researchers identified best recruitment practice (BRP), fairness in promotion (Armstrong, et al., 2010), job security (Karetepe, 2013), managerial role (Jesen, et al., 2013), work life balance (Karetepe, 2013) as important gap in HPWS that need research attention. Apart from the above, this study adopts a model of HPWS by Luna-Arocas and Camps (2005) that encompasses (competitive salary, job enrichment and job security) in order to develop a broader but unique and more precise dimensionality framework for HPWS. The elements were adopted because they have repeatedly tested and acknowledge by literatures as significant element for organizational performance (Pfeffer, 1994; 1998). However, Luna-Arocas and Camps (2005) model provides a framework that link HPWS to turnover intention. Hence, the framework could not be completely adopted but modified in order to suit the context of this study. Base on the above justification in choosing the above dimensions of HPWS, the next section presents a brief review of the reviewed literature on the seven dimensions of HPWS identified by this study.

#### **2.4.2.1 Studies on Best Recruitment Practice (BRP)**

The changing business environment and the dynamic talent hunt has dramatically changed the technique employees are being recruited over the years with the evolution of new recruitment pattern (BRP) (Sangeetha, 2010). BRP has been identified as the most efficient and effective way of recruiting best job applicant. First, best recruitment practice is a practice in high performance work system identified by researchers, it does not only fill the positions, but in a thoughtful process that follow best standard which

leads to a group of candidates that are “self-selected” of which the selection was not pre-determined. Similarly, the process of BRP is intended to be fairer than the ordinary recruitment processes by clearly laying down the required competencies and testing them in such a way that the recruiter has little discretion to favour one candidate over another. Apart from the above, BRP provides bonafide, validated, fair and unbiased standards against which to assess applicant competencies to perform in the targeted role/job. BRP disfavours the indication of a candidate’s potential, such as references. Finally, BRP identify best people who can also identify other high performers. While recruitment is the traditional human resource practices whose process like any other business process is customized for the size of the organization.

According to Linley and Garcea (2010), BRP is a practice that helps organizations to select applicants who matches firm’s requirements more effectively from those who will not deliver better outcomes for the organizations. This is particularly important for small and moderate sized firms (Chow, 2012). Attracting and hiring the right candidate for the right job through an effective recruitment system is a key to competitive advantage for the organization (Sangeetha, 2010). Such recruitment program should be conducted in an ‘open and fair’ way (Sangeetha, 2010).

An empirical study by Hausknecht, Day and Thomas (2004) found that applicant perceived fairness to the selection processes significantly influence various pre- and post-hire attitudes and behavioral outcome. Consequently, Truxillo, Steiner and Gilliland (2004) argued that fairness in the recruitment process of an organization is considered as

an important element that can facilitate organizational outcomes. The findings by Hung, Ansari and Aafaqi (2004); Lemons and Jones (2001) asserted that fairness in organization recruitment facilitate organizational effectiveness and significantly influence a variety of outcome that are valuable to the organization and serve as a strong predictor of behavioral manifestations.

According to Sangeetha (2010) BRP is fundamental in achieving better organizational performance and reducing labor turnover. Lee (2005) asserted that the first step for any organization to achieve competitive advantage is to recognize that the recruitment of the best talent is a strategic important, not an alternative. The researcher stressed further that only organizations that identify themselves by engaging in highly competitive hiring and take aggressive action to compete for talent, will achieve better performance as such call for organization to make BRP a top priority (Lee, 2005). Thus, organizations that score high on BRP will achieve high productivity, market value and sales performances (King, 1995). This validated that BRP is a key to organizational success.

Using a sample of 120 respondents in a large, Southern university in United States, McMillan-Capehart and Richard (2005) avowed that recruitment can be considered best if there is perception of fairness in the hiring decisions. The researchers argued that before making a decision of whom to hire, managers should carefully consider the basis for the hiring decision. Theriou and Chatzoglou (2014) uses a sample of 212 manufacturing firms in Greece, the results showed that organizations that pursuing BRP achieve higher performance through the interaction of this practice with knowledge

management and organizational learning capability. Hence, best practice serve as an instrument for any organization to achieve sustainable competitive advantage (Theriou & Chatzoglou, 2009). Delery and Doty (1996) also sampled 1050 banks in the United States, they found that organizations that adopt best practices can generate greater returns. They stressed further that in the short run, organizations that implement best practice gain a short-term competitive advantage and enjoy high performance (Delery & Doty, 1996). Because BRP focused on assessing candidates in relation to their performance, identifies what people do well compared to the requirements and job-fit of the potential employer (Linley & Garcea, 2010). According to Pfeffer (1994), even though implementing best practice is not always an easy task, organizations that quickly or easily imitate the practice will be the best organizations. That as technology increases and product life cycles shorten, the major source of competitive advantage will be the individual employee (Pfeffer, 1994). Thus, failure for an organization to address recruitment correctly will have significant negative effect on the organization (Ramirez, 2004).

Furthermore, organization has also become attentive that if inappropriately recruited, recruitment actions can result to lawsuits and harm organization public image (Barber, 1998). If this argument is realistic, it is more important for small firms to spend greater effort by ensuring its recruitment is consistent with best practices. Jameson (2000) also survey 4,331 small firms in United Kingdom the results showed that best recruitment affect the level of training in an organization, such that managers may prefer to recruit rather than train.

However, a fundamental issue in this line of research refers to the limited empirical exploration of the casual mechanism through which BRP can lead to greater firm performance (Collins & Smith, 2006). Although, Theriou and Chatzoglou (2009; 2014) study in Greece highlighted the important for all organizations to adopt best practice, it is logical that their findings cannot be adequate in providing a holistic picture because of cultural differences. Observing this, Theriou and Chatzoglou (2009) suggested for additional study to integrate BRP in other environment. Following Theriou and Chatzoglou (2009), it is important for the present study to examine BRP in the Nigeria context to echo the findings of the review of the existing literature. Besides, while researcher's hard reported the significant effect of BRP on organizational performance in larger firms, however, there is paucity of study that has examined BRP in relation to small firm performance particularly in the context of Nigeria SMEs. Thus, this study also complements the relevant literature by the inclusion of a moderator.

#### **2.4.2.2 Fairness in Promotion**

Most studies on organizational fairness have been conducted under the rubric of organizational justice (Weaver & Trevino, 2001). Organizational justice is a multidimensional construct with significant relationships to a wider range of organizational experiences (Greenberg, 1996), including compensation systems (Cowherd & Levine, 1992), performance management system and promotion. Justice has been conceptualized into three dimensions: distributive (i.e., emphasizing on the fairness of the outcomes), procedural (fairness of the processes that result to the outcomes) and

interactive (the fairness of the interpersonal treatment). Regardless of the number of categorization, at the surface of justice perception creates overall fairness (Lind, 2001). According to Skarlicki and Latham (1996) fairness refers to employee's view of their manager's adherence to the principles of procedural and interactional fairness. When managers make decisions reasonably and are honest in their interactions with the employees, employees will perceive a high level of interactional fairness (Bies & Moag, 1986). Managers who understand the importance of organizational fairness and practice the principles of organizational fairness appropriately in workplace, such will increase employee's perceived fairness (Xu & Jiang, 2010).

Nevertheless, the relationship between distributive justices to outcomes is not as strong as in the case of procedural justice (Dailey & Kirk, 1992). This is because in most of the workplace environment, questions of fair procedures occur before the questions of fair outcomes and the original impressions of fairness generated by interaction with organizational procedures take priority over any later encounters with the outcomes of the process (Weaver & Trevino, 2001). A total of 350 questionnaires were distributed to 80 branches of non-supervisory employees in Malaysia domestic commercial banks by Ishak and Alam (2009), the results showed that interactional justice contributed to the performance of altruism and consideration. They argued that when employees receive detailed information about decisions concerning their jobs, they are expected to express feelings of fair treatment which lead them to perform organizational citizenship behavior (Ishak & Alam, 2009). However, regardless of whether or not a precise formal decision is procedurally or distributively made, it might be communicated in a respectful or



disrespectful way (e.g., kind vs. dismissive tones of voice) (Weaver & Trevino, 2001). Since employees will rely on a heuristic fairness in guiding their attitudes and behavior at workplace, it is predominantly important for organizational practices to be managed in tandem with fairness that usually fall within the purview of the human resource function (Weaver & Trevino, 2001). A result drawn from 442 respondents in multimedia super corridor status companies (MSC), Abdullah, Zainal and Rohaida (2009) highlighted that perception of fairness will prompt employee to reciprocate with increased job satisfaction. Because fair treatment signified to the employees that they are being respected as ends in themselves and not just as means for achieving the ends set by others (Weaver & Trevino, 2001).

Furthermore, fairness such as in promotion has been found to result in various types of employee behaviors that have a positive impact on organizational performance (Cohen-Charash & Spector, 2001; Conlon, Meyer & Nowakowski, 2005). This is because the goal of promotion is to select suitable manpower and develop the potential employees to improve their contributions to the organization (Lai, 2012). As such, the fairness in employee promotion is important for any organization. A survey conducted in the United States, Weaver and Trevino (2001) found that employees will value fair procedures mainly because fair procedures contribute to ultimately fair outcomes which afterward affect group cohesiveness and group task performance. Emphasizing that when employees are fairly treated, there will be positive outcomes and employees will report less unethical behavior in the organizations (Weaver & Trevino, 2001). Using a sample of 1000 employees in five top innovative enterprises in Taiwan, Lai (2012) found that

fairness in Promotion plays a significant role in effectively transforming organizational resources into positive outcomes. Therefore, for promotion to be fair the criteria should be base on personality, seniority and job efficiency (Chang, 2009). For the reason that employees with positive personalities and job efficacy have the ability to perform better (Lai, 2012). A study conducted in six small companies in Midwestern city in the United State involving 364 respondents, Forret and Sue-Love (2008) found that organizational fairness in the procedures and distribution of promotion have significant relationship with workplace performance, coworkers trust and morale to perform their job. Wang, Hackett, Cui and Zhang (2012) used 249 respondents from ten organizations in China; they found that fairness to selection procedures affect job performance.

A study conducted by Hwang (2003) in the glass ceiling among Asian social work professionals strongly supported that fairness in the process of promotion has positive effect on employees career prospect and organizational performance. In other words, in the process of promotion, organizations should be exceptional in promoting the best talents to successfully enhance organizational value and competitiveness. This is consistent with Abdullah, et al. (2009), that knowledge workers in Malaysia are also concerned with organizational justice. Similarly, Hwang (2003) also argued that promotion is the fundamental stride of employee career as such, managers should be careful in dealing with the issue of gender and ethnical discrimination in the process of promotion. Because employees may be less likely to consider leaving their work when they recognize that the promotion process is fair and the prospects for their career is good (Hwang, 2003). Hence, upholding workplace fairness is important for organizations

because its help organization to function successfully by enhancing the power of managers (Greenberg, 1990). Since managers are responsible for maintaining workplace fairness, for them to be effective they should behave fairly, ensuring others are convinced of their fairness (Greenberg, 1990).

However, while most of the previous researches have pay more attention on the individual and organizational outcomes of fairness in large manufacturing companies in developed and Asia economies, little attention has been given to the possibility that fairness in promotion may affect the achievement of high performance among smaller firms. Although, Lemons and Jones (2001) use a sample of 290 employees from a combination of small, medium, and large firms, their finding is that when there is fairness in the procedure of promotion, employees will be more likely to experience satisfaction with organizational outcomes and willing to achieve better performance. Unfortunately, Lemons and Jones (2001) study was conducted in developed economy, to the researcher's knowledge, there is paucity of empirical study that considers the influence of fairness in promotion within the Nigeria small firms. In the light of this, researchers have called for additional study to examined fairness in promotion in other context (Lemons & Jones, 2001; Wang, Hackett, Cui & Zhang, 2012). Hwang (2003) has also suggested for further study not limited to non Asia that may help to generalize the study findings. Since then no study was found that further examine the issue of fairness in promotion. Thus, the present study is directed at addressing this gap within the context of Nigeria SMEs.

#### **2.4.2.3 Studies on Competitive Salary**

Nearly all organizations recognize the important of providing competitive salary because paying more enhances employee's performance and increases organizational chances of attracting and retaining talented employees (Rowden, 2002; Sayre, Holmes, Hasselback, Strawser & Rowe, 2000). Even though providing competitive salary causes management with a high level of input cost, management decisions to provide competitive salary is fundamental to firm and individual employee performance. According to Mondello and Maxcy (2009) salary means all compensation paid to employees, including money, property, investments, loans or anything else of value. Hence, achieving high performance required organizations to effectively consider a better salary scheme (Huang, Huang & Chen, 2004).

Similarly, in a Meta analysis survey by Ng, Eby, Sorensen and Feldman (2005) found that competitive salary has a positive influence on both employees and organizational performance. Leeds and Kowalewski (2001) also argued that competitive salary exceedingly determined employee productivity. However, the above studies were conducted over a decade ago before the economic recession and have failed to take into consideration that higher salary is not solely a determining factor that will influence employee's choice and behavior in today workforce. As some employees may not be move by the pay level but the flexibility the organization can provide for them because the higher the pay the greater the job demands.

Furthermore, a survey of 166 MBA students at New York City in United State, Porter, Cordon and Barber (2004) found that providing competitive salary is the only management tool to promote organizational attractiveness and job acceptance. Stressing that providing low salary has a negative impact on outcome regardless of other effort that organization may used to attract employees (Porter, et al., 2004). Nevertheless, Porter, et al., study only sampled MBA students in most cases have no practical knowledge of bundles of invisible benefit that can inspire productivity than mere salary package. In a survey of 211 employees in 45 small firms (which employed 6-52 employees) at Dutch local industry Kroon, Van De Voorde and Timmers (2013) found that in smaller organizations, employees with innovative strategy were more expected to experience higher salaries and financial rewards than others. This relationship is less important in larger firms (Kroon et al., 2013). This signifies that it is not the size of an organization that determines high salary package. Using a panel data in Texas, Hendricks (2014) found that paying competitive salary increases performance and help to attract and retain a better work force. The researcher stressed further that providing competitive salary will improve employee's performance because the average experience of the employees will increase (Hendricks, 2014).

In a sample of 100 employees in United States telecommunications organizations, Colvin, Batt and Katz (2001) found that achieving high organizational and employee's performance is subject to the high level of pay provided by the organization. Lam, Ng and Feldman (2012) also sampled professionals and managers in 40 Fortune 500 corporations in the United States and 60 large public traded companies in Hong Kong;

they found that highly mobile career individuals reported higher salaries than their less mobile peers. Hence, to attract experienced employees, firms are required to pay competitive salaries to attract highly career individuals from their current employers (Lam, et al., 2012). That is to say, employees who receive high salaries are more likely to remain with the organization to sustain financial rewards. However, the above argument may not be applicable across firms and context because of the variation of market competition across context and perceived pool workforce in most economy.

On the contrary, competitive salary and performance relationship has generated mixed empirical evidence reaction. Honeycutt and Rosen (1997) sampled 263 executive MBA students (EMBA) and MBA alumni from a large south eastern university; they found that employees salary level have no significant effect on employees attraction to the organization, because employees are willing to trade off salary to meet flexibility need. Instead, competitive pay causes more stress if the employees feel they have to reciprocate by performing higher as such higher salary lead to greater job anxiety (Bryson, Barth & Dale-Olsen, 2012). In a sample of Norwegian register and survey data from Norwegian trade and finance firms, Dale-Olsen (2012) found no relationship between executive compensation and firm productivity. Similarly, Depken (2000) used data from major League Baseball, the finding showed that high salary negatively affect team performance. DeBrock et al. (2004) also found that higher levels of inequality in salary negatively affect team performance. Likewise, a survey by the national report of human resources in USA Kohn (1994) found that pay does not influence employee performance. Berri and

Jewell (2004) examined national basketball association (NBA) franchises and found that higher salary dispersion was not a significant determinant of team performance.

These mixed empirical result may have limit the generalization of the findings observed in the literature. For instance, findings in the financial and F&B industries may be more influenced by unstable economic environment. As such, competitive salary and performance relationship require greater consideration of the environment. Besides, most studies that report positive relationship between competitive salary and performance were conducted almost a decade ago in multinational industries prior to the current economic crisis. It is unclear if competitive salary will still affect higher performance in the current market scerio. As a result, Lam, Ng and Feldman (2012) call for a study that will replicate competitive salary in other industries and context such as SMEs in Nigeria in order to validate competitive salary and performance relationship. Hence, the present study addresses this gap in order to ensure whether it is valuable for firms to improve themselves toward the direction of providing comparative salary. To the researcher's knowledge, this study is the first to link competitive salary to high performance among small firms in Nigeria.

#### **2.4.2.4 Studies on Job Security**

Researchers has argue that job security is a significant element of the hidden contract in HPWS (Pfeffer, 1998) and the most important employment issues over the past two decades (Reisel, Probst, Chia, Maloles& König, 2010; Sverke, Hellgren & N'aswall, 2002; Sverke, deWitte, Na'swall & Hellgren, 2010). In a sample of 1050 banks in United

States Delery and Doty (1996) found that job security have strong universalistic positive relationships with organizational performance. Stressing that providing job security indicates organizations commitment to its workforce (Delery & Doty, 1996). If employees reciprocate this commitment, the organization may have a workforce with high level of commitment to organizational performance. This is an important standard that will result to high performance (Lawler, Mohrman & Ledford, 1992). Wang, Ma, Liu and Liu (2014) sampled 212 subordinate team members and supervisors in three branches of air transportation group in China they found that job security influence employees extra role behavior outcomes and strengthens employee-employer social exchange relationship. In a sample of 447 employees in the United Arab Emirates (UAE), Yousef (1998) found that job security has a significant positive relationship with high job performance. That is, the more employees are satisfied with the security of their jobs, the better their commitment to the organizations, and the better performance in their jobs (Yousef, 1998). Kraimer, Wayne, Liden and Sparrowe (2005) also studied 149 full-time employees in non-unionized manufacturing plant in United State, they found that employees with high job security will positively achieve high job performance while those with low job security will negatively achieve low job performance.

Moreover, Pfeffer (1998) acknowledged that job security is one of the best factors in employment contract that enhances organizational performance. Because providing employees with job security will encourage them to generously contribute their knowledge and effort to improve organizational innovation and productivity without apprehension of being laid off or termination (Pfeffer, 1998). Mahmoud and Reisel



(2014) sampled nurses in Syria private hospitals using structural equation model (SEM), they found that nurses who positively perceive job security will achieve higher levels of job satisfaction, OCB and the willingness to deliver high-quality performance. Liu, et al., (2009) also surveyed top 1000 multinational companies in Irish, they found that the negative relationship between unions and the use of HPWSs was stronger because of low job security, and the degree of the effect fell sharply as job security increased. This implies that stronger job security would reduce the difficulty and misunderstanding between union and management.

No doubt that researchers recognized the significant effect of job security on organizational performance however, following Herzberg two factor theory job security is not a motivational factor that can improve employee's job satisfaction and job performance (Hertzberg, Mausner & Snyderman, 1959). Similarly, Gong and Chang (2008) surveyed 478 state-owned and non-state-owned firms in the People's Republic of China, they found that job security is less effective in improving organizational performance. They emphasized further that it is more difficult to measure if job security will continue to be an important inducement for employee's performance as employees becomes more educated (Gong & Chang, 2008).

However, researchers have argued that when employees feel more secured in their job, they will be more persuaded to achieve a better performance. While these results are important, there are reasons why additional study for job security is necessary. Firstly, most of these research findings cannot be generalize particularly in non western settings

with unique culture. For instance, Delery and Doty whose findings was only limited to the banking industry in United State cannot strongly claim that job security is a universalistic practice because it may not have been validated in developing context such as Nigeria with low economic indexes. Moreover, the unstable economic decline currently experience by most developing countries is worrisome and may causes great threats on the activities of organizations which in turn may affect the ability of the organizations to provide job security. Besides, Delery and Doty (1996) sample was limited to loan officer which is a single unit within the banking sector that represent a core banking job and important to bank performance. Thus, the result requires validation in other industries and context before job security can be regarded as universalistic.

Apart from the above, previous studies mainly focus on a limited sample of larger firms in developed economy. However, job security differs across national culture, just as every country is unique in terms of labor market regulations, industrial relations climate and history, these may make previous research findings to be contestable. Following this, Mahmoud and Reisel (2014) suggested that job security should further be investigated in other sectors to confirm the validity of job security in the respective settings. To date, there is limited understanding of the relationship between job security and HPO in the context of Nigeria SMEs. In the light of the above, Adebayo and Lucky (2012) specifically called for a study that will include job security within the context of Nigeria. Having suggested this, the present study is directed at addressing this gap.

#### **2.4.2.5 Studies on Job Enrichment**

The phrase "job enrichment" was initiated into the job satisfaction literature by Herzberg (1968) in differentiating job enrichment from job enlargement. Herzberg (1968) opined that Job enlargement involves job rotation, solidifying work function from a horizontal segment of the work unit. While job enrichment incorporate work functions from a vertical segment of the work unit (Yang & Lee, 2009). Expectancy theory by Vroom (1964) recognized that job enrichment increases employee's self-actualization, control, self-respect and motivates them to significantly contribute to organization performance.

Studies have demonstrated that designing complete jobs with better job autonomy enhances both employees and organizational performance. A survey involving 150 employees in ten SMEs in Iran, Davoudi (2013) found that job enrichment has a significant positive effect on employees-organizational citizenship behavior (OCB) and organizational performance. In a Sri Lankan garment manufacturing industry, Jayawardana and O'Donnell (2009) found that enrich job minimize labor costs, production cost and maximize work outcome of line employees. That is the more employees' jobs are enriched, the better their commitment to organizational performance.

Similarly, Karatepe and Bektashi (2008) found that enriched job positively influence job performance. According to Forgas and George, (2001); Fredrickson, (2001); Madjar, Oldham and Pratt, (2002); Rothbard (2001) enriched job increased creativity, better decision making and better productive behavioral choices that support job performance. Hence, organizations that enriched employee job will experience a significant boost in

productivity and profitability (Patterson, West & Wall, 2004). In a sample of 240 employees in the United States, Carlson, Kacmar, Zivnuska, Ferguson and Whitten (2011) found an indirect relationship between job enrichment and job performance.

On the contrary, researchers have also established mixed empirical findings on enrich job and performance. For instance, Drach-Zahavy (2004) found a negative relationship between job enrichment and team support among professional. The researcher stressed that even though job enrichment and team support are jointly required in enhancing team performance enrich job designs hinder team performance (Drach-Zahavy, 2004). Witt and Carlson (2006) surveyed 136 employees and supervisors found no significant relationship between work enrichment and job performance. Similarly, Graves, Ohlott and Ruderman (2007) found that enriched job have no direct relationship with job performance.

Although studies have showed mixed empirical support between job enrichment and performance, however, very few studies have examined the relationship between job enrichment and high organizational performance among small firms. Besides, majority of these studies examines the direct effect of job enrichment on organizational performance without making effort to examine the indirect influence of enrich job on organizational performance. Following this, Fried et.al, (2013), calls the need to examine the effect of possible moderator on the relationship between job enrichment and outcomes variable.

#### **2.4.2.6 Studies on Work Life Balance (WLB)**

Work life balance (WLB) means different thing to different people. According to Pocock (2005), WLB is about people having a measure of control over when, where and how they undertake their job. Wheatley (2012) also defined WLB as the ability of an individual regardless of age or gender to merge work and household task successfully. According to Sub and Sayah (2013), WLB can be viewed in two ways; the conflict point of view and the enrichment point of view. Enrichment results from the skills and values emanating from one field of life to the other (Carlson, Kacmar, Wayne & Grzywacz, 2006; Sub & Sayah, 2013). The conflict view is created due to the pressure to balance career task within the workplace and family domain (Posig & Kickul, 2004; Sub & Sayah, 2013).

It has been argued that the culture of workplace has a significant effect on employee's ability to balance work and family lives (Berg, Kalleberg & Appelbaum, 2003). A study by Beauregard and Henry (2009) found that WLB improved organizational performance. In a survey of 36 pharmaceutical companies in the United States, Shepard, Clifton and Kruse (1996) found that WLB has relationship with organizational productivity. Similarly, Perry-Smith and Blum (2000) also sample 527 United States firms they found that organizations that provides a variety of WLB program will report greater market performance and sales growth. Hence, organizations that provides WLB will help the employees to survive time pressure, in so doing increase the opportunity of recruiting, retaining and motivating the most valuable employees as such making the organization to be view as family friendly (Nord, Fox Phoenix & Viano, 2002). Therefore,

organization that fails to inculcate WLB will experiences brain drain, loses skillful employees and greater loss of productivity to those that encourage flexible work arrangement (Dunne, 2007).

Additionally, a survey of 732 medium-sized manufacturing firms in United State and Europe, Bloom and Van Reenan (2006) found that WLB has positive relationship with organizational productivity and improved management practices. Similarly, Haar, Russo, Suñe and Ollier-Malaterre (2014) surveyed 1416 employees from six countries (New Zealand, Spain, France, Italy, Malaysia and China) it was found that across all the countries WLB has a relationship with organizational performance. Following this, Haar, et al., (2014) suggested that organizations should invest in WLB and encourage a supportive work culture that will inspire employees to use work-life policies available in the organization. Kim (2014) surveyed 293 Korean employees it was found that WLB has a significant positive effect on performance improvement. However, Kim (2014) findings may have be interpreted based on Korean collectivist environment which is more likely to incorporate work and personal life, and less likely to regard work and personal life as independent. Thus, the result may be different in other context such as Nigeria. Marcinkus, Whelan-Berry and Gordon (2007) sampled 1,089 women between the ages of 35 and 50 across health care and financial service sector, suggested that organization should continue to provide supportive programs and train managers to identify ways to support employees in balancing work and family.

Although, studies on WLB are extensive, however, some studies use perceptual measures to assess WLB. However, study by Konrad and Mangel (2000), found no relationship between a work-life initiatives and productivity. Even though perception may reflect objective situation, the actual support organizations may give to WLB varies from one context to the other. Besides, studies on WLB and HPO within SMEs in developing economy such as Nigeria are still very rare, and research dealing with this topic from an organization viewpoint appears to be nearly non-existent. Hence, there is a need to understand the impact of WLB on HPO particularly within the context of SMEs in Nigeria. It is believed that this study would help to bridge this gap.

#### **2.4.2.7 Studies on Managerial Role**

Empirical and conceptual papers on the relationships between managerial role and organizational performance have become familiar in both mono-cultural and cross-cultural literature (Mahoney, Jerdee & Carroll, 1965). Such studies general pay attention on managerial job behavior and the relationship such behavior has on individual, unit and the overall performance of the organization. As a responsibility, managers play a significant role in shaping organizational strategy and goal by effectively developing policy that support organizational values, goals and mission (Abugre, 2012; Sahin, 2010). Idris, Rahman, Hassan, Aminudin and Alolayyan (2013) also suggested for managers to introduce intervention program to correct the weaknesses in the flexible performance of their organization.

A case study involving a number of managers, Gillen (2000) found that successful managers in their daily behavior significantly affect the needed learning of their organizations to make successful decision. The researcher stressed that organizations are more successful when managers accept the role of leader of learning and carefully focus on the learning that is fundamental to various strategic decisions (Gillen, 2000). Using 612 managers from Indian industries, Bhatnagar (2006) found that managers gain competitive advantage if they constantly improve their learning ability faster than their competitors. Similarly, Tymon Jr, Stumpf and Smith (2011) survey 9301 employees among 28 organizations in India, they found that managerial support have significant direct and indirect effects on employees career success, retention and organizational performance.

Furthermore, studies have continued to draw attention to the important role of managers in achieving higher performance. According to Eisenhardt and Schoonhoven (1990), managers generally provide two kinds of resources: human capital as shown by their experience and social capital demonstrated by their external ties (Shane & Cable, 2002). These managerial resources facilitate organization ability to take advantage of other types of resources to achieve competitive advantage (Barney, 1991). Similarly, a study by Keeley and Roure (1990) found that manager's practical experience has a significant positive effect on business performance. A study by Carroll and Gillen (2002) affirmed that managers who are not effective in interpersonal communication may not be successful in their performance. Li and Zhang (2007) surveyed 500 new ventures firms in China high technology industries they found that manager's political networking and



functional experience positively affect new venture performance. Following this, Greateorex, Holden, Iliffe and Wauchop Greateorex (1994) argued that lack of managerial skills is the major factor responsible for business failure. In an Australian study, Karpin (1995) also found that poor management results to poor economic performance. A survey involving 100 middle and senior level managers in four high impact industry sectors in Ghana, Baba Abugre (2014) found a significant relationship between managerial role in customer's service relationship and the effective implementation of CSR policies in organizations. Emphasizing that it is the role of managers to oversee the affairs of the organization and play a greater role in contributing to organizational performance through successfully developing systems and strategy that is associated with the organization's values, goals, and mission (Baba Abugre, 2014).

An exploratory study involving 112 managers of corporate social responsibility (CSR) implementing companies at Klang Valley in Malaysia, Ismail, Ibnu Kassim, Rozi Mohd Amit and Mohd Rasdi (2014) found that managerial orientation to economic, ethical responsibilities and competency significantly influenced their role in corporate social responsibility. However, Ismail, et al., sample of 112 companies from a selected location was not adequate to predict managerial role of CSR implementation for the entire companies in Malaysia.

Apart from the above, studies on managerial role have several limitations which call for further study to be conducted. Firstly, while managerial role has long been highlighted in the literature, most of the previous studies on managerial role were mainly limited to

large manufacturing organizations operating in western developed markets with relatively stable institutional environments. Little is known about how managerial role affect the achievement of HPO among SMEs in developing economies such as Nigeria that is currently undergoing significant institutional reorganization. This is consistent with Baba Abugre (2014) that managerial role is limited in Africa context particularly in Nigeria. Giving the competitive market environment in Nigeria, SMEs needs managers to play a variety of role to deal with the market forces this is particularly important considering Nigeria unique culture. In the light of the above, researchers suggested for empirical study that will examine managerial role and organizational outcome such as high performance within this context (Bhatnagar, 2006; Kuada, 2010; Li & Zhang, 2007; Vilkinas & Cartan, 1997). Following this suggestion, this study will examine the role of managers in the achievement of high organizational performance.

## **2.5 Review of Previous Studies on External Environment**

The environment that organizations operate has remained the subject of significant research both in business marketing and economic researches in recent time (Ahmad, Barnes & Chakrabarti, 2010; Fynes, De Burca & Voss, 2005). Usually it comprises of numerous elements that are beyond the control of management which create danger and opportunity for the organizations (Bae, 2011; Chi, Kilduff, & Gargeya, 2009). Organizations can understand the quality of these factors through environmental analysis to reduce uncertainty and create strategy (Bae, 2011).

According to the world development report (2004) external environment is the nexus of policies, institutions, physical infrastructure, human capital and geographical characteristics that have influence on the efficiency in which organizations function. Similarly, Bae (2011) and Chi et al., (2009) defined external environment of an organization as the overall factors that significantly influence the organization which is beyond their control. Building on the above, the next section present literature on the dimensions of external environment.

### **2.5.1 Dimensions of External Environment**

Bae (2011) established that it is important to examine external environment of an organization in a multidimensional way to understand how each element affect the performance of organizations. Following this, Tao and Prescott (2000) identified eight dimensions of external environment such as; customers, competitors, international, economic, technological, suppliers; regulatory and socio-cultural dimensions. Similarly, Bae (2011) classified external environment into four dimensions; munificent, dynamism, heterogeneity and hostility. The researcher defined munificence as the degree to which the environment can support sustained growth; while dynamism is the degree of unpredictable changes in customers taste, technology and competitive style (Bae, 2011). Heterogeneity reveals the disparity in competitive tactics, customer's tastes, product lines, in addition to channel of distribution. Hostility is the extent of competition, severity in regulation constraints and unfavorable demographic trends (McGinnis & Kohn, 1993).

However, Kaleka and Berthon (2006) view external environment in three dimensional ways such as; market turbulence, competitors and regulators. According to Gaur, Vaudevan and Gaur (2011), market turbulence is the level of uncertainty in the market that force organizations to change their strategies keep abreast to changing customers' needs.

Furthermore, Lee, Son and Bae (2007) dimensionalized external environment into task environment and general environment. Stressing further that task environment has a direct effect on decision making, achieving organizational goals and influence various level of organization (Lee et al., 2007). While general environment has the same or similar influence on all organizations such as legal, economic, social, cultural and systematic environment (Lee et al., 2007). However, HPO researches asserted that external environment depends mostly on two fundamental measurements; competitive environment and government support through regulations, policy implementation and financial incentive (de Waal, 2007). The fundamental questions that have not received considerable empirical examination are; do unexpected movements in market competition help to stimulate good results by keeping organizations on their toes, or do they undermine performance by making it difficult to design and deliver reliable services? Or does government support influences firm's growth? These questions have not been much empirical consideration particularly in the environment where SMEs are not making meaningful contribution to the growth of the economy. Building on the above assertion, it becomes imperative for the present study to conceptualize external environment in two dimensional ways such as competitive environment and government

support because this study is analyzing firms in a single state facing common set of institutional and market constraints. Therefore, the next section present literature on competitive environment and government support which represents the dimensions of external environment in this study.

#### **2.5.1.1 Studies on Competitive Environment**

Competitive environment is an important element that plays a significant role in organizational performance because of high customers expectation (Feurer & Chaharbaghi, 1996). For an organization to successfully compete and achieve high performance in the market such must be competent to manage environmental challenges (Chathoth and Olsen, 2007; Chen, Lin & Michel, 2010). Because organizations that can learn fast about market changes and react actively will achieve competitive advantage (Day, 1990). Therefore, to remain competitive, firms must ensure they adopt business strategies that correspond with the changing business competition (Tuanmat & Smith, 2011).

Studies have shown that competitive environment has a significant positive effect on organizational performance. For instance, Hoque (2011) surveyed 120 Australian manufacturing organizations and found that the amount of competition affects organizational performance. Emphasizing that as organizations faces strong competition in the market such have the tendency of delegating more decision making powers to lower managers, so that quicker and more effective decisions can be made (Hoque, 2011). Using a sample of 94, 383, and 192 China, Turkey and United State respectively

manufacturing and service industries, Parnell, Lester, Long and Koçseoglu (2012) found that uncertainty in competitive market is always high for all small firms. As such, the ability for small firms to differentiate themselves from competitors is a successful technique for small firms. Hence, any organization that recognizes this reality outperforms their competitors (Parnell, et al., 2012). They highlighted that low performing firms may likely perceive lower level of uncertainty because they do not have sufficient knowledge of the environment to completely understand the market uncertainty (Parnell, et al., 2012). Similarly, in a sample of 500 Indian firms, Adidam, Banerjee and Shukla (2012) found that firms that demonstrate higher level of competitive intelligence achieve high financial performance in a competitive market environment. Using 85 United State firms, Subramanian and IsHak (1998) found that firms that highly developed a system to monitor market trends demonstrate greater profitability. As such, HPO will be more effective in a competitive environment than their competitors through exploitation and cooperative intelligence (Bagorogoza & de Waal, 2010). In the same way, Jermias (2008) surveyed United State manufacturing firms, they found that competitive intensity affect organizational performance.

On the contrary, studies have also showed a negative effect between competitive environment and organizational performance. For instance, Feurer and Chaharbaghi (1996) surveyed 33 organizations in the United Kingdom; they found that a competitive market environment does not have any influence on organizational performance. Andrews and Johansen (2012) surveyed involving 500 schools districts in the United States found that organizations that function in a complex environment failed to achieve

better performance. Following this, Gaur, Vasudevan and Gaur (2011) asserted that the insignificant result between market competition and performance may be ascribed to the approach through which SMEs compete in the marketplace. Because SMEs are identified to be function in niche environment to avoid competing with bigger firms (Singh & Gaur, 2009).

However, the context in which researchers studied competitive environment has significant implications to the inconsistencies of the results. Moreover, most studies on competitive environment were conducted within large organizations in developed economic which operate under a stable economic environment different from Nigeria. However, the current environment in Nigeria is changing and it is unclear if it would enhance its SMEs performance. As a result, researchers signified the need to incorporate competitive environment in a study of this nature (Ahmad et al., 2010; Hoque, 2011) particularly, in developing market such as Nigeria because of the high intensity of uncertainty involved and differing cultural contexts (Tao & Prescott, 2000). Thus, to fill this gap, the present study will examine the influence of competitive environment on the achievement of HPO among SMEs in Nigeria.

#### **2.5.1.2 Studies on Government Support**

Government support is another aspect of external environment that enhances the performance of organization (Wei & Liu, 2015). Government support, as a public policy instrument, can be divided into two dimensions; vertical support and horizontal support (Lall & Teubal, 1998; Lazzarini, 2013; Sapir, Buigues & Jacquemin, 1993). According

to Beason and Weinstein (1996), vertical support refers to the benefits (the subsidized credit program that tends to encourage investment) provided by the government to a specific sector but not to the entire sector. While horizontal support does not focus on a specific firm or industries. Horizontal support is the key government policies that yield externalities to the industries irrespective of their sectors (Lazzarini, 2013). According to Herrera and Nieto (2008) government support in the form of policy promote productivity and innovation performance. Chandran, Govindaraju, Krishnan Vijayaraghavan and Pandiyan (2013) uses NIS data from the ministry of science, technology and innovation in Malaysia and found a significant relationship between government support and innovative performance. They emphasized that in a newly industrialized economy, the success of the organizations is subject to strong support from the government, particularly at the early stages of their development (Chandran et al., 2013).

In a Nigeria study, the World Bank stressed on the important of governments to provide a platform that would facilitate easy access of funds for the growth of SMEs (Punch, 2013). Similarly, Rasiah (1999) conducted a study in Malaysia technology industry, it was found that the mediator role of government is significant in explaining the transformation of English hardware into high performance engineering organization. Wei and Liu (2015) surveyed 354 organizations in China, they found that government policy and the subsidies granted to organizations positively affect innovation performance. Using a sample of 652 Russian manufacturing companies, Simachev, Kuzyk and Feygina (2015) found a significant positive relationship between government support and organizational performance in terms of export volume. Simachev, et al., (2015) further



emphasized that government providing financial support will help firms mitigate risk and facilitate innovative projects. Thus, government plays a significant role in helping firms to achieve better performance (Wei & Liu, 2015). Nelson and winter (1982) also affirmed that governments play a significant role in correcting market failures mostly in providing basic infrastructure, training, technology acquisition and development and intellectual protection rights. Furthermore, a study conducted in Taiwan by Amsden and Chu (2003); Rasiah and Lin (2005) established that government support has a significant effect in developing the country's industrial capabilities.

However, Ivanov, Kuzyk and Simachev (2012) surveyed Russian manufacturing companies their findings shows that government support has no relationship with company spending on technological innovation and innovation quality. Hence, Simachev et al., (2015) argued that government support undeniably is targeted at successful companies. Similarly, 84 percent of businesses interviewed by Akinboade and Kinfack (2012) revealed that government support in terms of regulations has a negative impact on business performance.

While previous studies have indicated mixed empirical results, researchers has argued that very little empirical studies have examined other developing countries such as Nigeria (Wei & Liu 2015). That in spite of considerable interest of government on firms, the understanding of the effect of government support on firms performance remains incomplete and thus suggest further studies that could provide additional understanding on government support and organizational performance in other countries such as in

Nigeria (Wei & Liu, 2015). This view is consistent with Simachev et al., (2015) who also call the need to further examine government support in a larger sample. Thus, to fill such a void, this study will re-examine the influence of government support on HPO achievement among SMEs in Nigeria.

## **2.6 Overview of Organizational Culture**

The term culture had been coined from a Latin word *colere* or *cultura* meaning cultivating, growing and caring (Yuksel, 2006). The first study on organizational culture can be trace back to 1930s (Durgun, 2006). Although, formal writing on culture was dated back to Pettigrew (1979) introducing anthropological concept in the study of culture and demonstrated how interconnected concept such as symbolism, myth and rituals can be utilize in organizational analysis (Lee & Yu, 2004). Since then, the concept has been regularly used by researchers (Aksoy, Apak, Eren & Korkmaz, 2014).

Organizational culture has remained a significant element to be examined in the achievement of competitive advantage (Cameron & Quinn, 2011; Duke II & Edet, 2012; Fekete & Boresktel, 2011; Zheng, Yang & McLean, 2010). According to Van der Post, de Coning & Smith (1997) organizational culture is a significant element in sustaining long term organizational performance and serve as a basis for achieving competitive advantage in unstable business environment if properly nurtured, learnt and shared (Gupta, 2011). As a result, HPO should go beyond creating learning organization, but building a culture of organizational inquiry and high agility (Wolf, 2008). Because, building a strong organizational culture will serve as a powerful tool to implement

creative idea, influence employee's behavior and enhance performance (Lee & Yu 2004). This is based on the believed that people are the organizations most valuable resource, thus, managing them is not directly by computer report but by good organizational culture (Hartog & Verburg, 2004). On this note, managers must shape and build a culture that is more favorable to both employee and the organization in order to achieve the needed organizational commitment (Ezirim, Nwibere & Emecheta, 2012). Therefore, it is imperative to clearly understand organizational culture. Consequently, the following subsection becomes important.

### **2.6.1 Definition of Organizational Culture**

Organizational culture has been defined from different point of view (Abu-Jarad, Yusof & Nikbin, 2010; Schneider, Ehrhart & Macey, 2012). Organizational culture can also be referred to as "corporate culture". Corporate culture signifies the more "commercialized" meaning of organizational culture (Deal & Kennedy, 1982). There is no generally accepted definition of organizational culture. Every definition provided varies according to the authors, academic discipline, organizational context, goals and preference. Nevertheless, understanding the definitions of organizational culture by previous researchers is required in order to have a deeper understanding of the concept. Table 2.5 provides a summary of the definitions of organizational culture based on the views of different researchers.

Table 2.5

*The concept of organizational culture*

<b>Year</b>	<b>Authors</b>	<b>Concepts of Organizational culture</b>
1979	Pettigrew	A significant operating system publicly and collectively for a specific period and for a certain group of people.
1990	Hofstede, Neuijen, Ohayv & Sanders	A set of beliefs and behaviors, historically determined and distinguish by a broad range of features surrounded in the organization.
1990	Schein	A framework of basic assumption made-up, discovered, or build up by a set of individual as they learn to deal with the problems of external adaptation and internal integration, that has sufficiently work well to be regarded as valid and consequently taught to new members as the right way to identify, think and feel in relation to problems.
1992	Kotter & Heskett	A reasonably stable set of beliefs, value as well as behavior collectively held by humanity, drawing from social anthropology as a framework for understanding primitive societies.
1993	Deshpandé, Farley & Webster	The pattern of shared values and beliefs that help members of an organization understand why things happen and thus, teach them the behavioral norms in the organization.
2003	Ribiere & Sitar	The personality of an organization, in directing the day to day activities of it employees and guides them on how to conduct themselves, communicate within the organization and how the organizational hierarchy is build.
2004	Van den Berg & Wilderom	A common view of workplace practices within organizational unit that differentiate it from other organizational unit.
2004	Hartog & Verburg	A set of principles or values, behavioral standard, artifacts that govern the way people in an organization interact with one another and invest energy in their jobs and the organization in general.
2005	Daft	A set of important values, assumptions, acceptable norms shared among members of an organization and taught to new members as correct.

2006	Armstrong	The pattern of values, norms, beliefs, attitudes as well as assumptions that may not have been expressed but shaped the ways in which people in an organization conduct themselves and get things done.
2007	Demirel & Karadal	A social system that put the behavior of organizational members under control.
2007	Erdem	A type of culture that will help to shaped organizational practices in line with organizational environment.
2011	Akta, Çiçek & Kıyak	A model of norms, values believe and attitudes which have an effect on organizational behavior.
2014	Aksoy, Apak, Eren & Korkmaz	The value of an institution created not only by the manners and behaviors of every single individual in the organization but the collective attitudes and behavior of the organization in general.

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The differences in organizational culture definitions provided above are subject to research framework adopted by different authors (Lee & Yu, 2004). Notwithstanding, all the definitions have a common theme, such as a system of collective meaning, a common views of work practices within organizational unit that perhaps vary from one organizational unit to the other (Van der Post, et al., 1997). In view of the above definitions, the present study adopted the definition provided by Deshpandé, et al., (1993). Thus, organizational culture is defined in this study as a pattern of shared values and beliefs that help members of an organization understand why things happen and thus, teach them the behavioral norms in the organization. (Deshpandé, et al., 1993).

### **2.6.2 Dimensions of Organizational culture**

A major argument among researchers is whether organizational culture should be examined in uniform, homogeneous or heterogeneous way (Alavi, Kayworth & Leidner, 2006). According to Schneider et al., (2013), there is no consensus on what culture is and how it should be studied. Accordingly, Van den Berg and Wilderom (2004) dimensionalize organizational culture into five dimensions such as: autonomy, external orientation, interdepartmental coordination, human resource orientation, and improvement orientation. Other researchers such as Hofstede (2001); O'Reilly, Chatman and Caldwell (1991); Schein (1990); Schwartz, (1981) highlighted four organizational culture typologies which is often referred to as the competing values framework (CVF). The CVF have been recognized as the most significant and widely used model in the field of organizational culture (Akta, Çiçek & Kıyak, 2011). Because of the explanation it provided on whether an organization has internal or external focus, struggle for flexibility, uniqueness or stability and control (Akta, et al., 2011). The CVF have been divided into four cultural category such as clan, Adhocracy, market and hierarchical culture (Cameron & Quinn, 2011; Tseng, 2010). According to this school of thought, clan culture build a warmly and friendly work environment where employees can generously share their knowledge. While adhocracy culture create self motivated, entrepreneurial and innovative work settings, encouraging individual initiative and provide autonomy for those individuals who are prepared to take risk. Market culture create a work environment through hard driving competitiveness, result oriented organization directed by tough and demanding leaders who are hard drivers, producers and competitors (Tseng, 2010). Hierarchy culture has an unambiguous organizational

structure, standardized policy and procedures, stringent control and well defined responsibilities. Gu, Hoffman, Cao and Schniederjans (2014) also classified organizational culture into four other dimensions such as leadership ability to take risk, tolerance, results orientation, institutional collectivism and positive work environment.

Other researchers have further narrowed organizational culture into three dimensions. For instance, Zehir, Ertosun, Zehir and Muceldili (2011) classified organizational culture into competitive, bureaucratic and community. Yiing and Ahmad (2009) classified organizational culture into supportive, innovative and bureaucratic culture otherwise known as Wallach framework. However, a study by Klehe and Anderson (2007) dimensionalized organizational culture into two categories such as collectivism and individualism. This demonstrated that no one acceptable way of examining organizational culture.

Consequently, due to the inconsistencies trailing cultural dimensions, Lee and Yu (2004) suggested that researchers should pay more attention to the ranking of the organization in determining cultural dimensions because individual component of an organizational culture is as significant as the strength of the organization in determine its performance. On this note, Schneider, et al. (2013) asserted that there is no precise way on what and how organizational culture should be studied. They emphasized that no one type of culture better than the other. Indicating that different cultural type are better for different types of workplaces, different corporate philosophies and different type of organizations. Hence, it is better for an organization to focus on the type of culture that

will create a better performance (Ovidiu-Iliuta, 2014). Similarly, Geldenhuys (2006), argued that organizational culture could be abstract or concrete and can be observed, managed, and measured in subjective and objective means. As a result, this study will conceptualize organizational culture as unidimension because of its role as a moderator in this study.

### **2.6.3 Previous Studies on Organizational Culture**

The effect of Organizational culture on a range of situational construct within the framework of organization is a specific area of research in management science which has never decreases its popularity in research (Akta, Çiçek & Kıyak, 2011; Ojo, 2010; Oparanma, 2010). This is because a well-built culture serves as a powerful tool to execute innovative idea, influence employee's behavior and increase performance (Lee & Yu, 2004). The more employees recognize that an organization provides uninterrupted learning, opportunity for dialogue and has a well connected system with good leadership the better they will be more committed to the organization (Joo & Lim, 2009; Joo & Shim, 2010). Again, a study by Parker and Skitmore (2005) revealed that employee's dissatisfaction with organizational culture is the most important reason that causes turnover in the organization. Accordingly, it was recommended that organization should pay attention to its culture and build a suitable communication and capability to manage uncertainty and achieve the needed organizational commitment (Cheung, Wong & Wu, 2011; Ezirim, Nwibere & Emecheta, 2012).



Furthermore, studies have reported that organizational culture have significant and positive influence on long term organizational performance (Belassi, Kondra & Tukel, 2007; Robinson, Carrillo, Anumba & A-Ghassani, 2005; Shore, 2008; Tseng, 2010; Van der Post et al., 1997; Wang & Liu, 2007; Zheng et al., 2010) high performance work system (Hartog, & Verburg, 2004) competitive advantage and knowledge conversion (Tseng, 2010). Gu, Hoffman, Cao and Schniederjans (2014) also surveyed 1000 organizations in United States and China, they found that organizational culture affects project performance.

Having established that, Zehir, et al. (2011) argued that achieving positive performance in the current competitive market environment, requires an organization to significantly recognize organizational culture, because organizational culture is the key to good leadership style that organization must focus on in order to achieve business performance and remain innovative in processes, products and technologies (Robinson, et al. 2005). Similarly, Jones, Cline and Ryan (2006) reported that organizational culture will serve as a knowledge resource because its permit employees to acquire share and manage knowledge within an environment. Hence, it is difficult to conclude that organizational culture has no effect on performance (Yesil & Kaya, 2013).

#### **2.6.4 Moderating Effect of Organizational Culture**

While prior studies have reported a direct positive relationship between organizational culture and performance, some researchers has also reported indirect effect of organizational culture. According to Schneider, Ehrhart and Macey (2012) no precise

agreement on what culture is or how it should be studied. Researchers have suggested that studies on HPO should be strengthened by the inclusion of organizational culture to strengthen the relationship between HPWS, external environment and HPO (Bagorogoza & de Waal, 2010). This is because organizational culture will help managers to meet employees' culture specific desire which in turn lead to superior outcomes (Huang & Rundle-Thiele, 2014). Following Bagorogoza and de Waal, (2010) and Lucky (2012), organizational culture plays the role of moderating variable in this study, because an organizational culture is fundamental to strategic formulation. It defines how organization functions and relates with its external environment. Generally, a moderator is an interacting variable which affect the direction or the strength of the relationship between predictor (independent) and a criterion (dependent) variable (Baron & Kenny, 1986; Cohen, 1988). Similarly, Hair et al., (2010) and Sekaran & Bougie (2013) defined a moderating effect as an interaction effect in which the relationship between a predicting (independent) variable and a criterion (dependent) variable is subject to the value of a moderating variable (Hair et al., 2010; Sekaran & Bougie, 2013).

A study by Yiing and Ahmad (2009) in Malaysia, found that organizational culture significantly moderate the relationship between participative and supportive leadership behaviors and organizational commitment. Similarly, a study involving 238 Malaysia UM-MBA part-time students, Huey Yiing and Zaman Bin Ahmad (2009) found that supportive culture moderate the relationship between organizational commitment and job satisfaction. While bureaucratic and innovative cultures did not moderate the relationship between organizational commitment and job satisfaction. In a study Sokro (2012) found

that organizational culture has an indirect influence on employee motivation and organizational performance. Moreover, Trivellas and Dargenidou (2009) and Mathew, (2007) found that organizational culture has influence on employee motivation, which, in turn, affects organizational productivity.

However, despite researchers suggestions that organizational culture should be re-examined in different context and sector such as Nigeria SMEs and with different measurement (Tseng, 2010; Yesil & Kaya, 2013; Zehir, Ertosun, Zehir & Muceldili, 2011). Little attention has been given towards culture and HPO research and was within the developed country (e.g. de Waal, 2007). Besides, there is paucity of study on the moderating effect of organizational culture on the relationship between HPWS, external environment and HPO particularly in Nigeria. Having observed this weakness, this study will fill the gap in the context of Nigeria SMEs. It is expected in this study that organizational culture as a moderator will help to strengthen HPWS, external environment and HPO relationships.

## **2.7 Underpinning Theories**

Within this section, two theories are chosen to guide the research framework. These theories include resource base view (RBV) and social exchange theory (SET) (Blau, 1964) which serves as a supporting theory.

### **2.7.1 The Resource Base View (RBV)**

The Resource-Based View (RBV) of the firm explains how different resources influence firm performance. That is, successful and efficient application of organizational resources will facilitate firm's competitive advantage (Barney, 1991, 2001a). RBV was first associated with the work of Edith Penrose 1959. It is mostly common with the work of (Barney, 1991; 2001a; 2001b; Grant, 1991; Rumelt, 1991; Vatne, 1995). RBV argued that firms will achieve high performance when they acquire resources, which are rare, valuable, inimitable, and un-substitutable (Barney, 1991).

RBV underpinned the research framework of this study and direct the researcher to explain the constructs in this study. RBV was identified because is the best suitable theoretical framework for addressing performance shortcomings (Barney, 1991; 2001a). And also support that rare, inimitable, non substitutable resource capabilities can present high competitive advantage for an organization over other organizations (Barney, 1991; 2001a; Newbert, 2007; Schroeder, Bates & Junttila, 2002; Bowman & Toms, 2010). Studies on RBV argued that organizations internal capabilities give organizations competitive advantage (Barney, 1991). Such that firm that develop certain valuable resources to address environmental difficulty and take advantage of opportunities, will be more likely to achieve better performance. According to the RBV, the use of qualified employees who bring high skilled expertise may be compatible with costs reduction and innovation to access technical resources and knowledge outside the in-house firm capabilities. When properly planned and executed, firms that have knowledge-intensive

activities reduce innovation process obstacles and improve innovation performance (Gupta, Woodside, Dubelaar & Bradmore, 2009).

Besides, RBV was also applauded as one of the most extensively acceptable theoretical underlying standard for linking causes (e.g resource) and effects (competitive advantage and performance) (Barney, 1991; Hinterhuber, 2013; Newbert, 2007; Rouse & Daellenbach, 2002). It provide the understanding why some organizations outperform others within the same industry (Schroeder, et al., 2002) and strengthens organizations to reconfigure its sets of practices in order to adapt them to environmental changes (Zott, 2003). This believes is base on the assumption that the heterogeneity of the firm operational in market is subject to the heterogeneity of the resources they control. Secondly, the theory also assumes that heterogeneity in terms of resources persist within a firm as strategies are not mobile across firms. Therefore, because of environmental changes a resource that was, at one time, a source of sustained competitive advantage, may no longer be valuable (Barney, 1991).

Theoretically, the relationship between HPWS, external environment, organizational culture and HPO is subject to the improvement of organizational capability to build up value adding resource that will distinguish the organization from competitor (Messersmith & Guthrie, 2010). The theoretical logic underpinning this idea is that for an organization to achieve high performance, the HPWS practices should be rare, valuable, inimitable and non substitutable (Barney, 2001; Newbert, 2007; Schroeder, Bates& Junttila, 2002; Bowman & Tom, 2010). Since HPWS successfully elicit effective

performance, the combination of the practices will create valuable, rare and inimitable competitive advantage for an organization. This advantage is sustainable if competitors are not able to duplicate this strategy (Barney, 2001). Therefore, managers should be encouraged to engage in complex task of building dynamic capability in order to facilitate competitive survival. Thus, once an organization understands how to make use of these resources, the implementation follows automatically and such will earn more than normal return (Barney, 2001a).

Furthermore, the RBV also help firms to understand the competitive environment. Researchers (Grant, 1996; Teece, 1998) have recommended that sustainability of advantage can be rationally anticipated if firms can satisfy two criteria. First, given the dynamic environment, they are required to constantly identify, upgrade, renew and reinvent valuable resources. Second, they are required to have the ability to create an environment in which they can be self-reinforcing as well as improving their value and strength, as a result causing sustained major cost disadvantages to imitating firms. According to Pringle and Kroll (1997), intangible knowledge-based resources (i.e. people) are more expected to result to a sustainable competitive advantage when the environment is changing rapidly.

Furthermore, Chathoth & Olsen (2007) also asserted that RBV helps in explaining the relationship between the measures representing external environment and the variance in high performance. Emphasizing that regardless of organizational size, both large and small organization behaves the same way in responding to environmental risk and

corporate strategy (Chathoth & Olsen, 2007). As such, external environment can also influence the quality of organizations internal resources (Vatne, 1995; Westhead, Wright & Ucbasaran, 2001). An organization social networking affects organizations ability to identify external resources and utilize these external resources for product development, productivity and promotion (Vatne, 1995; Westhead, Wright & Ucbasaran, 2001). Accordingly, Newbert (2007) argued that organizational performance is directly and indirectly driving by product and resources that go into their production. Mahoney and Pandain (1992) also affirmed that organization will achieve high target not because it has better resources but because of its unique capability involves in making best use of the resources. Therefore, organizations that prudently allocate and make use of these resources will achieve higher productivity (Mahoney & Pandain, 1992).

Moreover, for an organization to achieve and sustain high performance, its culture should be rare, inimitable and should not be duplicated by other organizations (Kim Jean Lee, & Yu, 2004). The culture of an organization can only serve as a source of competitive advantage only if the culture is valuable, rare and inimitable (Barney, 1986). Similarly, Lee and Yu (2004) argued that an organizational culture is rare to sustain superior performance, only if it has the characteristics that cannot be imitated by the culture of other large number of organizations, if not so, competitors can without difficulty modify important component of their culture to duplicate that success.

However, while there is certainly abundant evidence supporting the use of RBV within management domain, it has not been without criticism. Connor (2002) argued that RBV

theory cannot be considered to provide a complete explanation of how organization achieve high performance. Thus, inspite of the significant contribution of RBV, its applicability is too limited. Kraaijenbrink, Spender & Groen (2010) also support that RBV cannot be generalized because the benefit is only applicable to organizations not to employees. Similarly, Barney (1991) claimed that RBV is a framework for explaining competitive advantage between close rival firms, yet the researcher had failed to provide managerial recommendation for both firms that will achieve competitive advantage and others who are unable to compete (Kraaijenbrink et al., 2010). Hence, lack of workable guidelines for the achievement of competitive advantage can be argued against.

Moreover, the RBV acts as a control-mechanism within an organization in order to create sustainable competitive advantage for the organizations (Kraaijenbrink et al., 2010) without putting into consideration the benefit that employee will derive in helping to achieve these goals (Kraaijenbrink et al., 2010). For this reason, the employee should also be motivated for an organization to achieve sustainable competitive advantage. Following this, social exchange theory will serves as a supporting theory because of its unrestricted flow of business transactions with both exchange parties contributing and receiving benefits (Blau, 1964; Ishak & Alam, 2009).

### **2.7.2 Social Exchange Theory (SET)**

The social exchange theory (SET) was first established in 1958 by a sociologist George Homans. Since then, other theorists has continued to write about SET, mostly Blau, (1964) who defined social exchange as a social psychological and sociological viewpoint



that clarifies social change and stability as a process of negotiated exchange between parties (Blau, 1964). The social exchange theory defines the employee-to-employer relationship using cooperative mutual benefits. All the human relationships are created by the use of a subjective cost benefit analysis (Blau, 1964) and by demonstrating numerous resources that can be exchanged following specific rules and how such exchanges can create excellence performance relationship (Cropanzano & Mitchell, 2005). This reveals that high quality social exchange relationships between organization and its employees can pay off possible negative outcome of problematic personality trait (Kamdar & Dyne, 2007). When a supervisor engages in helping behavior toward an employee, the employee incurs obligations to repay the supervisor so that the exchange is mutually beneficial (Ishak & Alam, 2009). Thus, the spontaneous gesture of goodwill from the organization will stimulate commitment on the part of the employees to reciprocate the good deed by the organization (Aryee, Budhwar & Chen, 2002).

According to social exchange theory (SET) (Blau 1964), organizational benefits such as job security may induce in employees a sense of reciprocity and a perception of obligation to be committed to an organization. Blau (1964) asserted that job security is beneficial to organizations by helping to motivate employee's reciprocity and a perception of obligation to commit to an organization. Hence, job security affects employees' attitudinal and behavioral outcomes by strengthening employee-employer social exchange relationship (Wang, Ma, Liu, & Liu, 2014). Blau's (1964) concept of social exchange may help to explain how fairness perceptions relate to coworker trust and morale, which in turn may lead to both task and contextual performance. If employees

identify a lack of fairness in the workplace practices they may possibly engage in economic exchanges (characterized by their explicit, controlled nature) with others that possibly will thwart the quality of their relationships in the workplace, and afterward negatively impact their task performance (Forret & Sue Love, 2008). In other words, employees who perceive high level of fairness in the workplace will be more likely to engage in social exchanges with others because an element of trust is present that all employees will be treated fairly (Forret & Sue Love, 2008). Employees are more likely to trust one another and develop high level of self-confidence in an environment characterized by social exchanges, which lead to more active engagement in problem-solving among employees, better teamwork, higher performance, and greater OCB (Forret & Sue Love, 2008).

Therefore, organizations can enhance their performance by recruiting employees who are high in conscientiousness and persuade managers to build close and helpful relationships with subordinates (Kamdar & Dyne, 2007). When employees have excellent leader member exchange relationships with their manager or supervisor, they will reciprocate by responding positively to high demanding work expectations (Kamdar & Dyne, 2007). Similarly, the quality of relationships from managers or supervisors causes the subordinates to identify with and be more involved in their work (Ishak & Alam, 2009). Again, when work is challenging and the organization provides dynamic work environment, there will be a high quality leader member exchange relationship between managers and the employees which in turn lead to superior performance (Kamdar & Dyne, 2007). It is also

believe that task performance is the major focus of work exchange relationships (Kamdar & Dyne, 2007).

Drawing on this argument, researchers have established a positive relationship between exchange theory and task performance (Bauer, Erdogan, Liden & Wayne, 2006). In the same way, Zhang and Jia, (2010) asserted that if employees perceive they are working in a commonly shared and unrestrained environment and feel positive support from the organization definitely, they will be more passionate in increasing their performance. Hence, HPWS remain an organizational support exchange relationship which encourage employees to obliged in a team oriented culture that will promotes a higher level of trust between employees and the organization (Zhang & Jia, 2010). In conclusion, these theories in great extent serve as the foundation for this study to facilitate SMEs to achieve HPO. Thus, to achieve high performance, organization with innovative practices, supportive culture and who engages employees who are willing to take risk to match environmental challenges will achieve and sustain high performance.

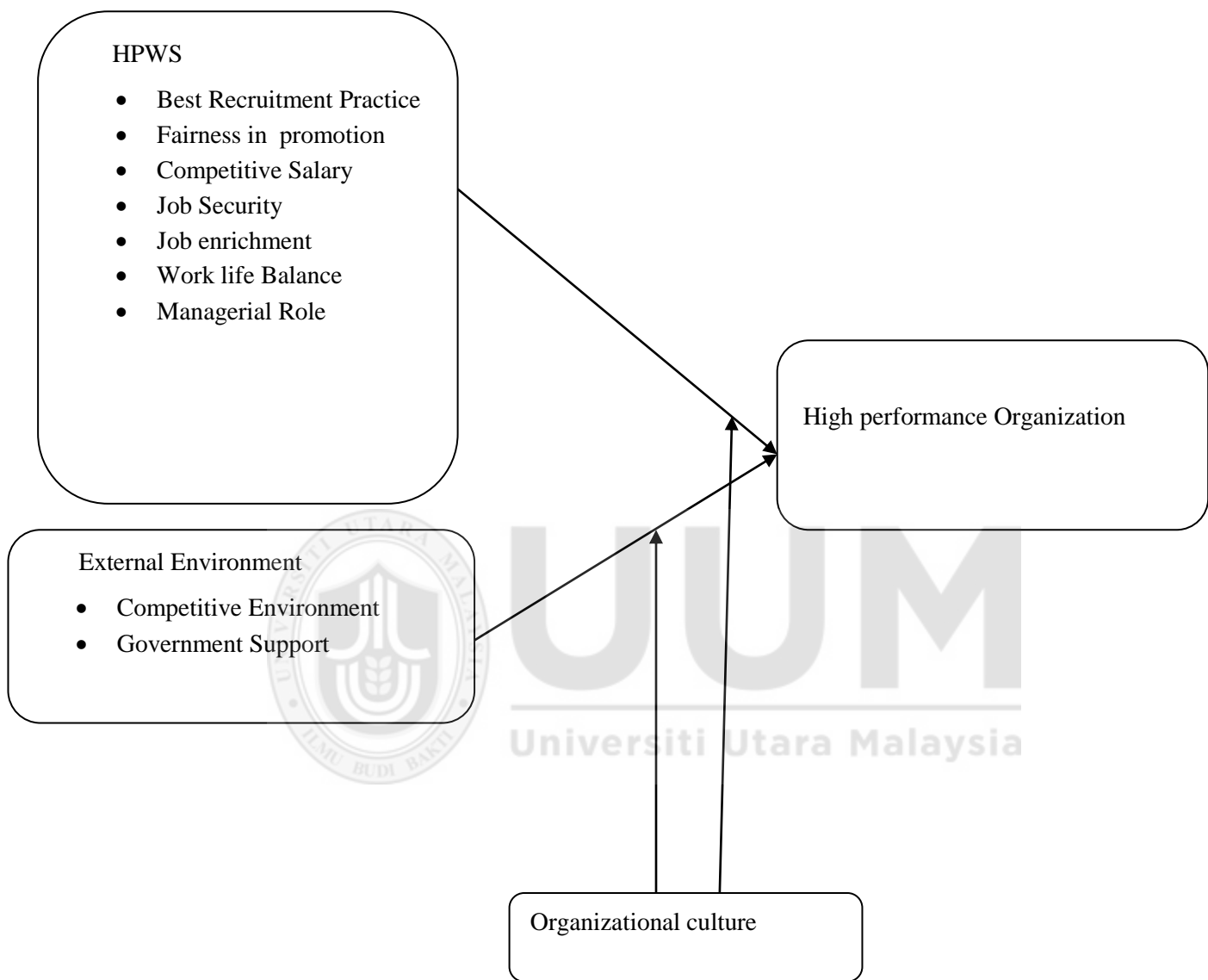


Figure 2.1  
*Research Framework*

As demonstrated in Figure 2.1, a critical review of previous studies, research questions and objectives provides the basis to develop the framework and the hypothesis for this study to establish the relationship between the variables. The model reveals two types of

relationships that exist between the variables. Firstly, the model demonstrated that the predicting variables such as HPWS (BRP, fairness in promotion, competitive salary, job security, job enrichment, work life balance and managerial role), and external environment (competitive environment and government support) have direct influence on the outcome variable (HPO). The model also shows the indirect influence of HPWS, external environment on the dependent variable (HPO) through the moderating effect of organizational culture. The selection of these variables was based on numerous considerations. Firstly, the variables are view to predicate the attention of most study in different field because the variables have high chances of predicting better organizational performance. Secondly, most of the previous studies that examined this relationship have showed mixed results. Thirdly, majority of the study only examine the direct impact, little is known on the moderating effects. Following the above justification, the aforesaid framework has a great contribution to the body of knowledge. From the model seven dimensions of HPWS were predicted to influence HPO. This is important because any organization that desire to achieve high performance should demonstrate greater level of innovative practices presented in figure 2.1.

Additionally, the model also helps to explain the relationship between external environment and HPO. It is predicted in this study that external environment will influence the achievement of HPO. However, there is also a possibility that external environment will negatively influence the achievement of HPO. This is base on the assumption that if the external environment needed to achieve this goal is not adequately supportive. Consequently, it will show a negative influence on high performance achievement. Within

the context of competitive environment, unfavorable environment may negatively and badly affect the achievement of high performance goals.

The above relationship is being analyzed by the potential effect of the presence of organizational culture. Hence, this study proposes organizational culture to affect the strength and direction between HPWS, external environment and HPO. It shows that organizations that want to achieve high performance should be equipped with strong cultural values, practices and norms. Failure to conform or share high-quality cultural value into the day to day activities may negatively affect the quest to achieve high performance. But when they share strong and supportive cultural value and norms into their operations, it may affect the achievement of high performance.

Conclusively, this study is in line with RBV and social exchange theory, the model above (figure 2.1) represent HPWS which encompasses seven dimensions and external environment with two dimensions, as sets of factors predicting HPO through the effect of organizational culture. Hence, the above model proposes that the presence of HPWS, external environment and organizational culture play a great role in the achievement of HPO.

## **2.8 Hypothesis Development**

Using the report of previous studies and the theoretical justifications, this study was able to formulate the research hypotheses for empirical testing and validation. The present study encompasses two main predicting variables such as HPWS and external environment and an

outcome variable i.e. HPO, while organizational culture moderate the relationship between the two predicting variables and the outcome variable. It is believed that there is strong relationship between the constructs. Therefore, eighteen formulated hypotheses were developed to test the relationship between the constructs in this study.

### **2.8.1 Relationship between HPWS and HPO.**

The relationship between HPWS and organizational performance has remained one of the most important concerns for researchers (e.g Ferreira, et al., 2012; Huselid, 1995). According to Godard and Delaney (2000), Kalleberg, Marsden, Reynolds and Knoke (2006), HPWS has a variety of practices that have the ability to enhance both competitive advantage and organizational performance. Besides, other researchers have also established a significant positive relationship between HPWS and organizational performance (Armstrong, et al., 2010; Beltrán-Martín, et al., 2008; Cheng-Hua, et al., 2009; Combs, et al., 2006; Datta, et al., 2005; Guthrie, 2001; Guthrie, et al., 2009; Huselid & Becker, 1997; Messersmith, Patel, Lepak & Gould-Williams, 2011; Na Fu, 2013; Shih, et al., 2013). Conversely, Chow (2005) found a weak relationship between HPWS and organizational performance.

Despite the above findings, concerns have been raised as to whether, certainly the practices associated with HPWS can have meaningful positive performance effects. For instance, Gordard (2004); Kintana, Alonso and Olaverri (2006); Way (2002) argued that HPWS often yields negative influence on organizational performance. Similarly, Richard and

Johnson (2004) contended that using HPWS single handedly does not yield organizational performance as such HPWS should be dimensionalized.

However, since previous studies have established that a relationship exists between HPWS and organizational performance, logically, it is assumed in this study that HPWS will have influence on the achievement of high performance organization. This assumption is based on the argument that where a relationship has not been established, researchers can base their argument on theoretical foundation in order to contribute to the body of knowledge (Chenhall, 2003; Covalleski, Evans III, Birnberg, Luft, & Shields, 2006). Firstly, following social exchange theory (Blau, 1964), it is expected that BRP and fairness in promotion, competitive salary, managerial role, work life balance, job enrichment and job security will positively influence the achievement of HPO. This implies that the positive treatment giving by an organization to its employees is a form of social exchange that will induce the standard of reciprocity, which ultimately motivate the employee to give their best for the organization (Blau, 1964; Casimir, Wang & Ooi, 2014).

Finally, the RBV also supported the research assumption that HPWS have a direct influence on the achievement of HPO by recognizing and acquiring the resources that are significant to the development of demanded products (Baney, 1991; 2001; Bowman & Tom, 2010). As such, the RBV is most distinguished in organizational researches for its fundamental assumption that high performance is achievable via organization ability to stabilize relationship with its employees through innovative practices (Barney, 2001). Following the



above arguments, the following hypotheses are proposed in order to achieve the first objective:

*H1*: there is a positive relationship between HPWS and HPO.

#### **2.8.1.1 Relationship between Best Recruitment Practice and HPO.**

The relationship between best recruitment practice (BRP) and performance is well established in the literature and has been researched in various perspectives such as the RBV (Barney, 1991; 2001). Reviewing the literature which examines the relationship between BRP and performance, one become aware that researchers approaches appear to be more expounding in linking directly BRP with performance. A significant body of research has recommended BRP as a precise practice that can facilitate the achievement of high organizational performance (Theriou & Chatzoglou, 2008). Emphasizing that BRP is a unique practices that facilitate organization chances of achieving competitive advantage and enhance its performance (Huselid, 1995; Michie and Sheehan, 2001; Guest, Michie, Conway, & Sheeman, 2003). According to Guest et al., (2003), regardless of the definition given to best practice, a positive relationship with competitive advantage is always reported. Marchinton and Wilkinson (2003) argued that BRP has the ability to influence organizational performance for all organization, because it emphasizes on employees capability, knowledge and skills. Following this, Theriou and Chatzoglou, (2008) suggested that all organizations should identify and implement best practice in order to enhance better performance. A study by Boxal and Purcel (2011) asserted that BRP motivate the opportunity for better trained and motivated workers to contribute their knowledge and skills through work redesign and indirect forms of employee participation.

Moreover, the resource based view (RBV) further advanced the argument of best practice and performance relationship, noting that tacit knowledge, introduced into firm human resources is hard to imitate because of social complexity (Barney, 1991) and are expected to promote such inimitable characteristics that lead an organization towards competitive advantage (Theriou & Chatzoglou, 2008). RBV suggests that competitive advantage and performance results from firm-specific resources and capabilities are costly for competitors to imitate (Barney, 1991). In view of the above, firms that recruited employees that possess stocks of organizational knowledge, characterized as uncommon or idiosyncratic, stand a good chance of generating and sustaining high returns (Raft & Lord, 2002). Thus, establishing the relationship between BRP and HPO is an important step for this study to develop the following hypothesis:

H1a: there is a positive relationship between BRP and HPO.

#### **2.8.1.2 Relationship between Fairness in Promotion and HPO**

Investigating the effects of fairness on organizational outcomes has attracted a great deal of research attention within the field of human resource management, organizational behavior and industrial or organizational psychology (Cropanzano & Greenberg, 1997). According to Wang, Hackett, Cui and Zhang (2012), fairness in the selection procedures has a significant relationship with job performance. In a meta-analysis research Colquitt, Conlon, Wesson, Porter and Ng, (2001) also found that distributive and procedural fairness has significant relationship on organizational performance, job satisfaction, organizational commitment and organizational citizenship behaviors. Because employees will behave in a way that is more

organizationally desired when employees perceive that they are treated fairly (Bish, Bradley & Sargent, 2004). Following this, Moorman, Blakely and Niehoff (1998), argued that the HRM practice of an organization serves as agent of the organization, through which employees forms perceptions of support, fairness, and organizational justice. As a result, employees will continue to engage in contextual performance if they perceive that they are treated fairly in return (Hui et al., 1999). Bish, Bradley and Sargent (2004) also sampled 264 undergraduate students from a north eastern US university they found that promotional or career development decisions in organizations clearly influence organizational performance and members' perceptions of justice, because, when employees feel happier about the fairness of the procedure, they will be more likely to perceive the outcome more positively (Bish, Bradley & Sargent, 2004).

Additionally, equity theory suggests that people engages in a subjective process in evaluating whether an outcome is fair or not based on a calculation of one's "inputs" to one's outcome and then comparing this ratio with other (Bish, Bradley & Sargent, 2004). A survey by Brockner and Wiesenfeld (1996) report that a combination of unfair procedures with unfair outcomes have the most negative impact on the feelings of participants. This indicates that the assessment of the processes in promotion is not viewed objectively, because the same process is viewed differently by different people, subject to the emotions and outcomes for those people. In a sample of 1000 employees in Taiwan, Lai (2012) found that fairness in promotion have significant effect in successful transformation of organizational resources into positive outcomes. Similarly, Forret and Sue-Love (2008) conducted a study in Midwestern city in the United State, the result showed that fairness in

the procedures and distribution of promotion have significant effect on workplace performance, coworkers trust and the morale to perform their job. Similarly, Cohen-Charash and Spector (2001) and Conlon, Meyer and Nowakowski (2005) found that fairness such as in promotion has significant positive effect on various type of employees behaviors and organizational performance.

On the basis of emerging researches addressing the relationship between organizational fairness and organizational performance, has given the present study a greater weighting in forming the hypothesis for this study. This study expect that fairness in promotion will have positive influence on HPO. Hence, the following hypothesis is develop:

H1b: there is a positive relationship between fairness in promotion and HPO.

#### **2.8.1.3 Relationship between competitive salary and HPO.**

Empirical tests on the effects of competitive salary on organizational performance have been examined in several studies (Maxcy & Mondello, 2006). According to Bloom (1999) providing higher salary is to promote higher employee performance because employees will create a meritocracy where achievements are rewarded monetarily. Similarly, Baker (2002) surveyed national football league (NFL), the result showed that higher salary improves organizational performance. Therefore, firms must pay higher salary to attract and maintain the best employees (DeBrock et al., 2004) because when organizations provides competitive salary, employees are less likely to attempt renegotiation of their salaries (Bloom, 1999). In a meta analysis survey Ng, Eby, Sorensen and Feldman (2005), found that competitive salary has a significant positive influence on both employees and organizational

performance. Because paying more enhances organizational chances of attracting and retaining talented employees (Rowden, 2002).

Furthermore, Hendricks (2014) conducted a survey in Texas, the result showed that competitive salary increases organizational performance and the ability to attract and retain a better work force. Hence, achieving higher performance required organizations to effectively consider a higher salary scheme (Huang, Huang & Chen, 2004) because high salary will promote competitive balance. As such, firms should pay higher salary to attract and maintain the best employees that will help to improve performance. A survey by Colvin, Batt and Katz (2001) in United States telecommunications industry found that high salary package has significant effect on high organizational and employee's performance. Similarly, the finding by Porter, et al., (2004) in New York city revealed that competitive salary is the most management tool to promote organizational attractiveness and job acceptance because providing low salary package will negatively affect organizational chances of achieving better performance regardless of organizational techniques of attracting employees (Porter, et al., 2004). As such, firms should pay higher salary to attract and maintain the best employees. From the above discussion, it is evident that competitive salary would influence the achievement of high performance organization. Therefore, the following hypothesis is developed:

H1c: there is a positive relationship between competitive salary and HPO.

#### **2.8.1.4 Relationship between Managerial role and HPO.**

Recognition of the importance in understanding the relationships between managerial role and organizational performance has become familiar in both mono-cultural and cross-cultural literature (Pearson & Chatterjee, 2001). Underpinning this interest is the recognition that managerial knowledge is extremely important for competitive advantage. According to Knox and Maklan (2004), managerial role improves firm competitiveness and performance, strengthens core relationship with stakeholders and ensures that organizational well-being and growth are sustained in the future. This calls the need for managers globally to be socially and environmentally responsible in the realization of business objectives (Augier & Teece, 2009). Because competitive advantage can only be achieved when managers constantly upgrade their organizational capability faster than their competitors (Bhatnagar, 2006). A study by Storey and Quintas (2001); Noon and Blyton (2013) also found that managerial knowledge constitutes a decisive factor to organizational success and a source of competitive advantage. Following this, Richard, Ismail, Bhuian and Taylor (2009) and Gould-Williams and Davies, (2005) concluded that as agents of the organization, managers behaviors play a significant roles in shaping employees' attitudes and behaviors, and their level of commitment to organizational performance. Thus, managers must articulate goals, help evaluate business opportunities, set culture, build trust, and play a significant role in the key strategic decisions (Augier & Teece, 2009).

In addition, studies in transition economies have also emphasized the importance role of managers. For example Nee (1992) found that managers' networking has significant effect on better organizational performance of new ventures in China. Similarly, Peng and Luo

(2000) findings showed that managerial ties with government officials are positively related to firm performance in China. A study by Li and Zhang (2007) established that manager's political networking has a positive relationship with new venture performance. Therefore, with the current development and institutionalization of markets, managers' expertise as reflected in their experience becomes important (Li & Zhang, 2007), because of their role in selecting and/or developing practices, making investment choices, and in coordinating nontradable assets to achieve organizational effectiveness and suitable returns from innovations (Augier & Teece, 2009).

Moreover, Keeley and Roure (1990) findings showed that manager's practical experience has significant positive effect on business performance. Because when employees observe that their manager contributes to the job both in terms of quality and quantity, they too reciprocate with higher contribution (Tymon, Stumpf & Smith, 2011). From the above discussion, it is evident that managerial role affects organizational performance. Consequently, the following hypothesis is formulated:

H1d: there is a positive relationship between managerial role and HPO.

#### **2.8.1.5 Relationship between Job Enrichment and HPO.**

Job enrichment is an important element for managers to successfully achieve organizational goals. Theoretically, literature on job enrichment has found a positive relationship between employee's favorable behavior and attitudes towards organizational performance. These relationships are attributed to the positive psychological experiences associated with the motivation of enriched jobs (Fried et al., 2008; Hackman & Oldham, 1980). According to

Appelbaum et al. (1994) and Boxall and Purcell (2003) enriched jobs significant influence organizational performance and employee commitment. A high performance work practices (HPWPs) study conducted in North America by Appelbaum et al. (2000) found that conscious efforts by organizations to increase employee's job autonomy resulted in improved job satisfaction for employees and higher levels of organizational performance. Because enriched job provides employees with the opportunity to increased discretionary effort and to participate in workplace problem-solving (Appelbaum et al., 2000).

A study by Patterson, West and Wall (2004) found that firms that provide employees with job enrichment experienced a significant boost in productivity and profitability. In a Sri Lankan study, Jayawardana and Fonseka (1996) found that enriched job design increased productivity, higher product quality and higher employee satisfaction. Following this, Lawler (1994) argued that organizations need to develop individuals to perform in new and more complex ways by enriching their job because through this employees can increase productivity, product quality and job satisfaction. Thus, effective performance of such roles requires employees who are sufficiently confident in their abilities to take on broader duties (Parker, 1998).

Other researchers have also demonstrated that given employees job autonomy will enhances higher organizational performance. For example, Davoudi (2013) found that job enrichment has a significant positive effect on employees-organizational citizenship behavior (OCB) and organizational performance because enriched job makes employees more accountable and flexibility in their job. Similarly, Karatepe and Bektashi (2008) finding also showed that



enriched job positively influence job performance, increased creativity, better decision making and better productive behavioral choices that support job performance (Madjar, Oldham & Pratt, 2002; Rothbard, 2001). In view of the above discussion, it is evident that enriched job is needed to achieve higher organizational performance. Therefore, the following hypothesis is formulated:

H1e: there is a positive relationship between job enrichment and HPO.

#### **2.8.1.6 Relationship between Job Security and HPO**

Job security has become an important research area in recent years. Because lack of job security causes employees to withhold extrarole behavior (Kang, Gold, & Kim, 2013). A study by Cheng and Chan (2008) found that job security has significant impact on employee's behavior and organizational performance. Delery and Doty (1996) sampled 1,050 employees in the banking industry. They found that employment security have strong universalistic relationships with organizational performance. Iverson (1996) reported that increases in job security result to greater organizational commitment and subsequent organizational performance. Moreover, Pfeffer (1998) acknowledged that job security is one of the best factors in employment contract that enhances organizational performance because providing job security encourage employees to generously contribute their knowledge and effort to improve organizational innovation and productivity without the fear of being lay off (Pfeffer, 1998). A study by Hu and Zuo, (2007) and Reisel, Chia, Maloles and Slocum (2007) also found that job security exert a positive influence on job satisfaction, organizational commitment and performance. Rosenblatt and Ruvio (1996) reached similar conclusion, emphasizing that insecurity of job had an adverse effect on

organizational commitment and perceived performance. Experiencing job insecurity will threaten those attachments and make them weaker (Buitendach & De Witte, 2005).

Furthermore, social exchange theory (SET; Blau, 1964) has also established that organizational benefits such as job security encourage employees to put in a sense of reciprocity and a perception of obligation to commit to an organization. Because employee loyalty and intention to stay with an organization decreases when organizations are unable to provide job security (Cavanaugh & Noe, 1999). According to Mahmoud and Reisel (2014) job security has significant positive effect on higher levels of job satisfaction, OCB and the willingness to deliver high-quality performance. A study by Yousef (1997) in the United Arab Emirates (UAE) found that job security will have a significant effect on organizational performance. Because when employees and organizations agreed that the organization will provide job security in as much as the employee's performance meets or exceeds the organization's standards, the mutual agreement gives employees a clear expectation about the performance necessary in an effort to maintain their job status. This clear expectation also provides employees a sense that they can reasonably predict what they need to do to enhance organizational performance (Hsiung & Tsai, 2009). This implies that the more employees are satisfied with the security of their jobs, the more they are committed to their organizations, and the better the performance of the organization. Hence, job security remained a significant element for both employees and organizational performance (Loi, Lam, & Chan, 2012). Thus, it is expected in this study that job security would also help firms to achieve high organizational performance. Based on this premise, this study proposed the following hypothesis:

H1f: there is a positive relationship between job security and HPO

#### **2.8.1.7 Relationship between WLB and HPO**

The changing work environment and the nature of work itself has giving rise to how work and life are managed that affect the work performance of employees and organizations (De Jonge and Dormann 2003). In response to these changes organizations are increasingly pressured to design WLB program in order to promote employees' efforts to fulfill both their employment related and their personal commitments (Lazar, Osoian & Ratiu, 2010). Following this Lazar, et al., (2010) found that WLB have significant effect on organizational chances of achieving higher performance. A study by Beauregard and Henry (2009) also found that WLB improved organizational performance. Accordingly, Lazar, et al., (2010) argued that organizations can implement work-life balance to help employees to better balance their work and family responsibilities, gain improvement in well-being and provide organizational benefits.

A research conducted by Kenexa Research Institute in (2007) showed that employees who were more favorable toward their organizations effort to support work-life balance showed a much lower intent to leave the organization, greater pride in their organization, willingness to give their best, recommend the organization as a place to work and show a higher overall job performance. The configurationally approach by Perry-Smith and Blum (2000) also provides evidence that organizations with work-family balance report higher organizational performance, market performance and profit-sales growth. Following this, Batt and Valcour (2003) argued that the provision of family friendly practices needs to be integrated into high performance framework. Because WLB give employees both skills and

a greater sense of control and effectiveness that carries over to their ability to manage their family responsibilities (Lazar, et al., 2010).

Additionally, Bloom and Van Reenan (2006) demonstrated that WLB has significant positive relationship with organizational productivity and improved management practices. Shepard, et al., (1996) survey also showed that WLB has significant relationship with organizational productivity. In view of the above, Roehling, Roehling and Moen (2001) argued that employees loyalty is increased by successfully functioning work-life policies, because WLB will induce the needed commitment from employees to work harder to achieve organizational goal (Osterman, 1995). As such, WLB successfully enhance workplace strategy that is designed to increase output (Burud & Tumolo (2004). Overall, WLB has be shown to be positively related to organizational performance. In view of the aforesaid discussion, it is apparent that WLB would be required for the achievement of superior organizational performance. Accordingly, this study proposed the following hypotheses:

H1g: there is a positive relationship between WLB and HPO.

### **2.8.2 Relationship between Competitive Environment and HPO.**

Competition among firms depends on the capacity of firms to continually innovative in a cost efficient manner against the background of economic globalization, rapid technology development and industry convergence (Zhang & Li, 2010). According to Beal (2000), both large and small firm that align their competitive strategy with the requirement of the environment outperform firms that failed to achieve such alignment (Beal, 2000). Following

this argument, Huang (2011) examined Taiwanese manufacturing firms in the information and communication technology sector, the result showed that competitive environment influence firm's innovation performance. Hence, firms have the ability to achieve new and innovative forms of competitive advantage in a competitive environment (Huang, 2011). Lim (2013) survey large public university in Singapore, the result showed that the development of a competitive capability result to improvements on firm performance.

Following the above argument, other researchers emphasized that the relationship between competitive market and organizational performance depend on the external environment of the organization (Lumpkin & Dess, 2001). According to Lumpkin and Dess (2001), proactiveness is the key to successful organization in a dynamic environment and has a positive relationship with performance in a hostile environment. Accordingly, Rajini (2013) argued that environment are dynamic and changes in them require strategic change on the part of the organization. Therefore, organization can better accurately measure their performance if they are able to establish that the environment has influence on their strategy (Bae, 2011).

Moreover, the relationship between competitive environment and HPO can be explained as RBV relationship because RBV will provide a framework for establishing the element which create sustainable competitive advantage for an organization (Barney, 1991). For example, the RBVacknowledged that under fast changing and unpredictable competitive environments, competitive advantage rapidly shift, and that the survival at a particular set of resources and capabilities may not be sufficient to sustain a firm's above-average

performance in the long-term (Helfat & Peteraf, 2003). Thus, firms need to permanently renew their skills and resources to maintain competitive advantage in a competitive market (Wu, 2010). Because, firms unique assortment of valuable, rare, inimitable, and unsubstitutable resources and capabilities constitutes the basis of the difficulty to duplicate value-creating strategies which can provide a firm with competitive advantage (Wu, 2010).

In view of the above, Day (1994) argued that managers should anticipate marketplace developments, including competitors' actions, in order to better lead in the market. Because sustainable competitive advantage stems from a firm's ability to stay vigilant toward competitors, learn to figure out competitors' possible behaviors, and to outmaneuver the competition (Lim, 2013). de Jong, Phan and van Ees (2011) also asserted that the ability to create and sustain competitive advantage is subject to the availability of external resource. Likewise, Iyer, Germain and Claycomb (2009) affirmed that achieving and sustaining a higher performance, requires an organization to strategically influence its flexible capabilities and other complementary mechanisms in order to fit environmental predictability.

Base on the aforementioned argument, it is logical to state that an organization can achieve high performance irrespective of their size for a number of reasons. First, when the organization understands and feels a sense of belonging to the environment. In view of the above premise, the following hypothesis is proposed in order to achieve the second objective:

H2a: competitive environment has a positive relationship with HPO.

### **2.8.3 Relationship between Government Support and HPO.**

In market oriented economies, the business sector serves as the means of attaining fundamental economic goals such as employment and the growth of national income. Achieving this goal, requires the support of the government to enhance the growth of firms. In view of the above, strategic management scholars such as Shaffer (1995) argued that government support has significant effect on intra-industry competition and the effort of firms to control the political agenda for competitive gain. According to Shaffer (1995), majority of top managers view government support as a means of gaining corporate advantage because of government favorable subsidies. Rajini, (2013) found that achieving and maintaining high level of flexibility requires the support of government to formulate policies that is strategically planned and linked to the attainment of organizational goals. In line with the aforesaid discussion, Shaffer (1995) argued that government have long departed from laissez-faire economic policies, often to the benefit of business interests, with the provision and/or enforcement of subsidies, tariffs, price controls, and entry barriers. This view has been illustrated as the private interest theory of regulation propounded by (Reagan, 1987). Li, and Zhou (2005) found that government play a significant role in encouraging the growth of local businesses and attracting foreign investment. A study by Blanchard (2001) also established that the willingness of the Chinese government to reward local industries on the basis of their economic performance motivates them to promote the local economy because governmental support have the tendency of relocating external resources and facilitate firm entry (Lazzarini, 2013).

Apart from the above, previous empirical studies have also examined the effectiveness of different types of government support that enhance organizational performance, such as direct research and development (R&D) subsidies, tax incentives, public research performed in public agencies (Bérubé & Mohnen, 2009; Xu, Huang & Xu, 2014). A study by Herrera and Nieto, (2008) found that government support for firm research and R&D activities has significant effect on innovation performance. According to Xu et al., (2014) government support has significant effect on private R&D spending and innovation performance. A statistical survey by Wei and Liu (2015) in 343 innovative enterprises in China showed that direct government R&D subsidies granted to firms positively affect innovation performance. Consequently, government support is a significant factor to organizational performance (Wei, et al., 2015) because governments promulgate laws/regulations, made policies to support, protect and enhance the growth of organizations in a sustainable manner.

In view of the above discussion, examining the relationship between government support and higher organizational performance is considerable. Accordingly, this study proposed the following hypothesis:

H2b: government support has a positive relationship with HPO.

## **2.9 Organizational culture as a moderator**

Previous studies have showed that organizational performance is directly influenced by HPWS and external environment factors. However, there have been inconsistent findings in the respective studies, giving room for the introduction of a moderating variable to strengthen these relationships. Following this, it is important to examine the role of



organizational culture as a moderator on the relationship between HPWS practices, external environment and high performance organization. The next section discusses the summaries of the result of previous studies on the moderating effect of organizational culture, HPWS and outcome variables.

### **2.9.1 Moderating Effect of Organizational Culture on the Relationship between HPWS and HPO.**

Organizational culture is one of the significant organizational assets that have been extensively examined in relation to organizational outcome. Because it distinguishes one organization from the other (Sokro, 2012) and remains a significant element to effectively transform innovative practices to superior organizational performance (Belassi, Kondra & Tukel, 2007; Den Hartog & Verburg, 2004; Tseng, 2010; Zheng, Yang & McLean, 2010). According to Karatepe, (2013); Na fu, (2013); Sun, Aryee, Law, (2007); Zhang, et al., (2014) HPWS have no direct influence on outcome variables unless with the presence of an intermediate variable. Hence, organizational culture would moderate HPWS and performance relationship.

A study by Yesil and Kaya (2013) found that organizational culture have an indirect effect on performance outcomes. A study by Zhang and Jia (2010) revealed that organizational culture moderate the relationship between high performance human resource practices and employees perceived organizational support. Accordingly, Seong (2011) argued that high performance work practices also act as culture embedding mechanisms, because successful firms distinguished themselves from less successful ones through their clearly articulated and shared norms and values regarding organizational functioning (Seong, 2011). Thus,

creating a strong culture is a powerful instrument to influence employee behavior to achieve superior performance (Den Hartog & Verburg 2004). As such, an organizational culture plays a significant role in shaping high performance work practices (Seong, 2011). Because, an organizational culture will not only promote firm's superior performance, but will also strengthen the impact of HPWS on firm performance (Seong, 2011).

Moreover, researchers has also view organizational culture as a mechanism for achieving superior organizational performance. For example, Bowen and Ostroff (2004) revealed that organizational culture mediate the relationship between SHRM and organizational performance. Wei, Liu, Zhang and Chiu (2008) examined 223 firms in China they found that organizational culture mediate the relationship between SHRM and firm performance. Following this, they argued that different types of culture have different effects on the adoption of HRM practices with different emphasis and orientations (Wei, et al., 2008). As such, some cultures have positive effects on firm performance, while the effects of certain culture are indirect through the implementation of effective HRM practices (Wei, et al., 2008). Thus, organizational culture is significant to the adoption of sophisticated managerial practices (Wei, et al., 2008). Because it reflects the beliefs and values of organizational leader, it directly linked to firm strategy and subsequent adoption of SHRM (Wei et al., 2008). On the other hand, when SHRM is implemented, the employees are guided by the HRM practices and policies which also shape the culture of the organization, thus, improved with the strengthened corporate culture (Wei, et al., 2008). Sarros, Cooper and Santora (2011) also found that socially responsible organizational cultural orientation mediates the relationship between leadership vision and support for innovation. They also found that

competitive organizational cultural orientation mediate the relationship between leadership vision and organizational support for innovation (Sarros, et al, 2011).

On the other hand, Hui and Idris (2009) examined the moderating effect of culture on the relationship between knowledge acquisition and organizational innovation. The result showed that organizational culture moderate the relationship between knowlegde acquisition and organizational innovation. A Taiwanese study by Li (2004) confirmed that the effect of leadership behaviors on organizational commitment is subject to organizational culture. Nguyen and Mohamed (2011) examined SMEs operating in Australia, they found that the relationship between transactional leadership and knowledge management practices was moderated by hierarchy and mission organizational culture.

Apart from the above, justice researchers has argued that when a negative experience violates an established moral code and value system, it is perceived as unfair and negative consequences result (Cropanzanoet al., 2001). Erkutlu (2011) surveyed ten public universities in Turkey. They found that team orientation culture moderate the positive relationship between interactional, distributive and procedural justices and organization citizenship behavior. A study by Erdogan, Liden and Kraimer (2006) also found that organizational culture moderate the relationship between interactional justice and OCB. Therefore, the value system in an organization, or its culture, is a significant moderator of the justice and OCB relationship (Erkutlu, 2011). Because the level of attention given to the fairness of the procedures, interpersonal treatment and distribution varies with the level to which cultural values reflect respect for people and team orientation (Erdogan et al., 2006). As such, organizational culture provides guidance to behaviors in the organization, in

apparent and sometimes unnoticeable ways; and it deeply affect managers decision making. Accordingly, Brockner and Wiesenfeld (1996) argued that when competition is the norm, both managers and employees are expected to be more mindful of the fairness of outcomes, and less attentive to the fairness of interpersonal relationships.

Furthermore, Chan, Shaffer and Snape (2004) examined 1422 Hong Kong and foreign companies in Hong Kong, they found that involvement culture moderate the relationship between the motivation and communication dimension of HPWS and market performance, while mission culture trait moderate the relationship between the motivation and communication dimension of HPWS and market performance. Following this, Chan et al., (2004) argued that organizational culture and HPWS are potential co-specialized resources that serve the need for dynamic capabilities. Because even though human capital is important, the driver for sustained higher performance is a combination of human capital management capabilities and a suitable culture (Chan, et al., 2004). Therefore, without the support of an organizational culture, HPWS practices will not function to their fullest performance potential (Chan, et al., 2004). Hence, the relationship between organizational culture and HPWS practices is a strengthening curved that sustains and strengthens a firm's competitive advantage (Chan, et al., 2004). Emphasizing that with consistent culture, both organizations and employees can enjoy an environment more conducive to performance (Chan, et al., 2004).

Davidson, (2009) also revealed that organizational culture enhances the relationship between human resource practices and organizational performance promote internal

coordination between different units and individuals within an organization. Because organizational culture unite organizational units or members together, in so doing helping to trim down unhelpful conflicts in an organization, since all units and individuals share common assumptions, norms, and values about their organization (Van den Berg & Wilderom, 2004). Thus, organizational culture will not only facilitate a firm's superior performance, but will also strengthen the impact of HPWS practices on firm performance (Chan, et al., 2004). Following this, Wei, Liu and Herndon (2011) also affirmed that organizational culture facilitates the implementation of effective management practices. Therefore, to enhance effectiveness, organizations should improve their management practices by developing a suitable culture (Wei et al., 2011).

The review of literature has provides sufficient support for the premise that the relationship between HPWS practices and high organizational performance could be contingent upon organizational culture. Based on this premise, this study proposes the following hypotheses in order to achieve the third objective of this study.

H3: organizational culture will moderate the relationship between HPWS and HPO.

H3a: organizational culture will moderate the relationship between BRP and HPO.

H3b: organizational culture will moderate the relationship between fairness in promotion and HPO.

H3c: organizational culture will moderate the relationship between competitive salary and HPO.

H3d: organizational culture will moderate the relationship between managerial role and HPO.

H3e: organizational culture will moderate the relationship between job enrichment and HPO.

H3f: organizational culture will moderate the relationship between job security and HPO.

H3g: organizational culture will moderate the relationship between WLB and HPO.

### **2.9.2 Moderating Effect of Organizational Culture on The Relationship Between External environment And HPO.**

The relationship between external environment and performance has attracted numerous research attentions from different disciplines. Understanding these relationship become important as managers are facing increasing pressure from both environment and shareholders to deliver quality outcome. In view of the above, empirical studies have generated mixed findings regarding external environment and high performance relationship (Adidam, et al., 2012; Akinboade & Kinfack, 2012; Andrews & Johansen , 2012; Chandran, et al., 2013; Feurer & Chaharbaghi , 1996; Gaur, Vasudevan & Gaur , 2011; Hoque , 2011; Ivanov, Kuzyk & Simachev, 2012). Such conflicting findings could imply that environment and performance relationship depends on different institutional and organizational contingencies. It is apparent that a moderating factor would direct the effect of external environment and performance relationship (Baron & Kenny, 1986). Organizational culture could serves as the most important moderating factor as literature has recommended (Bagorogoza & de Waal, 2010, Lucky, 2012). First, because organizational culture is central importance to organizational performance (Denison & Misha, 1995). Second, cultural differences and opinion formed in each organization may have effect on the link between external environment and high performance. Hence, this study examines the

moderating effect of organizational culture on the relationship between external environment and HPO.

In view of the above, studies has revealed that organizational culture is the most important determinant of organizational performance (Chow, Nen-Chen Hwang, & Lin, 1996). A study by Shi and Veenstra (2015) found statistically significant positive interactions between organizational culture and corporate social performance. Marino, Strandholm, Steensma and Weaver (2002) examined the moderating effect of national culture on the relationship between entrepreneurial market orientation and strategic alliance portfolio extensiveness. They found that culture moderate the relationship between entrepreneurial market orientation and strategic alliance portfolio extensiveness. Following this, Pratt, Mohrweis and Beaulieu (1993) argued that the level of fit between the environment and organizational culture has significant effect on firm performance. Because organizational culture is an indispensable factor that can shape organizational fitness to their environment. Accordingly, Chow et al., (1996) argued that the greater the lack of fit between firm's culture and its environment, the lower the firm's performance. Therefore, in the current era of intensifying global competition, firms must ensure their cultures are properly aligned with their competitive environments in order to out-perform others (Chow, et al., 1996). Based on the aforesaid premise, Li (2011) argued that an organization that actively respond to changing environment most likely to adjust, revise, or renew its resources, value, beliefs and assumptions which is a necessary process of cultural update for any organizations to survive in today competitive business environment.

A study by Gudlaugsson (2009) also noted that organizational culture is a significant moderator of a market environment. In view of this, Rashid and Sambasivan, (2003) asserted that organizational culture could be responsible for the successes or failures that some organizations recorded in the market environment because it defines how an organization functions and relates with its external environment. Hence, the culture of an organization causes some organizations to outperform others in a given market environment (Rose, 2008). As such, organizations must develop a learning culture in order to understand the market (Farrell, Oczkowski & Kharabsheh, 2008). Because a strong culture facilitate successful integration of organizational tasks and enhances adaptation of organizational strategies to the external environmental forces.

Furthermore, theorist also noted that the contribution of strong culture to environment and performance relationship is conditioned by the nature of organizational size (Weick, 1985). This premise was supported by extant empirical findings by Lucky (2012) in examining the moderating effect of culture on small firm performance in Nigeria. The result revealed that culture is insignificant in the relationship between individual determinants, external factor and firm performance. The result was consistent with (Light & Rosenstein, 1995; Carroll, Rhee & Rhee, 2000). Light and Rosenstein (1995) findings showed that black culture was insignificant in the entrepreneurial development and firm performance. Similarly, Carroll et al, (2000) affirmed that organizational culture was insignificant in explaining international saving rate differential. Following this, Hui and Idris (2009) and Marino et al., (2002) suggested the need to re-investigate the moderating role of culture on other variables such as external environment and HPO.



The resource-based view of competitive advantage also signify that the kind of culture that generate any advantages is subject to value, rarity, Imitability and unsustainability inhered in the culture (Barrney, 1986). Using survey data from 200 corporate managers, McClure (2010) found that conflict has a significant role in explaining how organizational culture influenced market orientation. As such, organizational culture can be viewed as a resource capable of enhancing an organization's competitive position (McClure, 2010). Because, with innovative and supportive culture, organizations are capable of responding to changes in their business environment (McClure, 2010). The finding was consistent with Dickson (1992) whose finding showed that supportive culture is better suited in uncertain markets environment while bureaucratic culture is best suited in stable markets. Vela-Jiménez, Martínez-Sánchez, Pérez-Pérez and Abella-Garcés (2014) examined 156 Spanish companies the result showed that environmental changes and shared cooperation positively moderate the relationship between functional flexibility and financial performance, and between external high skilled expertise and performance. Hence, to achieve positive performance in the current competitive environment, organization should give significant recognition to culture (Zehir, et al., 2011). Accordingly, Acar and Acar (2014) argued that differences in organizational culture and the way in which organizations response to external environment brings differences in performance achievement.

In view of the above discussion, it is apparent that organizational culture is important in strengthening the relationship between external environment and various organizational outcomes. Thus, it is expected that organizational culture would moderate the relationship

between external environment and HPO. Thus, the following hypotheses are proposed in order to achieve the fourth objective of this study.

H4: organizational culture will moderate the relationship between external environment and HPO.

H4a: organizational culture will moderate the relationship between competitive environment and HPO.

H4b: organizational culture will moderate the relationship between government support and HPO.

## **2.10 Gaps in the literature**

Based on the review of literature numerous conclusions can be drawn. First, numerous studies has examined HPWS, external environment and high performance. Despite these empirical studies, there are little studies that have empirically examined HPWS within the context of SMEs. Even though studies on HPWS and performance are widespread, majority of the studies examined HPWS in unidimensional approach. Hence, this study has help to fill this gap by examining HPWS in multidimensional way in order to better understand the individual effect of various practices in HPWS.

Secondly, a comprehensive review past studies indicated that there were inconsistent findings regarding the relationship between HPWS, external environment and high performance. In order to have a better understanding, this study incorporated organizational culture as a moderator on the relationship between HPWS, external environment and high performance organization which have not received research attention. As such, this study

has extended the body of research by the inclusion of organizational culture. This is a noble contribution of this study. Finally, the context this study examined is SMEs in Lagos Nigeria, which past studies on HPWS have not explored.

## **2.11 Conclusion**

This chapter has presented the literature on SMEs, HPWS, external environment and high performance organization. The chapter also revealed different view on the relationship between HPW, external environment and high performance organization. However, the results of these studies are far from conclusion, which suggests the need for introducing a moderating variable on the relationships. Thus, the moderating effect of organizational culture has also been reviewed to determine whether it will change or strengthen the relationships. The review of literature in this chapter provides a foundation for the theoretical framework of this study. The study uses RBV and social exchange theory in establishing a theoretical perspective in justifying the link between HPWS, external environment and HPO. The detailed discussion of the underpinning theory has been presented in this chapter. The next chapter presents the method used in this study.

## **CHAPTER THREE**

### **RESEARCH METHOD**

#### **3.1 Introduction**

Building on the previous chapter which discusses related literatures on HPWS, external environment, organizational culture and HPO, this chapter specifies the research design and techniques used in this study. The discussion begins by describing the research approach, population, sampling techniques, operational definition of variables and instrumentation, layout of the questionnaire, pilot test, procedure for data collection and technique for data analysis.

#### **3.2 Research Approach/Design**

Fundamentally, there are three types of research design: exploratory, descriptive and causal research design. The type of research design to be adopted is subject to the purpose and nature of the study (Sekaran & Bougie, 2013). Exploratory research is conducted when there is little or no information on how related problems are resolved in the past. It involves methods such as focus groups, interviews, or case studies. Causal studies are conducted to determine whether one variable causes another to change. It is undertaking to investigate cause-and-effect relationship between variables, where one variable affects another (Kumar, Talib & Ramayah, 2013; Sekaran & Bougie, 2013). Descriptive studies describe phenomena. It is believed to be suitable when a researcher is interested in examining the relationship between variables to explain a population or situations. A descriptive study could either be quantitative or qualitative in nature and can be cross-sectional or longitudinal (Sekaran & Bougie, 2013).

The question of which approach to be used in a research (quantitatively or qualitatively) is subject to researchers' main goal (Sekaran & Bougie, 2013; Matveev, 2002). A qualitative approach is best used when researcher is exploring a subject about which they do not know much in advance (Sekaran & Bougie, 2013). A qualitative approach is less driven by very specific hypotheses and more concerned with emergent themes and idiographic descriptions (Matveev, 2002). It causes researchers deviate to from the original objectives of the research in response to the changing nature of the context (Matveev, 2002), difficulty in explaining the difference in the quality and quantity of information obtained from different respondents and arriving at different, non-consistent conclusions (Matveev, 2002). Lacking consistency and reliability because the researcher can employ different probing techniques and the respondent can choose to tell some particular stories and ignore others (Matveev, 2002).

Quantitative research involves counting and measuring of events and performing the statistical analysis of a body of numerical data (Matveev, 2002; Sekaran & Bougie, 2013). Quantitative research help to describe the nature of relationship between variables being examined (Sekaran, 2003; Sekaran & Bougie, 2013; Zikmund, 2003). It is best used when researchers want to compare data in a systematic way, make generalizations to the whole population or test theories with hypothesis (Sekaran & Bougie, 2013). Apart from the above, quantitative research test theories, identify important construct for future study and relating variables created through questions by utilizing standards of validity, reliability and statistical procedures and is usually cost effective (Creswell, 2003). In view of the above argument, this study employs a quantitative research approach based on the following reasons. First, the measurement of this study is reliable and valid (Matveev, 2002). A

quantitative research gives the researcher the opportunity to establish the relationship between HPWS, external environment and HPO. Besides, to have satisfactory level of confidence and statistically significance, there is need for sufficient sample thus; quantitative research gives the researcher the ability to gather sufficient data. Unlike, qualitative that is extremely depends on very small (6 to 12) participants, quantitative research is common with hundreds or even thousands of participants. Additionally, one of the characteristic of scientific research is generalization. While qualitative approach tends to have less statistical power to generalize and verify trends, quantitative method permit research findings to be generalized (Sekaran & Bougie, 2009).

Furthermore, this study is cross-sectional research. First, data was collected at a singular point and analyzed using statistical techniques in order to achieve the needed objective (Sekaran, et al. 2001; Kumar, et al., 2013; Sekaran & Bougie, 2013). Besides, cross sectional studies make comparisons at a single point in time, whereas longitudinal studies make comparisons over time. Secondly, cross sectional studies indicate a relationship that exist and are therefore useful in generating hypotheses for future research, unlike longitudinal study whose purpose is to study cause and effect. Lastly, a cross sectional design is good for descriptive analyses and for generating hypotheses whereby multiple outcomes can be studied (Kumar et al., 2013; Sekaran & Bougie, 2013).

A survey method was used for the purpose of this study because of its general acceptability as the most commonly used technique in management and social sciences research (Myers, Montgomery & Anderson-Coo 2009). Secondly, literature has revealed that survey method

is the least expensive particularly when the sample population is geographically widely dispersed (Bryman, 2001). Besides, a significant advantage of survey method is the secrecy of the respondent which can result to more valid responses.

### **3.3 Population and Sampling Design**

Every research questions addresses issues that are of great significant to important groups of individuals known as research population. Population refers to the entire group of people, event, or things of interest that researchers want to study (Sekaran & Bougie, 2013). Similarly, a research population is generally a large collection of individuals or objects that is the main focus of a scientific inquiry. It is for the benefit of the population that researches are done. However, due to the large sizes of populations, researchers often cannot test every individual in the population because it is too expensive and time-consuming. As such, researchers rely on sampling design. Sampling design encompasses all aspects of how to group units on the frame, determine the sample size, allocate the sample to the various classifications of frame units, and finally, select the sample. Choices in sample design are influenced by many factors, including the desired level of precision and detail of the information to be produced, availability of appropriate sampling frames, suitable supporting variables for stratification and sample selection (Sekaran & Bougie, 2013).

#### **3.3.1 Population**

The first step needed for all sampling to be effective is to clearly define the population of interest (Langdridge, 2004). According to small and medium scale enterprise development of Nigeria (2012), Nigeria has a total number of 17, 261,753 SMEs. Obviously, the whole

SMEs in Nigeria cannot be the population of this study because of high costs, time constraints as literature has revealed (Sekaran, 2003; sekaran & Bougie, 2013). That is, from a population, researcher must draw conclusion on the element they need to study (sekaran & Bougie, 2013). The breakdown of SMEs in Nigeria revealed that food and beverage (F&B) sector has the largest segment of the Nigerian SMEs industry (Aussenwirtschaft Austria, Branchenreport Nigeria–June, 2014). Out of the population, Lagos state constituted over 80% (percent) of SMEs in Nigeria (Lagos State Business Directory, 2013, Onugu, 2005). Therefore, F&B SMEs in Lagos make up the population of this study.

Furthermore, food and beverage SMEs constituted the population of this study based on the following reasons. First, because of the poor performance that has been associated with F&B SMEs in Nigeria. According to Gladson Nwokah et al., (2006), even though food and beverages (F&B) are more attractive to industrialist, majority of F&B SMEs in Nigeria still perform poorly. This is consistent with Mohammed and Obeleagu-Nzelibe (2013) that 70% to 80% of foods produce by F&B SMEs in Nigeria fall below industrial standard because of lack of proper business plans, human and financial resources. Besides, F&B SMEs in Nigeria have been under researched and lack of research attention has caused low performance to the SMEs (Ihugba et al., 2013). SMEDAN has a directory that lists all SMEs in Nigeria and it is the best available source that researchers who want to study SMEs in Nigeria can extract a sampling frame. From the 2014 updated SMEDAN directory list, a total of 4535 F&B SMEs that have spent a minimum of ten years in the industry were considered as the study population. This is because SMEs that have spent ten years are more



stable in the market and having spent ten years in the business is sufficient for them to access HPO characteristics.

### **3.3.2 Sampling size**

The choice of a study sample is unavoidable in a research because of the difficulty in observing every element of the population (Herek, Norton, Allen & Sims, 2010) thus the need to take a sample becomes necessary. Since it is practically impossible to gather all the SMEs, selecting who participates in this research is fundamentally important (Gill & Johnson, 2010). All the SMEs in Nigeria cannot be studied because of the high number of the SMEs and vast land mass of the country (about 923,768 km<sup>2</sup>). As such, an optimal sample is significant for minimizing the cost of sampling error, thus suggesting the need for selecting a suitable sample size. According to Salkind (2003) an appropriate sample size is needed for any research because a sample size that contains a very small number of respondents may lead to committing Type I error. Type I error creates the chances of wrongfully rejecting results instead of being accepted. Sekaran (2003) also cautioned that a sample size that is too large is not appropriate because of the problem of type II error, which means accepting the result of a study instead of rejecting the results. This therefore, suggests the need for method of determining a sample size.

In order to avoid the problem of type 1 and type 11 error, this study uses Krejcie and Morgan population and sample size table which is best used by researchers. From Krejcie and Morgan's (1979) population and sample size table, the ideal sample size for a population of 4535, is 354. A large sample side of 354 will make statistical significance test sensitive

(Hair, et al., 2010). Similarly, Hair, Black, Babin and Anderson (2010) argued that, as a rule of thumb, fifteen (15) to twenty (20) respondents for each variable is sufficient to achieve normality and satisfactory result. As a result, it is evidenced that the sample size of 354 is suitable for this study to be generalized. Hence a total of 354 questionnaires were distributed to achieve high response (Bryman & Bell, 2007). The selected sample represents the entire F&B SMEs population therefore any statement from the sample applies to the entire study population.

### **3.3.3 Sampling Technique**

This study draws its samples from every top manager in each of the SMEs. Top managers are the chief executive officer (CEO) of the SMEs who develop goals and make decisions about the direction of the business. Simple random sampling was employed in this study base on the following reasons. First, simple random sampling remained the best sampling when generalizability of findings is the study objective (Ghauri & Grronhaug, 2002; Sekaran & Bougie, 2010). It has the least element of personal bias, unlike all other sampling techniques, which cannot absolutely eliminate sampling error that always occur when a sample is taking from a population (Gupta & Gupta, 2012; Sekaran & Bougie, 2010) and is mostly suitable if the unit of analysis are organizations (Ghauri & Grronhaug 2002; Gupta & Gupta, 2012).

According to Bryman and Bell (2011), Leary (2008), using a simple random sampling the following steps need to be followed.

Step 1: Define the population: 4535 F&B SMEs in Lagos that have spent a minimum of ten years in the industry form the population of this study.

Step 2: A researcher must have a list of sample frame: A list of sample frame for this study was obtained from SMEDAN.

Step 3: The researcher must decide on the sample size to be use: The sample size of this study was 354 based on Krejcie and Morgan's (1979) sample size table.

Step 4: List all the sample in the population and assign a number to them from 1 to N: In this study, all the SMEs were numbered from 1 to 4535.

Step5: Using a table or randomly generated numbers, by selecting n (354) different random numbers that lie between 1 and N (4535): In this study, the sample was draw by writing the names of the SMEs on a slip of paper and were shuffled, a slip was continuously pull out of a basket until the needed sample of 354 were randomly obtained.

Step 6: The respondents to whom the 354 random numbers that constitute the sample must be specified: In this study, the response of every top manager in each of the SMEs was sampled.

### **3.4 Operational Definition and Measures**

This section discusses how the researcher has operationalised and measured the constructs that encompassed the framework of this study. In the process of developing the items of this study, many measurements in various literatures have been examined. However, this study adopts items that have received large validation from previous researchers. Overall, four main constructs were involved in this study.

### **3.4.1 High Performance Organization-Dependent variable**

Because of the sensitive nature of organizations financial data, the sampled SMEs failed to provide data regarding their objective performance measures when requested by the researcher. They see their financial data as personal and business secret, thus, respondents were reluctant to disclose their financial information (Way, 2002). As a result, this study followed Dyer & Reeves (1995) that no one better way of measuring performance, because subjective measure of performance is correlated with objective measure of performance (Wall, Mitchie, Patterson, Wood, Sheeran, Clegg & West, 2004). Hence, this study uses subjective way to measure HPO in order to obtain reliable responses.

In this study high performance organization (HPO) was operationalized as organizations that has achieve both financial and non financial outcome better than their competitors over a minimum period of five to ten years (Waal, 2010). HPO was measured by thirty five (35) items originally developed by de Waal (2010). The 35 items has satisfactory internal consistency with Cronbach alpha ranging from 0.73 to 0.86 (de Waal & Akaraborworn, 2013; de Waal, Goedegebuure & Tan Akaraborworn, 2014; de Waal & Sivro, 2012; de Waal & Sultan 2012). All the items used in this study were made on a seven point Likert scales whereby 1 represent strongly disagree to 7= strongly agree. Seven points Likert scale was adopted by the researcher because it lessen the chances of cognitive loading, increase the reliability of the scale and trim down the error that may occur from rater's central tendency (Preston & Colman, 2000), guide respondents the freedom to decide on numerous choices in the survey, keep respondents away from biasness and time saving (Garland, 1991; Hair et al., 2007). This study is not the first to modify HPO scales. For instance,

Bagorogoza and de Waal (2010); de Waal and Akaraborworn (2013) has also modified HPO scale on a ten Likert scale. All the questions that measures HPO are shown in Table 3.1 respondents were requested to indicate the level of agreement to each item on HPO in relation to their business.

Table 3.1  
*High performance organization*

Variable	Operational definition	Items	Authors
HPO	An organization that has achieve both financial and non financial outcome better than their competitors over a minimum period of five to ten years (Waal, 2010).	<ol style="list-style-type: none"> <li>1. This organization has adopted a strategy that sets it clearly apart from other organizations.</li> <li>2. In this organization processes are continuously improved.</li> <li>3. In this organization processes are continuously simplified.</li> <li>4. In this organization processes are continuously aligned.</li> <li>5. In this organization everything that matters to performance is explicitly reported.</li> <li>6. In this organization both financial and non financial information is reported to organizational members.</li> <li>7. This organization continuously innovate its core competencies</li> <li>8. This organization continuously innovate its products, processes and services.</li> <li>9. The management of this organization frequently engages in a dialogue with employees.</li> <li>10. Members of this organization spend much time on communication, knowledge exchange and learning.</li> <li>11. Members of this organization are always involved in important processes.</li> <li>12. The management of this organization allows making mistakes.</li> <li>13. The management of this organization welcomes change.</li> <li>14. This organization is performance driven.</li> <li>15. The management of this organization is trusted by organizational members.</li> </ol>	DeWaal, 2010

Variable	Operational definition	Items	Authors
		<p>16. The management of this organization has integrity.</p> <p>17. The management of this organization is a role model for organizational members.</p> <p>18. Management applies fast decision making.</p> <p>19. The management of this organization applies fast action taking.</p> <p>20. The management of this organization coaches organizational members to achieve better results.</p> <p>21. The management of this organization focuses on achieving results.</p> <p>22. The management of this organization is very effective.</p> <p>23. The management of this organization applies strong leadership.</p> <p>24. The management of this organization is confident.</p> <p>25. The management of this organization is decisive with regard to non-performers.</p> <p>26. The management of this organization always holds organizational members responsible for their results.</p> <p>27. The management of our organization inspires organizational members to accomplish extraordinary results.</p> <p>28. Organizational members are trained to be resilient and flexible.</p> <p>29. This organization has a diverse and complementary workforce.</p> <p>30. This organization maintains good and long-term relationships with all stakeholders.</p> <p>31. This organization is aimed at servicing the customers as best as possible.</p> <p>33. The management of this organization has been with the company for a long time.</p> <p>34. This organization is a secure workplace for organizational members.</p> <p>35. New management is promoted from within the organization.</p>	

### **3.4.2 High Performance Work system (HPWS) -Independent Variable**

HPWS served as the independent variable in this study. The HPWS practices in this study were chosen because they have been predicted by previous researchers for achieving higher organizational performance. As such, HPWS is operationalized as innovative human resource practices intended to enhance employee's skills, loyalty and productivity such that employees become a source of competitive advantage for the organization (Datto, et al., 2005). The HPWS in this study cover seven practices such as best recruitment practice (BRP), fairness in promotion (FPRO), competitive salary (COMSAL), job enrichment (JE), job security (JS), managerial role (MROLE) and work life balance (WLB).

#### **3.4.2.1 Best Recruitment Practices (BRP)**

Best Recruitment Practices (BRP) was operationalized as organization consistency to its recruitment process supported by ethical standard, selecting the best and providing realistic information to applicant in recruitment process. As shows in Table 3.2 BRP was measured by thirteen (13) items adopted from Bauer, Truxillo, Sanchez, Craig, Ferrara and Campion (2001). Respondents were asked to respond to the items on BRP in relation to their organizations. These items have been validated in a number of studies and were found to have satisfactory internal consistency with a crobach alpha ranging from 0.8 to 0.96 (Truxillo, Bauer & Sanchez, 2001; Wang, Hackett, Cui & Zhang, 2012). All items on BRP in this survey were measured on a seven -point Likert scale ranging from 1“strongly disagree” to 7 “strongly agree. Table 3.2 below showed the measurement of the items on BRP.

Table 3.2  
*Best Recruitment Practice (BRP)*

Variable	Practices	Operational definition	Items	Author
<b>High performance work system</b>	Best Recruitment Practices (BRP)	organization consistency to its recruitment process supported by ethical standard, selecting the best and providing realistic information to applicant in recruitment process (Bauer, et al., 2001).	<ol style="list-style-type: none"> <li>1. Doing well during the recruitment process means the candidate can do the job well.</li> <li>2. A candidate who scored well during recruitment process will be a good job performer.</li> <li>3. The organization provides clear information to ensure the candidate understood in advance what the recruitment processes would be like.</li> <li>4. The organization provides clear information to ensure the candidate knows what to expect on the test.</li> <li>5. The organization provides clear information to ensure the candidate has sufficient information about what the format of the test would be.</li> <li>6. The organization provides clear information to ensure the candidate could really show his/her skill and ability during recruitment process.</li> <li>7. The organization provides clear information to ensure the recruitment process allowed candidate to prove what his/her skill is.</li> <li>8. The organization provides clear information to ensure the recruitment process gives candidate the opportunity to show what he/she can really do.</li> <li>9. The organization provides clear information to ensure the candidate will be able to show what he/she can do during the recruitment process.</li> <li>10. The organization provides clear information to ensure the candidate is given ample opportunity to have his/her test result rechecked, if necessary.</li> <li>11. The content of the recruitment process seemed appropriate.</li> <li>12. It would be clear to everybody that this organization recruitment is</li> </ol>	Bauer, et al., (2001).



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related to applicant experience of the job.  
 13. The content of the recruitment process is clearly related to the job.

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### 3.4.2.2 Fairness in Promotion

Fairness in promotion is operationalized as fairness in the procedure and decision in determining employee promotion in an organization (Hwang, 2007). Fairness in promotion was measured by twelve (12) items adapted from Hwang (2007). The items ask respondents to show the degree to which they agree with the statement on fairness in promotion. The internal consistencies of the items have been proven to be satisfactory (Cronbach's alpha ranging from 0.80 to 0.89) (Pompper, 2011; Pompper, 2013; Shelton, Delgado-Romero & Werther, 2014). All items were measured using seven-point Likert scale (from 1 "strongly disagree" to "7 strongly agree"). These items were modified according to the research context. Similar studies have used modified versions of Hwang, (2007) scale to successfully measure fairness in promotion. A full listing of the selected items in fairness in promotion can be found in Table 3.3.

Table 3.3  
*Fairness in promotion*

Variable	practices	Operational Definition	Items	Author
HPWS	Fairness in Promotion (FP)	Fairness in the procedure and decision made by an organization in determining employee promotion (Hwang, 2007).	<ol style="list-style-type: none"> <li>1. Promotion procedures in this organization are designed to generate standards so that decisions can be made with consistency.</li> <li>2. Promotion procedures in this organization are designed to allow for requests for clarification or additional information about the decision.</li> <li>3. Promotion procedures in this organization are designed to collect accurate information necessary for making decisions.</li> <li>4. Promotion procedures in this organization are designed to provide opportunities to appeal or challenge the decision.</li> <li>5. Promotion procedures in this organization are designed to have all parties that are represented to be affected by the decision.</li> <li>6. Promotion procedures in this organization are designed to hear the concerns of all those affected by the decision.</li> <li>7. The promotion procedure and decision in this organization is fair.</li> <li>8. Employees are satisfied with the promotion procedure in this organization.</li> <li>9. Employees are satisfied with the decisions of whoever is promoted in this organization.</li> <li>10. Employees feel offended when they understand how promotions are allocated in this organization.</li> <li>11. Employees are willing to accept and follow the promotion decisions made by management in this organization.</li> <li>12. Employees are familiar with the way this organization determines promotions to higher positions.</li> </ol>	Hwang, (2007)

### 3.4.2.3 Competitive salary

Competitive salary was operationalized as organizations ability to provide financial and non financial benefits that is suitable or above others in the market. Competitive salary was measured by ten items developed by Oldham, et al., (1986). The items were adapted to suit the context of this study. Adaptations of these items have been found to be reliable in previous researches with a Cronbach alpha of 0.73 and above (Iverson & Buttigieg, 1999; Ko, Price & Mueller, 1997). All items on competitive salary were measured using seven - point Likert scale (from 1“strongly disagree” to “7 strongly agree”). Table 3.4 shows the competitive salary items.

Table 3.4  
*Competitive Salary*

Variable	Operational definition	items	Author
Competitive salary (CS)	Providing financial and non financial benefits that is suitable or above others in the market.	1. Employees are paid a great deal of money for performing their job in this organization. 2. Employees make enough money to take care of their family in this organization. 3. Employees get regular raises in this organization. 4. Employees get time off with pay on observed public holidays in this organization 5. Employees receive a great amount of time off with pay in their respective position in this organization. 6. Employees in this organization make a considerable amount of money on their job. 7. If employees were to die, their family would receive benefits from the organization. 8. Employees in this organization are entitled to personal leave (e. g: marriage leaves) with pay each year. 9. Employees need additional income to make ends meet in this organization. 10. Overall, employee's salary is quite low in this organization.	Oldham, Kulik, Stepina & Ambrose, (1986).

### 3.4.2.4 Job Security

The extent to which an employee could expect to stay in the job over an extended period without his or her work hour not affected. Job security was measured by ten (10) items developed by Oldham, et al., (1986). The items were re-worded in order to appropriately suit the context of this study. The researcher is not the first to re-word Oldham, et al., (1986) original version of job security. In the past, studies have made similar modification (Kraimer, Wayne, Liden & Sparrowe, 2005). The items have been reported to have an adequate internal consistency (the Cronbach alphas ranging from .74 to .96 (Kraimer, et al., 2005; Loi, et al., 2011; Valcour, et al., 2011; Wang, et al., 2014). All measures used in this study were based on 7-point Likert scales. The items are demonstrated in table 3.5

Table 3.5  
*Job security*

Variable	Practices	Operational definition	items	Authors
HPWS	Job security (JS)	The extent to which an employee could expect to stay in the job over an extended period and his or her work hour not affected.	1. Employees can expect to stay in the organizations for as long as they wish.  2. The organization will not reduce the number of hours employees work each week.  3. If this organization was facing economic problems, permanent employees would be the last to retrench.  4. Employees in this organization are confident that they will be able to work for the organization as long as they wish.  5. Employees job will be there as long as they want it.  6. If an employee job were eliminated, he or she will be offered another job in the organization.  7. Regardless of economic conditions,	Oldham, Kulik, Stepina and Ambrose (1986).

Variable	Practices	Operational definition	items	Authors
			employees in this organization will have a job. 8. Employees in this organization are secure of their job. 9. This organization would transfer employees to another job if they were laid off from their present task. 10. Job in this organization is not a secure one.	

### 3.4.2.5 Job Enrichment

Job enrichment was operationalized as a medium through which management motivate self driving employees by assigning them additional responsibility to use variety of skills (Hackman & Oldham, 1974, 1975). In this study, Job enrichment was measured by seven (7) items adapted from the job diagnostic survey developed by Hackman and Oldham (1974; 1975). The seven items on job enrichment has been shown to be reliable and valid by previous studies with a Cronbach's alpha ranging from .70 to .89 (Dwyer & Fox, 2000; Fried, Laurence, Shirom, Melamed, Toker, Berliner & Shapira, 2013; Harley, Sargent & Allen, 2010; Idaszak & Drasgow, 1987; Lee-Ross, 1999; Luna-Arocas & Camps, 2007; Marchese, & Delprino, 1998; Niehoff, Moorman, Blakely & Fuller, 2001; Spreitzer, Kizilos & Nason, 1997; Vecchio & Sussmann, 1981; Whittington, Goodwin & Murray, 2004). The items were made on a seven point Likert scales whereby 1=strongly disagree and 7= strongly agree. The items ask respondents to indicate their level of agreement to the job enrichment statements. Minor modification was made to suit the context of this study before administering the survey to the respondents. The researcher is not the first to modify job enrichment items developed by Hackman and Oldham (1974, 1975). Previous researchers such as Harley, Sargent and Allen (2010); Luna-Arocas and Camps (2007) and Niehoff,

Moorman, Blakely and Fuller (2001) had also made similar changes to the original version of Hackman and Oldham, (1974, 1975) scale. Table 3.6 shows the job enrichment items used in this study.

Table 3.6  
*Job Enrichment*

Variable	Practices	Operational definition	Items	Author
HPWS	Job enrichment	Medium through which management can motivate self driving employees by assigning them additional responsibility to use variety of skills.	<ol style="list-style-type: none"> <li>1. Job in this organization involves the use of a number of different skills and talents of the employee.</li> <li>2. Job in this organization requires the completion of job from the beginning to the end with visible result.</li> <li>3. Job in this organization has a significant impact on the lives or work of other people.</li> <li>4. Job in this organization gives employee the freedom to determine how he or she will carry out the task.</li> <li>5. Job in this organization gives employee the discretion to schedule work.</li> <li>6. Job in this organization is set up in such that employee obtain information about the effectiveness of his or her performance.</li> <li>7. Job in this organization requires the employee to work closely with other people.</li> </ol>	Hackman and Oldham (1974, 1975).

### 3.4.2.6 Work Life Balance (WLB)

WLB was operationalized as a program that supports employees to split their time and energy between works, family, personal growth and other important aspects of their lives (Clark, 2001). WLB was measured by thirteen (13) items developed by Clark (2001). The thirteen items have been shown to be reliable and valid for measuring WLB. For instance, literature has revealed that the internal consistency of the scale (the Cronbach alphas range from .73 to .85) (Darcy, McCarthy, Hill & Grady, 2012; Helmle, Botero & Seibold, 2014; Lapierre & Allen, 2006; Li, Miao, Zhao & Lehto, 2013). Similarly, the WLB items used in this study were made on a seven point Likert scales whereby, 1 = strongly disagree, and 7 = strongly agree and the respondents were rated base on their level of agreement with WLB statements. This study is not the first to modify Clark (2001) WLB items. In the past, researcher such as Helmle, et al., (2014) has also made similar changes to the original version of Clark, WLB instrument. The items that measured WLB are summarized in Table 3.7 below.

Table 3.7  
*Work life balance*

Variable	Practices	Operational definition	Items	Author
HPWS	Work life balance (WLB)	A program that supports employees to split their time and energy between work, family, personal growth and other important aspects of their lives (Clark, 2001).	1. This organization allows employees to arrive and depart from work when the need arise.  2. This organization allows employees to work the hours that are best for their schedule freely. 3. This organization allows flexibility in employee's schedule. 4. The nature of business in this organization allows	Clark (2001)

Variable	Practices	Operational definition	Items	Author
			<p>employees to carry out work projects during spare time at home.</p> <p>5. This organization allows employees to take a day off of work easily if they want to.</p> <p>6. Management in this organization understands employees' family demands.</p> <p>7. Management in this organization listens when employees talk about their family issues.</p> <p>8. Management in this organization acknowledges that employees have obligations as a family member.</p> <p>9. This organization directs employees' activities at work.</p> <p>10. This organization allows employees to choose whatever they want to do at work.</p> <p>11. This organization allows employees in charge of their activities at work.</p> <p>12. This organization allows employees to determine where they place their time and energies at work.</p> <p>13. This organization allows employees to have a say in what goes on at work.</p>	

#### 3.4.2.7 Managerial Role

Managerial role was operationalized as the ability of managers to mobilize personal contacts, identify new idea and cooperate with others to achieve competitive advantage for the organization. Managerial role was measured by sixteen (16) items adapted from the work of Denison, Hooijberg and Quinn (1995). The sixteen (16)-items have been shown to be reliable and valid for measuring managerial role. Studies have reported that the scale has adequate internal consistency (the Cronbach alphas ranging from .76 to .82 (Gibson, et al., 2004; Spreitzer, 1995; Vilkinas & Cartan, 1997). Table 3.8 shows the managerial items used in this study.



Table 3.8  
*Managerial role*

Variable	Practices	Operational definition	Items	Authors
HPWS	Managerial Role	The ability of managers to mobilize personal contacts, identify new idea and cooperate with others to achieve a competitive advantage for the organization.	<ol style="list-style-type: none"> <li>1. Management in this organization always comes up with innovative ideas.</li> <li>2. Management in this organization experiments new concepts and ideas.</li> <li>3. Management in this organization exerts upward influence.</li> <li>4. Management in this organization influences the decisions made at higher levels.</li> <li>5. Management in this organization ensures that the unit delivers on stated goals.</li> <li>6. This organization gets the unit to meet expected goals for this organization.</li> <li>7. Management in this organization makes the unit's role very clear.</li> <li>8. Management in this organization clarifies the unit's priorities and directions.</li> <li>9. Management in this organization predicts workflow problems and consequently avoids the crisis.</li> <li>10. Management in this organization brings a sense of order into the unit.</li> <li>11. Management in this organization maintains tight logistical control.</li> <li>12. Management in this organization compares records or reports to detect discrepancies in this organization.</li> <li>13. Management in this organization surfaces key differences among group members and take part to resolve them.</li> <li>14. Management in this organization encourages group participative decision making.</li> <li>15. Management in this organization shows empathy and concern in dealing with subordinates.</li> <li>16. Management in this organization treats each individual in a sensitive, caring way.</li> </ol>	Denison, Hooijberg & Quinn (1995).

### **3.4.3 External Environment**

External environment is also an independent variable. External environment was operationalized as the overall factors that can significantly influence the organization which is beyond their control (Bae, 2011; Chi, et al., 2009). In this study, external environment was measured by competitive environment and government support.

#### **3.4.3.1 Competitive environment**

Competitive environment was operationalized as the dynamic external system in which a business competes and functions as a result affect the life span or growth of the organization (Voss & Voss, 2000). In this study, competitive environment was measured by seven (7) items developed by Khandwalla (1972) and Voss and Voss (2000). The present study chooses two measurements from separate study because the original items developed by Voss and Voss (2000) which have been extensively validated by previous researchers were only 3 items. The items were not sufficient for this study to achieve a satisfactory reliability. According to Hair, et al., (2007) and Hair et al. (2010) a minimum of five items is required in a variable in order to achieve a satisfactory reliability. Thus, to achieve satisfactory results this study also considered other items developed by Khandwalla (1972) which have been validated by previous researchers. Several studies have reported that both scales have adequate internal consistency (the Cronbach alphas ranging from .70 to .84 (Chong, Eggleton & Leong, 2005; Hoque, 2011; Hoque, Mia & Alam, 2001; Libby & Waterhouse, 1996; Lim, 2013; Tuanmat & Smith, 2011; Waldman, et al., 2001). Respondents were requested to show the level of market competition in the industry using seven-point Likert-

3. The organization monitors which competitor products are successful in the market.
4. Price competition is a main characteristic in the industry.
5. There is high degree of market competition in the industry.
6. Competition in the quality of products is high in the industry.

6. Competition in the quality of products in this industry is very high.
7. Competition in variety of products in this industry is very high.

6. Competition in the quality of products in this industry is

6. Competition in the quality of products in this industry is

(Adomako & Danso, 2014; Manolova, Eunni & Gyoshev, 2008; Roxas & Chadee, 2013).

Table 3.10 shows the items that measures government support.

Table 3.10  
*Government support*

Variable	Dimension	Operational definition	Items	Author
<b>External Environment</b>	Government support	Government support to encourage the growth of small business (Busenitz, Gomez & Spencer, 2000).	<ol style="list-style-type: none"> <li>1. Government regulators assist individuals in starting their own businesses.</li> <li>2. The government sets aside government contracts for new and small businesses.</li> <li>3. The government has special support available for individuals who want to start a new business.</li> <li>4. The government sponsors organizations that help new businesses develop.</li> <li>5. Even after failing in an earlier business, the government assists the firm in starting again.</li> </ol>	Busenitz, Gomez & Spencer, (2000).

#### 3.4.4 Organizational culture as a moderator

For the purpose of developing reasonably culture items requires researchers to measure organizational culture by organizational practices (Deshpandé, Farley & Webster, 1993). Accordingly, organizational culture was operationalized in this study as the pattern of shared values and beliefs that help members of an organization understand why things happen and thus teach them the behavioral norms in the organization (Deshpandé, et al., 1993). Therefore, this study measured organizational culture by sixteen (16) items

developed by Deshpandé, et al., (1993). These items have been validated in a number of studies with a cronbach alphas ranging from .706 and 0.821 (Deshpande & Farley, 1999; Ezirim, et al., 2010; Ogbonna & Harris, 2000). The items used in this study are based on seven point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). The items measuring organizational culture are shown in Table 3.11 below.

Table 3.11

*Organizational culture*

Variable	Operational definition	Original Items	Authors
Organizational culture	The pattern of shared values and beliefs that help members of an organization understand why things happen and thus teach them the behavioral norms in the organization (Deshpandé, et al., 1993).	<ol style="list-style-type: none"> <li>1. This organization is a very personal place, is like an extended family, people seem to share things together.</li> <li>2. This organization is a very dynamic and entrepreneurial place people are willing to take risk.</li> <li>3. This organization is a formalized and structural place established procedures generally govern what people do.</li> <li>4. This organization is production orient a major concern is getting the job done, without much personal involvement.</li> <li>5. The head of this organization is generally considered to be a mentor, a father or mother figure.</li> <li>6. The head of this organization is generally considered to be an entrepreneur, an innovator, or a risk taker.</li> <li>7. The head of this organization is generally considered to be a coordinator, an organizer, or an administrator.</li> <li>8. The head of this organization is generally considered to be a producer, a hard-driver.</li> <li>9. The glue that holds this organization together is loyalty and tradition, commitment to this firm runs high.</li> <li>10. The glue that holds this organization together is a commitment to innovation and development, there is an emphasis on</li> </ol>	Deshpandé, Farley and Webster, (1993).

Variable	Operational definition	Original Items	Authors
		being first.	
		11. The glue that holds this organization together is formal rules and policies maintaining a smooth-running institution are important here.	
		12. The glue that holds this organization together is the emphasis on tasks and goal accomplishment, production orientation is commonly shared.	
		13. The organization emphasizes human resources, high cohesion and morale in the organization is important.	
		14. This organization emphasizes growth and the acquisition of new resources, the readiness to meet new challenges is important.	
		15. This organization emphasizes permanence and stability, efficient, smooth operations are important.	
		16. This organization emphasizes competitive actions and achievement, measurable goals are important.	

### 3.5 Layout of the Questionnaire

Questionnaire remains one of the most appropriate means for data collection in survey research (Nnamdi, 1991). For that reason, a close ended structured questionnaire was designed to collect information on HPWS, external environment, organizational culture and HPO among managers in Nigeria SMEs. A field survey questionnaire was grouped into four parts with 11 subsections.

Section A was designed to solicit respondent information about the two independent variables (HPWS and external environment). Section B solicited information about organizational culture which represents the moderating variable, while Section C was used to obtain information about HPO, which represented the dependent variable for this study.

Finally, Section D was designed to solicit respondent's demographic information. Questions on the demographic information of the respondent were presented last in the questionnaire in order to minimize respondent's possible fatigue and carelessness in answering the key questions in the questionnaire (Alreck & Settle, 1995).

Furthermore, subject to the disagreement in choosing a particular scale, Dawis (1987) asserted that no precise best measures in designing survey scale, the researcher noted that one scale could be better in one problem but problematic in another. Krosnick and Fabrigar (1997) argued that a scale between five and seven points is more reliable and valid than shorter or longer scales. Accordingly, this study used seven points Likert scale from 1 strongly disagree to 7 strongly agree with respondents signifying their level of agreement to each items. The questions were prepared in English because it serves as the generally acceptable channel of communication in Nigeria. Top managers are deemed fit to answer the questionnaire because they are the decision makers in setting the strategic orientation of the organization (Cunningham & Lischeron, 1991).

### **3.6 Pre Test**

Having designed the questionnaire, this study found it important to pretest the instrument in Nigeria, to ensure the respondent understand the question and to avoid the problem of wording of the measurement (Sekaran & Bougie, 2010). Specifically, the period of three days (28<sup>th</sup> to 31<sup>th</sup> of December 2014) was used to conduct the pretest among Nigeria SMEs who has the same characteristics with the actual respondents. Before the pretest survey was conducted, the questionnaire was first reviewed by three experts, including a professor and

two senior lecturers from Nigeria University to examine the quality of the survey instrument for its face validity in terms of wording, format, clarity, simplicity and ambiguity of the questionnaire items (Yaghmale, 2009). The wording of the items in each construct were corrected and confirmed to be clear. Afterwards, a pre-test was conducted involving 20 SMEs managers who are within the studied population but outside the studied sample to ensure the concepts used are within the understanding of the managers and to established content validity (Zikmund, 2003). During the process of the pretest, the researcher also used the opportunity to engage the F&B managers in a briefed discussion about the overall assessment of the questionnaire. From the pretest, most of the respondents commended the content of the questionnaire, they highlighted that the element in the survey captured the current issues affecting the sector performance to which they are major players.

However, during the pretest, the respondents raise some observation that the items in the questionnaire are too lengthy. They also made similar observation regarding the demographic characteristic that: while SMEs below 10 years were not included in the survey. The pre test result provide the researcher the chances of improving the questionnaire by re-wording and rephrasing the few questions that are believed not transparent enough as demonstrated from the survey response. The academic qualification of the respondents was added in the demographic section after the pretest survey. After the pretest, the items were reworded again by the researcher. Thereafter, the items were again presented to three academic researchers (one professor and two senior lecturers) to confirm the content validity and terminology used, making some changes with the recommendation included in this



procedure. Afterwards, the modified questionnaire was pilot tested to check the suitability of the items on the target population. The result of the pre test is shown in table 3.12 below.

Table 3.12  
*Summary of the Results of the pre test*

Constructs	Number of items	Cronbach's Alpha
HPO	35	.721
Best Recruitment Practice	13	.704
Fairness in Promotion	12	.737
Competitive Salary	10	.694
Job Security	10	.729
Job Enrichment	7	.791
Work Life Balance	13	.683
Managerial role	16	.713
Competitive Environment	7	.851
Government Support	5	.709
Organizational culture	16	.701

### 3.7 Pilot Test

It is imperative for a study to conduct a pilot test to uncover the shortcomings if any and consequently proceed to address these problems prior proceeding with the larger scale study (Alam, 2009; Doug, Burton, Cuthill, Festing, Hutton & Playle, 2006) particularly when the questionnaire has been used in another context (Hair, et al., 2006). A pilot survey was conducted to ascertain the consistency of the questionnaire and the internal reliability of the measures. The questionnaire was randomly distributed to 30 F&B SMEs managers on the 3<sup>rd</sup> to 7<sup>th</sup> of January 2015. It is important to note that SMEs managers involved in the pilot study were not involved in the actual study. The list of 30 F&B SMEs for the pilot study was taking from the population of 4535 F&B SMEs after selecting the sampled SMEs. The Cronbach's alpha from the pilot study was more than .70 as a result no item was

deleted. All items were well understood by the respondents. The summary of the result of the pilot survey is showed in table 3.13 below.

Table 3.13  
*Summary of the pilot test reliability analysis of constructs*

Constructs	Number of items	Cronbach's Alpha
HPO	35	.890
Best Recruitment Practice	13	.832
Fairness in Promotion	12	.828
Competitive Salary	10	.861
Job Security	10	.916
Job Enrichment	7	.846
Work Life Balance	13	.708
Managerial role	16	.853
Competitive Environment	7	.786
Government Support	5	.701
Organizational culture	16	.814

### 3.8 Data Collection Procedure

Following pilot testing, the researcher commences the actual data collection, which takes a period of 4 months (from February to May 2015). The survey was conducted through self-administered questionnaires. The major advantage of self-administered questionnaires is that the researcher can collect all the completed responses within a short period of time. Specifically, full-scale data collection started from first week of february 2015 and ended on the 3<sup>rd</sup> week of May 2015. As stated earlier, questionnaire was the method used to collect data for this study, and was administered to top managers in F&B SMEs in Lagos Nigeria through self-administration. The questionnaires were envelopes with the letter from OYAGSB, even though the respondents had been formally informed by telephone calls requesting their interest to participate in the survey, following their telephone contact from

the sample frame obtained from SMEDAN. Every respondent was offered a pen and a note book after the collection of the questionnaire as a gift item to show appreciation for taking their time to fill the questionnaire. Consistent with the theory of reciprocity by Goulder (1960) that individuals should respond positively to individuals that have offered help to them (Smith, Loftin, Murphy-Hill, Bird & Zimmermann, 2013).

However, some of the respondents complained of the long pages questionnaires that the items are too lengthy and time consuming. The long pages questionnaire creates difficulty to apply drop-off and pick questionnaire approach considering the busy nature of the respondents. This causes the researcher to make the return of the questionnaire to be three to five days. Daily follow-up calls was made, including physical contact with telephone calls to ensure timely completion and to trim down the chances of non response bias commonly encountered by researchers during the process of data collection (Bryman & Bell, 2007) and this yielded a successful result as many of them cooperated. In the course of interacting with the respondents, they were given the assurance that all the information provided is for academic purpose and will remain confidential. Additionally, putting into consideration differences in individual learning and the busy nature of the managers in these industries, the respondents who participated in the survey were given adequate time between three to five days to fill the questionnaire to give true response. This became necessary considering the fact that the respondents were top managers who were very busy with their job schedule. Besides, this was also due to the initial observation raise by some respondents during the pretest and pilot study that the items involved in the surveyed was too lengthy.

### 3.9 Technique for Data Analysis

Upon completing the data collection process, the researcher proceeded to analyze the data to test the studied hypotheses. In order to achieve the research objectives, the hypotheses testing and other tests that are conducted in this study were conducted through the relevant software that is deemed suitable for the study. There are two types of data testing analysis such as palametry (SPSS) and non-palametry (SEM-PLS) data analysis. Though, the use of PLS-SEM has accelerated over time in different disciplines such as strategic human resource management. However, PLS-SEM methodological properties are commonly misunderstood, leading to the techniques misapplication even in top journals (Hair, Sarstedt, Ringle & Mena, 2012). Much of the increased usage of PLS-SEM can be credited to the method's ability to handle problematic modeling issues that routinely occur in the social sciences such as unusual data characteristics and highly complex models (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014). Given the popularity and expected continued growth of PLS-SEM, many researchers have failed to realize that it may be problematic to assume that PLS-SEM is the automatic choice or most suitable data analysis techniques. This is because much of the advantage of PLS-SEM is credited to non-normal data and small sample size (Hair et al., 2014). These characteristic makes PLS-SEM particularly valuable for exploratory research purposes (Hair et al., 2014). However, while the rule of thumb provides a rough estimate of minimum sample size of 30, PLS-SEM has failed to address generalization of result. Following this, Hair et al., (2014) argued that researchers should approach data analysis techniques with caution, as misunderstandings have caused skepticism about the general uses of PLS-SEM. They emphasized that as with any other

model-based data analysis techniques, researchers must consider the sample size (Hair et al., 2014).

In light of the above, this study uses statistical package for social science (SPSS) version 20.0 to analyze the data for this study because of the following reasons. Due to data handling capabilities, easy identification of groups of data, effective data management, better output organization and wide range of analytical functions (Emtage & Duthy, 2002). The use of these functions allows researchers to calculate quickly test variations in category schemes used to classify responses to open ended questions, and collapse categories where necessary (Emtage & Duthy, 2002). Besides, SPSS is the most preferred tools adopted by researchers to present data in the field of social science because its helps researchers to make research work more scientific and reliable, proved more valuable in graphical presentation of raw data ((Julie, 2007).

Furthermore, using SPSS application, various graphs based on different complex data can be draw easily and effectively. SPSS also play a significant role in the process of interpreting and analyzing the data. While the researcher recognizes these values, this study makes use of SPSS (version 20) in analyzing the data. In the process of analyzing the data, this study uses different procedures (descriptive analysis, content validity, and factor analysis, test of reliability, correlation test, and multiple/hierarchical regression) in SPSS in testing the hypothesis. The following explains each analysis conducted.

### **3.9.1 Descriptive Analysis**

Descriptive statistics help to explain the occurrence of interest (Sekaran, 2003). To begin with, this study conducted data screening to deal with cases of missing values, removed the outliers and normalized the data. Afterwards, descriptive statistics such as minimum, maximum, means, standard deviation and variance was conducted to measure variables with interval scale (Sekaran, 2003; Trochim, 2006).

### **3.9.2 Content Validity**

Cooper and Schindler (2008) defined content validity as the extent to which measurement scale satisfactorily cover the questions under examination. That is, items are estimated to meet content validity if the items have been judge by experts as satisfactorily cover the variables being measured (Sekaran, 2003; Zikmund et al., 2010). Hair et al. (2010) also avowed that content validity or face validity of a scale involved subjective evaluation of a scale ability to assess what it is believed to measure. Following this, this study ensured the content validity based on the comment and feedback from three experts (one professor and two senior lecturers) in the field of management to give the assurance that items on HPWS, external environment, organizational culture and HPO suit the context of SMEs.

### **3.9.3 Factor Analysis**

According to Hair et al. (2010) and Pallant (2001) factor analysis is a technique employed to describe the fundamental arrangement of data matrix. Primarily, factor analysis help to ascertain which items merge into more manageable group of factors by retaining only the items that have acceptable loadings which explain the variable (Sekaran, 2003). Thus, factor

analysis was used in this study to ascertain the goodness of fit of the items because the items were all adopted/adapted from previous studies. This was conducted to establish the validity of the items and the dimensionality of the variables (Hair et al., 2010).

Various statistical measures was used in this study to evaluate the factor ability of the data such as Bartlett's test of sphericity (BTS) and Kaiser-Meyer-Olkin (KMO). The KMO index ranges from 0 to 1. According to Tabachnick and Fidell (2007), to achieve valuable factor analysis, the lowest value of KMO should be 0.6. Similarly, Kinnear and Gray (1994) argued that the value of KMO should be higher than 0.50 for the result to qualify for further analysis. That is to say a KMO of less than 0.60 may perhaps not applicable. A study by Hair et al., (2010), interpreted the value of KMO like: 0.90 as excellent result, 0.80 as commendable output, 0.70 satisfactory outputs and 0.60 as average result. However, Hair et al. (2010) suggested that KMO of 0.50 is acceptable but not recommended while KMO that is below 0.50 is not acceptable. Following the aforesaid argument, this study applied a threshold of 0.60.

#### **3.9.4 Reliability Analysis**

Reliability is the degree to which variable or set of variables consistently measure what they are deemed to measure (Hair et al., 2010). The higher the reliability the higher the relationships between the variables and their indicators that is, the variable give details of the variance in each indicator (Hair et al., 2010).

To validate the goodness of the research instrument, this study conducted the reliability and validity of the variables. The Cronbach alpha was calculated to determine the internal consistency of the items measuring each variable. A high value of coefficient Cronbach alpha shows a high level of reliability of the items. According to Zikmund et al. (2010), internal consistency is usually measure by coefficient alpha. The coefficient alpha shows whether various items unite (Zikmund et al., 2010). Scales that have a coefficient alpha between .80 and .95 are believed to be very good reliability, while the value of coefficient alpha that ranges from .60 to .70 shows reasonable reliability, nevertheless, a coefficient alpha lower than 0.60, is considered as having a poor reliability (Zikmund et al., 2010). Nunnally (1978) suggested a minimum value of .70. Similarly, Hair et al. (2010) argued that a coefficient alpha value of 0.60 to 0.70 is considered to be the lowest limit of acceptability. However, a higher value of coefficient alpha shows greater reliability (Pallant, 2007). Following the above arguments, a minimum threshold of 0.70 was used as the acceptable reliability for this study.

### **3.9.5 Correlation Analysis**

Correlation analysis was conducted to explain the level to which two or more variables relate to each other. A positive correlation indicate that when one variable goes up others also goes up, whereas a negative correlation revealed that as one variable goes up, the other goes down (Pallant, 2007).

Following the verification of the construct validity, this study uses Pearson correlation to test the relationships between the studied variables. According to Cooper and Schindler



(2008), Pearson correlation coefficient ( $r$ ), represent the predictable strength of linear relationship and the direction between the interval and ratio variables, which is subject to the data and differ between +1 to -1. Plus one or minus one (+ -) shows the direction of the relationship (whether positive or negative), the number symbolizes the strength of the relationship (i. e the closer the value to +1, the stronger the relationship; zero shows no relationship) (Cooper & Schindler, 2008).

Furthermore, Pallant, (2007) argued that correlation is said to be perfect if the value of  $r$  is 1, whereas no correlation if the value of  $r$  is 0. Even so, literature argued that the interpretation of the value of  $r$  is subject to precise application (Garcia, 2010). For that reason, this study consider the strength of the correlation if the value of  $r$  ranges between 0.1-0.3; 0.3-0.5 and 0.5-1.0 as small, medium and strong respectively (Garcia, 2010). Cohen (1998) also provides the following guideline:  $r=0.10$  to  $0.29$  or  $r=-0.10$  to  $-0.29$  small;  $r=0.3$  to  $0.49$  or  $r=-0.30$  to  $-0.49$  medium;  $r=0.50$  to  $1.0$  or  $r=-0.50$  to  $-1.0$  large respectively.

### **3.9.6 Regression Analysis**

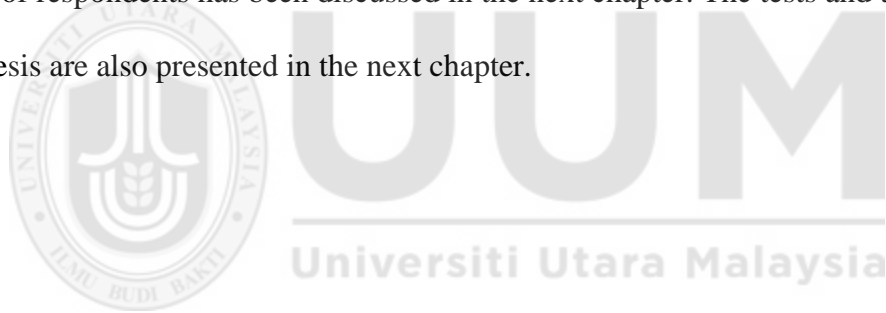
Multiple and hierarchical regression analysis was conducted to determine the direct and indirect relationship between the variables under study. Following the verification of descriptive statistics, validity, factor analysis, reliability and the Pearson correlation, regression analysis was conducted to determine the predictive power of the independent variable on the criterion variable. Prior conducting the regression analysis, the assumption test such as normality, linearity, homoscedasticity, multicollinearity and the correlation of the variables were analyzed (Coakes, Steed & Dzidic, 2006; Hair et al., 2010). The

normality, linearity in addition to homoscedasticity were confirmed via the residual scatterplot, histogram, with normal probability plot (P-P plot) of the regression standardized residuals (Coakes et al., 2006; Hair et al., 2010). This study also checked for outliers through boxplot and case-wise diagnostics thus, identified outliers were deleted before further analysis was conducted (Hair et al., 2010, Pallant, 2007). This is because multiple regression analysis is highly sensitive to outliers. Additionally, multiple regression analysis is indisposed to multicollinearity as such Pallant (2007) argued that multicollinearity prevents the achievement of good result and thus suggested that data should be check for possible cases of multicollinearity. Following Pallant (2007), this study checked for multicollinearity by making use of collinearity statistics (i.e. tolerance value and variance inflation factor or VIF). According to Hair et al., (2010) tolerance value that is above .10 and VIF value that is less than 10 shows that the data is free from issues of multicollinearity.

Multiple regression analysis was conducted to determine the direct relationship between HPWS practices, external environment factors and HPO. While, hierarchical regression was conducted to test the moderation effect of organizational culture on the relationship between HPWS practices, external environment factors and HPO. Prior proceeding with the interaction terms to examined the moderating effect, the variables that are estimated to be used for the interraction were standardized. Such that the mean of every variable was subtracted from all the values of that variable afterward, all the values of the variable were divided by its standard deviations. Detail explanation of the steps involved in the hierarchical regression is provided in the next chapter.

### **3.10 Summary**

This chapter has stated the method used for this study, by presenting the research approach/design, population and sampling design, operational definition of measurement, and layout of the questionnaire, pretest and pilot testing. Similarly, this chapter also outlined the procedure in the collection of data. Finally, the chapter explained the technique for analyzing the data. This is important in order to direct other researchers about the progress of the study and why the researcher adopted each of the techniques listed above in analyzing the data. Subject to data collection, the next chapter was to show the outcome of the validity and reliability test conducted on the instrument used. The result of the descriptive characteristic of respondents has been discussed in the next chapter. The tests and the results of the hypothesis are also presented in the next chapter.



## **CHAPTER FOUR**

### **RESULTS**

#### **4.1 Introduction**

This chapter presents the results of data collected from managers in food and beverage SMEs in Lagos Nigeria. The data was analyzed using statistical package for social sciences (SPSS) version 20. Specifically, the data were analyzed according to the following sections. The analysis begins by discussing the response rate from the field. Preliminary data screening and initial analysis were also discussed to identify missing value, test of Non-response bias, common method variance test. Thereafter, description of the study profile of the respondents and study variables were also analyzed. The second part of the analysis, reports the multivariate assumption tests which include the normality, linearity, multicollinearity and homoscedasticity. Finally, the multivariate and multiple regression analysis results between HPWS, external environment and HPO; and the hierarchal regressions results regarding the moderating effect of organizational culture on the relationship between HPWS, external environment and HPO were also reported.

#### **4.2 Response rate**

This study administered a total of 354 questionnaires to food and beverages SMEs in Lagos Nigeria. To achieve high response rate, the respondents were given three to five working days to fill the questionnaires in order to reduce response bias. Besides, emails and several phone calls were also put across to the secretaries of the managers and some of the

managers who made their personal contact available during the process of questionnaire distribution for reminder.

Thus, the result of the aforesaid effort yielded a response of 267 returned questionnaires out of a total of 354 questionnaires that were administered, which gave an effective response rate of 75.4 percent. The aforesaid response was satisfactory and a representative of the population of food and beverage SMEs that have spent a minimum of ten years in the industry. Following Sekaran and Bougie (2013) a response rate of 30% and above is acceptable for a survey. Therefore, a response rate of 75.4% is considered satisfactory in this study. The breakdown is presented in table 4.1 below.

Table 4.1  
*Response Rate of the Questionnaires*

Response	Frequency/Rate
Number of distributed questionnaires	354
Returned questionnaires	267
Number of Questionnaires not returned	87
Response rate	75.4%

#### **4.3 Data Screening and Preliminary Analysis**

Data screening entails checking if there is any error in the data collected from the field. Literature has suggested that it is important for researchers to check if there is errors in the data collected (Pallant, 2007). Because in the process of keying data into the system, researchers may commit errors and this could alter the data during the process of analysis. Checking this would assist the researcher to be aware of some data that are out of range as such, make adjustment before analyzing the data. Since, out of range data may affect the

results of some analysis such as correlation analysis (Pallant, 2007). Prior data screening, the entire 267 returned questionnaire were coded and enter into SPSS version 20. Subsequently, preliminary data analyses, missing value analysis, assessment of outliers, normality test, and multicollinearity test were conducted (Hair, Black, Babin & Anderson, 2010; Tabachnick & Fidell, 2007).

#### **4.4 Missing Value Analysis**

Out of 267 questionnaires returned, 12 were missing. This accounted for 4.7 percent. The missing values are: BRP 2, fairness in promotion 4, government support 1, HPO 3 and WLB 2. Even though no acceptable percentage of missing value in a data set for making a suitable statistical inference, studies such as Tabachnick and Fidell (2007) suggested that a missing rate of 5 percent (%) or less is not significant. Literature has also indicated that mean substitute can also be used as an alternative to replace missing values on the condition that the overall percentage of missing data is 5% or below (Tabachnick & Fidell, 2007). Following Tabachnick and Fidell (2007), the present study replaced the missing data using mean substitute. The overall missing data and percentage is showed in Table 4.2.

Table 4.2

*Total Number of Missing value*

<b>Latent variable</b>	<b>Number of Missing value</b>
Best recruitment practice	2
Fairness in Promotion	4
Government support	1
High performance organization	3
Work life balance	2
Total	12
Percentage	0.033%

Note: Percentage of missing values was obtained by dividing the total number of randomly missing values for the entire data set by total number of data points multiplied by 100.

#### 4.5 Test of Non-response Bias

Non-response bias has been defined as the disparity in the answers between non-respondents and respondents (Lambert & Harrington, 1990). To estimate the likelihood of non-response bias, literature argued that no minimum response rate to which a survey is estimated to be essentially biased and no response rate above which is not biased (Singer, 2006). This suggests that regardless of the number of non response, there is likelihood of biasness that needs to be examined (Pearl & Fairley, 1985). These justify the need for this study to conduct non response bias test. To reduce the issue of non response bias, Lindner and Wingenbach (2002) suggested that a minimum response rate of 50% should be achieved.

Besides, an independent samples t-test was conducted to identify if there is any likelihood of non response bias on the studied constructs. This was done by comparing the response of early and late respondents. The comparism was necessary because late respondents share similar characteristics with non-respondents (Armstrong & Overton, 1977). As a result, this

study, regards the late respondents (those who responded after three days) as the representative of the respondents that were influenced by the researchers follow-up (Malhotra, Kim & Agarwal, 2004).

Distribution of the questionnaires took a period of eighty one days however, the questionnaires was not simultaneously distributed but in a stargent form because of the large environment of Lagos. Thereafter, the respondents were given five working days to respond to the questionnaires. Afterwards, the respondents were grouped into two independent samples such as those who responded within the first three days (early respondents) and those who responded after three days (late respondents) (Vink & Boomsma, 2008). The result of independent-samples t-test is presented in Table 4.3.

Table 4.3  
*Descriptive Statistics for Early and Late Respondents*

Variables	Group	N	Mean	Std. Deviation	Levene's Test for Equality of Variances	
					F	Sig
BRP	Early response	194	3.94	.761	.694	.124
	Late Response	58	4.64	.872		
Fairness in promotion	Early response	194	4.31	.942	1.009	.615
	Late Response	58	4.55	.962		
Competitive salary	Early response	194	3.80	.909	.617	.297
	Late Response	58	4.32	.726		
Job security	Early response	194	4.13	.859	.361	.168
	Late Response	58	4.31	.874		
Job enrichment	Early response	194	3.71	.713	.697	.172
	Late Response	58	5.25	.462		



Variables	Group	N	Mean	Std. Deviation	Levene's Test for Equality of Variances	
					F	Sig
Work life balance	Early response	194	3.72	.805	.774	.380
	Late Response	58	4.28	.878		
Managerial role	Early response	194	4.22	.910	.368	.220
	Late Response	58	5.03	.943		
Competitive environment	Early response	194	3.89	.128	.782	.313
	Late Response	58	5.30	.454		
Government support	Early response	194	3.68	.128	.641	.153
	Late Response	58	4.16	.454		
Organizational culture	Early response	194	3.92	.153	.804	.204
	Late Response	58	4.90	.778		
High performance organization	Early response	194	4.49	.826	.529	.146
	Late Response	58	4.98	.579		

The results of independent-samples t-test in table 4.3 showed that the equal variance significance values for each of the constructs were greater than 0.05 significance level of Levene's test for equality of variances suggested by Pallant (2010) and Field (2009). This study compared early and late respondents' data on the assumption that the data from late respondents are representative of non-respondents. There are no significant differences (based on t-tests) between early and late respondents. The result shows that this study did not violate the assumption of equal variances between early respondents and late respondents. Besides, this study has achieved a response rate of 75.4% which is above 50% minimum requirement suggested by Lindner and Wingenbach (2002) that limit non response bias hence, it can be argued that non-response bias was not a threat to this study.

#### **4.6 Common Method Variance Test**

Common method variance (CMV) or mono-method bias can be defined as the variance attributed to the measurement procedure other than the actual constructs that the measures represent (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Reducing method biases have remain a major concern for researchers due to the understanding that method biasness is one of the major cause of measurement error in organizational researches that uses self-report surveys (Podsakoff et al., 2003; Spector, 2006). Similarly, Conway and Lance (2010) asserted that common method bias inflates the relationship between variables measured by self-reports.

The present study used self-reported data from SMEs managers in Lagos Nigeria which creates the possibility of common method variance. Addressing this problem, this study adopted several procedural measures to minimize the effects of CMV suggested by (Podsakoff et al., 2003; Podsakoff, MacKenzie & Podsakoff, 2012). First, respondents were given the assurance that their response will be treated with confidentiality during and after the research process. Increasing the scale items is another strategy adopted by the present study to trim down method biases. Doing this, this study also keeps away unclear concept in the questionnaires. Secondly, the researcher eliminates item ambiguity and conducted Harman's single-factor test to examine common method variance. Because Harman's single-factor test stand as one of the most extensively used technique to deal with the issue of common method variance (Podsakoff et al., 2003). According to Harman (1967), if there is significant amount of common method variance in a survey, a single factor will

appear or one broad factor would account for the majority of the covariance in both independent and dependent constructs (Podsakoff & Organ, 1986).

Following Podsakoff et al. (2003), all the constructs were subjected to factor analysis subsequently, the result of the unrotated factor solution were examined to determine the number of factors needed to account for the variance in the construct. The results of the analysis yielded four factors, explaining a cumulative of 62.02% of the variance; with the first (largest) factor explaining 27.13% of the total variance, which is less than 50% recommended by (Kumar, 2012). Moreover, the results also show that no single factor record the greatest part of covariance in the independent and dependent constructs (Podsakoff et al., 2012). For this reason, it is believed that common method bias (CMB) is not a major threat and not expected to inflate the relationship between the variables measured in this study.

#### **4.7 Description of the study profile of the respondents**

Demographic profile helps to describe the characteristics of the respondents that take part in a survey (Pallant, 2007) and also help in addressing some specific research issues. Descriptive analyses was used to analyze the nominal data that were not subjected to regression analysis. The respondents consist of SMEs managers in Lagos Nigeria. The information on the demographic characteristics of the respondent were extracted by asking questions on the business sector, the period SMEs have been in the business, number of employees, gender, designation, the period managers have been working with the SMEs, managers qualification and their age. As a way of identifying specific item in the SPSS, the

items were coded to help identify where each item is located. Coding the items into categories allows SPSS to monitor the quantity of items and their status.

Table 4.6 summarizes the demographic information of the sample population for this study.

Table 4.4  
*Demographic Characteristics of the Respondents*

<b>N=252</b>		
	<b>Frequency</b>	<b>Percentage</b>
<b>Business Sector</b>		
Food	181	71.8
Beverages	71	28.2
<b>Duration in the Biz</b>		
10-15 years	125	49.6
16-20 years	82	32.5
21-25 years	20	7.9
26 and above	25	9.8
<b>Number of employees Employed in the Org.</b>		
7	7	2.8
10-20	12	4.8
21-30	6	2.4
31-40	14	5.6
41-50	127	50.3
51-60	86	34.1
61above		
<b>Gender</b>		
Male	223	88.5
Female	29	11.5
<b>Designation</b>		
Managers	235	93.3%
Directors	17	6.7%
<b>Time managers have been working in the company</b>		
15.1		15.1
1-5	38	16.7
6-10	42	39.3
11-15	99	22.2
16-20	56	4.3
21-25	11	2.4

N=252		
	Frequency	Percentage
26-30	6	
<b>Qualification</b>		
Bachelor	182	72.2
Master	64	25.4
PhD	6	2.4
<b>Age</b>		
21-30	32	12.6
31-40	41	16.3
41-50	125	49.6
51 above	54	21.4

The data collected shown that out of the 252 useable questionnaires 181 (71.8%) represent food sector. The study revealed that most of the respondents in this study are into food business. The possibility is that food is one of the most consumable products that people cannot do without. This increases the chances of people to invest in food business. Beside, Lagos is the most populated and commercial city in Nigeria as such, increases the opportunity of people investing in food business. Another possible reason could be due to the current government priority investment in agriculture which may encourage individual and groups investment in food business.

The next category is the period that SMEs that participated in the survey had been in the business. Table 4.4 has shown that more than half of the surveyed SMEs (125) have spent between 10-15 years (49.6%), while SMEs that have spent 16-20 years 82 (32.5%) occupy the second largest position. Both categories have a longer span of experience in the market. Therefore, information provided by the respondents is sufficient to make precise judgment

that could lead to the achievement of the study objective. This is consistent with Antoncic (2008) that the age of the firm, the size of the firm and the type of industry in which a firm belongs affect the performance of the firm.

In terms of the number of employees, SMEs that employed 51-60 employees constitute the largest percentage in this study (127) representing 50.3 % of the total respondents. Next on the category is SMEs that employed over 60 employees (86) which represent 34.1%. Following SMEDAN definition (Table 2.1), 84.4% (i.e 34.1% + 50.3%) of respondents in this study belong to medium size organizations. While only 15.6% belong to small size enterprises. This indicates that almost all the firms in this study are medium size organizations.

Table 4.4 also indicated that out of 252 useable questionnaires 223 respondents were male, representing 88.5%, while 29 (11.5%) respondents represent the female managers. The result demonstrated that almost all the managers in Lagos SMEs represented in this study are male. The possibility could be due to the Nigeria tradition where majority of the female folks are compared to look after their homes rather than engaging in industrial task or activities that may affect the smooth functioning of their home activities. Besides, the competitive nature of Lagos market which compares majority of managers to work from 8.00am to approximately 9.00pm daily may result to the lower number of female occupying managerial position in SMEs. This situation may hinder the opportunity of female working class to become head of organizations. Another possible reason for dominance of male respondents over female folks in managerial position in Lagos SMEs could be due to the

greater number of male graduates produced in Nigeria higher institutions, which may also affect the chances of female occupying higher positions in the labour market.

With regards to the rank (designation) of the respondents, Table 4.4 indicated that 235 (93.3%) of the respondents are managers, while 17 (6.7%) were directors. Even though, the focus of this study was solely on managers however, in some of the sampled SMEs, the directors at the same time acting as managers. One possible reason is that some SMEs are owned and managed by their owners as such they take up managerial and directorial positions in order to curtail managerial expenses.

Table 4.4 showed that 39.3% of the respondents had spent 11-15 years in their respective companies, while 22.2% of the respondents had spent 16-20 years in the business. The study revealed that most respondents had adequate years of experiences in the industry. Accordingly, they have greater knowledge of high performance practices and the market environment. Thus, experience is a key element for being successful in a business.

Table 4.4 also showed that a high percentage of the respondents hold bachelor degree which accounted for 182 respondents, representing 72.2%. This followed by master degree 64 (25.4%) while 6 representing 2.4% hold a doctorate degree. Therefore, the data used in this study were provided by respondents from different educational backgrounds. The qualification was based on three categories based on the manager's responses. For instance, from the initial survey distributed, the respondents were to indicate their level of qualification ranging from secondary school certificate examination (SSCE), Diploma,

Bachelor degree, master and doctor of philosophy (PhD). However, none of the managers that responded have a qualification that below bachelor degree. As such, SSCE and Diploma qualification was remove from the questionnaires.

The result reveals that almost all the SMEs are managed by bachelor degree holders. The busy nature of managerial jobs in the Lagos market may not allow the SMEs managers to aquire higher educational degree instead, they rely on their managerial experience. Even though experience, learns new ideas, but education will help them to lean it faster and more deeply. However, obtaining higher education course will also bring a greater depth of understanding than experience can provide for them. Although, experience may teach managers that doing the work this way does not work, but education gives them the theoretical knowledge and analytical skill to show why it does not work.

With due respect to the age of the respondents, Table 4.4 showed that majority of the managers in Lagos SMEs falls within the age bracket of 41-50 (125) representing 49.6% while respondents within the age of 51 and above (54) representing 21.4% constitute the second largest position. The study revealed that age is a significant factor for managerial position in Nigeria SMEs possibly because of their maturity and experience to manage SMEs.



## **4.8 Multivariate Assumption Tests**

To attain the fundamental assumption of the multiple regressions, the constructs were checked for outliers, normality, linearity, multicollinearity, homoscedasticity following Hair et al. (2010).

### **4.8.1 Treatment of Outliers**

According to Barnett and Lewis (1994), outliers are observations or subsets of observations that are not in agreement with the main data. Cases that have significantly dissimilar values than the rest of the cases are considered as outliers (Hair, Anderson, Tatham & Black, 1995). In a regression base analysis, outliers are exceedingly sensitive whether low or high score (Pallant, 2007). Since the extreme value in the cases affects the statistics, these cases have greater effect on the regression coefficient (Tabachnick & Fidell, 2007) than any other cases. Hence, excluding outliers from data set is important because they do not represent the sample (Hair et al., 1998). Similarly, Verardi and Croux (2008) argued that the existence of outliers in the data set can dangerously change the estimation of regression coefficients and lead to unreliable result (Verardi & Croux, 2008). For that reason, outliers need to be checked to avoid the problems that may occur in the course of running the analysis. Treatment of outliers from the data scores can be done in two forms. Firstly, the constructs having outliers are given another score or when outliers are detected in data sets, they should be deleted (Pallant, 2007).

Furthermore, there are different ways of detecting outlier some are graphical such as normal probability plot, univariant which is base on the items and multivariant which is based on

the variables (Aggarwal & Yu, 2001). Thus, to identify if there is any observation that appears to be out of range due to erroneous data entry, firstly, this study tabulated frequency tables for all variables using minimum and maximum statistics. Based on this preliminary analysis of frequency statistics, there was no out of range data.

Additionally, the data were examined for univariate outliers using standardized values with a cut-off of  $\pm 3.29$  ( $p < .001$ ) suggested by (Tabachnick & Fidell, 2007). Following Tabachnick and Fidell (2007), standard for identifying univariate outliers, all the cases were below  $\pm 3.29$  threshold as such, the data are free from univariate outliers. Apart from checking the univariate outliers, multivariate outliers were also detected through the use of Mahalanobis distance (D2) (Pallant, 2007). According to Tabachnick and Fidell (2007), Mahalanobis distance (D2) is “the distance of a case from the centroid of the remaining cases where the centroid is the point created at the intersection of the mean of the entire variable” (p. 74). Based on 144 observed cases in this study, the suggested threshold of chi-square is 204.184 ( $p = 0.001$ ). Mahalanobis values that go above this threshold were excluded from the data set. Following this criterion, a total of fifteen (15) multivariate outliers (i.e 2, 8, 12, 13, 15, 19, 20, 24, 29, 72, 81, 95, 97, 100, 105) were detected and thus excluded from the data set (that is 267 minus 15) because they can affect the correctness of the data analysis technique. After removing the cases, the data set was further rechecked to see if there are any cases of outliers. Afterwards, no single case of outlier was found. Table 4.5 indicates the outliers detected in this study.

Table 4.5  
*Outliers*

ID	Mahalanobis Distance
2	229.00096
8	225.84097
12	224.03261
13	223.80475
15	220.98237
19	219.40441
20	218.70138
24	217.23014
29	215.66485
72	215.2546
81	214.52209
95	212.34784
97	211.3362
100	211.14139
105	211.06112

#### 4.8.2 Test of Normality

Normality test help to check if the data score is normally distributed. Normality test forms part of the data screening before the actual analyses (correlation, factor analysis, regression analysis) can be used (Pallant, 2007). According to Hair, Sarstedt, Ringle and Mena (2012), normality test should be conducted on a data set. Normality can be identified either with a graphical methods and/or numerical methods (Razali & Wah, 2011). In view of the above, this study uses more than one method in testing the normality in order to know the actual

level the data deviate from normal distribution (Hair, et al., 1992). The methods used are discussed below.

#### 4.8.2.1 Graphical Methods

One of the methods to evaluate the normality is through histogram residual plots. It refers to the shape of data distribution for each constructs and its connection to normal distribution. To achieve this, the distribution of the plot is required to be normally distributed. According to Field (2009), in a large sample of 200 and above, it is important to examine the shape of the distribution graphically than looking at the value of the skewness and kurtosis statistics. Following this, this study uses a graphical technique to check for the normality of the data collected (Tabachnick & Fidell, 2007). Figure 4.1 is one of the example of the normal histogram pictorially showing that the normality was attained because all the bars on the histogram were closed to a normal curve. Thus, the data distribution for all the constructs is considered to be appropriately normal (see Appendix B).

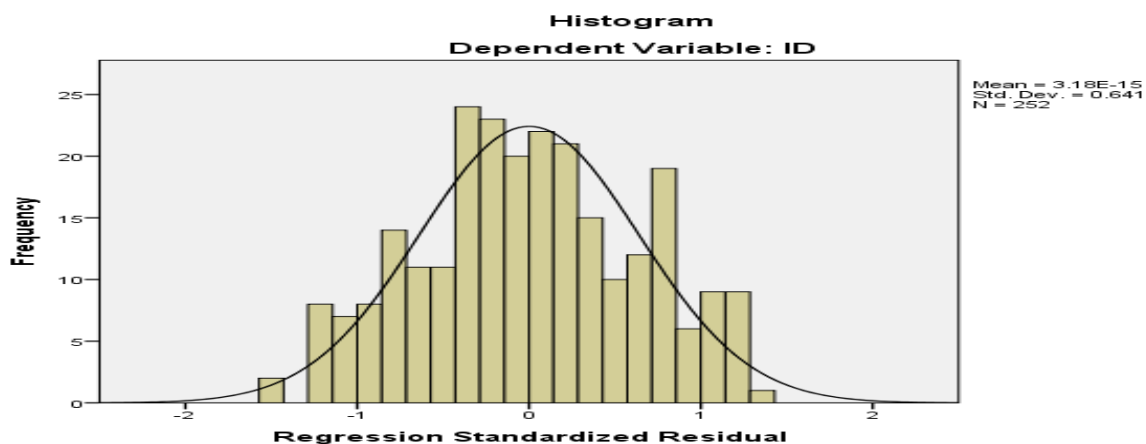


Figure 4.1  
*Histogram and Normal Probability Plots for HPWS*

#### **4.8.2.2 Numerical Methods: Skewness and Kurtosis Test**

In order to ensure that the data are completely normal, this study also conducted another set of normality test using statistical method called skewness and kurtosis test. Skewness and Kurtosis tests are regarded as descriptive statistics (Razali & Wah, 2011). Skewness is a measure of the asymmetry of the probability distribution of a real-valued random variable about its mean. Kurtosis is any measure of the "peakedness in which both are compared to normal distribution (Hair, et al., 1995). The skewness and kurtosis value can be positive or negative, or even undefined (Tabachnick & Fidell, 2007). Positive skewness is whereby the right tail is excessively longer with numerous cases piling up to the left. Negative skewness is contrary to positive skewness (Tabachnick & Fidell, 2007). According to Pallant (2007), kurtosis can be regarded as positive if the data distribution is peaked, while negative Kurtosis is when the data distribution is flat. Regardless, data distribution is completely normal if the values of skewness and kurtosis is zero (Razali & Wah, 2011). Following the above recommendations skewness and kurtosis were analysed as indicated in Table 4.6.

Table 4.6

*Numerical Method: Skewness and Kurtosis Test*

Variables	N	Min	Max	Mean	Std. Dev.	Skewness	Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
BRP	252	1.90	6.40	4.25	0.94	-.10	.15	-.42	.31
FPRO	252	1.40	7.00	3.88	1.03	-.11	.15	-.12	.31
COMSAL	252	1.56	6.33	4.03	1.01	-.15	.15	-.62	.31
JS	252	1.50	6.70	4.10	1.03	-.15	.15	-.60	.31
JE	252	1.29	7.00	4.55	1.32	-.19	.15	-.72	.31
WLB	252	1.40	7.00	3.91	1.04	-.12	.15	-.18	.31
MROLE	252	1.36	6.27	4.11	1.04	-.35	.15	-.41	.31
COMENVI	252	1.00	7.00	4.66	1.29	-.25	.15	-.50	.31
GSUP	252	1.00	7.00	4.08	1.48	-.40	.15	-.55	.31
OCUL	252	1.00	6.60	3.61	1.20	.00	.15	-.77	.31
HPO	252	2.31	6.81	4.78	0.93	-.30	.15	-.52	.31

Descriptively, the skewness and kurtosis of all the variables were negative. In otherwise, the variable had flat data distribution as such the data distribution of all variables had been proved to be appropriately normal.

### 4.8.3 Testing of Linearity

Linearity assumption examines the link between the residuals and the predicted values (Pallant, 2007). According to Pallant (2007), when there is no clear relationship between the residuals and the predicted values, linearity assumption has been met. The residual scatter plot was used in checking for the normality of this study. The assumption is that majority of the scores should be in the center at zero point (Flury & Riedwyl, 1998). The scatter plot in Figure 4.2 confirmed that the residual scores are within the center along the zero point, indicating that the linearity assumption was met. Besides, the residual should have a straight line connection with the predicted dependent constructs scores in which figure 4.3 has also showed.

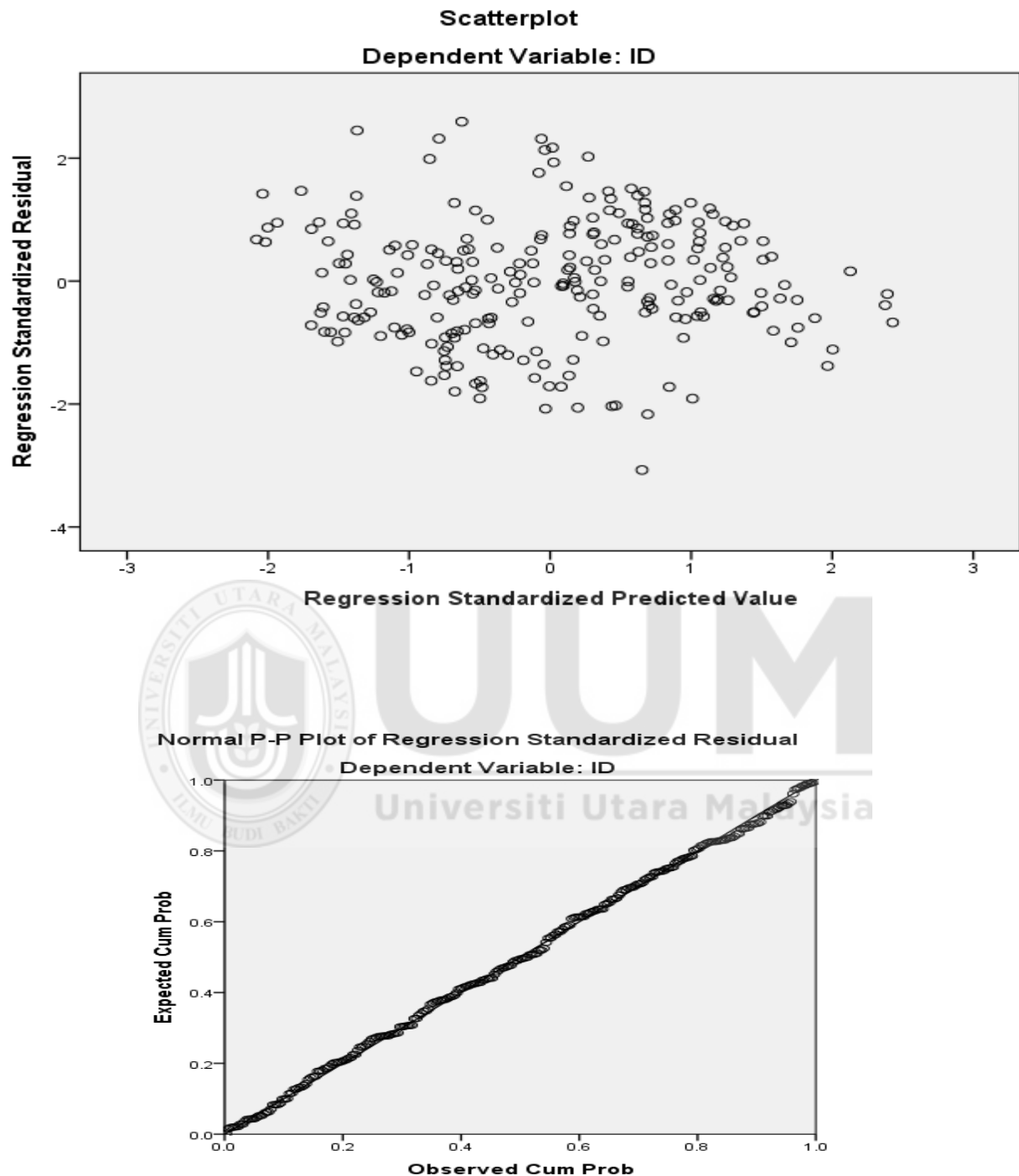


Figure 4.2  
*Residual plots between independent factors and dependent variable (HPO)*

The examination of the residuals plots of all the variables in this study revealed that linearity assumption has not been violated in this study. For all the scatterplots see Appendix B.

#### 4.8.4 Multicollinearity Test

Multicollinearity is another data checking process needed before further analysis can be conducted. Multicollinearity is a situation whereby more exogenous latent constructs turn out to be highly correlated. This relationship causes great harm by making the coefficients statistically non-significant (Tabachnick & Fidell, 2007). It increases the variance of regression coefficients in addition, put the validity of regression equation under threat. According to Lahiri and Kedia (2009), variance inflationary factor (VIF) is use to check multicollinearity cases. However, there is no prescribed VIF value for determining the presence of multicollinearity. According to Lahiri and Kedia (2009), if the Values of VIF exceed 10 it indicates there is multicollinearity. Similarly, Hair et al., (2011) suggested that there is multicollinearity if the value of VIF is greater than 5 and the tolerance value is less than 0.20.

Accordingly, the variance inflated factor (VIF) and tolerance value were examined in this study to detect if there is any result of multicollinearity problem. As indicated in Table 4.7, the VIF between the independent variable were below the suggested threshold values of five (5) and ten (10) (Hair et al. 2011; Lahiri & Kedia, 2009) and the tolerance values are higher than 0.20 (Hair et al., 2011). See Table 4.7 for the tolerance and VIF value.



Table 4.7

*Tolerance and Variance Inflation Factors (VIF)*

<b>Constructs</b>	<b>Tolerance</b>	<b>VIF</b>
BRP	.440	2.274
FPRO	.672	1.487
COMPSAL	.655	1.526
JS	.818	1.222
JE	.549	1.820
WLB	.856	1.168
MROLE	.382	2.616
COMPENVIR	.324	1.091
GSUP	.617	1.621

Furthermore, bivariate correlation of all the independent variables is another approach researchers can use to confirm multicollinearity problem. The values of Pearson's correlation show the relationships between the independent and the dependent variable is used for identifying multicollinearity (Allison, 1999; Meyers et al., 2006). According to Cooper and Schindler (2003), no precise standard for the level of correlation that make up a serious multicollinearity problem but, a correlations of 0.8 above are problematic. The general rule of thumb is that it should not exceed .75. As a result, this study also checks the multicollinearity between the variables using Pearson's correlation (see Table 4.16). The results in the correlation table show that no multicollinearity exist between independent variables because the Pearson's correlation indicators for all the exogenous constructs are less than 0.7. It indicates that the exogenous latent constructs are independent. Therefore, multicollinearity is not a threat to this study as showed in table 4.7 and 4.16. This evidence that this study meets the precondition needed to run regression analysis.

#### 4.8.5 Treatment of Homoscedasticity (Levene Test)

Homoscedasticity also referred to as homogeneity of variance is the assumption that the dependent variable demonstrates similar amounts of variance across the range of values for an independent variable (Hair et al., 2010). According to Pallant (2007), when the significant value of the Levene test exceed 0.05 homoscedasticity case does not exist and the variance of the residuals of the predicted variable score should be the same for all predicted scores. Thus, the significant values of all the variables in this study was greater than 0.05 (Table 4.8) accordingly, this study fully meet the general rule of thumb suggested by (Pallant, 2007).

Table 4.8  
*Test of Homogeneity of Variances*

	Levene Statistic	df1	df2	Sig.
FPRO	0.851	4	247	0.494
COMPSA	0.346	4	247	0.847
JOBSEC	0.493	4	246	0.741
WLB	0.841	4	247	0.501
MROLE	0.706	4	247	0.589
COMPENVI	2.938	4	247	0.621
GSUP	0.966	4	247	0.427
ORGCUL	2.414	4	247	0.551
HPO	1.539	4	247	0.194
BRP	1.053	4	247	0.386
JOBENRICH	1.106	4	247	0.354

Hence, the assessment on the assumption of linearity, homoscedasticity, normality, independence on the error terms and multicollinearity has showed that no significant violation of assumption. For that reason this study is fit to test for further analysis.

#### **4.9 Factor Analysis of the Research Instrument**

The results of the factor analysis (FA) of the variables are presented in this section. According to Child (1990), FA is use to examine the possible underlying structure of a set of interrelated constructs without imposing any preconceived structure on the outcome. Factor analysis helps to reduce a large number of variables into a smaller set of variables (also referred to as factors) (Suhr, 2006; Williams, Brown & Onsman, 2012). Secondly, FA help to ascertain important dimensions between measured variables, in so doing allow the formation and refinement of the model (Williams, e t al., 2012). Thirdly, it provides construct validity evidence of self-reporting scales (Thompson, 2004). Prior conducting factor analysis specific requirement need to be met. According to Hair et al. (2010); Coakes and Stead (2003), for FA to be conducted, there should be a minimum of five respondents in every variable under examination. Hair, et al., (1995) suggested that a sample size of 100 and above is suitable for FA. However, a study by Comrey and Lee (1992) considered a sample size of 50 as very poor, 100 as poor, and 200 as fair while 300 are satisfactory. Therefore, with a sample size of 354 in this study, the requirement to conduct factor analysis has been met.

According to Williams et al., (2012), principal components analysis (PCA) principal axis factoring (PAF) are the most common extraction methods used in factor analysis and the decision to use PCA or PAF have always been debated among analysts. Thompson (2004) therefore argued that the practical differences between the two are immaterial. Mostly when the variables have good reliability PCA is the most generally acceptable for FA (Thompson, 2004). In view of the above argument PCA of varimax rotation was conducted in this study

to extract factors on the variables in order to determine which components each item belong thereafter converged them according to the number of factors loadings that actually measure the variables (Matsunaga, 2010). According to Hair, et al. (2006), Pallant, (2007); Hair, et.al, (2010), items with a loading factor limit that is greater than 0.50 and Eigenvalue that is above 1 should be chosen. Hui and Idris (2009) suggested that any item that loads below 0.50 should not be retained. Hence, items with a factor loadings of 0.50 and above are deemed fit for this study. Similarly, the PCA used in this study to extract the factors were base on Eigenvalue greater than 1.

According to Tabachinjnck and Fidell (2014) renaming of factor should be firmly on items with the highest loading. Similarly, Hutcheson and Sofroniou (1999) argued that a KMO values between 0.5 and 0.7 are considered as average, 0.7 and 0.8 are good, 0.8 and 0.9 as very good, whichever value higher than 0.9 is excellent. Therefore, the factor analysis for the independent, dependent and moderating variables are showed in the following section.

#### **4.9.1 Factor Analysis for High Performance Work System (HPWS)**

To extract the dimensions factor solution of HPWS, 81 items in the questionnaire were subjected to principal component analysis making use of SPSS version 20. The result of PCA extract seven factor solution model with eigenvalues  $>1$ , using Varimax with Kaiser's normalization rotation method. The seven components factors were named best recruitment practice (BRP), fairness in promotion (FPRO), competitive salary (COMSAL), job security (JS), job enrichment (JE), managerial role (MROLE) and work life balance (WLB). Few items were deleted because of various reasons such as communality, anti image less than 0.5

and items below minimum factor loading. Items that were removed due to low communality value resulted to increase in the total variance explained in this study. The naming was done based on the items that have the highest factor loadings on each component.

The seven components initially explained a total variance of 59.101% which was below the recommended minimum value of 60%. Besides, the factor communalities for BRP5, BRP3, BRP12 and BRP11, COMSAL3 and MROLE 3 were below the minimum acceptable value of 0.60 (Hair et al., 2010). Moreover, the factor loadings for FPRO12, WLB12, and FPRO11 did not meet the minimum loading of 0.50 (Hui & Idris, 2009; Trent, Justen & Anastasios, 2009). Therefore, the items were all dropped. According to Idris, Rahman, Hassan, Aminudin & Alolayyan (2013), in the process of confirming indicators that have impact on the instrument, it is common to loose items that are not fit to the model. The reason the items have to be deleted is that respondents may have experienced confusion because of the negative wording of items (Idris, et al., 2013).

In view of the above, the analysis was run again. Removing these items did not only increase the KMO from 0.77 to 0.79, but the total variance explained also increases from 59.1% to 62.3%. However, inspection of the factor loading showed that some items still has loadings that are below the minimum loading of 0.50. The items were also removed. After removing the loadings value items, another PCA was performed. The analysis increases the KMO from 0.79 to 0.82 exceeding the benchmark value of 0.60. The Eigen value was 2.68. Each of the seven components explained a variance of 15.4%, 27.6%, 38.4%, 47.2%, 53.9%, 60.4% and 68.5% respectively (see table 4.13). Thus, the Total Variance of the final

analysis explained 68.5% exceeding the minimum 60% (Hair, et al., 1995). For the results of the Total Variance and Eigen Value see table 4.13. The anti-image, which examined the mean sampling sufficiency (MSA) and measuring the degree of inter-correlations between the constructs, ranged from 0.52 to 0.81 which exceeded the minimum suggested value of 0.50. Table 4.9 below present the information on both factor loadings and the variance explained.

Table 4.9  
*Rotation Factor Matrix- HPWS N=252*

Variables	Factor1	Factor2	Factor3	Factor4	Factor5	Factor6	Factor7
WLB9	.764						
WLB3	.760						
WLB2	.758						
WLB4	.756						
WLB1	.741						
WLB6	.739						
WLB8	.695						
WLB5	.653						
WLB13	.648						
WLB7	.618						
WLB11	.612						
WLB10	.561						
MROLE3		.783					
MROLE7		.781					
MROLE12		.767					
MROLE4		.762					
MROLE1		.754					
MROLE14		.751					
MROLE8		.697					
MROLE15		.691					
MROLE6		.646					
MROLE2		.642					
MROLE11		.626					
FPRO3			.830				
FPRO2			.800				
FPRO4			.773				
FPRO1			.758				
FPRO8			.736				
FPRO10			.724				
FPRO9			.723				
FPRO7			.721				
FPRO5			.649				
FPRO6			.649				
COMSAL5				.867			
COMSAL2				.852			

Variables	Factor1	Factor2	Factor3	Factor4	Factor5	Factor6	Factor7
COMSAL10				.847			
COMSAL7				.836			
COMSAL9				.578			
COMSAL8				.573			
JS6					.912		
JS8					.902		
JS7					.878		
JS10					.872		
JS1					.829		
JS4					.763		
JS5					.714		
JE6						.767	
JE7						.759	
JE1						.755	
JE5						.723	
JE3						.711	
JE2						.674	
JE4						.594	
BRP7							.669
BRP2							.562
BRP9							.558
BRP6							.521
BRP10							.517
BRP 1							.515
BRP8							.512

Extraction Method: Principle Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

#### 4.9.2 Factor Analysis for External Environment

PCA was conducted for all the items in external environment in an effort to know the actual components that measure the variable. The analysis showed two factors with Eigenvalues > 1, using Varimax with Kaiser's normalization rotation method. Although, all the items exceeded the minimum acceptable level of 0.50 for factor loadings but the two components explained a total variance of 59.4% which is below the suggested minimum value of 0.60. Similarly, checking the communality showed that COMENVIR1 and GSUP1 were below the minimum value of 0.60 that literature has suggested as such the items were deleted. The PCA was conducted again after removing COMENVIR1 and GSUP1 items. Subsequently,

the factor communalities for all the items in COMENVIR and GSUP increase above the minimum acceptable value of 0.60. The naming was in accordance to the items in each of the component. The anti-image ranged from 0.72 to 0.86 exceeding the minimum recommended value of 0.50. The Kaiser-Meyer-Olkin' (KMO) measure of sampling adequacy was 0.80 which was above the minimum recommended value of 0.60. The components also explained a total variance from 59.5% in the initial analysis to 65.4% for the final analysis which exceeded the suggested minimum value of 0.60. For the results of the Total Variance and Eigen Value see table 4.13. Factor loadings ranged from 0.73 to 0.84 in the first component, 0.79 to 0.86 in the second component. Which was above the minimum acceptable value of 0.50 (Hair et al., 2010) and there was no case of cross loadings. Table 4.10 illustrates the principal component analysis for the external environment.

*Table 4.10*  
*Rotated Component Matrix<sup>a</sup>*

	Component	
	1	2
<b>COMENVIR2</b>	.839	
<b>COMENVI7</b>	.822	
<b>COMENVI6</b>	.820	
<b>COMENVI4</b>	.777	
<b>COMENVI3</b>	.771	
<b>COMENVI5</b>	.731	
<b>GSUP2</b>		.862
<b>GSUP5</b>		.829
<b>GSUP3</b>		.826
<b>GSUP4</b>		.787

Extraction Method: Principle Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.



#### 4.9.3 Factor Analysis- Organizational culture

Sixteen (16) items on organizational culture were subjected to principal component analysis. The analysis revealed the presence of only one component with Eigenvalues  $> 1$ . As such, the factors could not be rotated. From the result, the initial total variance explained was 50.2% which is below the minimum acceptable value. Similarly, OCUL12 has anti-image of 0.45 and a loading factor of 0.31 hence it does not meet the minimum requirement. OCUL5 also has a loading value of 0.44 as such both items were deleted. An examination of the communality also showed that OCUL6 and OCUL8 were below the minimum recommended value of 0.60 as such the items were deleted and the PCA was performed again. Removing the items did not only increase the KMO from 0.75 to 0.80, but increases the total variance explained from 50.2% to 64.8%. The anti-image ranged from 0.67 to 0.96 which exceed the minimum recommended value of 0.50. However, there was still a case of low communality in OCUL11 which was below the minimum 0.60 recommended by literature as such OCUL11 was deleted. Afterwards, another PCA was conducted again. Removing the item increase the KMO from 0.80 to 0.82. The total variance explained was also increase from 64.8% to 72.7% and the Eigenvalue was 3.26 (see table 4.13). All items exceed the minimum communality of 0.60 suggested in the literature. Table 4.11 below showed the PCA for the moderating variable.

Table 4.11  
*Component Matrix<sup>a</sup>*

Variable	Component
	1
OCUL14	.896
OCUL4	.895
OCUL3	.892
OCUL2	.872
OCUL16	.842
OCUL1	.831
OCUL15	.729
OCUL10	.728
OCUL7	.704
OCUL9	.647
OCUL13	.577

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

#### 4.9.4 Factor Analysis- High Performance Organization (HPO)

A component factor analysis with varimax rotation was also performed to determine the interrelation between the items used in measuring HPO. The PCA conducted showed two factors with eigenvalues  $> 1$ , using Varimax with Kaiser's normalization rotation method. The two factors initially explained a total variance of 43.2% which was far below the recommended minimum value of 60%. Besides, the factor communalities for HPO27, HPO26, HPO8, HPO11 and HPO14 were below the minimum suggested value of 0.60 (Hair et al., 2010). Moreover, the factor loadings for HPO1, HPO35, HPO32, HPO6, HPO21, HPO7, HPO34, HPO29 and HPO28 did not meet the minimum loading of 0.50 (Hui & Idris, 2009). Consequently the items were deleted. Afterwards, the principal component analysis (PCA) was conducted again. Removing the items increase the total variance explained from 43.2% to 53.9%. Inspection of the communality table showed case HPO11 cannot be retained because it's below the suggested threshold thus, the item was removed. After removing the items, another PCA was conducted again. Deleting the items increases the

KMO from 0.80 to 0.81 and the variance explained increases from 53.9% to 65.2% which is above the benchmark value of 0.60.

Although the factor loadings supports two factors models but only factor one was used because, the only one item that loaded in factor two has a negative value as such factor two was ignore (see Table 4.12). According to Pallant (2007, p.192), a minimum of three items should load on a factor for such a factor to be retained and get a satisfactory reliability. As a result, the other factor was not used for further analysis. The factor explained a total variance of 65.2% which was above the minimum 60%. The Eigen value was 1.843 (for the results of the Total Variance and Eigen Value see table 4.13). Factor communalities for all the items were above the minimum acceptable value of 0.60. The anti-image ranges from 0.58 to 0.91 which is above the minimum suggested value of 0.50. Tables 4.12 below illustrate the principal component analysis for the dependent construct.

Table 4.12

*Rotation Factor Matrix- HPO*

	Component	
	1	2
HPO17	.797	
HPO16	.793	
HPO18	.765	
HPO19	.704	
HPO22	.695	
HPO4	.689	
HPO2	.688	
HPO3	.599	
HPO5	.585	
HPO30	.574	
HPO24	.569	
HPO20	.558	
HPO23	.552	
HPO9	.543	
HPO25	.527	
HPO34	.522	
HPO31	.514	
HPO13		-.636
HPO12		-.456
HPO32		.436

Extraction Method: Principal Component Analysis. A 2 component extracted. Varimax with Kaiser Normalization. A Rotation converged in 20 iterations.

Table 4.13

*Summary of the Items after Factor Analysis, total variance and Eigen value*

Variable	Original item	Items FA	After	Component Factor	Cumulative %	Eigen value
HPWS	81	60		7	68.45	2.675
External environment	12	10		2	65.46	2.065
Org. culture	16	11		1	72.73	3.267
HPO	35	20		1	65.26	1.843

The result in Table 4.13 above is the summary of the items before and after factor analysis. Base on the analysis conducted, a total of twenty one items were deleted from the seven factors that comprise HPWS, while a total of two (2), five (5) items and fifteen (15) items were deleted from external environment, organizational culture and HPO respectively. These items were deleted due to low communality and anti image, low factor loadings as suggested by Hui and Idris, (2009) and Trent, et al., (2009).

#### **4.10 Reliability and Descriptive Tests**

Following the achievement of the validity of the variables with factor analysis, literature suggested that the reliability of the variables should also be examined because of their interconnectivity (Hair, Anderson, Tatham, & Black, 1995). Reliability is the extent to which measures are free from error when measured at different times (Tabachnick & Fidell, 2007) and is usually showed by the test-retest reliability and internal consistency (Pallant, 2007). For the purpose of this study, the Cronbach's alpha was use to get the inter-item consistency reliability. As a rule of thumb, higher Cronbach's coefficient alpha demonstrates higher reliability. Studies suggested that the satisfactory level for reliability with Likert scale that is lesser than 10, should have a Cronbach's alpha  $\geq 0.7$ , nevertheless a Cronbach's alpha values of 0.60 to 0.70 are consider the minimum limit of acceptability (Hair, et al., 1998, p. 88). Similarly, Sekaran (2000, p. 312) suggested that a Cronbach's alpha of 0.60 is acceptable. Table 4.14 shows the reliability of all the variables.

Table 4.14

*Summary of Reliability Test*

<b>Variable</b>	<b>Reliability</b>
BRP	.736
Fairness in Promotion	.801
Competitive Salary	.741
Job Security	.711
Job Enrichment	.867
Work Life Balance	.766
Managerial Role	.841
Competitive Environment	.883
Government Support	.845
Organizational culture	.915
High Performance Organization	.896

As showed in Table 4.14 above, the reliability of the variables after factor analysis ranges from 0.711 to 0.915 exceeding the minimum acceptable level of 0.7. Therefore, all the measures for the factors were highly reliable (See appendix C).

Apart from determining the reliability, the constructs was also subjected to validity test. In a study, Neil (2009) defined validity as the ability of an instrument to measure what is intended to measure. Similarly, Sekaran et al. (2000) defined validity as the dependability of an instrument to measure what the study intended to measure. Sekaran et al. (2000) argued that a variety of approach can be use to validate an instrument. As a result, the present study uses content validity and constructs validity. The validity of the instrument were verified by experts and scholars within the field of SMEs in order to understand if the instrument used for the purpose of this study is within the language ability of the respondents (for details and result of the pretest refer to chapter three).

Afterward, the construct validity was performed. The construct validity was established through the factor analysis whereby the Kaiser-Meyer (KMO) index of sampling adequacy

and Bartlett's test of sphericity. Thus, in this study, the KMO of the entire variable were greater than 0.6 which shows that the sample of this study is normal and suitable for further analysis (Chakraborty, 2010; Trent et al. 2009).

#### 4.11 Univariate Analysis: Descriptive Analysis of the Latent Constructs

This section describes the statistical description of the studied constructs. The descriptive statistics for the independent, moderating and dependent variables were presented in the form of mean, standard deviation, minimum and maximum value. All the variables have been measured on a seven point likert scale 1 = strongly disagree to 7 = strongly agree. The results are presented in Table 4.15.

Table 4.15  
*Descriptive Analysis of Constructs*

Constructs	N	Mean	Std. Dev	Minimum	Maximum
Best recruitment practice	252	4.32	0.894	2	6
Fairness in promotion	252	4.44	0.998	2	7
Competitive salary	252	4.08	1.032	2	7
Job security	252	4.22	1.019	2	7
Job enrichment	252	4.55	1.317	1	7
Managerial role	252	4.66	1.037	2	7
Work life balance	252	4.02	0.89	2	7
Competitive environment	252	4.66	1.294	1	7
Government support	252	4.45	1.111	1	6
Organizational culture	252	3.94	1.396	2	7
High performance organization	252	4.76	0.762	3	7

Table 4.15 demonstrates that the overall mean for the latent variables vary from 4.76 to 3.94. Specifically, the mean and standard deviation for HPO appear to be the highest (4.76). This indicates that the respondents have high level of understanding of HPO. The mean score of managerial role and competitive environment assumed the same position of 4.66 reasonable lower than the mean score of HPO but relatively higher than 4.55 of job enrichment. Furthermore, Table 4.15 also showed a mean value of 4.45 for government support. The mean value of fairness in promotion was shown to be 4.44. BRP demonstrated a mean score of 4.32. The descriptive analysis also reveals a mean value for job security to be 4.22 surpassing the mean value of 4.08 for competitive salary. The descriptive statistics of work life balance (4.02) was relatively higher than that of organizational culture which has the lowest mean value of 3.94. Overall, the results indicate that the respondents have sufficient and high level of understanding of the variables. Having presented the descriptive analysis of the respondents and the respective variables, next section presents results of the hypothesis testing.

#### **4.12 Hypotheses Testing**

The research hypothesis for this study was tested in this section; having satisfy the normality and other conditions for parametric techniques. The relationship analysis was performed through multiple and hierarchical regression techniques. The tests were conducted to test individual and overall influence of HPWS practices, external environment factors on HPO with moderating variable of organizational culture. The regression analysis was conducted in accordance to the hypothesis. Particularly, the Pearson correlation analysis was utilized to offer an understanding on the strengths of the relationship between the variables (Pallant,



2007). This is important in knowing the relationship between two variables regardless of the causal effect between them. The Pearson correlation can be achieved by taking any values from -1 to +1 (Hinkle, Wiersma & Jurs, 2003), it also assist researchers in knowing how well two variables are directly related to each other (MacCallum, Zhang, Preacher, & Rucker, 2002; Litwin, 1995).

#### **4.12.1 Correlation Analysis Test**

The correlation analysis that involved HPWS practices, external environment factors and HPO was conducted to examine the strength and the direction of the linear relationship between the variables. The result of the Pearson correlation is presented in Table 4.16. The results showed that organizational culture does not correlate with best recruitment practice (BRP), job enrichment, competitive environment and government support. Similarly, HPO does not correlate with fairness in promotion and organizational culture. Government support does not correlate with fairness in promotion and competitive salary. As showed in Table 4.16, none of the bivariate relationships had a negative sign, which signify that all the predicting variable have a positive relationship. Similarly, the strength of all the relationships range between 0.698 (strong) to 0.031 (weak).

Table 4.16

*Correlation Analysis Summary between Variables*

	1	2	3	4	5	6	7	8	9	10	11
1	1										
2	.263**	1									
3	.169**	.220**	1								
4	.263**	.128*	.402**	1							
5	.268**	.131*	.420**	.489**	1						
6	.164**	.229**	.452**	.405**	.422**	1					
7	.285**	.139*	.386**	.629**	.698**	.392**	1				
8	.645**	.392**	.304**	.341**	.353**	.313**	.359**	1			
9	.129*	.371**	.065	.031	.215**	.152*	.406**	.529**	1		
10	.103	.057	.208**	.137*	.142*	.571**	.145*	.031	.039	1	
11	.443**	.447**	.120	.141*	.143*	.124*	.163**	.540**	.169**	.106	1

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

1= Best Recruitment Practice, 2=Job Enrichment, 3= Fairness in Promotion, 4.Competitive Salary, 5= Job Security, 6=Work Life Balance, 7= Managerial Role, 8= Competitive Environment, 9= Government Support, 10= Organizational Culture, 11= High Performance Organization.

#### **4.12.2 Multiple Regression Analysis-(Hypotheses testing)**

Multiple regression analysis provides an avenue to assess the level of relationship between independent and the dependent variable (Sekaran & Bougie, 2013). The multiple regression analysis is used to show the relative importance of each of the independent variable in the prediction of the dependent variable. That is, when the independent variables are jointly regressed against the dependent variable, the size of each regression coefficients will show how much an increase in one unit in the individual variable would affect the dependent Variable (Sekaran & Bougie, 2010; Zikinund, Babin, Carr & Griffin, 2010).

In understanding the relationship between the independent and dependent variables, a multiple regression analysis was conducted to test hypothesis H:1a (best recruitment practice), H:1b (fairness in promotion), H:1c (competitive salary), H:1d (managerial role), H:1e (job enrichment), H:1f (job security) H:1g (work life balance), H:2a (competitive environment) and H:2b (government support). The results of the multiple regression analysis provide the answers to research objective one and two. The multiple regression analysis showed how well the combination of the independent (HPWS and external environment) variables predicts the dependent (HPO) variable. The multiple regression analysis results are presented at the significant level of  $p < 0.05$ . When items on HPWS practices (best recruitment practice, fairness in promotion, competitive salary, managerial role, job enrichment, job security and work life balance) and external environment factors (competitive environment and government support) were keying into the SPSS, the total variance explained by the model as a whole was 0.468. In other words, the regression model sufficiently fits the data and significantly explained 46.8% of

the variation in HPO (R square 46.8%,  $p < 0.05$ ). That is, the nine independent variables explained 46.8% of the variance in HPO. The overall regression model was significant (Sig. F change = 0.000, R square = 0.468,  $p < 0.000$ ). The results are illustrated in Table 4.17 below. The table also reveals the contribution of individual factor to HPO.

Table 4.17  
*Multiple Regression Analysis Summaries for HPO*

Variables	Standard error	$\beta$ eta	t. value	Sig.
Fairness in Promotion	.416	.185	1.018	.127
Best Recruitment Practice	.059	.237	2.313	.008**
Competitive Salary	.264	.109	.975	.162
Job Security	.042	.209	1.964	.032**
Job enrichment	.037	.295	3.079	.000***
Work Life Balance	.414	.137	.953	.264
Managerial Role	.084	.218	2.041	.013**
Competitive Environment	.033	.361	4.686	.000***
Government Support	.046	.330	4.012	.000***
R square				0.468
Sig. F change				0.000***
F Value				19.293

\* $P < 0.10$ , \*\* $< 0.05$ , \*\*\* $p < 0.001$ , Sig = Significant

From the individual coefficients of the result in table 4.17, best recruitment practice, job security, job enrichment, managerial role, competitive environment and government support were statistically significant to high performance organization at  $p < 0.05$ . Thus, hypothesis 1a, 1d, 1e, 1f, 2a and 2b were supported. However, fairness in promotion, competitive salary and work life balance were not significant in predicting high performance organization as such, hypotheses H1b, H1c and H1g were not supported. Even though the six factors significantly predict high performance organization, multiple regressions do not only help to determine the relationship but identifies the most contributing factor that predicts the outcome variable within sets of variables. As such, the individual coefficient of the result in table 4.17 above showed that competitive environment ( $\beta = .361$ ,  $t = 4.686$ , Sig. = .000\*\*\*) have the highest standardised beta coefficient and

T value. Which indicated that competitive environment was the most significant variable that predicted high performance organization. That is to say competition among firms is fundamental for a successful performance of organizations in any market. The second highest position that influence high performance organization in this model was government support ( $\beta=.330$ ,  $t=4.012$ , Sig.  $=.000^{***}$ ). This signifies that even in the most freest and vibrant economies, government have greater role in preventing firms from ripping off from the business. In overall, the model showed that external factor creates highest effect on high performance organization. Other important factor in descending order was job enrichment ( $\beta=.295$ ,  $t=3.079$ , Sig.  $=.000^{***}$ ), best recruitment practice ( $\beta=.237$ ,  $t=2.313$ ,  $p=.008^{**}$ ), managerial role ( $\beta=.218$ ,  $t=2.040$ ,  $p=.013^{**}$ ) and job security ( $\beta=.209$ ,  $t=1.964$ ,  $p=.032^{**}$ ). For detail result of the hypothesis testing refers to table 4.19 and appendix E.

#### **4.12.2.1 Hierarchical regression analysis of the moderating effect of organizational culture on the relationship between HPWS, external environment and HPO.**

To achieve the third and fourth research objective, nine research hypotheses were formulated and tested. Hierarchical regression analysis was conducted to test hypothesis H3a, H3b, H3c, H3d, H3e, H3f, H3g, H4a and H4b. Hierarchical regression is also called moderator, recommended by researchers for analyzing moderator (Frazier, Baron & Tix, 2004).

Furthermore, a moderator can be divided into (Homologizer, quasi moderator and pure moderator) and they show differences with regard to the strength of the relationship. A Homologizer function by changing the strength of the relationship, it does not interact with the independent variable and does not significantly correlate with the independent and dependent

variable. Quasi moderator and pure moderator have relationship with both independent and dependent variable (Sharma, Durand & Gur-Arie, 1981). The quasi moderator does not only interact with the independent variable but is a predicting variable itself. Pure moderator interacts with the independent variable but does not have relationship with the dependent variable (Sharma, et al., 1981).

Additionally, Bontis and Serenko (2007) argued that a moderator can be developed by employing two classifications. The first taxonomy is based on the relationship between the moderator and the dependent variable; i.e. if the particular variable relates or do not relate to the dependent variable, while the second taxonomy is whether the particular variable interacts with the independent variable. Based on the result of this study, organizational culture can be regarded as pure moderator on the relationship between HPWS practices, external environment factors and high performance organization. Understanding the kind of moderator is significant because organizational culture can either affect the strength of the relationship or change the form of relationship between HPWS, external environment and HPO.

In order to test whether organizational culture moderates the relationship between best recruitment practice (H3a), fairness in promotion (H3b), competitive salary (H3c), work life balance (H3d), managerial role (H3e), job security (H3f), job enrichment (H3g), competitive environment (H4a), government support (H4b) and high performance organization, three (3) step hierarchical regression by Bryman and Cramer (1997); Cohen and Cohen (1983); Cramer (2003) was conducted to determine if the percentage of variance in the dependent variable was explained by other variables when those variables were put into the regression analysis in a

specific order. According to Bryman and Cramer (1997); Cohen and Cohen (1983); Cramer (2003), the following steps were taken in testing the moderating effect.

Step 1: The direct effect of the independent variables (best recruitment practice, fairness in promotion, competitive salary, work life balance, managerial role, job security, job enrichment, competitive environment and government support) was regressed against the dependent variable (high performance organization).

Step 2: The moderating variable (organizational culture) was regressed against the dependent variable (high performance organization) as if the moderator is an independent variable to assess whether the moderator has a significant direct effect on the dependent variable.

Step 3: Both the independent and moderating variables were regressed against the dependent variable. The third step was to determine the interaction terms (multiplication of the independent variable and moderator variable) these was regressed to see whether there is any additional variance explained. Before proceeding to get the interaction terms to measure the moderating effect, all the variables meant to be used were standardized. That is the mean of each variable was subtracted from all the values of that variable, subsequently all the values of the variable were divided by its standard deviations. For moderator effect to be present, the interactions terms should be able to yield at least small increase in R square (Chaplin, 1991). According to Baron and Kenny (1986) a moderating effect takes place if the test in step 3 is significant. Similarly, Tabachnick and Fidel (2007) asserted that researchers should examine the t-value or p-value under the coefficient table when establishing a moderating effect.

#### **4.12.2.1.1 The effects of organizational culture with HPWS, external environment on HPO.**

The results of the interaction effect of organizational culture on the relationship between HPWS practices, external environment factors and high performance organization was presented in this section. The interpretations of the result of the moderating effect were based on the model summary and coefficients table with the main concern of the analysis in Model 3.

Model 1: When all the nine independent variables (best recruitment practice, fairness in promotion, competitive salary, job enrichment, job security, managerial role, work life balance, competitive environment and government support) were first regressed in model one, the model was found to be significant at  $p < 0.001$ , accounted for 46.8% of the variance in high performance organization with a significant F change of 0.000 as showed in Table 4.18. Particularly, best recruitment practice ( $P < .008^{**}$ ), job enrichment ( $P < .000^{***}$ ), job security ( $p < .032^{**}$ ) managerial role ( $P < .013^{**}$ ), competitive environment ( $P < .000^{***}$ ) and government support ( $P < .000^{***}$ ) had a positive effect on high performance organization. The result also showed that fairness in promotion ( $p < .127$ ), competitive salary ( $P < .162$ ) and work life balance ( $P < .264$ ) were not significant at  $p < 0.05$  significant level.

Model 2: The moderating effect of organizational culture was introduced in model two to examine if the moderator (organizational culture) has a significant direct effect on the dependent variable (HPO). When the moderation variable was introduced in model two the variance explained increases to 47.1%. The result in model 2 was also supported by the significance F change of (0.014) at  $p < 0.01$  level for high performance organization. The R square changes from 0.017 to 0.016 variance. Next, is to enter the interaction variable in Model 3.



Model 3: The product of the predicting variables and the moderator variable were entered to test the interaction effect and to know if there is any additional variance explained. At step 3, when the interaction terms were entered, an increase in R square was observed. The interaction terms accounted for additional variance explained of 49.6% in high performance organization. The model was confirmed to be significant at  $p < 0.05$ . As can be observed in model 3 (Table 4.18), the predictive power of the model increase following the introduction of the interactive terms with 0.034 differences in  $R^2$  and a significant F change at .003 levels.

The significant incremental R square results reported in Table 4.18 showed that the influence of fairness in promotion, work life balance, competitive salary, job security, managerial role were moderated by organizational culture. The signs of the interaction terms were statistically significant in the predicted direction. Thus, inspection of individual interaction terms between  $FPRO * OCUL \rightarrow HPO$  ( $p < 0.043^{**}$ ),  $COMSAL * OCUL \rightarrow HPO$  ( $p < 0.025^{**}$ ),  $JS * OCUL \rightarrow HPO$  ( $p < 0.016^{**}$ ),  $WLB * OCUL \rightarrow HPO$  ( $p < 0.038^{**}$ ) and  $MROLE * OCUL \rightarrow HPO$  ( $p < 0.015^{**}$ ) (H3b, H3c, H3d, H3e and H3f) confirmed that organizational culture moderate the relationship between fairness in promotion, competitive salary, job security, work life balance, managerial role and high performance organization at  $P < 0.05$  level of significance. Thus, H3b, H3c, H3d, H3e and H3f were supported. Based on Sharma et al. (1981) this study concluded that organizational culture serves as a significant moderator variable in the relationship between fairness in promotion, competitive salary, job security, work life balance, managerial role and high performance organization.

However, the results also showed that the interaction terms between BRP\*OCUL-> HPO ( $p<.124$ ), JE\*OCUL-> HPO (0.364), COMENVIR\*OCUL-> HPO ( $p<0.273$ ) and GSUP\*OCUL->HPO ( $p<0.169$ ) were not significant. This shows that organizational culture does not moderate the relationship between best recruitment practice, job enrichment, competitive environment, government support and high performance organization at  $P< 0.05$  level of significance. Hence, H3a, H3g, H4a and 4b were not supported. The results of the hierarchical multiple regression analysis of the moderating effect is presented in Table 4.18 (see Appendix E for detail results).

Table 4.18

*Hierarchical Regression Result for Moderating Effect of organizational culture on HPWS practices, external environment and HPO.*

Variables in the Model	Model 1 Independent variable	Model 2 Moderating variable	Model 3 Interaction variable
Best Recruitment Practice	0.008**	0.005	0.124
Fairness in Promotion	0.127 <sup>NS</sup>	0.096	0.043**
Competitive Salary	0.162 <sup>NS</sup>	0.128	0.025**
Job Enrichment	0.000***	0.002	0.364
Job Security	0.032*	0.027	0.016**
Work Life Balance	0.264 <sup>NS</sup>	0.193	0.038**
Managerial Role	0.013*	0.019	0.015**
Competitive Environment	0.000***	0.006	0.273
Government support	0.000***	0.008	0.169
F change	19.293	4.107	7.032
Sig. F change	0.000	0.014	0.003
R <sup>2</sup>	0.468	0.471	0.496
Adjusted R <sup>2</sup>	0.451	0.455	0.462
R <sup>2</sup> change	0.017	0.016	0.034

\* $P<0.10$ , \*\* $<0.05$ , \*\*\* $p<0.001$ , Sig =Significant

#### **4.12.2.1.2 Interaction Graph between Organizational Culture, Fairness in Promotion, Competitive Salary, Job Security, Managerial Role, Work Life Balance on HPO**

According to Baron and Kenny (1986), even if a significant relationship is found in step 3, it may be difficult to make conclusion because of multicollinearity problem that may arise from the regression of the interaction of both the independent and the moderating variables on the dependent variable. As a result, a graph needs to be plotted to show the moderating effect. In view of this, this study further plots a graph to show the interacting effect.

Figures 4.4-4.8 showed the graphical interaction between organizational culture, fairness in promotion, competitive salary, job security, managerial role and work life balance for which high and low levels are depicted as one standard deviation above and below the mean respectively. Refer to Appendix F.

The result of the interaction effect between organizational culture and fairness in promotion was found to be significant ( $P = 0.043^{**}$ ,  $p < 0.05$ ), therefore, a graph was plotted to demonstrate the moderating effect. It was evident in the interactional plot (Figure 4.4 appendix F) that the change in the score of high culture is higher compared to low culture. These demonstrated that the relationship between fairness in promotion and high performance organization would be stronger when the culture of an organization is high compared to when the culture of the organization is weak. That is, the influence of fairness in promotion on high performance organization will be much stronger in an organization that has a high cultural value. This implies that organizational culture strengthens the positive relationship between fairness in promotion and high performance organization. Hence, the results support hypotheses H3b. The graphical representation of the result is presented in figure 4.4 appendix F.

The interaction effect between organizational culture and competitive salary on high performance organization was also examined. The result of the interaction was found to be significant ( $P= 0.025^{**}$ ,  $p<0.05$ ), therefore, a graph was plotted to explain the moderating effect. The graph illustrated in figure 4.5 appendix F shows that the relationship between competitive salary and high performance organization will be stronger in an organization that has high cultural value than those whose culture is weak. That is, large differences were noted in the performance of organization that has high cultural value. In other words, under conditions of high cultural value, competitive salary significantly affects high performance SMEs than SMEs that has low cultural value. Hence, organizational culture has a strong effect on the positive relationship between competitive salary and HPO. Therefore, the result supports hypotheses H3c. The graphical interpretation of the result is presented in figure 4.5 appendix F.

The results in Figure 4.6 (appendix F) showed a significant positive interaction between organizational culture and job security on high performance organization ( $P= 0.016^{**}$ ,  $p<0.05$ ), as such, an interaction graph was plotted to reveal the interaction effect. The interaction graph (Figure 4.6 appendix F) revealed that the relationship between job security and high performance organization would be stronger when the culture of an organization is high compared to when the culture of the organization is weak. Thus, if cultural value of an organization is high it will further strengthens the relationship between job security and high performance organization. Thus, the graph further confirmed that organizational culture has a stronger effect on the positive relationship between job security and high performance organization. Therefore, the result supports hypotheses H3f. The graphical interpretation of the result is illustrated in figure 4.6 appendix F.

Figure 4.7 report the moderating effect of organizational culture on the relationship between managerial role and high performance organization. The result (Figure 4.7 Appendix F) indicated that the change in the score of high culture is much higher compare to low culture. This indicated that the relationship between managerial role and high performance organization would be much stronger in an organization with high cultural value compared to an organization whose cultural value is weak. That is, the influence of managerial role on high performance organization will further be strengthening by high cultural value. This implies that organizational culture strengthens the positive relationship between managerial role and high performance organization. Hence, the results support hypotheses H3f. The graphical presentation of the result is depicted in figure 4.7 appendix F.

Furthermore, the result of the interaction effect between organizational culture and work life balance was found to be significant ( $P = 0.038^{**}$ ,  $p < 0.05$ ), consequently, a graph was plotted to show the interaction effect. As shown in the interactional plot (Figure 4.8 appendix F) changes in the score of high culture is higher compared to the changes in the score of low culture. This indicated that the effect of work life balance on high performance organization will be stronger when an organization has a high cultural value. This implies that organizational culture strengthens the positive relationship between work life balance and high performance organization. Thus, hypotheses H3d was supported. The graphical illustration of the result is demonstrated in figure 4.8 appendix F.

In overall, the interaction graphs in Figure 4.4 to 4.8 (appendix F) indicated that the moderating effect of organizational culture on job security and HPO has a highest interaction effect followed

by that of managerial role which occupy the second highest interaction effect. Therefore, the interaction graph signified that job security and managerial role has both direct and indirect positive relationship with high performance organization through organizational culture. It is also evident in the results (appendix F) that the interaction graph between fairness in promotion and organizational culture occupy the third highest interaction effect, followed by competitive salary and WLB in descending order. Regardless, the interaction graph in figure 4.4 to 4.8 (see appendix F) shows that organizational culture moderate the positive relationship between fairness in promotion (FPRO), competitive salary (COMSAL), job security (JS), managerial role (MROLE) work life balance (WLB) and high performance organization (HPO). Hence the results support hypotheses H3b, H3c, H3d, 3e and H3f respectively.



Table 4.19

*Hypotheses testing*

Hypothesis	Statement	Findings
<b>H1a</b>	There is a positive relationship between BRP and HPO	Beta ( $\beta$ ) = .237 Sig. = 0.008** T-value= 2.313
<b>H1b</b>	There is a positive relationship between fairness in promotion and HPO.	Beta ( $\beta$ ) = .185 Sig.= 0.127 <sup>NS</sup> T-value= 1.018
<b>H1c</b>	There is a positive relationship between competitive salary and HPO.	Beta ( $\beta$ ) = .149 Sig.= 0.162 <sup>NS</sup> T-value= .975
<b>H1d</b>	There is a positive relationship between managerial role and HPO.	Beta ( $\beta$ ) = .218 Sig.= 0.013** T-value = 2.041
<b>H1e</b>	There is a positive relationship between job enrichment and HPO.	Beta ( $\beta$ ) = .295 Sig.= 0.000*** T-value = 3.079
<b>H1f</b>	There is a positive relationship between job security and HPO.	Beta ( $\beta$ ) = .209 Sig. = 0.032** T-value = 1.926
<b>H1g</b>	There is a positive relationship between work life balance and HPO.	Beta ( $\beta$ ) = .137 Sig.= 0.264 <sup>NS</sup> T-value = .953
<b>H2a</b>	Competitive environment has a positive relationship with high performance organization.	Beta ( $\beta$ ) = .361 Sig.=0.000*** T-value = 4.686
<b>H2b</b>	Government support has a positive relationship with high performance organization.	Beta ( $\beta$ ) = .330 Sig.= 0.000*** T-value = 4.012
<b>H3a</b>	Organizational culture moderates the relationship between BRP and HPO.	Sig. = 0.124 <sup>NS</sup> T-value = 1.023
<b>H3b</b>	Organizational culture moderate the relationship between fairness in promotion and HPO	Sig.= 0.043** T-value = 1.864
<b>H3c</b>	Organizational culture moderates the relationship between competitive salary and HPO.	Sig.= 0.025** T-value = 1.917
<b>H3d</b>	Organizational culture moderate the relationship between work life balance and HPO	Sig.= 0.038** T-value =1.851

<b>Hypothesis</b>	<b>Statement</b>	<b>Findings</b>
<b>H3e</b>	Organizational culture moderate the relationship between managerial role and HPO	Sig. = 0.015** T-value = 2.548
<b>H3f</b>	Organizational culture moderate the relationship between job security and HPO	Sig. = 0.016** T-value = 1.873
<b>H3g</b>	Organizational culture moderate the relationship between job enrichment and HPO	Sig. = 0.364 <sup>NS</sup> T-value = .758
<b>H4a</b>	Organizational culture moderates the relationship between competitive environment and HPO.	Sig. = 0.273 <sup>NS</sup> T-value = .843
<b>H4b</b>	organizational culture moderate the relationship between government support and HPO	Sig. = 0.169 <sup>NS</sup> T-value = .769





Table 4.20

*Summary of Result of the Hypothesis Testing*

<b>Hypothesis</b>	<b>Description</b>	<b>Decision</b>
<b>H1a</b>	There is a positive relationship between BRP and HPO	<b>Supported</b>
<b>H1b</b>	There is a positive relationship between fairness in promotion and HPO.	Not Supported
<b>H1c</b>	There is a positive relationship between competitive salary and HPO.	Not Supported
<b>H1d</b>	There is a positive relationship between managerial role and HPO.	<b>Supported</b>
<b>H1e</b>	There is a positive relationship between job enrichment and HPO.	<b>Supported</b>
<b>H1f</b>	There is a positive relationship between job security and HPO.	<b>Supported</b>
<b>H1g</b>	There is a positive relationship between work life balance and HPO.	Not supported
<b>H2a</b>	Competitive environment has a positive relationship with high performance organization.	<b>Supported</b>
<b>H2b</b>	Government support has a positive relationship with high performance organization.	<b>Supported</b>
<b>H3a</b>	Organizational culture moderates the relationship between BRP and HPO.	Not Supported
<b>H3b</b>	Organizational culture moderate the relationship between fairness in promotion and HPO	<b>Supported</b>
<b>H3c</b>	Organizational culture moderates the relationship between competitive salary and HPO.	<b>Supported</b>
<b>H3d</b>	Organizational culture moderate the relationship between work life balance and HPO	<b>Supported</b>
<b>H3e</b>	Organizational culture moderate the relationship between managerial role and HPO	<b>Supported</b>
<b>H3f</b>	Organizational culture moderate the relationship between job security and HPO	<b>Supported</b>
<b>H3g</b>	Organizational culture moderate the relationship between job enrichment and HPO	Not Supported
<b>H4a</b>	Organizational culture moderates the relationship between competitive environment and HPO.	Not Supported
<b>H4b</b>	organizational culture moderate the relationship between government support and HPO	Not Supported

#### **4.13 Summary**

The detailed description of the results of data collected in this study has been presented in this chapter. Apart from providing the result of the demographic characteristics of the study sample and the descriptive statistics of the variables examined in this study, the chapter also provided the empirical results on the tested hypothesis. Generally, self-report techniques have provided a considerable support for the direct and indirect effects of HPWS practices and external environment factors on HPO. In particular, the results of the multiple regression analysis showed a full support between external environment factors (competitive environment and government support) and HPO. Meanwhile, four out of the seven HPWS practices were directly supported. Lastly, hierarchical regression analysis was also conducted to determine the moderating effect of organizational culture on the relationship between HPWS practices, external environment factors (H3 and H4) and HPO. The results from hierarchical regression analysis show that organizational culture does not completely moderate HPWS practices and HPO. The result also indicated that organizational culture does not moderate the relationship between external environment and HPO. The following chapter (chapter 5) discusses the results, followed by implications, limitations, suggestions for future research and conclusion.

## **CHAPTER FIVE**

### **DISCUSSION, IMPLICATION AND CONCLUSION**

#### **5.1 Introduction**

This chapter discusses the results presented in the previous chapter subject to the research objective, hypotheses and the review of literature. The chapter is divided into five sections. First, recapitulation of the study followed by discussion of the results according to the research objectives and hypotheses. The implication of the study in relation to the practical, policy and theoretical were highlighted. Limitations of the study were also discussed in this chapter and based of these limitations suggestions for future research directions were made. Finally, a general conclusion is drawn in the fifth section.

#### **5.2 Recapitulation of the Study**

This study examined the relationship between HPWS, external environment and HPO. The study also test the moderating effect of organisational culture on the relationship between HPWS, external environment and HPO. The study utilized a quantitative research approach. 354 questionnaires were distributed to food and beverage SMEs in Lagos state that have spent a minimum of ten years in the industry. The questionnaires were self administered to the managers. 267 completed questionnaires were returned by the respondents. 252 questionnaires were retained for further analysis. However, fifteen (15) cases did not meet multivariate assumption because of outliers.

From the analyses conducted, the following findings were revealed. Nine direct hypotheses were formulated between HPWS practices, external environment and HPO using multiple regression analysis, the results supported six, while three were not supported. With respect to the indirect effect, hierarchical multiple regression was used to test the moderation effect of organisational culture on the relationship between HPWS practices, external environment and HPO, the result of the hierarchical multiple regression supported five hypotheses, while four were not supported. In overall, the study succeeded in improving the understanding of the important element that will influence the achievement of HPO in Nigeria SMEs. The results have provided answers to the four research questions listed in this study. The next section discusses detail results of this study in relation to previous findings.

### **5.3 Discussion of Results**

This section is grouped into two components; the first section discusses the results in relation to the direct relationship between: (1) HPWS practices and HPO, (2) external environment and HPO. The second section discusses the moderating effect in two sections: (1) the moderating effects of organisational culture on the relationship between HPWS practices and HPO, (2) the moderating effect of organisational culture on the relationship between external environment and HPO. Specifically, the discussion is structured according to the research objectives.

### **5.3.1 The influence of HPWS on HPO**

The first research objective of this study was to determine whether there is a positive relationship between HPWS and HPO. Consistent with the aforesaid research objective, seven hypotheses were formulated and tested. The results of the multiple regression analysis supports four of the hypotheses including best recruitment practice (BRP), job security, job enrichment and managerial role. While three of the HPWS practices such as fairness in promotion, competitive salary and work life balance (WLB) were not supported. The results of the hypotheses on the HPWS practices and HPO are discussed below.

#### **5.3.1.1 Relationship best recruitment practice (BRP) and HPO**

The results of this study showed a significant positive relationship between BRP and HPO among SMEs in Nigeria. Such result indicate that firms that implement BRP would achieve competitive advantages because they will attract most suitable or best-qualified people with the desired knowledge, skills and experience for the job in a timely and cost-effective manner. Therefore, to emerge as employer of choice, firm must improve their recruitment process with genuine, validated, fair and unbiased standards to meet best practice. Such improvement provides better reputation for the organization and attracts potential applicant positive self-concept to work with the firm. Because the more applicants know about firms reputation, the more positively firms overall corporate image are evaluated. BRP does not only fill the positions, but in a thoughtful process that follow best standard which leads to a group of candidates that are self-selected of which the

selection was not pre-determined. As such, firms that implements BRP enhances productivity, improve returns and achieve economies of scale, this is conducive for the survival of the organization.

The result is consistent with the study by (Boxal & Purcel, 2011; Guest, et al., 2003; Sangeetha, 2010; Theriou & Chatzoglou, 2008; Theriou & Chatzoglou, 2014; Truxillo, et al., 2004) that best practice remained unique element in HPWS that facilitate competitive advantage for all organizations, because it emphasizes on employees capability, knowledge and skills (Marchinton & Wilkinson, 2003). Similarly, RBV also support that competitive advantage and performance results from firm ability to identify specific resources and capabilities which are costly for competitors to imitate (Barney, 1991). Thus, with BRP firms has the ability of selecting the right candidates that fit the job.

One possible reason that could cause SMEs in Nigeria to implement BRP is due to the poor quality of product that has earlier been identified by SMEs. These brings managers understanding that having BRP that fit with the company's needs will help them to improve the quality of products, customers value, innovation and efficiency. BRP is a key principle in achieving high customer's value, product quality and innovation because it assures that employees that have the needed skills assume greater job responsibility. A high performance workplace should largely dependent on the type of employees recruited in the organisation. Hence, for SMEs to take good strategic decisions they need the recruitment of skilled and competent employees because skilled and capable employees will help the organization to effectively meet stated goals. Through BRP, SMEs facing

performance problem will develop new ways of identifying competent and motivated workforce that will provide the organization with valuable market information.

Another possible reason is due to the experience of the sampled managers. Through experience, managers constantly develop new ways of identifying the best candidates from the pool of applicants that is best suited for the company. The experience may also have created the awareness on the managers that the old recruitment practices of filling vacant position is not appropriate in today's competitive market environment as such, implementing BRP will help them to achieve the needed goal. Apart from the above, Lagos state has the highest number of SMEs in Nigeria (Lagos State Business Directory, 2013; Onugu, 2005; SMEDAN, 20012) and this will create competition among firms hence, SME will use BRP as a strategy to select high value capacity that will bring quality innovation to the business and subsequently gives them competitive advantage over others.

Furthermore, BRP may also have been considered as one of the best strategies for Nigeria's SMEs to get the right people that fit the job because of high cost of training and limited SMEs budget to retrain newly recruited employees. As such, implement BRP is important for all SMEs that desire to reduce training cost, since organizations are currently looking for ways of reducing cost at the same time maximising output. Therefore, SMEs need to implement BRP to select suitable applicant that meet its needs if they want to achieve competitive advantage. Because majority of SMEs in Nigeria do not have training and development program to supplement the less experience graduates

currently produced by the country tertiary institutions, they need BRP as an alternative to select the right individuals that fit the firm's goal and have the ability to produce quality output.

Additionally, BRP provides competitive advantage for both large and small firms regardless of the industry or context. Therefore, the first step for any organisation to achieve high performance is to recognize that BRP is of strategic importance in the current market environment not an alternative practice. As such, it is the prime responsibility of managers to implement BRP because BRP provides a level play ground for genuine, validated, fair and unbiased standards against which to assess applicant competencies to perform in the targeted job. It is essential for managers to understand that hiring the wrong candidate can result to poor employee morale, low productivity and lost opportunities, as such, it is important for firms to recruit the right skills in the right job before deciding strategic plan. Therefore, managers involved in recruitment activities should be equipped with the appropriate knowledge and skills. Besides, SMEs should regularly review their recruitment process to make sure hidden bias is removed and to ensure specific talent is not being blocked from entering the organization. Recruitment should not simply be a question of filling the gaps in the organization, instead should proactively focused on bringing the specific kind of skills and experiences in the organization because firms recruitment is a strategic opportunity to achieve competitive advantage.



### **5.3.1.2 Relationship between fairness in promotion and HPO**

Ideally, some employees would desire to see that everything that matter to their promotion is free from bias, inequity or unfairness. Following this and the review of literature, this study examined the relationship between fairness in promotion and HPO. Contrary to the study expectation, the multiple regression analysis result did not support that fairness in promotion have a direct positive relationship with HPO. This indicated that fairness in promotion has reasonably been ignored in the context of SMEs in Nigeria. Possibly because the process is viewed differently by different people, subject to their emotions. However, unfair procedure demonstrates disrespect for employees in a way they do not deserve. A firm that engages in promotion whose process is unfair to the candidate causes the employees to engage in a behavior that counter organizational performance.

Although the results reported here clearly do not support that a positive relationship exists between fairness in promotion and high organizational performance. The result is consistent with the study by Brockner and Wiesenfeld (1996) that a combination of unfair procedures with unfair outcomes has the most negative impact on the feelings of participants. A similar study by Ishak and Alam (2009) in Malaysia domestic commercial banks also showed that distributive justice and procedural justice did not contribute to subordinates performance of organizational citizenship behavior. This is because the assessment of the processes in promotion is not viewed objectively the same process is viewed differently by different people, subject to their emotions and outcomes for those people.

There is several plausible and important explanations that can cause the insignificant result. One possible reason is associated with the contextual difference between the present study and previous studies where the instrument use for this study was adopted (Hwang, 2007). For instance, previous studies on fairness in promotion focused on large organisations in developed economy with unique characteristics totally different from Nigeria business environment. Besides, most of the SMEs decisions in Nigeria including promotion are unilaterally decided by their owners and this may also have offered unsatisfactory result for this study.

A second explanation for the observed relationship is the notion that male employees would be more likely to be selected for higher positions in companies than their female counterparts because of their minority classification. The fact that high number of male students are graduating and entering the workforce in Nigeria than their female counterparts may cause imbalance in managerial position. This high influx will also cause inequity in male chances of rising to higher position than their female counterpart. This is consistent with Dreher and Chargois (1998) that men are better able than women to be instrumental in promoting their careers.

Another possible explanation for the results is the issue of federal character affirmative action program in Nigeria which gives strong support for quota representation in organizations. This may cause the respondents to have some common misconceptions in

applying fairness in their promotion, as such base their promotion strictly on quotas regardless of whether the candidate has equal ability or not.

Besides, the role of cross cultural differences can also be a big issue in what constitute fairness. This results support that cross-culture considerably different from each other in their attitudinal and behavioral patterns on fairness. It is common for people to demand for justice in workplace but, it is highly particularistic to define what constitute justice across countries. First, two facets of justice perception relate to overall fairness differently across cultures. For instance, in one culture, distributive justice may be weighted more heavily in overall fairness than other facets of justice, whereas in another culture, procedural justice may be more heavily weighted because of different cultural norms and expectations. In general, procedural fairness may weigh more heavily in the formation of overall fairness for developed economies that this instrument was adopted than in Nigeria. Whereas interactional justice may matters more in shaping overall fairness for Nigeria than for developed economies. This explanation support the need why future research should also determine these differences, it is apparent that the relationship between different facets of fairness and overall fairness may be affected by the dominant values of cultures.

Halo-effect bias or stereotypic perceptions among male towards female in Nigeria is another possible cause of the insignificant result between FPRO and HPO. Halo effect or stereotype is a cognitive bias in which an observer overall feeling of a particular person or group of person's influences the observer's impression and thoughts about that person's or group qualities. These thoughts or beliefs may or may not exactly reflect the

reality. Because of this negative, stereotyped perceptions, female are viewed as less capability, objectionable in decision making, productive and risk taking particularly with the popular misconception in Nigeria that female education end in the chicken. For instance, Lagos is Nigeria largest commercial hub many organisations are predominantly dominated by male managers or owners who believed that female employees are less capable to manage organizations. This explanation is consistent with the research conducted by the international labour organization (2015) that the ratio of working women in senior management positions in Africa is still very low. The ILO (2015) report specifically put the statistic of the private sector involvement by women in top management at 13.1 percent. Similarly, the demographic results of this study also confirmed this argument indicating that 88.5% of the managers in Lagos SMEs involved in this study are dominated by male managers while only 11.5% were female. In such scenario, male managers possibly endorse the promotion of a male employee instead of equally qualified female counterpart, thereby assessing the female employee as less capable to face high market competition in Lagos. Thus, a female employee who sees a male counterpart being promoted instead of an equal qualified female may interpret the promotion decision to be unfair. This illustration prevailed regardless of whether the job is masculine, feminine or sex-neutral.

Furthermore, racism is another possible invisible factor that cannot be ignored in this study. Organisational fairness may have been downplayed to a larger extent among Nigeria firms because of racial differences in selection procedures. Racial differences in perceive fairness in promotion may explain or be explained by the differences of this

result. For instance, Nigeria comprises of approximately three hundred ethnic groups and languages (Rakov, 1990) whereby only three group (Igbo, Yoruba and Hausa) have the majority. Under this diverse population, employees in the majority group who found him/herself in the same organization with managers who hail from similar ethnical background, such will obtain preferential treatment against other employees from the minority group. This is possible due to the trust that manager may place on the employee from the same ethnic group.

Industry size may also have contributed to the insignificant result between FPRO and HPO. Considering that the study where these items were adopted was conducted in large organization. In terms of organizational fairness, employees in large firms may be highly likely to dissatisfy in reaction to unfair treatment than small firms because in large organizations, employees loyalty is more directed to the supervisor rather than managers due to the large number of employees in the organization.

In summary, unfair promotion will have negative consequence on organizations such as turnover and employees physiological stress, which subsequently affect organizational performance if managers fail to improve on their promotion procedures. Competence assessment methods generate more positive reactions in employee's promotion. This is because employee perceives it as being closely related to their actual performance so that employees have the opportunity to demonstrate their abilities and skills before promotion, this is one way to fair procedural rules. Since transparency is an important antecedent of fairness, the criteria for promotion should be first published and known by all involved in

order to enhance fairness. As a consequence, employees will be more likely to engage in profitable organizational behaviors, or at least not in counterproductive when they see that their promotion is fair. When an employee is promoted, co-workers could be reluctant to follow that employees instructions if they perceived that such employee reached his/her new position in an unfair process. To minimize this, SMEs should have a policy for employees' promotion so that employees have a clearer understanding before strive for improvement. Doing this will permit individuals to apply for a higher position seeing that they are satisfied and possess the needed qualifications. Even though managers has power to determine promotion, they should do this in fair manner by looking at employees capability when determine promotion.

#### **5.3.1.3 Relationship between competitive salary and HPO**

This study examined the direct relationship between competitive salary and high organizational performance. Surprisingly, the result of competitive salary and HPO revealed an insignificant result. It means that competitive salary does not predict high performance. If one recalls the literature in relation to competitive salary and HPO, one would notice that the findings of this study further contribute to the mixed results obtained in previous empirical studies. In other words, competitive salary is simply not enough for managers to create high performance. Under this type of pay distribution, top manager matter significantly less in competitive salary because providing competitive salary to managers may pose a daunting challenge for firms. Managerial salary may be subject to bargaining agreement between management rather than market determination. The negotiation will result to an agreement where management implements a salary limit.

This is based on the premise that when firm resources increases management salary improves rather than providing pay base on what is obtainable by competitor.

The result is consistent with (Berri & Jewell, 2004; Dale-Olsen, 2012; Depken, 2000; Honeycutt & Rosen, 1997) that higher salary dispersion was not a significant determinant of performance. Instead, competitive pay causes more stress if the employees feel they have to reciprocate by performing higher as such higher salary lead to greater job anxiety (Bryson, Barth & Dale-Olsen, 2012). Similarly, Jane (2010) supported that the direction of the causality between salary structures and the subsequent performance of an organization is unclear and has rarely been rigorously investigated in the literature.

The insignificant result between competitive salary and higher performance may be explained by numerous factors far too many to detail in this study. First, the inconsistencies in the result between competitive salary and HPO are possible because of inadequacy in the financial strength of SMEs in Nigerias compare to large organisations. It is also possible that SMEs salary package is not well-developed compared to large organizations because SMEs resources are very limited. These firms are naturally more labor-intensive and tend to be vulnerable to business recessions and industrial fluctuations. Besides, understanding that SMEs in Nigeria are in start up and survival phase, while large organisations are beyond the existence and survival phase and they are in the growth time stage of their existence. This gives them the advantage to pay higher than smaller firms. Similarly, previous studies that found positive relationship between

competitive salary and performance mainly focused on large organisations instead of SME. This could also have contributed to the mixed result obtained in previous studies.

Another possible explanation is the dramatic increase in the numbers of ageing employees in the managerial position of the sampled SMEs compared to the younger workforce who sees high salary as a way of evaluating their worth. For instance, the managers within the age of fifty occupy the highest respondent in this study. Within the Nigeria context this group of individuals is within the retirement stage or some may have retired from other jobs. These group of individuals may not be much concern about higher salary package, rather prefer to be more committed to their job in order to receive better benefit at the time of retirement.

Besides, the experience of the sampled managers could also have contributed to the result of this study. Through experience, managers may not be more concerned about higher salary but other salient benefit and the satisfaction that derived from the job will motivate them to be more committed to the achievement of better outcome. Moreover, SMEs in Nigeria have not yet become stable entities to pay higher salary rather they are in a critical period hoping to become stable to increase performance. Only if SMEs rise above survival phase challenges such can provide competitive pay, otherwise providing competitive salary at the start up phase may be harmful to SMEs achievement of higher goal because competitive salary may pose a frightening challenge on the financial strength of the firms.



Another possible reason is that competitive salary may not be the only factor to achieve higher performance as literature has revealed (Waal, 2012b; Heinrich, 2007). Some firms may provide lower salary but have other benefits that are more valuable to the employees which further give them competitive advantage over other competitors. This phenomenon can also be explained that with over 65% of the sampled managers having more than 10 years working experience in the SMEs, they may have low desire for salary attainment rather prefer to make a difference in career development because through career development manager will be more attractive to larger firms. In this case, salary position may not be the main focus in managerial positions compared to lower level employees or managers with shorter tenure or history of inter-firms moves which may view competitive salary as a significant element.

Furthermore, the uncertainty in business environment in relation to high rate of unemployment in Nigeria may also have contributed to the insignificant result of this study. According to Ekpo (2015), in 2010, the rate of unemployment in Nigeria stood at 21.4 percent and rose to 24.7 percent in 2013. The increasing rates of unemployment in Nigeria clearly indicate that the economy has an unemployment problem. Under this type of environment, the supply of labour will be higher than labour demand. This high rate of labour supply will clearly give Nigeria SMEs the advantage to make use of the workforce with minimum cost. While it is also possible that low level of SMEs performance in Nigeria could impede their ability to offer competitive salary, it is also important to note that the rising rate of unemployment and the increasing number of people entering the

Nigeria labour market yearly may have unfavorable side effects on managerial salary package. This increasing pool certainly gives firms the advantage to acquire sufficient resource from large pool of skills with pay package that is reasonably below the market rate.

Finally, the availability or nature of the market is another possible reason that may also dominate salary setting in Nigeria. For example, the level at which SMEs have been able to penetrate the market will determine the pay package such can offer. Providing competitive salary may be subjected to the number of customers SMEs is able to attract or retained. In an environment where firms have few loyal customers from large pool of competitors in the market, the ability to provide salary that is competitive may probably be a big issue, especially for those SMEs that have not yet been established in the market. Therefore, from the result of this study, competitive salary does not directly influence the achievement of HPO as this study has earlier hypothesized. However, managers should have a knowledge of what their competitors are willing to pay skilled employees, and ready to do same so they can attract skilled candidates that fit their business because a well-designed salary package will reinforce employee's positive attitude and helpful for the retention of skilled workforce. They should also understand that a given salary increases or decreases significantly result to decreases or increases in performance. It is therefore important for managers to be aware of the negative consequence that low salary package may have on the organization. This is particularly important because failure to provide competitive salary can hinder organizational goals. This has important implications for management because providing competitive salary will improve

employee's performance knowing that the employees will feel they have to reciprocate by performing higher.

#### **5.3.1.4 Relationship between managerial role and HPO**

The direct relationship between managerial role and HPO has also been examined. As predicted, the results confirmed managerial role and high organizational performance to be positively and significantly related. This result further explains the important role of managers in transforming the needed change in the organization. This stems from the fact that there will be an increase in customer loyalty and firm's productivity if managers play a significant role. This is important because in today market, firms cannot survive or prosper without managers engaging in positive behaviour associated with performance because managers are change agent of organizational transformation endow with the ability to build confidence among stakeholders.

The finding of this study is consistent with the study by (Augier & Teece, 2009; Bhatnagar, 2006; Eisenhardt & Schoonhoven, 1990; Keeley & Roure, 1990; Li & Zhang, 2007; Noon & Blyton, 2013; Tymon Jr, Stumpf, & Smith, 2011) that managerial role is a significant factor for achieving organisational performance. Because managerial behavior shape employees attitudes, behaviors and level of commitment to organizational performance (Richard, Ismail, Bhuian & Taylor, 2009; & Gould-Williams & Davies, 2005). This therefore indicated that to a wider context managerial role has a great effect on organizational performance regardless of the settings or sectors. Because managers articulate goals, evaluate business opportunities, build trust, strengthens important

relationship with stakeholders and ensures that the growth of the firm is sustained for the future.

The result of this study is not surprising because of the nature of market competition in Lagos, managers thrive harder to ensure their firms achieve better performance, possibly because of the believed that organisational success or failure is subject to managerial role. As such, in most cases, SMEs managers sacrifices their personal and family gain for their firm goals, work harder to ensure a successful operation of the business. Besides, since experience is a prime source of learning and development, it is possible that the experience of the respondents in managerial role may have contributed significantly to the achievement of the positive result. Through experience managers appear to develop better skills to effectively cope with the uncontrollable factors that may hinder other SMEs to survive after their first five years in the Nigeria business environment. Because the way firm shape their business environment is impacted by the differences in the quality and experience of their managers. For instance, through market experience, managers know how to deal and expect to be dealing with uncontrollable factors. Because managers' motivation and attitude toward risk may vary from one SME to another based on their ability to articulate goals, assess business prospect and the important strategic decisions.

Additionally, the heterogeneity of knowledge managers is exposed to make them more resourceful and innovative. It is their creative and innovative role that helps their firms to achieve higher performance. For instance, roughly all the raw materials used by most

large and small firms in Nigeria are imported, if managers have no adequate knowledge of the cost and when to import raw material it will negatively affect the performance of their organisations by increasing organizational cost. Because managers play a greater role in selecting resources, making investment choices, and in coordinating non-tradable assets to achieve organizational effectiveness and suitable returns from innovations (Augier & Teece, 2009). Hence, unbalanced distribution of resources can jeopardise firm's achievement of higher goals and create unfavorable effects on both current and future performance of the firms.

Furthermore, the finding also revealed that managers have numerous roles (planning, monitor, leadership, resource allocator, entrepreneur, disseminator and liaison) they need to display in order to achieve HPO. This is important because it allow managers to strengthen positive relationship with stakeholders and explore market opportunities in order to sustain organizational growth. For example, the high number of SMEs in the Nigeria market will increase the level of competition as such, managers are required to be more innovative, have the ability to interpret market situation, meeting both employees and organisational goals, more sensitive in caring for the employees and showing concern to retain productive employees. Managers must be capable in smoothing the communication between SMEs owners and the employees, communicate what employees need to do in their daily operation of the organisation. This communication will provide employees the information about the value which management uphold. Similarly, because managers are viewed as agents of change in their organisations, their behaviour play a significant role in facilitating organisational goals, shaping employees attitudes

and actions towards work, and their level of commitment to their jobs. Therefore, for SMEs to achieve higher performance, they must have managers whose goals and passions are directed towards responsible behaviors beneficial to the firms, sharp in thinking to understand employee's strengths and weaknesses.

When managers demonstrate excellent relationship with the subordinates, it enhances subordinate psychological empowerment. That is, when employees recognise that their manager add value to the quality and quantity of their job, they will put more effort to achieve higher performance. This is consistent with Tymon, Stumpf and Smith (2011) that when employees observe that their manager contributes to the job both in terms of quality and quantity, they too reciprocate with higher contribution. Similarly, Richard, Ismail, Bhuian and Taylor, (2009) and Gould-Williams and Davies (2005) supported that managerial behaviors play a significant roles in shaping employees' level of commitment and attitudes towards organizational performance. Again, employees may have the intention to quit the firm possibly because of low salary package commonly found among smaller firms but with an excellent relationship with their manager, employees may stay longer to be part of the team, hoping there are future opportunities in the organisation. Therefore, to achieve HPO, managers should be able to show their managerial capability because managerial capability represents a unique resource for every organization to achieve such goals. Failure to grasp capability of the business, may pose difficulty in managers understanding of societal demands. It imperative to note that manager who solely depend on goal setting without developing action to achieve the goal may restrict their organizational performance. Besides, giving the market competition in Lagos,

managers are suggested to participate in event involving their customers. Participation in customer's event can be a strategy to win customer loyalty and opportunity to improve the corporate image.

#### **5.3.1.5 Relationship between job enrichment and HPO**

Job enrichment was found to be statistically significant in predicting high performance organization. The finding indicated that job enrichment is important motivational element that can enhance organizational performance. This is important because through enrich job, firms provides good opportunity for employees to develop and get promoted thereby maximize employees job satisfaction, productivity and product quality which subsequently boost the performance of the organization. The result demonstrate consistency with past finding that given employees job autonomy enhances higher organizational performance, increased profitability, productivity, higher product quality and higher employee satisfaction (Davoudi, 2013; Jayawardana & Fonseka, 1996; (Jayawardana & O'Donnell, 2009; Karatepe & Bekteshi, 2008; Madjar, Oldham & Pratt, 2002; Patterson, West & Wall, 2004; Vroom, 1964).

The significant positive relationship between JE and HPO is not surprising because, the primary concern of Nigeria's SMEs is survival, profit and growth. Therefore, enriching manager's job is an effective strategy for SMEs to achieve this goal. Through job enrichment, SMEs managers have the opportunity to develop their knowledge.

Another possibility is due to the understanding that SMEs that enriched manager's job will achieve better performance than others. Because through experience, managers became aware that the more jobs are enriched, the more firms are able to minimize labour

costs which subsequently boost both firm productivity and profitability. Besides, as the job grow to be more meaningful and the job outcomes increase with greater knowledge of results, the more managers feeling that their instrumentality for the SMEs has increased because firms makes them more accountable and flexibility in their job. That is, enriched job serves as a tool for managers to see themselves as having greater prospect in the organisation as such increase their loyalty and commitment to the organisation. For instance, the nature of task in Nigeria's SMEs, makes the managers' to perform multi tasking roles, this will further help them to enrich themselves and subsequently the growth of the business. Besides, given the competitive nature of food and beverage market in Lagos, enrich job serve as a strategic option for SMEs to motivate and retain talent. Because when managers are given autonomy over their work, they tend to feel responsible for the outcome of the job and will put their best to achieve better result. Apart from the above, manager may have other organizational commitment outside of the firm, but when employees jobs are enriched, the knowledge gain through the job will be beneficial for the growth of the organization without the presence of the manager.

Furthermore, high level of market competition in Lagos may also compel firms to give managers the autonomy to do their job. This is an important finding for other SMEs in Nigeria where managers are not giving the autonomy to do their jobs because of the apprehension of knowledge leakage to competitors. Therefore, SMEs should see enrich job as a means for managers to build their own capabilities and accomplish strategic goals. Similarly, enrich job serves as a learning approach and interventions tools to boost manager's positive attitudes and reduce manager's possibility of engaging in negative



actions that will counter the achievement of higher goals. Enriched job will make them more creative and flexible in their jobs, encourage managers to think out of the box due to the picture it will create in the mind of the managers which this scenario give them the opportunity to see into the big picture of the organization. Therefore, job enrichment will help SMEs with low level of performance to detect the strengths and weaknesses of their firms and also help in reducing the operating cost of the organisation. It is also important for firm to understand that enrich job can negatively contribute to behavioral outcomes and the physical health of employees. As such, managers should look beyond enriching employees' job but take step to determine when job enrichment is too low or too high for the employees, only this can enrich job effectively result to higher performance. Hence, job enrichment should be implemented with caution while support continues to be safeguarded.

#### **5.3.1.6 Relationship between job security and HPO**

The result of this study also showed that job security has a significant positive influence on the achievement of HPO. Such finding suggest that, as managers search for ways to improve performance, job security become valuable assets for the organization. Because when employees are convinced of the security of their job, they will be motivated to engage in extra-role behaviors that are beneficial to the firm. In other words, employees react to organizational goal in a manner that is consistent with their perceived job security. That is, job security plays an important role in shaping employee behavior toward firm performance.

The result is consistent with (Cheng & Chan, 2008; Delery & Doty, 1996; Hsiung & Tsai, 2009; Kraimer, Wayne, Liden & Sparrowe, 2005; Loi, Lam & Chan, 2012; Mahmoud & Reisel, 2014; Reisel, Chia, Maloles & Slocum, 2007) whose findings revealed that job security has significant positive effect on organizational performance. The result confirmed that job security has a strong universalistic relationship with organizational performance. Hence, firms that want to achieve higher performance, irrespective of the size should realize that job security is a precondition for achieving such goal. That is, providing job security will improve employee's willingness to work with the organisation and deliver quality output. Because through agreement with the management on the job security, employees will reciprocate by providing needed support for the organization to achieve its goal.

The possibility of this result is subject to the believed that job security will increase with increase in the age of the SMEs. That is, the more SMEs become stronger in the market, the better their ability to provide job security for their employee. Thus, managers that are engaged by SMEs that have spent over ten years in the industry may have better job security than others. Through experience, managers will understand that job insecurity threatens employee's productivity and weaken their commitment to organisational goals. Again, job security requires a certain degree of reciprocity. Because when management makes employee understand the security of their job as long as the employee performance meets or go beyond the expected target and the employee believes, he/she will be confident to be more committed for the benefit of the firm. This understanding will also give the employees a clear expectation of what they need to do in order to retain

their job status. Thus, achieving high performance is subject to employee satisfaction with job security.

Furthermore, the positive relationships between job security and performance among SMEs in Nigeria may also have been attributed to the strong power of trade unions in Nigeria. The reason is that labor union in Nigeria significantly influences overall firms operation in Nigeria. Particularly, small businesses that are unionized experience an even greater impact. Thus, given the Nigeria environment with relatively free labour union, the positive result between job security and HPO is not surprising to this study. This is because industrial actions (strikes) have always paralysed smooth functioning of business activities in Nigeria and has also caused huge loss of profit to firms. As such, SMEs may feel frightened because they may likely face the greatest pressure by failing to provide job security. Particularly, when there is an agreement between management and the trade union about employee's job security as long as the employee's achieve the stated goals. This agreement will also provide the union a sense of protection against employee's job loss.

Apart from the above, since most SMEs in Nigeria are family owned firms directly manage by their owners or relatives, job insecurity may not be a threat. Because as a family business, managers will work harder to ensure the growth of the business believing that their career is attached to the growth of the business. Another possibility is that majority of young graduates in Nigeria always starts their career with SMEs without prior experience. Thus, to motivate them to advance in their career goal, job security is

one effective way to increase their self confident and chances of achieving their career goal. However, it is important for managers to promote open and honest communication with the employees early in the employment contract to help employees manage job security, because effective communication will help managers to maintain strong relationships with the employees.

#### **5.3.1.7 Relationship between work life balance and HPO**

This study examined the direct relationship between work life balance (WLB) and high performance organization. Surprisingly, the result did not support that WLB has direct positive influence on HPO. It is evidence from the result that there will continue to be a great divergence on the importance of WLB in workplace productivity. This discrepancy causes WLB and performance relationship to appear uncertain, making some firms to perceive it as facilitating while other perceive it as a hindrance. This result help to understand that implementation of work life balance is subject to the nature of job, size and the age of the firm. In other words, majority of SMEs managers in Nigeria may not understand the new trend taking place in workplace and these differences can cause frustration for the implementation of the program in Nigeria. As such, there will continue to be a great divergence in how managers perceive WLB in their workplace. Thus, it requires a great deal of time for SMEs managers to realize the importance of WLB in workplace.

Although, the results reported here clearly do not support that a positive relationship exist between WLB and HPO and somewhat inconsistent with past literature whose findings indicated that WLB have significant effect on organizational chances of achieving higher

performance (Beauregard & Henry, 2009; Bloom & Van Reenan, 2006; Kenexa Research Institute, 2007; Lazar, et al., 2010; Perry-Smith & Blum, 2000). However, the result of this study is consistent with the findings by Konrad and Mangel (2000) that work-life initiatives have no relationship with productivity. In view of the above, Eby, Casper, Lockwood, Bordeaux and Brinleya (2005) argued that the effect of WLB could either be positive or negative in nature because the program can either reduce work or enhance employee performance. Similarly, Murphy and Doherty (2011) argued that WLB programs are less well developed in many countries. This is an important finding particularly in Nigeria where in most cases, managers' sacrifice their personal and family gains for their organizational goals in order to encourage the growth of the firm. In such situation, SMEs managers will perceive WLB as a hindrance. Accordingly, the finding of this study has also added to the mixed result between WLB and performance in the body of knowledge.

There are several plausible and important explanations for the result of the present study. One possible explanation for this result is that WLB and HPO relationship depends on the situation and the environment. The environment of Lagos might have contributed to the insignificant result between WLB and HPO, because of the pressure the environment created on most of the firms to deliver quality services. Implementing WLB may also have unfavorable effect on the SMEs because of the undue advantage some managers or employees may take over the program which may be harmful to the achievement of the firm's goals.

Apart from the above, the economy of every country plays a significant role in firms' adoption of WLB. The current economy in Nigeria is worrisome and this has led to firms cost cutting and budgetary constraints. For instance, BERR (2008) and BIS (2010) estimated the costs per request for flexible work hour to be £88 and £62 respectively. This may impede SMEs implementation of WLB because implementing WLB will caused them to increase labour and cost. Since the program will give their employees the opportunity to spend time with their children, going on vacation, pursuing hobbies, leaving at a reasonable hour, switching off from work to further career. This may further put Nigeria SMEs in poor financial situation, because of increasing cost.

Apart from the above, the insignificant effects could also have been resulted because SMEs in Nigeria are still in its infancy stage with limited financial strength to implement WLB and majority do not understand the current transition taking place in workplace practices particularly on WLB. The lack of understanding on the importance of WLB initiative could cause frustration on the implementation of the program.

Furthermore, there are other job-related reasons that could make WLB insignificant. The representative of the sample in this study may also cause the insignificant result. For instance, the extent of responsibilities of SMEs managers is usually greater than other positions because of too many expectations from customers, management and the subordinates. The market competition in Lagos challenge managers' thinking, style and causing pressures for them. This pressure will further worsen if manager is missing from duty. This is consistent with Wheatley (2000) who reported that 90% of managers work

longer hours than required. A study by Murphy and Doherty, (2011) also argued that reduced hours are not considered to be an option in any senior management position due to the nature of their job as such managers spend more time in the office focusing on the business opportunities.

Apart from the above, contextual factor such as the individual differences of male and female managers is also likely to affect this relationship. For instance, a high number of male managers (88.5%) in Lagos SMEs represented in this survey against female managers (11.5%) may also have contributed to this result. Mostly, it is usually the female managers that take most advantage of WLB as literature has revealed (Drew, et al., 2003) because of domestic reasons such as childcare responsibility. Hence, female managers would be more open-minded to flexible working because the responsibility of female managers will continue to increase as the child gets older due to the requirement for extra domestic activities. Besides, other factors such as the structure and culture of the organization and the values present in the wider context of national cultures are also likely to affect this relationship. For instance, the WLB instrument for this study was adopted from a study in large organization in developed country. Therefore, this instrument may not be culturally fit to smaller firms particularly in developing economy such as Nigeria, this go some way in explaining why the result was not significant.

The finding uncover a tread towards WLB which is important for SMEs managers as they transition toward this shift. First, if managers take the attitude that it is not my problem such will effectively hurt organizational goal. As such, managers can structure their workplace to accommodate WLB. This balance can be achieved in SMEs if management

provides the needed support. While it is possible that when management give opportunity for managers to implement WLB, some managers out of fear that they may be regarded as poor performer as such, hurt their career in the organization. For this reason, when firms provide such initiative, management must show full commitment for managers to successfully use it. To effectively manage this program, requires management to reevaluate the type of WLB that fit their firm. Such re-examination in conjunction with proper monitoring will strengthen the trust between management and employees in the implementation of WLB.

### **5.3.2 The influence of external environment factors on HPO**

The results from the multiple regression analysis indicated that competitive environment and government support are significant elements for HPO. The finding supports hypothesis (H2a and H2b) that competitive environment and government support are significant factors in external environment for achieving HPO.

#### **5.3.2.1 Relationship between Competitive environment and high performance organization (HPO)**

The findings of this study revealed that competitive environment has significant positive relationship with the achievement of higher performance organization. The finding revealed that competition is significant for firms to responds to the current market demand. In such scenario, firms will proactively innovate its product in cost efficient manner in order to survive and gain market advantage. The result is consistent with the study by (Beal, 2000; de Jong, et al., 2011; Hoque, 2011; Huang, 2011; Iyer, et al., 2009;



Jermias, 2008; Lim, 2013; Parnell, et al., 2012; Wu, 2010) that competitive environment significantly influence organizational performance. Therefore, competition is the key for achieving better performance in any market economy because competition will encourage firms to provide the best products, strategy and services. As such, every business minded firms would not enjoys uncompetitive environment because uncompetitive environment brings inefficiency, makes firms redundant and rely on existing resources, in so doing fail to reconfigure their resources to maneuver the markets. When competition is low, the performance of firms may be least positive and when competition is high the performance will increase rapidly.

Furthermore, following Lagos position as the state with the fastest growing economy in Nigeria make it a good thriving ground for foreign and domestic investors to establish industries thus, leading to higher number of firms. Besides, the open market operation in Nigeria markets would attracts both domestic and foreign investors. This high influx of firms would force firms to compete against one another in order to remain in the swift business environment. Thus, for firms to remain in this type of market and gain competitive advantage, such should be able to provide their customers with variety of services at affordable rate, because through this approach firms can take advantage of the market. This also provides opportunity for customers to make variety of choices on the type of product, packaging and the delivery method. Failure to develop strategy to meet customers' needs may result to losing customers and subsequent exit from the market. This type of market will also compel firms to improve on their efficiency and lower prices resulting to tighter margins. When firms face constant price war, it encourages

customers to pay attention to price attractiveness thereby ignoring product quality and demand product availability.

The population of Lagos is another possible reason that has played a significant role in the relationship between competitive environment and HPO. Because the high population will result to an increased in the number of customers that depends on the services render by SMEs as such SMEs will be compelled to compete in order to meet the demand of the customers. This idea suggests that SMEs that are able to adjust to customer's demands will achieve higher performance than others because of their ability to innovate their product.

Similarly, strong competition in Lagos market has high possibility of counterbalance SMEs opportunity of monopolizing the market especially in a high population. A competitive environment provides firm the ability to be an important player among its competitors and take fundamental action to improve its position in the market. Thus, for SMEs to survive and be an important player in the market such need to constantly adapt to the changing business environment because to survive and relevant in the market requires a fit with environmental changes.

Another possible reason could be the sample source. The present study focuses on SMEs that have spent not less than ten years in the industry of which 86.4 % are medium industries. Such differences in the scope of the analyzed industries could give greater difference in the results because SMEs that have spent less than ten years in the business

may not be highly sensitivity to market competition. Again, high competition among SMEs will generates innovativeness. Pursuing innovation will not only be beneficial to the SMEs but to the customers due to a differentiation advantage in reducing product price and stable customers preference. When SMEs face rapid competition, they will constantly improve on their products and services to outperform their rivals. This creates opportunity for SMEs to make appropriate decisions with regards to strategic adjustment. In summary, the findings of this study provide significant tread towards the improvement of manager's responsibility to sustain organizational growth during times of substantial social and economic uproar. Managers should view competition as an opputunity to growth rather than threat. In other words, competition provides a lot of opportunities for firms, to achieve a competitive advantage. Only if managers understand this, they can take advantage of the market.

#### **5.3.2.2 Relationship between Government support and high performance organization**

This study also examined the relationship between government support and the achievement of high performance organization. As predicted, the result support that government support has significant positive influence on SMEs achievement of higher performance. This shows that even in the most freest and vibrant economies, government have greater role in preventing firms from ripping off of the business. As such, the finding of this study has contributed significantly to the literature on government support and firms performance particularly in Nigeria SMEs where literature on government support is limited. In other words, when government assist firms they become more effective in their performance. As such, government support is a key to promote firm

performance. The current economy recession experience by many countries causes market failures to many firms, such market failures will subsequently hinder firm from achieving most favorable performance level. In view of this, government support serves as a measure to improve SMEs performance. This is consistent with Chandran-Govindaraju et al., (2013) that government plays a significant role in correcting market failures.

The finding was supported by previous studies which found that government support play a significant role in firm achievement of higher performance (Bérubé & Mohnen, 2009; Lazzarini, 2013; Li, & Zhou, 2005; Rajini, 2013; Wei & Liu, 2015; Xu, et al., 2014). Therefore, providing financial support under a competitive market will strengthens SMEs performance advantage. When government provides the needed support it will significantly encourage the growth of SMEs in Nigeria.

The result is not surprising because government funding programs in Nigeria have been increasingly popular in recent years. For instance, the government has continued to support the growth of SMEs in different ways in Nigeria through subsidies re-investment programs (KEKE NAPEP initiatives and SURE-P), reducing business registration cost, among others.

Furthermore, the significant positive influence between government support and HPO could be sector and context-dependent because some sectors may naturally attract government support than others due to the importance of the sector to the economy of

that country. Similarly, Lagos is regarded as the hub of the Nigeria economy. This may possibly give Lagos SMEs the advantage of gaining government support over others because of the economic contribution. Believing that government support to the SMEs would restate win-win obligation. Since the support will be calculated as a means by which both SMEs and government can profit in one way or the other from each other. When SMEs feel they are value by the government, they will also be expected to increase their contribution, under such situation, government support would motivate them to increase their performance.

In addition, Nigeria economy has been considered as the largest growing economy in Africa. To sustain this position, requires the government to increase its support to promote firms growth. Understanding that industrial contributions provide the platform to which a country can achieve economy growth. Therefore, for any economic revival, government attention should be shifted to the SMEs. Even though SMEs involved in this study have the experience to survive in the business, but SMEs who receive government support will perform better than others because they will perceive government support as an obligation that must be reciprocated. Hence, Government support act as a vehicle that drives SMEs higher performance. As such government should continue to lead in providing financial support since majority of the SMEs in Nigeria are cash-strapped. Even though the result revealed that government provides significant support for SMEs, it is also important to note that selective support will create negative results. As such, government should identify and evaluate effective way of support that can cut across all SMEs.

## **5.4 Moderation effect of organizational culture**

One of the objectives of this study was to examine the moderating effect of organizational culture on the relationship between HPWS, external environment and HPO in the context of Nigeria SMEs. The objective was based on the recommendation by literature that the moderating effect of organizational culture on SMEs performance should be tested (Bagorogoza & de Waal, 2010; Lucky, 2012). To date, little empirical study has been conducted to examine the relationships of these variables. This study is unique such that, it has assisted in filling this gap to understand the possible role of organizational culture on the relationship between HPWS, external environment and HPO in the context of Nigeria SMEs. With strong theoretical justification to examine the effect, this study hypothesized that organizational culture would moderate the relationship between HPWS practices, external environment and HPO. The empirical results offered a significant understanding on the moderating effect of organizational culture on the relationship between HPWS practices, external environment and HPO.

### **5.4.1 Moderating effect of organizational culture on the relationship between HPWS practices and HPO**

In order to achieve the third research objective, the moderating effect of organizational culture on the relationship between high performance work system (best recruitment practice, fairness in promotion, competitive salary, job enrichment, job security, managerial role and work life balance) and high performance organization was examined through a hierarchical multiple regression analysis. The hierarchical regression analysis results showed that organizational culture moderate the relationship between competitive

salary (COMSAL), fairness in promotion (FPRO), job security (JS), managerial role (MROLE), work life balance (WLB) and high performance organization (HPO). However, the result did not support that organizational culture moderate the relationship between best recruitment practice (BRP), job enrichment (JE) and HPO.

#### **5.4.1.1 Organizational culture moderate the relationship between best recruitment practice and HPO**

The hierarchical regression result revealed that organizational culture does not moderate the relationship between BRP and HPO in the context of SMEs in Nigeria. The finding indicated that when firm's culture does not fit its practices, such will not achieve higher performance. In other words, for organizational culture to strengthen the relationship between BRP and HPO, such culture must fit with the practices of the firm, because a culture that fit with the company recruitment will encourage employees to manage knowledge within an organization. Even though human capital is important, the driver for sustained higher performance is a combination of human capital management capabilities and a suitable culture (Chan, et al., 2004) because culture serves as a strength and weakness to organizational performance (Pearce & Robinson, 2004). Therefore, in the context of Nigeria SMEs, organizational culture weakens the positive relationship between best recruitment practice and HPO.

Though the finding of this study did not support that organizational culture moderate the relationship between BRP and HPO, there are several possible explanation. One possible explanation is that to achieve HPO, BRP is a best practice that SMEs must practice with or without strong organizational value. All firms big or small cannot afford to overlook

the importance of recruiting the best individuals irrespective of their cultural strength. This suggests that when organizational culture and BRP have similar effect on performance, it becomes difficult for culture to strengthen BRP and HPO relationship. This is consistent with Chan et al., (2004) that organizational culture and HPWS are co-specialized resources that serve the need for dynamic capabilities. Besides, Sangeetha (2010) also argued that BRP is fundamental practice for any organization to achieve high performance particularly for small and moderate sized firms (Chow, 2012). Similarly, Lee (2005) asserted that the first step for any organization to achieve competitive advantage with or without strong culture is to recognize that BRP is a strategic important, not an alternative. Thus, SMEs that engages in BRP will achieve high performance irrespective of their cultural practices. This is because BRP will assist SMEs managers to select employees that match firm's culture and requirements more effectively from those who will not deliver better outcomes for the organizations (Linley & Garcea, 2010).

Apart from the above, lack of correlation (Table 4.16) between BRP and organizational culture could also have affected the result between organizational culture, BRP and HPO. This is because the relationship between variables may determine how conclusions can be reached. This may have weakened the ability for both variables to interact and produce a significant positive effect on the outcome variable (HPO). Thus, for organizational culture and BRP to interact, SMEs value should be collectively align with BRP in order to achieve measureable goals. This is consistent with Theriou and Chatzoglou (2014) that organization can achieve high performance when there is interaction of practices with knowledge management and organizational learning capability. Therefore, for



organizational culture to moderate the relationship between BRP and HPO there should be high cohesion between manager's value and BRP. Because successful firms can distinguished themselves from less successful ones through their clearly articulated and shared norms and values that fit with organizational functioning. Following Chan et al., (2004) even though human capital is important, the driver of sustained higher performance is a combination of human capital management capabilities and a suitable culture.

Another possible explanation for the insignificance effect of organizational culture on the relationship between BRP and HPO in the context of Nigeria SMEs is due to the differences in the behavioural norms or values of organizations in different environment such as Asian and western context. This argument is consistent with Wei, et al., (2008) that different types of culture have different effects on the adoption of HRM practices with different emphasis and orientations. Hence, some culture may have significant effects in one context while in another context will not be significant to organizational performance. The culture of SMEs in Nigeria is different from SMEs in developed economy where this instrument was develop, this difference could also cause a difference in relation to the strength of the relationship between BRP and HPO. This is consistent with Okpara et al. (2007) that environment differs and differences in cultural settings would also affect research findings. Therefore, given a different environment such as Asian and Western settings, organizational culture may moderate the relationship between BRP and HPO. Therefore, to sustain this position, managers must possess the skills of handling cultural diversity in the operation of the business. Failure to effectively

manage cultural diversity may create hiccup in the effective functioning of the organization.

#### **5.4.1.2 Organizational culture moderate the relationship between fairness in promotion and HPO**

The moderating effect of organizational culture on the relationship between fairness in promotion and HPO was also examined by hierarchical regression analysis. The results of the hierarchical regression provide some empirical evidence to support that organizational culture moderate the relationship between fairness in promotion and HPO in Nigeria SMEs sector. This finding indicated that organizational culture plays a significant role for SMEs managers to conduct fair promotion. Even though the direct relationship between fairness in promotion and HPO was not supported, it can be argued that fairness in promotion functions as an antecedent of HPO through organizational culture (indirect effect). Thus, organizational culture shapes SMEs managers' behavior to follow standard procedures in promoting employees that are confident and able to effectively manage the organization. Fairness in promotion cannot progress effectively on its own, but through corporate culture via shared value creation, and utilizing those values to achieve organizational goal. Thus, culture is a significant factor that SMEs managers can use to conduct fair promotion because an organizational culture provides guidance to behaviors in the organization, in clear and unnoticeable ways; and deeply affect manager's decision making. As such creating a strong culture is a powerful instrument to influence manager's behavior to conduct fair promotion since corporate culture reflects the beliefs and values of the managers.

The finding is consistent with the study by Erkutlu (2011) whose findings indicated that team orientation culture moderate the positive relationship between interactional, distributive and procedural justices and organization citizenship behavior. A study by Erdogan, Liden and Kraimer (2006) also found that organizational culture moderate the relationship between interactional justice and OCB. Similarly, Wei, et al., (2008) also argued that organizational culture is significant to the adoption of sophisticated managerial practices. Yesil and Kaya (2013) found that organizational culture have an indirect effect on performance outcomes. Therefore, the value system in an organization is a significant moderator of higher organizational performance.

The possibility of this result is that corporate culture set standard procedures with a strict adherence to hierarchical and well defined individual responsibility. In view of this, SMEs managers view culture as an enabler of strategy to establish procedures to generate standards so that fair decisions in promotion can be made with consistency, knowing that a negative procedure that violates an established moral code and value system can result to negative consequences on the firm. As such, the degree to which managers give attention to the fairness of the procedures, interpersonal treatment and distribution reflect the cultural value of the organization. Hence, organizational culture provides guidance on managerial behavior to conduct fair promotion in the organization in apparent and unnoticeable ways.

Through organizational culture SMEs managers will have a deeper understanding that employees who hold similar values will feel and interpret situations similarly and accept

decision in relation to fair promotion. This is consistent with Davidson, (2009) that organizational culture enhances the relationship between human resource practices and organizational performance, promote internal coordination between different units and individuals within an organization. Since organizational culture unite organizational units or members together, afterward helping to trim down unhelpful conflicts in an organization, because all units and individuals share common assumptions, norms, and values about the organization (Van den Berg & Wilderom, 2004). Similarly, Pettigrew (1979) also supported that the culture of an organization is based on cognitive systems. It shapes how managers think and make decisions including employee's fair promotion. When SMEs managers hold the same beliefs and values that match with the organization, they will ensure there is fairness in the procedure and decision in employee's promotion in the organization.

Another possible reason is that organizational culture provide pre-existing ways to understand what transpire, how it occurs, how to evaluate its and the actions that is suitable for the situation. This norm serves as a control mechanism to channel behaviors toward desired behaviors and away from undesired behaviors. This understanding provides a framework in relation to the behavior of SMEs managers in Nigeria to take the right decision in exercising fair promotion that is acceptable to employees without biasness. This is consistent with Robinson, Carrillo, Anumba and A-Ghassani (2005) that organizational culture is the key to good leadership style that organization must pay attention to in order to achieve business performance and remain innovative in processes, products and technologies.

Furthermore, for SMEs in Nigeria to achieve high performance, they should have the ability to promote employees who fit the company's culture, develop practices that will permit employees to understand the values, abilities, expected behavioral and social knowledge. Thus, SMEs culture in Nigeria encourage the managers to promote employees whose values best fit the values of the organization than engaging in internal politics. When managers take steps to ensure a fit between firm practices and culture and show commitment, managers will achieve higher performance with reasonable resources. Therefore, to sustain this position, this study suggest that SMEs managers should make significant investment in their policies that will result in synergies between their policies and the corporate culture, if they desire to develop inimitable assets that will constitute the basis to achieve higher performance.

#### **5.4.1.3 Organizational culture moderate the relationship between competitive salary and HPO**

The hierarchical regression result (Table 4.18) showed that organizational culture moderate the positive relationship between competitive salary and HPO. Even though the direct relationship between competitive salary and HPO was not supported, the results of the analysis indicated that competitive salary functions as an antecedent of HPO through organizational culture (indirect effect). This shows that the strength of the modern business dominates apparent values of the pay package. As such, achieving high performance requires a value system that can attract, retain talented and strengthens employee behavior to achieve superior performance. Hence, the relationship between competitive salary and HPO is a strengthening curved embedded by organizational

culture. As such, organizational culture provides the understanding why some firms pay higher than others because successful firms distinguished themselves from less successful ones through their clearly articulated and shared norms and values.

The finding is consistent with the study by Zhang and Jia (2010) that organizational culture moderates the relationship between high performance human resource practices and employees perceived organizational support. Similarly, Seong (2011) also found that an organizational culture play a significant role in shaping high performance work practices.

One of the possible explanations of this result is that in the traditional practice, SMEs salary is very low, however, through organizational culture SMEs managers are able to understand that the current generation of employees are more concerned about the salary package. Organizational culture enables managers to understand that SMEs need to provide competitive salary to retain and attract talented employees. This is consistent with Jones et al., (2006) that organizational culture serves as a knowledge resource because its permit employees to acquire share and manage knowledge within an environment. Thus, SMEs that embraces a culture of paying higher salary will elicit employee's commitment to achieve high performance and the readiness to meet new challenges. This argument was supported by Joo and Shim (2010) that employees who are highly skilled but lack the will power to increase their level of organizational commitment, requires organizations to develop a supportive culture, encourage inquiry and dialogue and reward employees to have a collective vision.

Another possible explanation for this result is that organizational culture signal the valued and shapes the behavior of managers to effectively consider a better salary scheme. Through organizational culture, managers understand that employees with innovative strategy should be better motivated with higher salaries and financial rewards than others (Kroon, Van De Voorde & Timmers, 2013) because giving them higher pay will inspire them to implement creative idea, demonstrate positive behavior towards organizational performance. That is, when SMEs managers have high cultural fit employees will be motivated to search for a better ways of getting the job done because of their conviction that the organization is extremely supportive. Hence, organizational culture provides SMEs managers with good leadership style to achieve business performance and remain innovative (Robinson, et al., 2005). Therefore, a high performance organization is strongly shaped by its culture and provides appropriate means for managers to rewards employees in the organization. Since people are the organizations most value resource, managing them requires a good corporate culture. As such, the culture of SMEs in Nigeria guides manager's behavior in allocating pay that encourages employees to deliver quality performance. Through values SMEs managers recognize that employees who are great in delivering quality results requires better pay package because they are valuable asset to the positive image of the firms.

In view of the above, this study has made a new contribution to organizational performance literature by providing new empirical evidence that competitive salary would not directly influence higher performance but, through the culture of an organization. Accordingly, it is suggested in this study that firms should pay attention to

its culture and build a suitable communication to manage salary variation in order to achieve the needed organizational goal.

#### **5.4.1.4 Organizational culture moderate the relationship between managerial role and HPO**

The hierarchical regression result (Table 4.18) showed that organizational culture moderate the relationship between managerial role and HPO. The result demonstrated that managerial role has both direct and indirect influence on HPO. That is, organizational culture help to mobilize allocate and leverage managerial resources to achieve company goals through values, ritual, behaviours, management systems and visionary planning. In other words, the value system of an organization shapes managerial behaviors and reaction to set goals. The result is consistent with the study by Nguyen and Mohamed (2011) that hierarchy and mission culture moderate the relationship between transactional leadership and knowledge management, and between participative and supportive leadership behaviors and organizational commitment (Yiing & Ahmad, 2009). Similarly, Robinson, et al. (2005) also found that organizational culture is the key to good leadership style that organization must pay attention to in order to achieve business performance and remain innovation in processes, products and technologies. As such, managers must shape and build a culture that is more favorable to both employee and the organization in order to achieve higher organizational performance.



This is possible because all SMEs in Nigeria operate within a specific culture of market uncertainty. Through this knowledge, managers develop a deeper understanding of the value of the organization, by seeing the organization as their personal place as such work harder to achieve high performance. This is consistent with Jones, et al., (2006) that organizational culture serves as a knowledge resource because it assist managers to acquire share and manage knowledge within the organization. When manager's personal value and organizational value aligned, the readiness to meet measurable goals is significant. Similarly, when SMEs manager's beliefs and values align with the objective of the firm, such will produce greater output. This was supported by Ezirim, et al. (2012) that when managers take steps to ensure a fit with the culture of the organization, managers will achieve higher performance with reasonable resources. Similarly, Huang and Rundle-Thiele (2014) also supported that cultural congruence will help managers to better meet employees cultural needs leading to better outcomes through employee satisfaction.

Furthermore, through organizational culture, managers will be able to create a work environment where employees value one another. When managers create a workplace where employees value one another, employees will feel comfortable to learn, gain new skills and facilitate the growth potential of the organization. Hence, organizational culture is the key to good leadership style that managers should carefully focus in order to achieve better performance and remain competitive in the market.

#### **5.4.1.5 Organizational culture moderate the relationship between job enrichment and HPO**

The moderating effect of organizational culture on the relationship between job enrichment and HPO was also examined by hierarchical regression analysis. The results revealed that organizational culture does not moderate the relationship between job enrichment and HPO in the context of SMEs in Nigeria. Although the results reported here clearly do not support that organizational culture moderate the relationship between enriched job and HPO there are some reasonable and important explanation.

One possible explanation is that enrich job is a knowledge resource like organizational culture as such may not interact with each other to produce strong effect on the output variable (HPO) because when employees job are enriched, they do this within the dictate of the company rules and regulation embedded in the culture of the organization. That is, organizational culture and job enrichment have similar result as such cannot be duplicated. This view is consistent with Jones et al., (2006) that organizational culture serves as a knowledge resource because its permit employees to acquire share and manage knowledge within an environment.

Besides, lack of correlation (Table 4.16) between enrich job and organizational culture may have weaken the interaction effect between organizational culture and job enrichment to affect the achievement of HPO. That is when enrich job does not aligned with the culture of the organization, it may cause insignificant effect on organizational performance. Hence, for an organizational culture to moderate the relationship between job enrichment and HPO, SMEs value should be aligned with employee's job autonomy.

Otherwise, the interaction between job enrichment and organizational culture will produce unfavorable effect. This view is consistent with Theriou and Chatzoglou (2014) that an organization can achieve high performance when there is an interaction of practices with knowledge management such as job enrichment and organizational learning capability. In view of the above, it is suggested in this study that managers need to build and maintain a culture that fit adaptation. Inabilities to build employees skills to match with corporate culture will constraints SMEs ability to effectively transform their tangible resource to higher performance.

#### **5.4.1.6 Organizational culture moderate the relationship between job security (JS) and HPO**

The result of this study also showed that organizational culture moderate the relationship between job security (JS) and HPO. This result provide empirical evidence to support that job security have both direct and indirect influence on HPO through organizational culture in the context of Nigeria SMEs. Hence, organizational culture provides the differences on the security of job from one firm to the other because organizational culture provides employees with a sense of direction and expectations that keep employees on task.

This is possible because the level of job security varies greatly from one SME to the other and these differences are due to the individual culture of the SMEs. This is consistent with the finding by Tseng (2010) that cultural differences in an organization significantly affect organizational performance. When employees recognized that their organization

has an established system that ensure the security of their jobs, the employees will be more committed in achieving better result for the benefit of the organization. That is, organizational culture is a product of incentive. It helps to keep employees motivated and loyal to the management of the organization. If employees are convinced that the organization has a culture that recognize them as part of the organization, they will be more committed to the organization and more eager to contribute to the firm success. They will feel a higher sense of accomplishment for being a part of an organization they care about and work harder without having to be coerced. This is consistent with the study by Ezirim, et al., (2012) whose finding showed a significant positive relationship between organizational culture and employees/organizational commitment. Therefore, the more employees are satisfied with the security of the jobs, the better their commitment to the corporate culture, and the better performance in their jobs (Yousef, 1998). Lack of cultural congruence between employees and the organization may result in high employee turnover, decrease employees loyalty and the motivation to perform.

Furthermore, organizational culture decides the desired level of job security. Because it provides a strategy that clearly set apart one organization from the other, through their clearly articulated and shared norms and values regarding organizational functioning. As such, organizational culture that considered employees as the integral part of the growth process will inspires the employees to accomplish extra ordinary results. This is supported by Cameron and Quinn (1999) that a high level of organizational performance is associated with an organization that has a strong culture with well integrated and efficient set of values, beliefs and behaviors. Hence, to sustain this position, managers

should provide employees with valuable information for developing plans to maintain organizational commitment of their job during times of social and economic uproar.

Another possible reason is that high performance SMEs in Nigeria has a unique culture with strategic leaders who support individual, that has a passion for performance, in that way, making their managers to create a constant learning opportunities, encourage inquiry and dialogue, promote teamwork and empower employees to have a collective vision (Joo & Shim, 2010). This also gives the employees confidence about the security of their job in that way, encourages them to work harder to achieve higher result. On this note, it is important that, during economic turmoil when employees feel their job security is being threatened, managers should encourage employees to think about old problems in new ways and inspire them to challenge their own values, traditions, and beliefs. The more employees recognize that the organization is guided with established norms and sense of control, the better they will be more committed to engage in actions that will boost organizational performance.

#### **5.4.1.7 Organizational culture moderate the relationship between Work Life**

##### **Balance and HPO**

The moderating effect of organizational culture on the relationship between work life balance (WLB) and HPO was also examined by hierarchical regression analysis. The result (Table 4.18) showed that organizational culture moderate the relationship between WLB and HPO. Though the direct relationship between WLB and HPO was not supported, however, WLB functions as an antecedent of HPO through organizational

culture (indirect effect). This result indicates that a corporate culture that inculcates WLB will influence employee's behavior to implement creative idea towards the achievement of organizational goals. As such, organizational culture help to control WLB initiative in ensuring employees do not abuse the benefit of the program. That is, effective implementation of WLB in workplace is significantly shaped by beliefs and values that underpin the culture. The more employees identified themselves with organization whose culture gives employees the opportunity to balance work and personal life, the better commitment to the organizational performance. In otherwise, the more SMEs embrace employee supportive culture, the better the positive performance of the firm.

The result is consistent with Berg, Kalleberg and Appelbaum (2003) that organizational culture has a significant effect on employee's ability to balance work and family lives. Specifically, when SMEs embraces a culture that permit managers to take vacation when they want (and not when they are told to), it will significantly reduces their stress and burnout, afterward increase the ability of the manager to bring into the firm new innovation that will result to the achievement of higher goals. On this note, SMEs management must understand that managers who are constantly occupy with their managerial responsibility deal with the symptoms of stress and burnout. Overwork managers are more likely to suffer health problems as such, fall sick, absent from the job and overall less efficient. Therefore it is the best interest of both the employee and organization to embrace a culture of work life balance in order to avoid these pitfalls.

Furthermore, when SMEs have a strong and supportive culture, managers will also feel great because it will make managers to be both healthy and satisfied in their work. Organizational culture create rules about the working life and guide managers to know where to draw the line, provided the SMEs create a culture that is open-minded and allows the managers to have a suitable work-life balance. This is consistent with O'Reilly and Chatman (1996) that organizational culture shape employees behavior to hinder or not to hinder firm's goal, because it function as a social control mechanism that align employee's main interest towards acting obediently with what is expected by the organization to meet organizational goal. On this note, managers must regard their employees as family members by encouraging them to balance work and family life. Managers who take the attitude of "is not my problem" may effectively be hurting the organizational goal because employees do not leave family problems at home but come with their problem to the workplace. It is important for firms to embrace a culture that support employees to manage work and life in order to achieve higher levels of job and life satisfaction.

Apart from the above, through supportive culture, managers need to understand that the more employees are giving the opportunity to balance their family/personal life, the better their achievement of higher goals. Similarly, when manager's personal value and organizational value align, the readiness to meet new challenges and measurable goals with less pressure is significant, because alignment of values creates a workplace of trust and value, through trust and value, managers will develop behavior that is beneficial to organizations goals. This view is consistent with Huang and Rundle-Thiele (2014) that

cultural congruence will help organizations to better meet employee's needs leading to better outcomes through employee satisfaction.

Additionally, organizational culture communicates the procedures that generally govern what employees do. These values will encourage managers to communicate to employees that practices such as undue advantage over WLB at the workplace is not in the interest of management. This understanding also serves as a control mechanism that will direct employee's activities to channel their behaviors toward needed results and turn away from undesired behaviors that may hinder organizational goals. This was supported by O'Reilly and Chatman (1996) that organizational culture operates as a social control mechanism that align employee's main interest towards acting obediently with what is expected by the organization to meet organizational goal. Similarly, the culture of an organization permit members of an organization to see themselves as an extended family and encouraged each other to be committed to the organizational goals.

#### **5.4.2 Organizational culture moderate the relationship between external environment and HPO**

To achieve the fourth research objective, the moderating effect of organizational culture on the relationship between external environment and high performance organization was examined through a hierarchical multiple regression analysis. The hierarchical regression analysis results (Table 4.18) showed that organizational culture does not moderate the relationship between external environment (competitive environment and government support) and HPO. This indicated that with strong market competition with the support



of the government, SMEs can achieve higher performance without strong corporate culture.

Based on the cultural differences between Nigeria and developed economies where this instrument was adopted, lack of support for the moderating effect of organizational culture on the relationship between external environment and HPO is somewhat not surprising because a similar research conducted by Lucky (2012) among SMEs in Nigeria also found that organizational culture does not moderate the relationship between individual determinant (such as: attitude, motivation & Needs, mental capacity, biological make up, gender) and organizational performance. Similarly, the context of this study is also SME in Lagos with similar characteristics and performance outcomes hence, the result further confirmed that corporate culture does not moderate the relationship between external environment and organizational performance. The finding is consistent with the study by Carroll, et al., (2000) and Huey Yiing et al., (2009) that organizational culture is insignificant in achieving organizational performance. Similarly, Aktaş, et al., (2011) also found that culture has a negative effect on external competition and organizational structure.

Such mixed findings between this study and previous empirical study in developed economies could imply that organizational culture, external environment and performance relationship depends on different institutional and organizational contingencies. Besides, most studies on the moderating effect of culture and performance has focused on multidimensional relationships of culture rather than measuring culture in

univariate approach that this study involve. These dimensions may have caused differences in the moderating effects on firm performance. In other world, different type of culture has different interaction effect on external environment and performance relationship. This is consistent with Wei, et al., (2008) that some culture has positive direct effects on firm performance, while the effects of certain culture may be indirect.

Another possible reason is the mixed result between external environment and organizational performance. For instance, previous studies involving external environment and organizational performance have not adequately presented the inter-relationship between those variables, as some report positive relationship while others presented negative relationship using the same instrument. That could have accounted for the inability for culture to moderate the relationship.

Apart from the above, the insignificant moderating effect of culture on the relationship between external environment and HPO may have been attributed to the rapid changing environment because as environment changes, firms needs to also change their culture to properly aligned with the demands of the economic environment. However, the small size of SMEs perhap constraints them to quickly change culture according to the changing business environment. This is consistent with Sørensen, (2002) that when industry changes fast, the positive relationship between the strength of organizational culture and the stability of performance becomes weak because the culture may be outdated.

However, the insignificant effect of organizational culture on the relationship between external environment and HPO within the context of Nigeria SMEs does not undermine the important role of culture on organizational performance. Thus, giving a different context such as Asian and Western countries, probably, organizational culture may produce a significant effect on the relationship between external environment and HPO. This argument is consistent with Chow, Kato and Merchant (1996); Lincoln and Kalleberg (1990) that organizational culture may improve performance in one environment, but not successful in another context.

Moreover, another explanation is that external environment is an uncontrollable factor consisting of opportunities and threats. Thus, regardless of how strong the culture of Nigeria SMEs, external environment is beyond their control as such difficult for them to maneuver. Thus, SMEs are required to adjust their cultural practices to correspond with the changes in the environment. Similarly, because SMEs culture functions within the control of the government policies, they have to follow government policy whether favorable or unfavorable to their operation. Besides, the policy of the government also provides the right for every SME in Nigeria to operate as such, SMEs must ensure they adopt their business strategies to correspond with the changing policy of the government.

Furthermore, the heavy pressure from market competition may also force SMEs to shift attention away from its internal values in order to maintain strong relationships with their customers. Therefore, to remain successful, SMEs should blend its culture in accordance with the competitive market environment. This view is supported by James Ng'ang'a,

and Nyongesa (2012) that organizational culture may have a relationship with high performance only if the culture is able to adjust to changes in environmental conditions.

Additionally, the insignificant effect of organizational cultural on the relationship between external environment and HPO may also have been due to the research settings. Nigeria has a culture different from western culture where the instrument for this study was developed. This view is consistent with Lincoln and Kalleberg (1990) that organizational culture may enhance performance in one environment, but not successful in another context. Apart from above, the strength of interaction between two variables is subject to the strength of the correlation between them. Previously, organizational culture does not correlate with competitive environment and government support (see Table 4.16) this may also pose a difficulty for organizational culture to moderate these relationship.

## **5.5 Implications of the Study**

Without doubt, the results of this study provide a number of significant implications for practitioners, body of knowledge and policy makers. The implications are discussed in the following subsection.

### **5.5.1 Managerial implications**

It has been revealed that majority of SMEs in Nigeria are facing performance challenges except for only 5 to 10% who survive to achieve maturity stage. This study has found that HPWS, external environment have significant effect on high performance

organization. As such, some practical implications can be drawn. First, the findings revealed that given the changing business environment, managers need to create a HPWS culture in their organizations. For managers to effectively implement high performance work system, they must believe that the role and the development of HR system in the organization is subject to effective implementation. This new perspective is the most fundamental of the necessary changes in HR capabilities. If managers can achieve this change in competencies, acceptance of the importance of HPWS and subsequent competitive advantage will follow.

Specifically, firms should design and implement HPWS through the strategy that can encourage positive employee responses rather than through a process of work intensification which may have negative consequences on the employees. Doing this requires managers to understand the firm's goal, the unit objectives and the challenges facing the firms. Afterwards, create a HPWS that fit the firms and addresses the human capital hurdle to successfully accomplish their strategic initiatives.

Apart from above, it is also important for managers to pay more attention to employee's perceptions in the process of implementing HPWS. That is, managers need to adopt a win-win strategy, when implementing HPWS because HPWS can only elicit through employees high affective commitment in pursuing higher organizational performance. In other words, managers can improve employee's positive attitudes by establishing comprehensible high-performance work systems because a comprehensive understanding

of HPWS would help managers to effectively nurture the needed employee capabilities that can enhance firm's competitiveness.

Additionally, to limit the likelihood of misunderstanding of the significant of HPWS, trainings and development program such as workshop and seminar should take place regularly to keep employees updated and gather feedback from them. This is important because the presence of HPWS would also send powerful signals to potential quality individuals who can be interested in working for the organization in the near future. Thus, firms that internally align their practices with international practice rather than restricting themselves to traditional HR practices develop a high level of competitive advantage. To this end, this study encourages firms that want to build their competitive advantages based knowledge resources to unleash HPWS.

The result of this study also showed that external environment has a stronger affect on business performance. Hence, the finding of this study also has some implications for managers to drawn in relation to the business environment. First, managers should pay increasing attention to building market competitive competences in order to capture the emerging market opportunities. Achieving this require managers to be prudence in determining the part of the environment that needs most attention. Specifically, managers should be careful of the political scenario. This is important because the current political situation in Nigeria have great effect on how firms should be run. For instance, the current administration is making effort to increase the company tax laws in Nigeria. This will have enormous effect on the firms. As such, managers must be proactive in

overcoming the effect that the new tax law will bring to their business. Specifically, managers must understand that increasing the tax laws will have significant affect on their profit because there is always a cost when a new policy is put in place. Hence, managers are required to be knowledgeable and engage expertise that will help them to manage the administration of these laws in the workplace. Failure for managers to understand the external environment will negatively affect their growth potentials. Besides, firms should be conscious of new competitors entering the market. This is important because their competitors are seeking to gain market share at their expense. Failure to understand these will keep them in the dark which subsequently impede the positive performance of their firms.

Furthermore, organizational culture also has important implication for managers because culture reflects the mind-set of top managers. It is important for top management to promote any new, advanced managerial practices, such as HPWS by accepting and merging them into the philosophy of business management. Given the newness of HPWS, it is difficult for SMEs to adopt and implement it without the support of top management. If the values and beliefs of top management aligned with what is required for the establishment and appropriate functioning of HPWS, SMEs can ultimately benefit from implementing it. Similarly, it is also important for managers to understand that every society undergo cultural changes, as employees age passes on and face retirement, they are substituted with new employees whose value may not exactly reflect those of the older employees or that of the organization. Therefore, organizations must create a culture that will match the new breed of employees. Achieving this requires managers to

develop a culture of constant learning and acceptance of change for the employees. Similarly, managers should also ensure their organization put in place programs such as orientation program to enlighten newly hired employees on the value that the organization uphold. Besides, firms should also develop a culture where innovation is openly valued and encouraged on daily basis.

Apart from the above, managers need to build and maintain a culture that suit external adaptation. Managerial inability to match firm culture with the external environment will constraints organization ability to update themselves on opportunities and threats in the environment. It could be problematic if the culture of the organization is not match with the trends in the environment. Therefore, firms must align their culture with environmental changes in order to achieve competitive advantage. In summary, the finding of this study suggest the need for firms to develop, HPWS, keep abreast with environment changes, built a suitable culture in order to meet performance challenges in the 21<sup>st</sup> century.

### **5.5.2 Implication to policy makers**

The findings of this study also have several significant implications for policy makers such that the study provides a framework for government to enhance SMEs performance in Nigeria and other developing economies. Nigeria had over the past highly depended on crude oil export to the neglect of SMEs sector and currently paying a harsh price for failing to heavily invest on SMEs sector. However, with the current declining revenue from crude oil export, Nigeria hope of economic revival lies on the SMEs. The



government can tackle the dwindling economy through a boost to the SMEs because a virile and viable enterprise would jackup the economy with valuable effect. For Nigeria to achieve her target as top 20 economic countries of the world requires favorable policies and programs such as reducing tax rates to encourage the growth of SMEs. If SMEs in Nigeria do not enjoy favorable policies and program that will encourage them to be among the world class firms, Nigeria cannot boast of robust economy capable of making the country among the top economies of the world in 2020. This study therefore suggests the need for the government to be more focus on SMEs sector.

The current tax rate impose on SMEs should be reduce to 20% as in other countries such as Malaysia where SMEs are performing better. For instance, in Malaysia for special classes of SME, the corporate tax rate from 2009 is as follows: First 500,000 chargeable income taxed is 20%. In excess of RM500, 000 chargeable income taxed is 25%. While companies that do not fall under the definition of special classes of SME, the corporate tax rate is 25% (flat rate). However, the taxed rate in Malaysia still falls within (20%/25%) relatively lower than 30% which SMEs in Nigeria are currently paying. The 30% tax rate is based on the net income of the firms in the process of exercising their business activity. The current tax policy caused more burdens on SMEs growth therefore reducing the tax rate will not only improve SMEs performance but increase their tax compliance because high tax rates will discourage firms from making new investments. Reducing the tax rate will also serves as a rationale for the government or its regulatory bodies such as SMEDAN to take proper action against non compliance.

Furthermore, this study also has important implication for the central bank of Nigeria and other commercial banks in relation to resource allocation to assist SMEs. SMEs generally face difficulty in accessing bank loan unlike large firms due to lower capacity of tangible collateral security and uncertainty regarding their future cash flows. Therefore, intervention program or policies such as direct government lending aimed at encouraging bank credit flows should be established to alleviate SME loan constraints. Prior providing direct government lending to the SMEs, government should establish a professional institute to give compulsory training program for SMEs loan seekers and create the preconditions for SMEs before loan assurance. It is important for the government to realize that improving SMEs training program is not only desirable but a compulsory investment that will assist SMEs to fit into the country vision 2020 strategic plan. Before and after they undergo the training program, the government or its regulatory body such as SMEDAN should have a briefing discussion with the SMEs loan seekers to discuss the knowledge gained from the training and how they tend to effectively utilize the loan in their business.

Such a scheme will exist simply to effectively utilize and reduce SMEs exposure to non-payment of loans. For instance, Malaysia has SMEs bank which mainly focuses on granting of loan to SMEs. Thus, Nigeria should emulate the giant stride put in place by Malaysia government in establishing SMEs bank to provide loan at lower rate to SMEs. Similarly, every individual or group that aspire to start a new business or in need of loan should be mandated to attend the compulsory training program before granting loan or

business license. SMEs in Nigeria also need research and development funding as literature has noted that SMEs in Nigeria lack research attention.

Besides, implementation of government policies has not been effective in all SMEs sectors. As such, government policy needs to be re-examined. This study therefore suggests that government should have a universal policy framework for all SMEs so that SMEs are periodically evaluated. Particularly, there is need for policy re-evaluation that will provide financial autonomy for SMEDAN. It is important to strengthen SMEDAN financial power without depending on government and private donations. It is also important for firms to note that their action in terms of obeying industrial laws will make them to have good relationship with the government, because obeying government policy will help them to gain government support.

Furthermore, to create opportunity for SMEs to expand in international markets, awareness program such as advocating business excellence should be sponsored by the federal government to encourage large numbers of SMEs to implement business excellence. Support program on this scale should ensure that federal government partner with state government and industrialist. The awareness program should also highlight what SMEs are missing out if they do not execute business quality. These main players should be more committed to the program of public-private partnership (PPP) even in the provision of key infrastructure for SMEs. This policy will make SMEs feel that government is more concern about their well-being.

### 5.5.3 Theoretical Implication

The conceptual framework of this study was based on previous empirical support and theoretical gaps identified in the literature. It was also supported and explained from two theoretical perspectives, namely Resource Base Theory (RBV) (Barney, 1991, 2001a; 2001b; Gaur, Vasudevan & Gaur, 2011; Grant, 1991; Penrose 1959; Rumelt, 1991; Vatne, 1995; Gaur, Vasudevan and Gaur, 2011) and Social Exchange Theory (SET) (Aryee, Budhwar & Chen, 2002; Blau, 1964; Cropanzano & Mitchell, 2005; Kamdar & Dyne, 2007; Wang, Ma, Liu, & Liu, 2014) which highlighted that sustainability of advantage can be rationally anticipated if firms constantly identify, upgrade, renew and reinvent valuable resources and have the ability to create an environment in which they can be self-reinforcing and improve their value and strength, as a result causing sustained major cost disadvantages to imitating firms. Drawing on HPWS, external environment and organizational culture, this study build on the RBV by integrating the dynamic resource (HPWS) into a model of HPO.

The theoretical contribution of this study is a novelty in the field of HPO such that the study adds additional support for RBV theory. The first theoretical contribution is that RBV has previously explained that an organization will achieve competitive advantage through four means: if the resources are rare, valuable, inimitable and un-substitutable. The present study further expand RBV, suggesting that competitive advantage can also be achieve through competitiveness which is one of the element in HPO. Thus, competitive advantage may not be achieved if there is no competition in the market, even though firm's resources are rare, valuable, inimitable and un-substitutable because

competition will compel firms to search for these resources to achieve market advantage. Competition will make firms to act upon privilege information, value customers and downward shift in price movement which other firms will quickly rush to also take the advantage. Hence, competitiveness is important for the sustainability of competitive advantage. Similarly, this study has expands previous empirical studies on the RBV by exploring the means through which HPWS affect HPO. Hence, the study provides further evidence for RBV in terms of how implementation of HPWS becomes a source of competitive advantage.

Another significant theoretical implication of this study is by providing important insights into the theory of HPWS. One of the main concerns of HPWS researchers is whether HPWS is also applicable in the context of small firms. Prior researchers examined these relationships in large manufacturing organizations in western context. The findings from the direct and indirect effect of the variables in this study showed that HPWS have a significant positive effect on HPO in the context of small firms. Hence, the findings of this study validate the application of HPO and HPWS framework when applied to small firms in non western context such as Nigeria. Besides, the findings also provide theoretical contribution to HPWS framework. For instance, majority of the studies on HPWS were examined in uni-dimensional approach however, in this study HPWS have been dimensionalized. From a theoretical perspective, this study has extended beyond the findings of previous studies. Integrating HPWS dimensions enhances the understanding of the dynamics of HPWS operation. Hence, this study has made significant contribution in HPWS and HPO literature.

Another theoretical implication of this study is the presence of organizational culture as a moderator. This study integrated organizational culture as a moderating variable to have a comprehensive understanding of the relationship between HPWS, external environment and HPO. Specifically, HPWS also has indirect effect on HPO through the interaction of organizational culture. These findings suggest that organizational culture should be incorporated into HPO theories. The RBV suggested that achieving competitive advantage is subject to the internal resources (Barney, 1991; 2001). Hence, this study further expands RBV by arguing that the culture of an organization provides the basis to define and identify the internal resource by communicating the value that the organization requires from the employees. Similarly, employee's skills in the organization are also sustained through the values of the organization. Firms will achieve sustainable advantage through their potential to promote the values of the organization to new employees. Hence, achieving competitive advantage is subject to the ability of organization to effectively communicate through orientation the values or norms that the organization permitted overtime to newly hired employees. This is an important contributed to the literature. Similarly, the result of this study has revealed that rather than having a direct effect between fairness in promotion, competitive salary, work life balance and HPO, the positive relationship is achievable through the interaction with organizational culture. This result implies that small firms need a well established culture to support the establishment of these practices because organizational culture deeply affect managerial decision making, help to mobilize and allocate resources in order to

achieve firms goals through values, ritual, behaviors, management systems, decision criteria and visionary planning.

The present study also has methodological implications. One of the methodological contributions lies in assessing HPO using situation specific measure. Specifically, in an effort to fill a methodological gap observed in the literature, the present study assessed HPO using subjective measures. Furthermore, this study has help to removed all unsuitable items from DeWaal (2010) HPO measure in order to capture the degree to which HPO occur in the context of small firms. By deleting unsuitable items from the original scale, this study clean and tested the measure of HPO in the context of small firms in Nigeria, which is culturally different from the setting in which this measure was originally developed.

Furthermore, this study has also contributed to the body of knowledge by presenting a new antecedent of HPWS to the field of HPO. The result of this study strengthens the relationship between HPWS and HPO since the concept of HPWS is considered to be relatively new. Thus, for firms to effectively sustain its rare, valuable, inimitable and un-substitutable resources is to invest in HPWS, since HPWS will assist firms to sustain market advantage through innovativeness given that today core capability can result to tomorrow rigidity if firms failed to innovate its rare and valuable resources. Moreover, rare, valuable, inimitable and un-substitutable resources may be imitated at the long run through replication. However, HPWS will make these resources difficult to imitate because the practices involved are subject to continuous innovation. Even where

replication is possible the improvement provides advantage for the incumbent firms. Hence, competitive advantage can be achieved through HPWS.

In summary, the results of this study have highlighted the importance of examining HPWS, external environment and HPO. Additionally, the study also examined the moderating effect of culture in understanding HPO particularly in the context that calls for performance improvement.

## **5.6 Limitations**

Although, this study provide a significant understanding on the relationship between HPWS, external environment and HPO; the moderating effect of organizational culture in the food and beverage SME in Nigeria. The study is not without limitations. As such, the limitations must be acknowledged.

The first limitation can be view from the sample. The sample size of this study was reasonably small, though still large enough to provide the necessary power to test the hypotheses. The observed relationships may be difficult to generalize to organizations in other industries without carrying out a similar study on them. Hence, it is important to recognize these limitations.

Secondly, this study only examined top managers from a relatively idiosyncratic set of other organizational members who were covered by the selected practices. The fact that the data collection approach clearly reflects the manager's point of view, thereby ignoring the employee's perceptions on the HPWS, as such the direct relationship of the



HPWS practices was limited. For example, the direct positive relationship between WLB, competitive salary, fairness in promotion and performance found in previous studies was not significant in this study. However, this study warns against concluding that there is no relationship. Note that the direct relationship may probably be statistically significant in a larger sample. As such, it is important to recognize this limitation.

This study has a common limitation of cross-sectional studies because the study is cross sectional in nature, this study could not determine causality, since cross-sectional data do not allow for causal interpretations among the variables. Thus, there is need to exercise caution in generalizing the findings of this study. Hence, these can be view as weaknesses in this study.

The fourth limitation concerns the issue of what should be measured and how it should be measured. Regarding HPWS, external environment and organizational culture, researchers have reached no consensus as to what constitutes the measures. This study considered seven practices in HPWS and two external environmental factors. However, this study cannot completely conclude that these practices are the best representatives to achieve higher performance even though they have been validated by previous researches. This could be vulnerable to criticism as such the limitation of this study should be view in this aspect.

This study argued that organizational culture moderate the relationship between HPWS, external environment and HPO. However, the specific type of culture remained unmeasured in this study. The inability to measure these cultural types may have caused insignificant relationship in some of the results. Thus, the limitation should be view in the light of this aspect.

The findings of this study emanated from data collected through a self-reported questionnaire on both the independent and dependent variables. However, all variables were measured subjectively. Data collected through subjective measures or self-reported questionnaire are associated with the problem of social desirability, even though such data are tested for reliability and validity (Kollrann & Stockrann, 2014).

The last limitation of this study includes the measurement of HPO. In the process of reviewing previous empirical studies on HPO, the researcher notice that most of the previous researches follow objective measurement. However, because SMEs in Nigeria view financial information as personal and business secret, it was impossible to measure HPO in objective way, this is a limitation for this study even though the respondents gave the assurances that the subjective information provided reflects the true position of their organizations, however, the respondent's view concerning the performance of their firms may not exactly coincide with objective reality. This could result to possible biases as respondents may perhaps rationalize their firms competitive behavior based on received wisdom about what constitute successful management praxis (Spanos & Lioukas, 2001)

as such, the limitation should be viewed in the light of objective measures. Therefore, this study recommends the following for future studies.

### **5.7 Suggestions for Future Studies**

In the light of the above limitations, this study suggests directions for future research to help overcome the limitations. First, this study presented some empirical confirmation based on the Nigerian context. The researcher recognizes that there would be value in replicating the findings across different industries and countries. Future work using larger samples from a broader cross-section of industries would also extend the generalizability of the model. A larger and more diverse sample of firms across industries in different countries with a representative employee pool from each company would be better for the purpose of making consistent inferences. This study collected data from 354 food and beverage SMEs in Nigeria. The study will be more confident in the results if data was also collected from other sectors. It will also be useful to conduct research in other countries within the same SMEs sector.

Besides, increasing the sample sizes of both firms and numbers of respondents per firm, the following directions are worthy of exploration. First, is to examine the roles of other types of HPWS beyond the ones examined in this study in order to enable broader understanding of the concept of the measures. Future research can also benefit from examining contingency variables other than those examined in this study.

In this study, HPWS was assessed without respect to the types of employees who were covered by the selected practices. Future studies may choose to focus on similar issues in

larger organizations and would therefore be well served to generate a finer-grained understanding of who is covered by what practices and to what effect on organizational performance. Those conducting future research should also test the robustness of this findings by collecting measures of HPWS from multiple respondents.

This study argued that organizational culture moderate the relationship between HPWS, external environment and HPO. The study did not directly observe or measure the various types of cultural contextual elements themselves. Future work should endeavor to clearly identify the cultural type to clearly test the relationships of interest between HPWS, external environment and performance. Specifically, additional work is necessary on supportive, innovative and bureaucratic culture necessary to moderate this relationship.

Response bias did not appear to be an issue in this study, but with a relatively small number of responding firms, this study cannot completely rule out systematic psychological differences between respondents and those that did not participate. This study also used a single respondent for the measurement of all the variables, as such limitations associated with common method bias cannot be ignored. Even though this study shifted the referent of employee responses to the firm level, this study recognized that it is difficult to remove problems of common method variance completely. Future study is required to carefully assess the degree of resource flexibility necessary for different sets of employees.

This study employed a cross-sectional design. Cross-sectional research design limits any inference of causality among the studied variables. It cannot be absolutely stated that external environment is completely stable over time. Even though, HPWS may be stable over time when SMEs do not change from the practices involved, however, there is possibility that employees may change when the practices put too much pressure on them. Therefore, future longitudinal studies are needed to follow up on such changes between HPWS, external environment and HPO.

This study uses self-report for the variables under investigation, even though it has been argued that self-reports are not always a major limitation in organizational behavior research (Spector, 1994). It is likely that lower level employees would be a better source to collect information for WLB, competitive salary and fairness in promotion that were not positively observable by managers in the case of the present study.

Because this study employed quantitative research approach, responses regarding the variables were limited to structure questionnaires. Future studies can exploit mixed methods to further validate the finding and to have a deeper understanding of the issues of organizations facing performance challenges. For example, additional work might include conducting in-depth interview with managers to gain additional insights into their cultural practices. These interviews could potentially add insight to complement the existing quantitative work of this study.

This study uses subjective measures in measuring HPO, due to the failure of Nigeria SMEs to disclose their financial information; however, it would be helpful if future study can replicate this study by measuring performance using objective measures or combination of subjective and objective data in order to provide reliable conclusions about HPO. For example, measuring HPO in objective measure instead of subjective measures in Nigeria SMEs context could provide different results.

Finally, while this study have made effort to identify culture as a factor that play significant role between HPWS and HPO, it is reasonable that it cannot be sufficient in providing a holistic picture. Future research may also benefit from incorporating other important possible elements in the development of a new model. Specifically, future research may consider whether industry size might moderate the relationship between HPWS, external environment and HPO achievement.

### **5.8 Contribution of the Study**

This study makes several important contributions to the literature. Overall, the study contributes to HPWS literatures in several ways. The first contribution is related to the sample of the study. Specifically, the existing knowledge base about HPWS is largely dependent on the sample of studies in the Western countries focusing on large manufacturing organizations. However, studies on HPWS within the context of SMEs are remarkably little in developing economies, particularly in Nigeria (Ismail, 2012). To expand the current knowledge base, there is a need for more empirical research using data obtained in the developing non-Western countries. Accordingly, this study has help

to fill this gap by examining HPWS within the context of SMEs in Nigeria. Thus, the study has contributed to the body of knowledge by covering the sectoral gap that exists in the literature.

Another important gap filled by this study is examining HPWS in multidimensional approach, in response to the call for researchers to go beyond examining HPWS in unidimensional approach. For instance, there is dearth of empirical work that links each element in HPWS to a wider range of higher performance among smaller firms (Drummond & Stone, 2007). As such, researchers has suggested for a study that will split HPWS into multi-dimensions (Drummond & Stone, 2007; Punia & Garg, 2012; Zhang, et al., 2013). Hence, this study advances HPWS literature by examining HPWS in multidimensional approach. Besides, researchers identified best recruitment practice (BRP), fairness in promotion (Armstrong, et al., 2010), job security (Karetepe, 2013), managerial role (Jesen, et al., 2013), work life balance (Karetepe, 2013) as important gap in HPWS that need to be explored. Thus, this study has also help to fill this gap. With the growing body of research on HPWS, this study has added a new insight to the construct of HPWS.

Third, the findings of this study has also contributed to HPO framework by the inclusion of organizational culture as a moderating variable. Bagorogoza and de Waal (2010) suggested for a study that will help to examine the moderating effect of organizational culture in HPO framework. This was also supported by (Tseng, 2010; Yesil & Kaya, 2013; Zehir, Ertosun, Zehir & Müceldili, 2011) that organizational culture should be

examined in different context and sector such as Nigeria SMEs. Lucky (2012) specifically suggested for the moderating effect of culture on SMEs performance in Nigeria. Based on the suggestions and inconclusive findings in the review of literature, this study make a unique contribution to the literature by adding culture as a moderator to HPO literature which has not be untied by extant studies.

The findings of this study has also help to advance the resource-based view that competitiveness is not an end itself but a means to an end. That is, competition is important for the achievement of competitive advantage because competitive advantage cannot be achieved if there is no competition in the market, even though firms resources are rare, valuable, inimitable and unsubstitutable, competition compel firms to search for these resources in order to achieve market advantage.

Finally, the present study is unique among HPO such that the study contributed to the body of knowledge through the methodology adopted. Majority of the studies on HPO uses secondary data. The present study takes a unique approach by examining HPO using primary data. Particularly, testing HPO instruments in a developing economy and within the context of small firms is a unique contribution to the body of knowledge.

## **5.9 Conclusion**

Several gaps existed in the literature concerning the relationship between HPWS, external environment and HPO: the moderating effect of organizational culture. Prior studies on this area did not address the following issues in their researches: (1) examination of



HPWS and HPO in the context of SMEs, (2) the use of multidimension to examine HPWS, (3) the possible moderator of organizational culture on the relationship between HPWS, external environment and HPO, (4) use of a subjective performance measures in examining HPO. To address these issues, this study examines the relationship between HPWS, external environment and HPO: the moderating effect of organizational culture in food and beverage SMEs in Nigeria. In order to achieve the study objective, data were collected from 354 managers in food and beverage in Nigeria. The results of the study lead to several conclusions. That high performance work system (HPWS) has a positive relationship with high performance organization. Secondly, the study found a significant positive relationship between external environment and high performance organization. The study found that organizational culture interacted with HPWS in predicting high organizational performance. Lastly, this study also found that organizational culture does not moderate the relationship between external environment and HPO. The study has contributed to the body of knowledge by examining the relationship between, HPWS, external environment and HPO: the moderation effect of organizational culture in the context of SMEs in Nigeria and using subjective performance measures. Thus, the study is unique such that it has help to fill the gaps that exist in the HPWS and HPO literature. Specifically, this study has successfully achieved all the objectives regardless of the limitations. Therefore, to achieve high performance, requires managers to build a culture that permit employees to acquire, share and manage knowledge within an environment and implement effective management practice.

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## **Appendix A**

### **QUESTIONNAIRE**

Dear Sir/Madam,

I am a post graduate student at Universiti Utara Malaysia, currently conducting a survey on the moderating effect of organizational culture on the relationship between high performance work system, external environment and high performance organization as part of my PhD requirement. Please be assured that all your responses shall be treated confidentially and shall be used solely for academic purpose.

Thanks for your cooperation.

Yours sincerely,

Solomon Ozemoyah Ugheoke



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#### GENERAL INSTRUCTION (PART 1 --11)

Please indicate the degree to which you agree or disagree with the following statements. (Please tick the appropriate number from 1 to 7. 1 signifies "Strongly Disagree, 2-Disagree, 3- Slightly disagree, 4-Neutral, 5- Slightly agree, 6- Agree and 7-Strongly agree.

PART 1: These statements relate to High performance organization

	1	2	3	4	5	6	7
1	This organization has adopted a strategy that sets it clearly apart from other organizations.						
2	In this organization processes are continuously improved.						
3	In this organization processes are continuously simplified.						
4	In this organization processes are continuously aligned.						
5	In this organization everything that matters to performance is explicitly reported.						
6	In this organization both financial and non information is reported to organizational members.						
7	This organization continuously innovate its core competencies.						
8	This organization continuously innovate its products, processes and services.						
9	The management of this organization frequently engages in a dialogue with employees.						
10	Members of this organization spend much time on communication, knowledge exchange and learning.						
11	Members of this organization are always involved in important processes.						
12	The management of this organization allows making mistakes.						
13	The management of this organization welcomes change.						
14	This organization is performance driven.						
15	The management of this organization is trusted by organizational members.						
16	The management of this organization has integrity.						
17	The management of this organization is a role model for organizational members.						
18	Management applies fast decision making.						
19	The management of this organization applies fast action taking.						
20	The management of this organization coaches organizational members to achieve better results.						
21	The management of this organization focuses on achieving results.						
22	The management of this organization is very effective.						
23	The management of this organization applies strong leadership.						
24	The management of this organization is confident.						
25	The management of this organization is decisive with regard to non-performers.						

- 26 The management of this organization always holds  
organizational members responsible for their results.
- 27 The management of our organization inspires organizational  
members to accomplish extraordinary results.
- 28 Organizational members are trained to be resilient and  
flexible.
- 29 This organization has a diverse and complementary  
workforce.
- 30 This organization maintains good and long-term  
relationships with all stakeholders.
- 31 This organization is aimed at servicing the customers as best  
as possible.
- 32 This organization grows through partnerships with suppliers  
and customers.
- 33 The management of this organization has been with the  
company for a long time.
- 34 This organization is a secure workplace for organizational  
members.
- 35 New management is promoted from within the organization.

---

PART 2: These statement relate to Best Recruitment Practices (BRP)

	1	2	3	4	5	6	7
1	Doing well during the recruitment process means the candidate can do the job well in this organization.						
2	A candidate who scored well during recruitment process will be a good job performer in this organization.						
3	The organization provides clear information to ensure the candidate understood in advance what the recruitment processes would be like.						
4	The organization provides clear information to ensure the candidate knows what to expect on the test.						
5	The organization provides clear information to ensure the candidate has sufficient information about what the format of the test would be.						
6	The organization provides clear information to ensure the candidate could really show his/her skill and ability during recruitment process.						
7	The organization provides clear information to ensure the recruitment process allowed candidate to prove what his/her skill is.						
8	The organization provides clear information to ensure the recruitment process gives candidate the opportunity to show what he/she can really do.						
9	The organization provides clear information to ensure the candidate will be able to show what he/she can do during the recruitment process.						
10	The organization provides clear information to ensure						

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- the candidate is given ample opportunity to have his/her test result rechecked, if necessary.
- 11 The content of the recruitment process seemed appropriate.
- 12 It would be clear to everybody that this organization recruitment is related to applicant experience of the job.
- 13 The content of the recruitment process is clearly related to the job.

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PART 3: These statements relate to fairness in promotion

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	1	2	3	4	5	6	7
1	Promotion procedures in this organization are designed to generate standards so that decisions can be made with consistency.						
2	Promotion procedures in this organization are designed to allow for requests for clarification or additional information about the decision.						
3	Promotion procedures in this organization are designed to collect accurate information necessary for making decisions.						
4	Promotion procedures in this organization are designed to provide opportunities to appeal or challenge the decision.						
5	Promotion procedures in this organization are designed to have all parties that are represented to be affected by the decision.						
6	Promotion procedures in this organization are designed to hear the concerns of all those affected by the decision.						
7	The promotion procedure and decision in this organization is fair.						
8	Employees are satisfied with the promotion procedure in this organization.						
9	Employees are satisfied with the decisions of whoever is promoted in this organization.						
10	Employees feel offended when they understand how promotions are allocated in this organization.						
11	Employees are willing to accept and follow the promotion decisions made by management in this organization.						
12	Employees are familiar with the way this organization determines promotions to higher positions.						

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PART 4: These statements relate to competitive salary

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	1	2	3	4	5	6	7
1	Employees are paid a great deal of money for performing their job in this organization.						
2	Employees make enough money to take care of their family in this organization.						
3	Employees get regular raises of pay in this organization.						

- 4 Employees get time off with pay on observed public holidays in this organization.  
Employees receive a great amount of time off  
5 with pay in their respective position in this organization.  
6 Employees make a considerable amount of money on their job in this organization.  
7 If employees were to die, their family would receive benefits from the organization.  
8 Employees are entitled to personal leave (e.g marriage leaves) with pay each year in this organization.  
9 Employees need additional income to make ends meet in this organization.  
10 Overall, employee's salary is quite low in this organization.

---

PART 5: These statements relate to Job security

	1	2	3	4	5	6	7
1	Employees in this job can expect to stay in the organizations for as long as they wish.						
2	The organization will not reduce the number of hours employees work each week.						
3	If this organization was facing economic problems, permanent employees would be the last to retrench.						
4	Employees in this organization are confident that they will be able to work for the organization as long as they wish.						
5	Employee's job will be there as long as they want it.						
6	If an employee job were eliminated, he or she will be offered another job in the organization.						
7	Regardless of economic conditions, employees in this organization will have a job.						
8	Employees in this organization are secure of their job.						
9	This organization would transfer employees to another job if they were laid off from their present task.						
10	Job in this organization is not a secure one.						

---

PART 6: These statement relate to Job Enrichment

	1	2	3	4	5	5	7
1	Job involves the use of a number of different skills and talents of the employee in this organization.						
2	Job requires the completion of job from the beginning to the end with visible result in this organization.						

- 3 Job has a significant impact on the lives or work of other people in this organization.
- 4 Job gives employee the freedom to determine how he or she will carry out the task in this organization.
- 5 Job gives employee the discretion to schedule work in this organization.
- 6 Job is set up in such that employee obtain information about the effectiveness of his or her performance in this organization.
- 7 Job requires the employee to work closely with other people in this organization.

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**PART 7: These statements relate to Work Life Balance (WLB)**

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	1	2	3	4	5	6	7
1	This organization allows employees arrive and depart from work when the need arise.						
2	This organization allows employees to work the hours that are best for their schedule freely.						
3	This organization allows flexibility in employee's schedule.						
4	The nature of business in this organization allows employees to carry out work projects during spare time at home.						
5	This organization allows employees to take a day off of work easily if they want to.						
6	Management in this organization understands employees' family demands in this organization.						
7	Management in this organization listens when employees talk about their family issues in this organization.						
8	Management in this organization acknowledges that employees have obligations as a family member in this organization.						
9	This organization directs employees' activities at work.						
10	This organization allows employees to choose whatever they want to do at work in this organization.						
11	This organization allows employees in charge of their activities at work in this organization.						
12	This organization allows employees to determine where they place their time and energies at work.						
13	This organization allows employees to have a say in what goes on at work in this organization.						

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**PART 8: These statements relate to managerial role**

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	1	2	3	4	5	6	7
1	Management in this organization comes up with						

- innovative ideas in this organization.
- 2 Management in this organization experiments new concepts and ideas in this organization.
- 3 Management in this organization exerts upward influence in the organization.
- 4 Management in this organization influences the decisions made at higher levels in this organization.
- 5 Management in this organization ensures that the unit delivers on stated goals in this organization.
- 6 Management in this organization gets the unit to meet expected goals in this organization.
- 7 Management in this organization makes the unit's role very clear in this organization.
- 8 Management in this organization clarifies the unit's priorities and directions in this organization.
- 9 Management in this organization predicts workflow problems and avoids the crisis in this organization.
- 10 Management in this organization brings a sense of order into the unit.
- 11 Management in this organization maintains tight logistical control in this organization.
- 12 Management in this organization compares records or reports to detect discrepancies in this organization.
- 13 Management in this organization surfaces key differences among group members and take part to resolve them in this organization.
- 14 Management in this organization encourages participative decision making in the group in this organization.
- 15 Management in this organization shows empathy and concern in dealing with subordinates in this organization.
- 16 Management in this organization treats each individual in a sensitive, caring way in this organization.

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PART 9: These statement relate to competitive environment

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1	The organization pays close attention to competitors' activities.	1	2	3	4	5	6	7
2	The organization keeps a close watch on our competitor's product development strategies.							
3	The organization monitors which competitor products are successful in the market.							
4	Price competition is a main characteristic in the industry.							
5	There is high degree of market competition in the industry.							
6	Competition in the quality of products in this industry is very high.							

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- 7 Competition in variety of products in this industry is very high.

PART 10: These statement relate to Government support

	1	2	3	4	5	6	7
1	Government regulators assist individuals in starting their own businesses.						
2	Government establishes standard contracts for small businesses.						
3	Government has special support available for individuals who want to start a new business.						
4	Government sponsor's organizations that help new businesses develop.						
5	Even after failing in an earlier business, government assists the organization in starting again.						

PART 11: These statements relate to Organizational culture

	1	2	3	4	5	6	7
1	This organization is a very personal place. It is like an extended family, people seem to share things together.						
2	This organization is a very dynamic and entrepreneurial place. People are willing to take risk.						
3	This organization is a formalized and structural place. Established procedures generally govern what people do.						
4	This organization is production oriented. A major concern is with getting the job done, without much personal involvement.						
5	The head of this organization is generally considered to be a mentor, a father or mother figure.						
6	The head of this organization is generally considered to be an entrepreneur, an innovator, or a risk taker.						
7	The head of this organization is generally considered to be a coordinator, an organizer, or an administrator.						
8	The head of this organization is generally considered to be a producer, a hard-driver.						
9	The glue that holds this organization together is loyalty and tradition. Commitment to this firm runs high.						
10	The glue that holds this organization together is a commitment to innovation and development. There is an emphasis on being first.						
11	The glue that holds this organization together is formal rules and policies. Maintaining a smooth-running institution is important here.						
12	The glue that holds this organization together is the emphasis on tasks and goal accomplishment. Production orientation is commonly shared.						
13	This organization emphasizes human resources. High cohesion and morale in the organization are important.						
14	This organization emphasizes growth and the acquisition of						

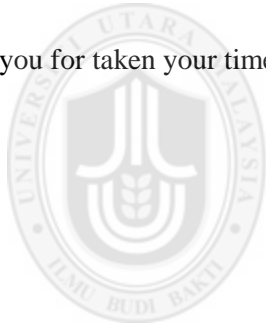
- new resources. The readiness to meet new challenges is important.
- 15 This organization emphasizes permanence and stability. Efficient, smooth operations are important.
- 16 This organization emphasizes competitive actions and achievement. Measurable goals are important.
- 

**PART 12: Demographic information**

Please read and tick as appropriate in the provided boxes your exact assessment of the following demographic information:

- (1) Which business sector does your company belong: Food ☐ Beverage ☐
- (2) How long has your company been in the business? 10-15 years ☐ 16-20 years ☐ 21-25 years ☐ 26-30 years ☐ 31 years and above ☐
- (3) Number of full time employees 10-20 ☐ 21-30 ☐ 31-40 ☐ 41-50 ☐ 51-60 ☐ 61 and above ☐
- (4) Gender: Male ☐ Female ☐
- (5) Designation: Director ☐ Manager ☐ Others ☐
- (6) How long have you been working in this company.....
- (7) Age: 21-30 ☐ 31-40 ☐ 41-50 ☐ 51 Above ☐
- (8) Qualification: Bachelor Degree ☐ Master Degree ☐ PhD ☐

Thank you for taken your time to fill this questionnaire.

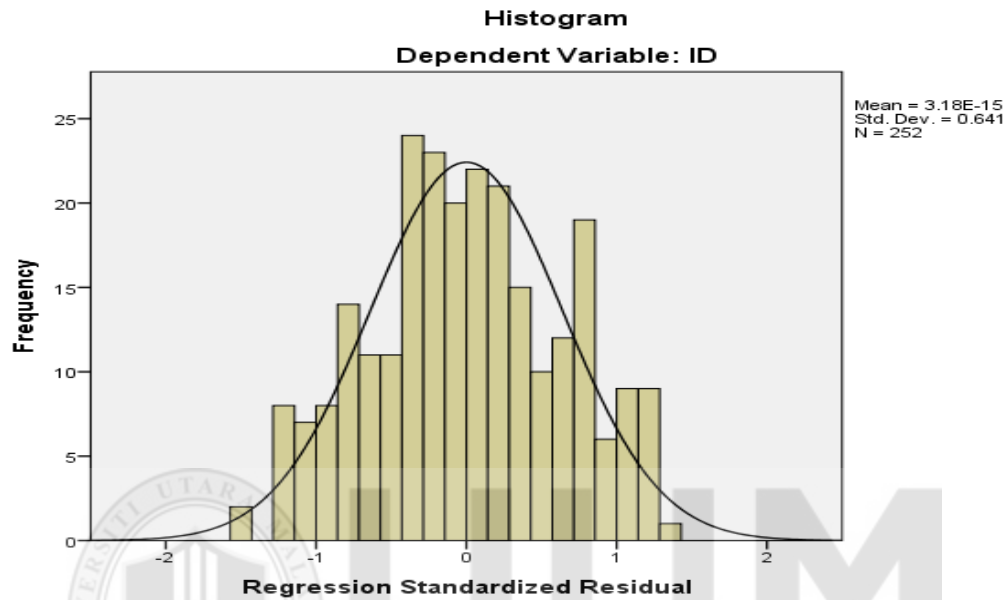


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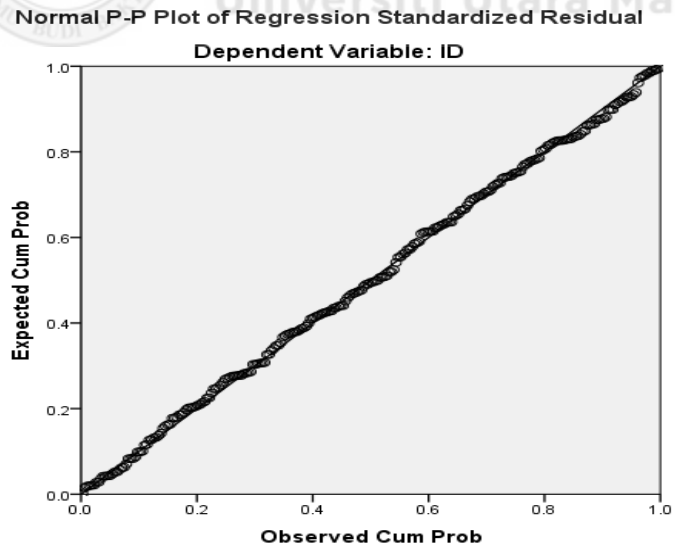


## Appendix B

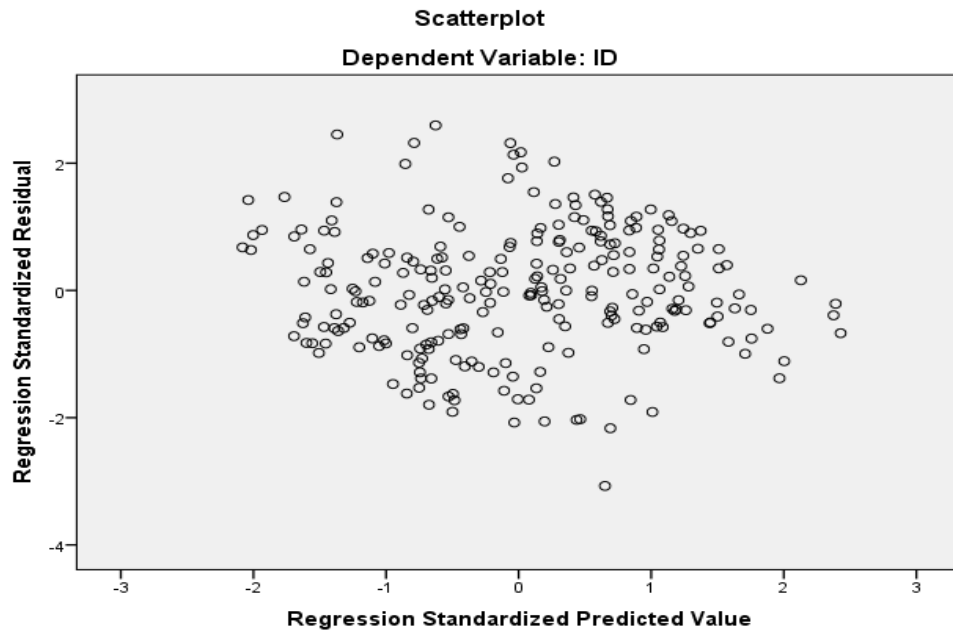
### Normality P-P Plot for all variables



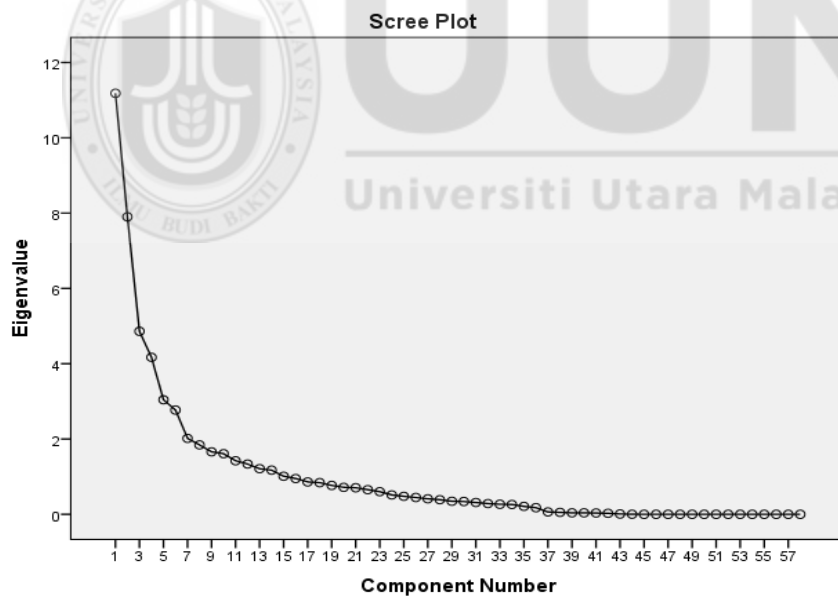
NORMALITY FOR HPWS AND HPO



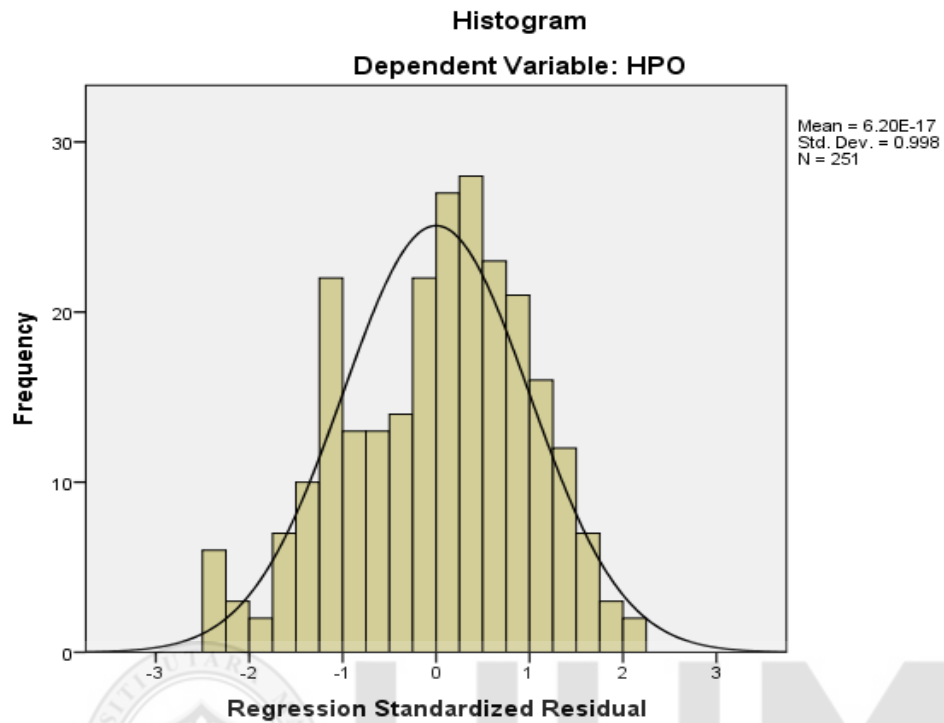
LINEARITY FOR HPWS AND HPO



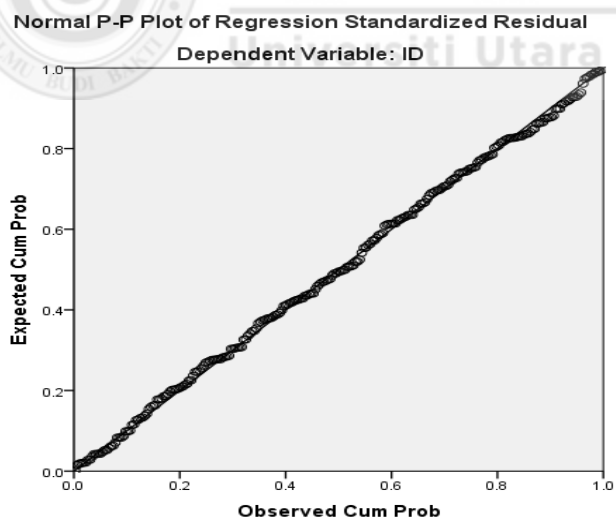
SCATTERPLOT FOR HPWS AND HPO



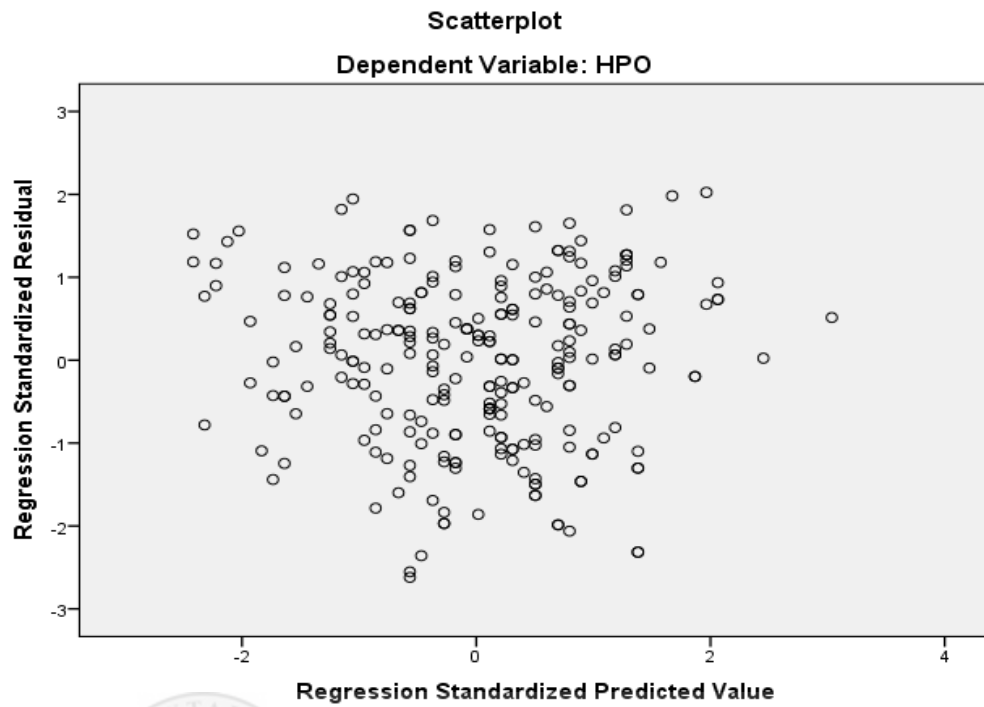
EIGIN VALUE FOR HPWS



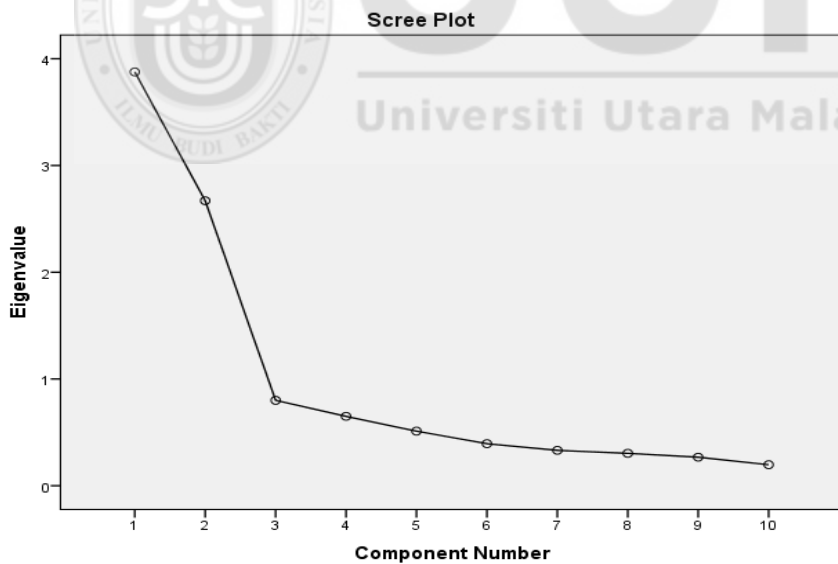
NORMALITY FOR EXTERNAL ENVIRONMENT AND HPO



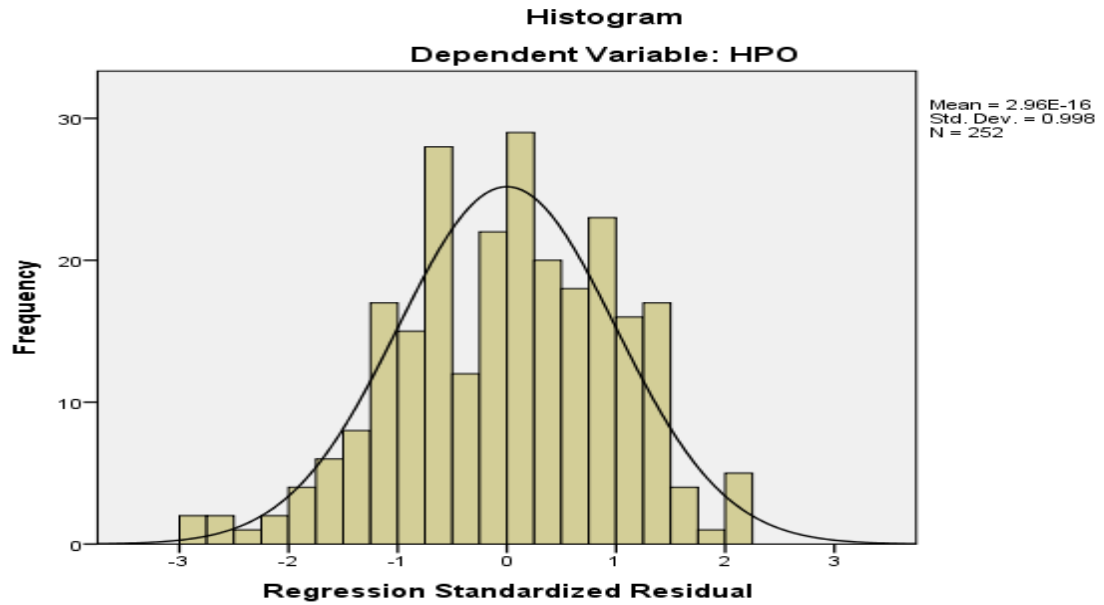
LINEARITY FOR EXTERNAL ENVIRONMENT AND HPO



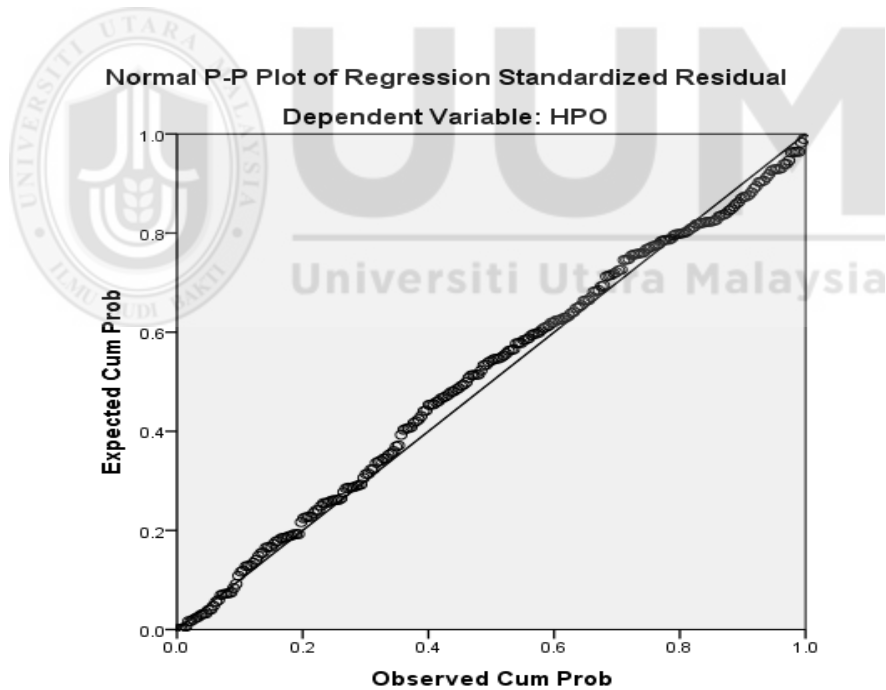
SCATTERPLOT FOR EXTERNAL ENVIRONMENT AND HPO.



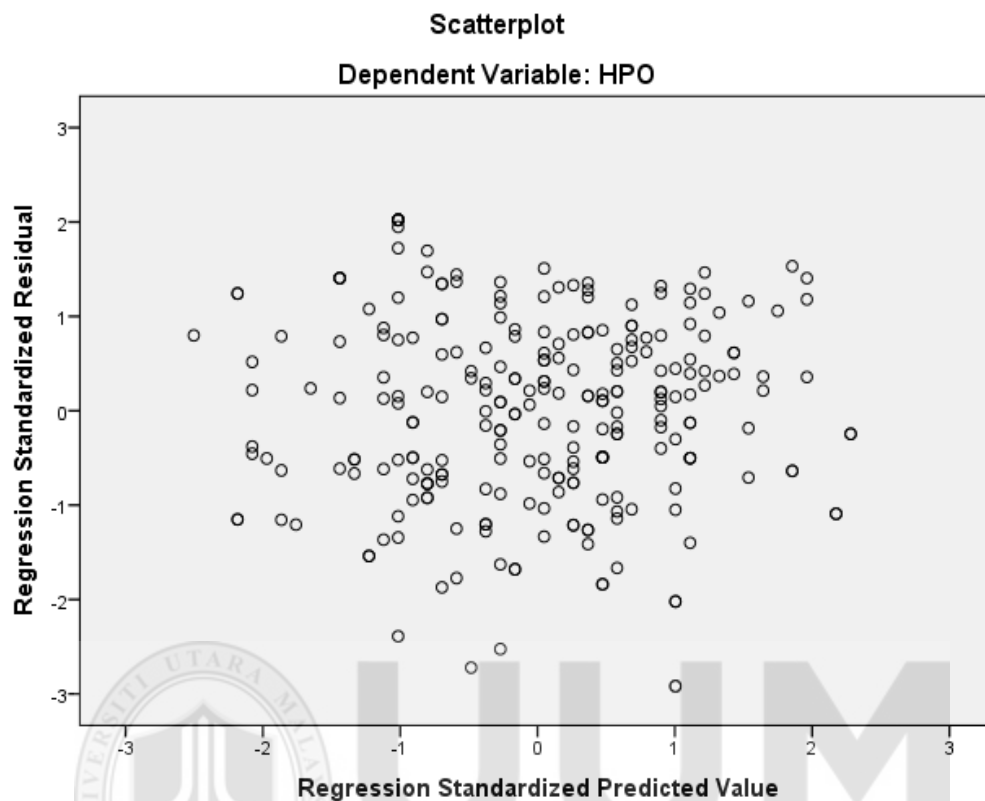
EIGIN VALUE FOR EXTERNAL ENVIRONMENT



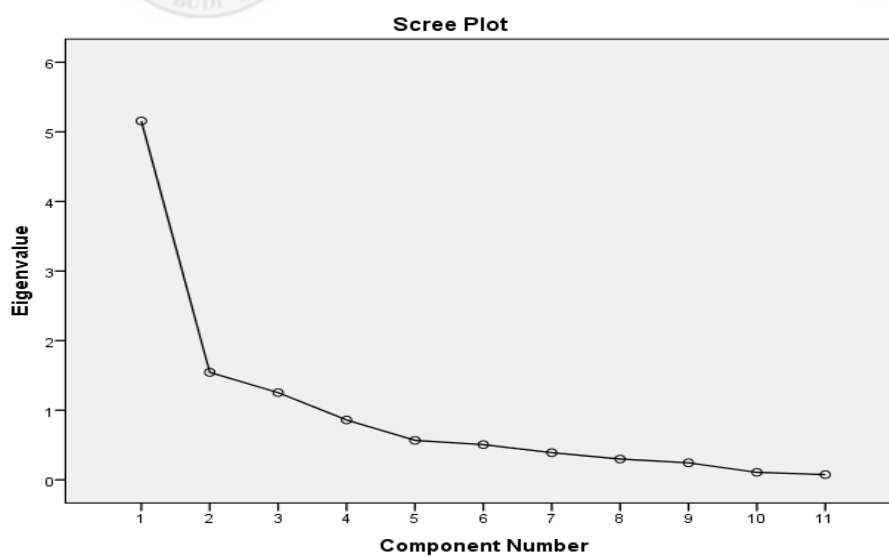
NORMALITY FOR ORGANIZATIONAL CULTURE AND HPO



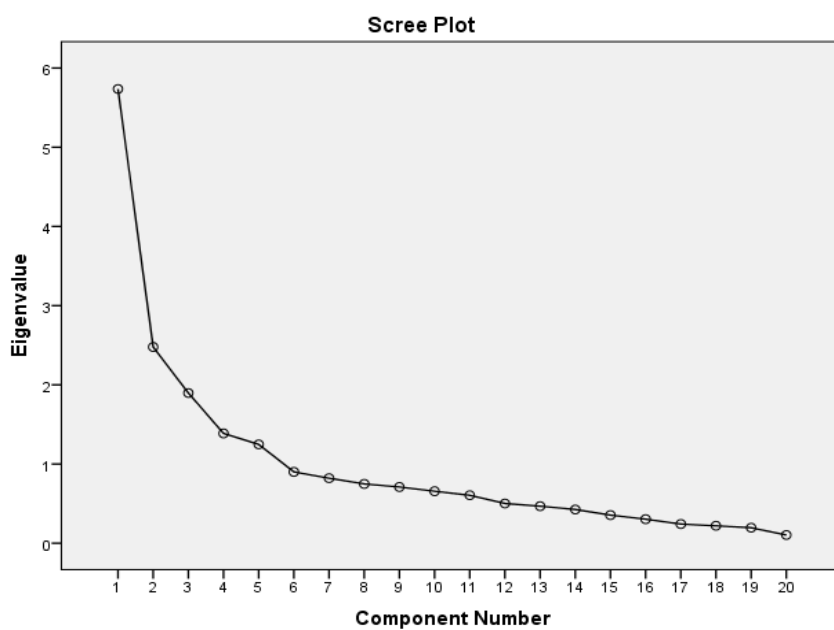
LINEARITY FOR ORGANIZATIONAL CULTURE AND HPO



SCATTERPLOT FOR ORGANIZATIONAL CULTURE AND HPO.



EIGEN VALUE FOR ORGANIZATIONAL CULTURE



EIGEN VALUE FOR HPO



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## Appendix C

### RELIABILITY FOR ALL VARIABLES

BRP

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.736	.739	7

Fairness in promotion

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.801	.806	10

competitive salary

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.741	.745	6

Job enrichment

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.867	.867	7

Job security

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.711	.713	7



### Managerial role

#### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.841	.842	11

### WLB

#### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.766	.766	12

### Competitive Environment

#### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.883	.884	6

### Government Support

#### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.845	.846	4

### Organizational culture

#### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.915	.915	11

### Reliability for HPO

#### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.896	.897	20

## Appendix D

### MULTIPLE REGRESSION ANALYSIS

Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.647 <sup>a</sup>	.468	.446	.71971

a. Predictors: (Constant), GSUP, WLB, BRP, JE, COMSAL, COMENVIR, MROLE, JS, FPRO

b. Dependent Variable: HPO

ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	89.942	9	9.994	19.293	.000 <sup>b</sup>
	Residual	124.835	241	.518		
	Total	214.777	250			

a. Dependent Variable: HPO

b. Predictors: (Constant), GSUP, WLB, BRP, JE, COMSAL, COMENVIR, MROLE, JS, FPRO

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
(Constant)	2.624	.298		8.796	.000					
BRP	.148	.059	.237	2.313	.008	.434	.251	.183	.440	2.274
FPRO	.061	.416	.185	1.018	.127	.090	.028	.022	.672	1.487
COMSAL	.097	.264	.109	.975	.162	.166	.046	.035	.655	1.526
JS	.174	.042	.209	1.964	.032	.272	.097	.036	.818	1.222
JE	.236	.037	.295	3.079	.000	.420	.307	.246	.549	1.820
WLB	.086	.414	.137	.953	.264	.095	.044	.033	.856	1.168
MROLE	.169	.084	.218	2.041	.013	.264	.116	.093	.382	2.616
COMENVIR	.281	.033	.361	4.686	.000	.581	.327	.264	.324	3.091
GSUP	.257	.046	.330	4.012	.000	.472	.319	.243	.617	1.621

a. Dependent Variable: HPO

## Appendix E

### HIERARCHICAL REGRESSION HPWS, EXTERNAL ENVIRONMENT ORGANIZATIONAL CULTURE AND HPO

Model Summary<sup>d</sup>

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	.647 <sup>a</sup>	.468	.451	.71971	.017	19.293	9	241	.000
2	.648 <sup>b</sup>	.471	.455	.72032	.016	4.107	1	240	.068
3	.663 <sup>c</sup>	.496	.462	.72143	.034	7.032	9	231	.014

a. Predictors: (Constant), GSUP\_CENTERED, WLB\_CENTERED, BRP\_CENTERED, JE\_CENTERED, COMSAL\_CENTERED, COMENVIR\_CENTERED, MROLE\_CENTERED, JS\_CENTERED, FPRO\_CENTERED

b. Predictors: (Constant), GSUP\_CENTERED, WLB\_CENTERED, BRP\_CENTERED, JE\_CENTERED, COMSAL\_CENTERED, COMENVIR\_CENTERED, MROLE\_CENTERED, JS\_CENTERED, FPRO\_CENTERED, OCUL\_CENTERED

c. Predictors: (Constant), GSUP\_CENTERED, WLB\_CENTERED, BRP\_CENTERED, JE\_CENTERED, COMSAL\_CENTERED, COMENVIR\_CENTERED, MROLE\_CENTERED, JS\_CENTERED, FPRO\_CENTERED, OCUL\_CENTERED, FPRO\_OCUL\_CENTERED, GSUP\_OCUL\_CENTERED, BRP\_OCUL\_CENTERED, MROLE\_OCUL\_CENTERED, JE\_OCUL\_CENTERED, COMENVIR\_OCUL\_CENTERED, COMSAL\_OCUL\_CENTERED, JS\_OCUL\_CENTERED, WLB\_OCUL\_CENTERED

d. Dependent Variable: HPO

ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	89.942	9	9.994	19.293	.000 <sup>b</sup>
	Residual	124.835	241	.518		
	Total	214.777	250			
2	Regression	90.250	10	9.025	17.394	.000 <sup>c</sup>
	Residual	124.527	240	.519		
	Total	214.777	250			
3	Regression	94.550	19	4.976	9.561	.000 <sup>d</sup>
	Residual	120.227	231	.520		
	Total	214.777	250			

a. Dependent Variable: HPO

b. Predictors: (Constant), GSUP\_CENTERED, WLB\_CENTERED, BRP\_CENTERED, JE\_CENTERED, COMSAL\_CENTERED, COMENVIR\_CENTERED, MROLE\_CENTERED, JS\_CENTERED, FPRO\_CENTERED

b. Predictors: (Constant), GSUP\_CENTERED, WLB\_CENTERED, BRP\_CENTERED, JE\_CENTERED, COMSAL\_CENTERED, COMENVIR\_CENTERED, MROLE\_CENTERED, JS\_CENTERED, FPRO\_CENTERED, OCUL\_CENTERED

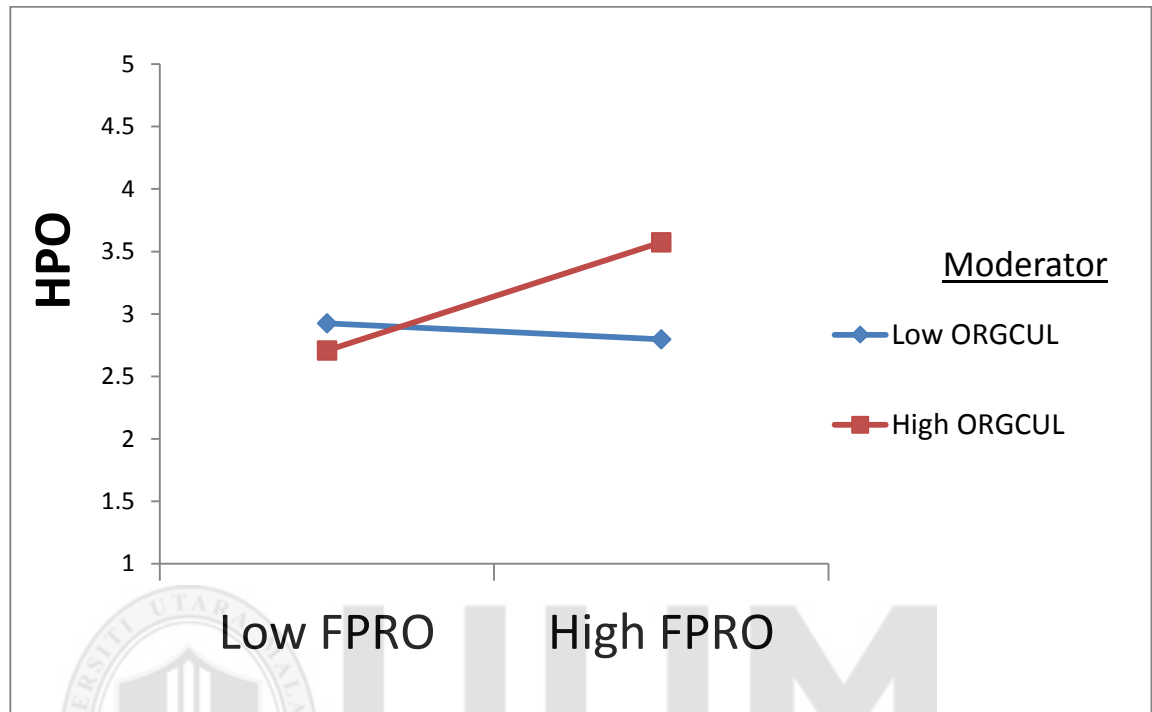
Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	2.786		1.934	.000
	BRP_CENTERED	.146	.062	.235	.008
	FPRO_CENTERED	.076	.416	.182	.125
	COMSAL_CENTERED	.125	.262	.107	.160
	JS_CENTERED	.173	.039	.214	.032
	JE_CENTERED	.231	.024	.305	.000
	WLB_CENTERED	.082	.409	.142	.261
	MROLE_CENTERED	.167	.082	.224	.013
	COMENVIR_CENTERED	.280	.031	.364	.000
	GSUP_CENTERED	.259	.046	.331	.000
2	(Constant)	4.786		1.529	.068
	BRP_CENTERED	.145	.063	.235	.005
	FPRO_CENTERED	.075	.417	.183	.096
	COMSAL_CENTERED	.127	.262	.153	.128
	JS_CENTERED	.173	.036	.217	.027
	JE_CENTERED	.233	.021	.303	.002
	WLB_CENTERED	.082	.406	.148	.193
	MROLE_CENTERED	.168	.081	.225	.019
	COMENVIR_CENTERED	.281	.032	.363	.006
	GSUP_CENTERED	.261	.047	.331	.008
3	OCUL_CENTERED	.033	.039	.139	.096
	(Constant)	4.761		102.011	.000
	BRP_OCUL_CENTERED	.053	.052	.106	.124
	FPRO_OCUL_CENTERED	.259	.173	.279	.043
	COMSAL_OCUL_CENTERED	.209	.187	.277	.025
	JS_OCUL_CENTERED	.263	.225	.352	.016
	JE_OCUL_CENTERED	.002	.038	.104	.364
	WLB_OCUL_CENTERED	.198	.187	.214	.038
	MROLE_OCUL_CENTERED	.479	.361	.284	.015
	COMENVIR_OCUL_CENTERED	.015	.046	.024	.273
	GSUP_OCUL_CENTERED	.023	.030	.045	.169

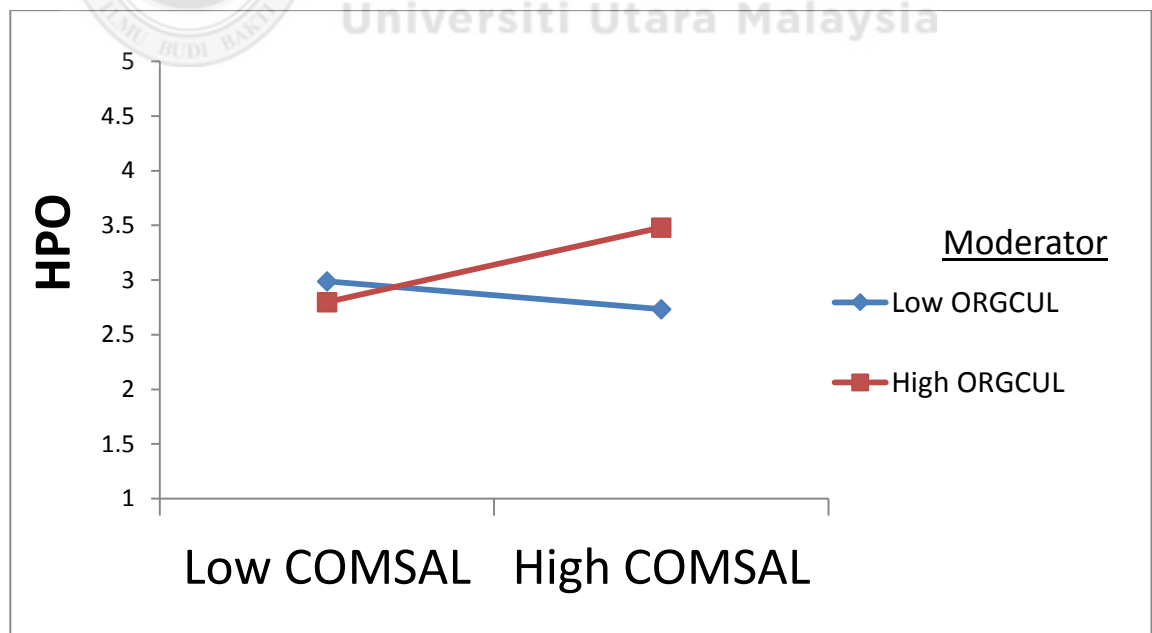
a. Dependent Variable: HPO

## Appendix F

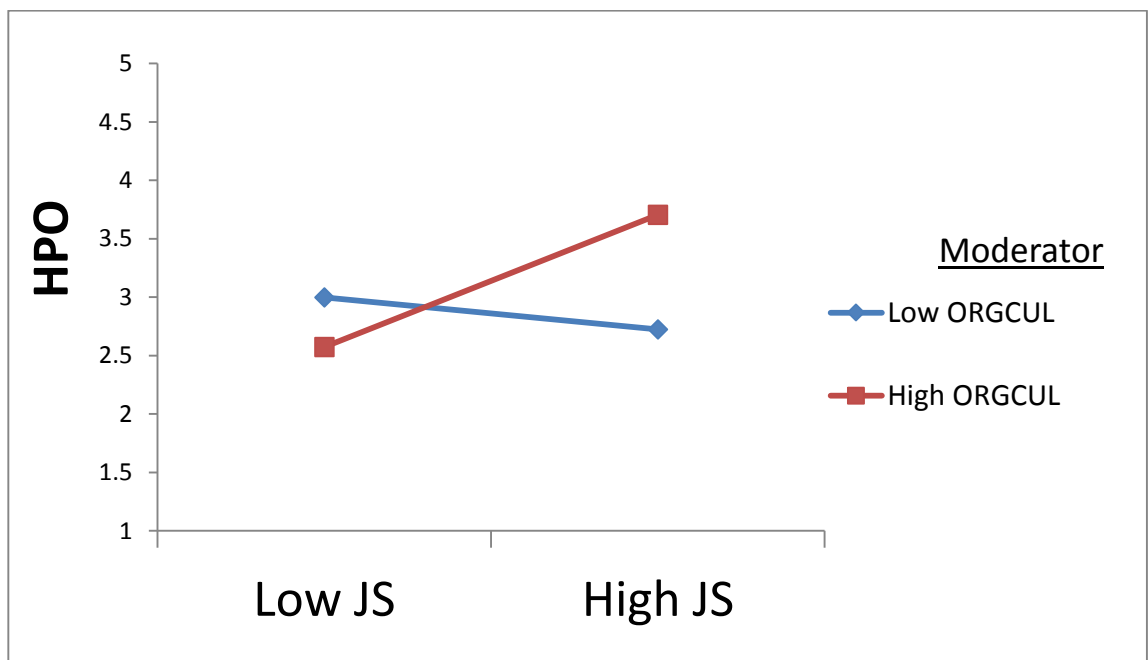
### INTERACTION GRAPH



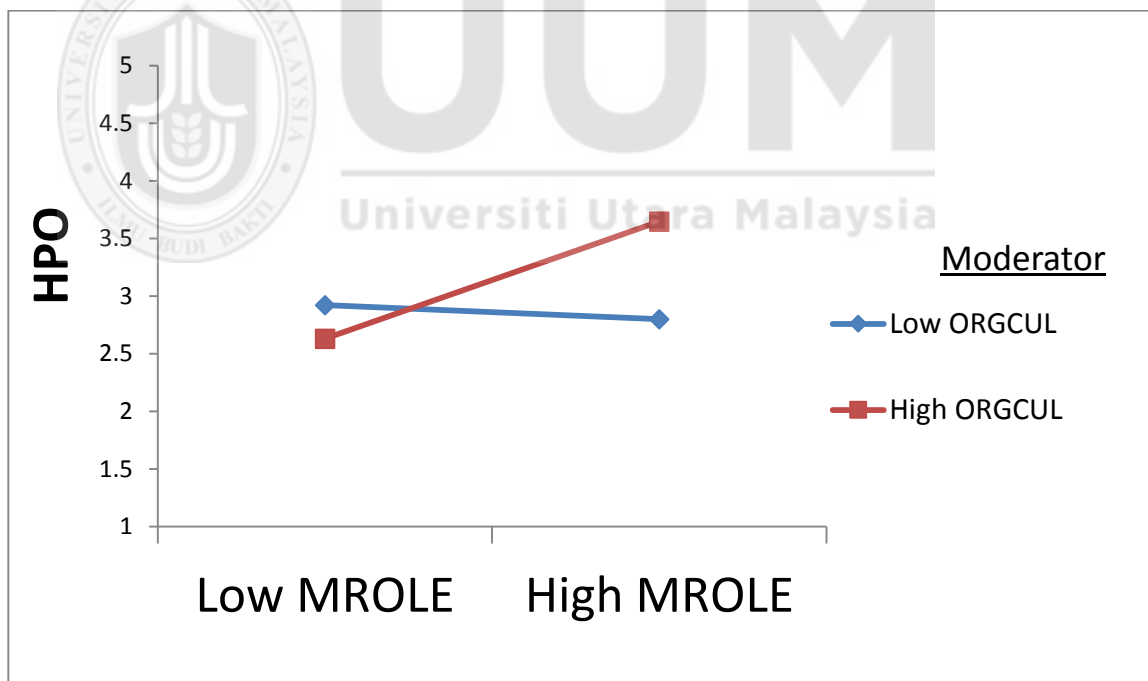
**Figure 4.4** the graph of the moderation effect of organizational culture on the relationship between fairness in promotion and high performance organization.



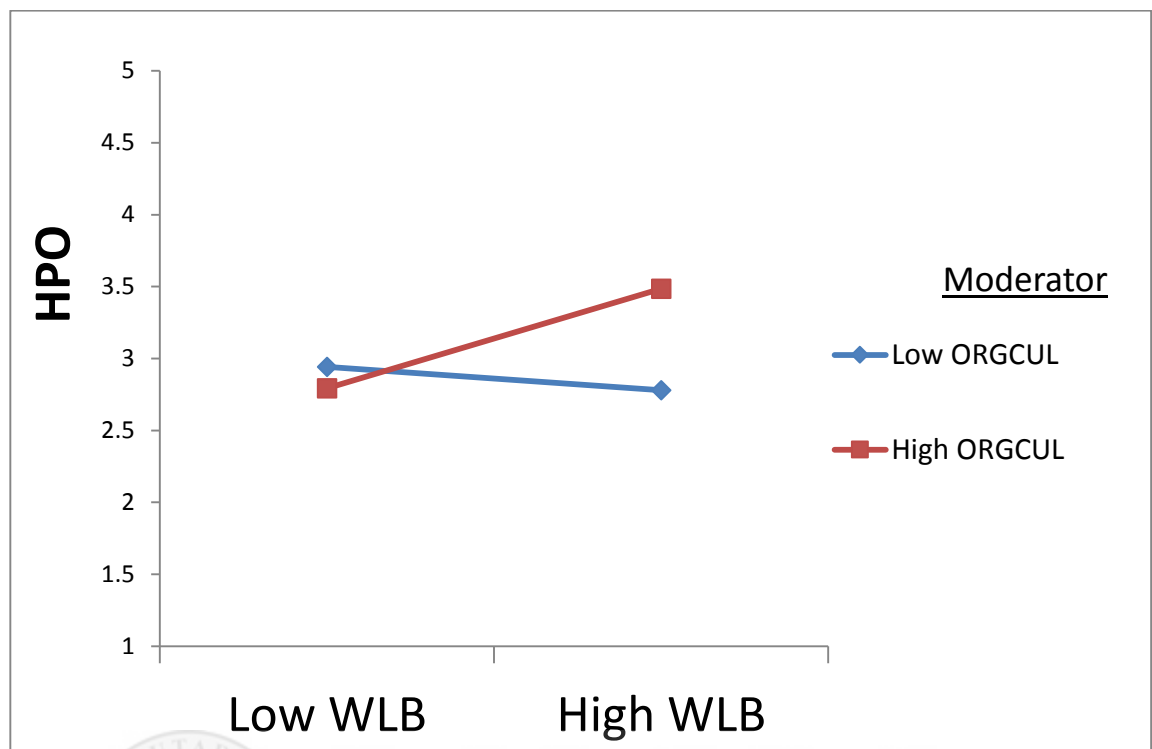
**Figure 4.5** The graph of the moderation effect of organizational culture on the relationship between competitive salary and high performance organization.



**Figure 4.6** The graph of the moderation effect of organizational culture on the relationship between job security and high performance organization.



**Figure 4.7** The graph of the moderation effect of organizational culture on the relationship between managerial role and high performance organization.



**Figure 4.8** The graph of the moderation effect of organizational culture on the relationship between work life balance and high performance organization.

