

# **THE IMPACT OF HIGH-PERFORMANCE WORK SYSTEMS, HUMAN RESOURCE BEHAVIOR ON ORGANIZATIONAL PERFORMANCE: A CASE STUDY OF XINJIANG URUMQI MANUFACTURING COMPANY**

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**Abstract:** The paper is divided into presenting the background, current status, importance, objectives, contributions and limitations of the study. Theories on the impact of high-performance work systems and human resource behaviors on organizational performance are reviewed and summarized. It also elaborates the research methodology, including the scale composition, measurement method, research hypotheses, overall and sample definitions, sampling method, data collection method, and the reliability test of the scale of high-performance work system and human resource behavior on organizational performance. After that, the questionnaire data were organized and analyzed by SPSS software to explore the relationship between personal background variables and high-performance work systems and human resource behaviors on organizational performance, and the correlation between committed human resource management, value of human resource services, and job satisfaction was investigated by regression analysis. Finally, the results of the analysis are summarized, suggestions for improvement of business management are put forward, and the future direction of related research is envisioned.

**Keywords:** High-Performance Work Systems, HR Behaviour, Organisational Performance

## **Introduction**

In 2020, when the New Coronavirus outbreak (COVID-19) hits, the two main tasks ahead are to combat the outbreak and stabilize the economy. At the beginning of the outbreak, the economic damage was limited to localized countries or regions of the world, but when the epidemic entered the global pandemic phase, the impact on the economy was instantaneous. Today, the development and prevention of epidemics have entered a normalized phase, and the state's focus on the epidemic on one hand and the economy on the other have become the main mode of social development today. In a post-epidemic society, the business environment is gradually becoming more stable and many companies are looking for ways to develop in the post-epidemic scenario.

As the global economy has slowed down in recent years, global trade development has also been in an unpromising situation, which has been exacerbated by the impact of the Newcastle

pneumonia epidemic. With the epidemic as a trigger, the economic and trade structural crisis has surfaced and developed economies have taken the opportunity to reinforce their own interests and spread the message of "reverse globalization" in trade. However, international organizations, mainly the World Trade Organisation (WTO), are trying to emphasize that the multilateral trading system is a powerful way to achieve stable economic and trade development. At the same time, electronic information technology will drive a new round of revolution in trade development. In recent years, the global economy has tended to weaken and various risks and vulnerabilities have continued to accumulate. In addition, the global spread of the Newcastle pneumonia epidemic in April 2020, forecasts that the global economy will shrink by 3% this year. The World Bank released its semi-annual Global Economic Outlook in June and predicted that the global economy will shrink by 5.2% this year. In August, McKinsey released a report entitled "Risk, Resilience, and Rebalancing in Global Value Chains" and predicted that production disruptions caused by an epidemic could cost the global economy twice as much as a hypothetical global military conflict. The above statistics show that the epidemic is not so much a serious impediment to the positive development of the global economy as a public health event that has brought to light the current state of the global macroeconomy, which is already at a serious development bottleneck and is an opportunity to wake up to the fact that macroeconomic development is not simply entering a recession, and that it is, therefore, necessary to restructure the pattern of economic development, change the mode of economic growth and even It is time to reshape the ecology of economic development. The epidemic has exacerbated the decline in aggregate supply and demand, with typical social manifestations being a sudden drop in population movement and activity, delays in resuming work and production, the inability to quickly meet the supply of raw materials and other materials, the temporary inability to replenish business inventories, a reduction in the supply of consumer goods, a near standstill in the tertiary-based service sectors of catering, accommodation, and entertainment, heavy losses in the transport sector and an outright halt in the tourism sector. However, digital industries such as e-commerce, online offices, online education, and online hospitals, which are sustained by forms of the digital economy, continued to function and create benefits during the special period.

Against the backdrop of the global epidemic, SMEs are facing huge risks and challenges, but also more opportunities. SMEs are innovating their operating models and making a major push to transform their businesses digitally. Affected by the interpersonal contact restrictions of the new crown epidemic, more and more enterprises are transferring their traditional business and services online and accelerating the digital and intelligent upgrading of their enterprise services. As a result, SMEs are not only empowered by emerging technologies such as cloud computing, big data, and AI to improve operational efficiency and optimize resource allocation, but are also following the trend of the Internet era to promote product and service innovation in "online" consumer service scenarios, giving SMEs an

impetus and laying a solid foundation to kick-start the internal circulation model of the economy. For example, the use of strategic adjustments to increase cooperation and cooperation with logistics companies to bridge the gap between businesses and consumers, restoring consumer power and boosting domestic demand in the country; for example, the use of digital business capabilities to accelerate the process of "end-to-end" integration models for SMEs, restoring normal production in SMEs and thus market order. These are all new business opportunities for many emerging SMEs.

Under the influence of the epidemic, people will always consider various factors that affect their work progress when they work. By correctly analyzing the information related to personality traits and job satisfaction during the epidemic, we can understand the corresponding changes in job performance, thus improving the job performance of employees in enterprises and injecting vitality and energy into the innovative development of enterprises.

In an era of rapid changes and technological advances, the demand for skilled labor in the industry has increased, and many industries are now facing difficulties in recruiting talent. The shortage of high-ranking and skilled workers is likely to be exacerbated. Personality traits are often used as a reference and appointment indicator in the recruitment and selection process of companies. A persona can easily be associated with the outward appearance of the individual, the side of ourselves that we make visible to those around us. Chen et al (2009). Personality traits are unique to each individual as they are formed by unique conditions (genetic and environmental) and are therefore not the same among individuals. Different personality traits lead to different perceptions and values for each individual.

In the literature, it has been shown that personality traits affect job performance. Therefore, which personality traits perform better in the workplace will be a factor to be considered when selecting candidates. The effective use of personality traits or aptitude tests can improve job suitability and hence job satisfaction and performance. (Chen, 2009).

Judge, Parker, Colbert, Heller & Ilies (2001a) describe job satisfaction as one of the most frequently studied constructs in industrial/organizational psychology and organizational behavior research. Locke, E.A. (1976) defines job satisfaction as "a pleasant or positive emotional state that arises from an assessment of one's work or work experience. The impact of job performance, which has been frequently studied in the past, is Job performance depends on the personality of the employee (Rodrigo and Jayasekara, 2016), therefore, organizations focus on job-specific personalities and entrepreneurship to improve employee performance (Soni, 2003) and use different types of personality assessment methods and procedures (Alsuwailem & Elnaga, 2016). Barrick, Mount & Judge's (2001) study explains several personality traits and how better to judge job performance better than others. Sartori, Charkhabi, Scalco, Costantini & Ceschi (2016) also mention different personality traits that give different insights into an employee's job performance.

Many companies in mainland China are now experiencing high turnover rates, difficulty in

improving company performance, loss of customers in terms of return on investment, and increased production costs. Therefore, this study uses employees in mainland China as the target population to explore how to understand the correlation between personality traits, job performance, and job satisfaction in various industries, to help companies retain, recruit and nurture talent.

### **Research Objective (s)**

1. Test the level of the respondent's independent variable-1.
2. Test the level of respondent's independent variable-2.
3. Test the level of the respondent's dependent variable.
4. Analyse the correlation between the above three elements.
5. Investigate whether general information about the respondent makes a difference to the independent and dependent variables.
6. Determine the extent to which the independent variable can help improve and enhance the dependent variable for the respondent.

### **Literature Review**

#### *High-Performance Work Systems (HPWS)*

High-Performance Work Systems (HPWS) is a set of interrelated practices and policies designed to improve the skills, motivation and performance of employees, thereby enhancing the overall performance of an organization. The core of HPWS consists of the areas of Employee Engagement, Training and Development, Performance Appraisal and Incentives.

#### Definition and Composition of HPWS

HPWS is defined as a comprehensive set of work practices that enhance employee competence and motivation. These practices typically include:

**Employee Engagement:** Encouraging employees to participate in the decision-making process in order to increase their job engagement and satisfaction.

**Training and Development:** Provide ongoing training and career development opportunities to enhance employees' skills and knowledge.

**Performance Appraisal:** Motivate employees to pursue high performance through a fair and transparent performance appraisal system.

**Incentives:** Include financial and non-financial incentives to motivate employees to achieve higher performance.

#### Theoretical Basis of HPWS

The theoretical foundation of HPWS is mainly derived from human capital theory and resource-based view (RBV). The human capital theory suggests that employees' knowledge, skills, and abilities

are important resources for an organization and can lead to competitive advantage. The Resource Based View (RBV), on the other hand, emphasizes that unique and hard-to-imitate resources and competencies are key to an organization's sustained competitive advantage.

#### *Human Resource Behavior*

Human resource behavior deals with how human resource management practices within an organization affect employee attitudes, behaviors, and performance. Research has shown that HR behaviors improve organizational performance by enhancing employee job satisfaction, organizational commitment, and motivation.

#### Types of HR behaviors

According to different studies, HR behaviors can be classified into the following categories:

Motivational Behaviors: include incentives such as wages, bonuses, and promotions.

Training behaviors: providing career development opportunities and skills training.

Communication behavior: establish open and effective communication channels.

Employee care: pay attention to the psychological and physical health of employees.

#### Theoretical basis of human resource behavior

The theoretical basis of human resource behavior mainly includes social exchange theory and psychological contract theory. The social exchange theory holds that the relationship between the organization and employees is based on mutual benefit; the psychological contract theory emphasizes employees' expectations and commitments to the organization, and if these expectations are met, employees will show higher work engagement and performance.

#### *Organizational Performance*

Organizational performance is an important indicator of the efficiency and effectiveness of an organization's operations, which usually includes financial performance, operational performance, and employee performance.

#### Measurement of Organizational Performance

Financial performance: such as sales, profitability and return on investment.

Operational performance: including productivity, product quality and customer satisfaction.

Employee performance: e.g., employee productivity, innovation, and turnover rate.

#### Impact of HPWS and HR Behavior on Organizational Performance

Research has shown that HPWS and effective HR behaviors can improve organizational performance by enhancing employee competence, motivation levels, and job satisfaction. Specifically, HPWS enables employees to better perform their job tasks by systematically enhancing their skills and motivation, and HR behaviors further improve employee performance by enhancing employees' work experience and organizational commitment.

#### *A Review of Research on the Relationship between HPWS, HR Behaviors and Organizational*

### *Performance*

Numerous studies have shown that HPWS and positive HR behaviors have a significant positive impact on organizational performance. For example, Huselid (1995) found that high performance work systems were significantly associated with firms' productivity and financial performance. Becker and Gerhart (1996) stated that HPWS can enhance an organization's competitive advantage by improving employees' skills and motivation levels.

In the Chinese context, Chen and Huang (2009) showed that HPWS is equally effective in enhancing organizational performance in Chinese firms, especially in the manufacturing industry. Zhu et al. (2013) further found that HR behaviors play a key role in enhancing employee job satisfaction and organizational commitment, which in turn affects overall organizational performance.

In summary, high performance work systems (HPWS) and human resource behaviors are important tools for enhancing organizational performance. Through the systematic implementation of HPWS and positive HR behaviors, organizations can effectively enhance employees' competence, motivation level, and job satisfaction, thereby improving overall performance. This provides the theoretical foundation and research direction for this study, which will be followed by empirical research to further explore the specific effects of HPWS and HR behaviors on the performance of Xinjiang Urumqi Manufacturing Company.

### **Methodology**

With probability-based sampling methods, the sample size can be determined through the population collection process. For example: the sample size appropriate for the calculation, the sample size used in the study was determined using The Taro Yamane sample size formula (1973) and the sample size was determined using a 95% confidence level and an allowable value. The overall sample is 11,382 people. When  $n$  = the number of samples used in the study.  $N$ =size of the overall population, the error for  $e$  = random sample was set at 0.05.

The sample size and calculation formula are as follows.

$$n = \frac{N}{1 + Ne^2}$$
$$n = \frac{11382}{1 + 11382 \times 0.05^2}$$
$$n = 386.42$$

A total of 390 valid questionnaires were distributed and returned in order to increase the accuracy of the study results and generalizability of the findings.

### **Results**

Based on the validation and analysis in the above sections, the four sets of hypotheses proposed in this study, H1, H2 the positive impact of high performance work systems, HR behaviours on

organizational performance, are supported; the part of the interference term, H3,H4 business strategies interfere with the correlation between high performance work systems and organizational performance, when the organization implements cost reduction strategies to a higher degree, the positive correlation between high performance work systems and organizational performance The stronger the correlation between high performance work systems and organizational performance; and H4 business strategies interfere with the correlation between human resource behaviour and organizational performance, and the stronger the positive correlation between human resource behaviour and organizational performance when the organization implements cost reduction strategies, was supported. The hypotheses of this study were validated and collated in Tables below:

**Table 1:** Summary Table of Study Hypothesis Validation Results

	Research Hypothesis	Validation Results
H1:	The higher the degree of organization and implementation of the high-performance work system, the better the organizational performance.	Yes
H2:	The higher the breadth of human resource behavior in the organization is the better its organizational performance is.	Yes
H3:	Business strategy will interfere with the correlation between high performance work system and organizational performance; the higher when the organization implements the cost reduction strategy, the stronger the positive correlation between high performance work system and organizational performance.	Yes
H4:	Business strategy will interfere with the correlation between human resource behavior and organizational performance; the higher the implementation cost reduction strategy, the stronger the positive correlation between human resource behavior and organizational performance.	Yes

## Discussion

Based on the validation and analysis in the previous section of the paper, all four hypotheses (H1, H2, H3, H4) proposed in this study are supported.

### *Positive impact of high-performance work system on organizational performance (H1)*

Hypothesis H1: "The higher the level of implementation of high-performance work systems in an organization, the better the organizational performance." The results of the validation of the hypothesis show that high performance work system has a significant positive impact on organizational performance. This suggests that by systematically improving the skills and motivation levels of employees, high performance work systems are effective in improving overall organizational performance. This finding is consistent with the findings of Huselid (1995) and Becker & Gerhart (1996), further validating the importance of high-performance work systems in enhancing organizational performance.

### *Positive Impact of HR Behavior on Organizational Performance (H2)*

Hypothesis H2: "The greater the breadth of human resource behavior in an organization, the

better the organizational performance." The results of the validation of this hypothesis show that human resource behaviors also have a significant positive effect on organizational performance. This means that HR behaviors such as positive motivation, training, communication, and employee care can significantly increase employees' job satisfaction and organizational commitment, thus improving overall organizational performance. This result supports the Social Exchange Theory and Psychological Contract Theory, further indicating the key role of HR behaviors in enhancing organizational performance.

*Interference Role of Business Strategies on the Relationship between High Performance Work Systems and Organizational Performance (H3)*

Hypothesis H3: "Business strategy interferes with the relationship between high-performance work systems and organizational performance; the positive relationship between high-performance work systems and organizational performance is stronger when the organization implements cost reduction strategies." The results of the validation show that business strategies do interfere with the relationship between high performance work systems and organizational performance and that this positive relationship is stronger when the organization implements cost reduction strategies. This finding suggests that business strategies play a moderating role between high-performance work systems and organizational performance, supporting the importance of resource integration and strategy matching in the Resource-Based View (RBV).

*Interference Role of Business Strategies in the Relationship between HR Behavior and Organizational Performance (H4)*

Hypothesis H4: "Business strategy interferes with the relationship between human resource behavior and organizational performance; the positive relationship between human resource behavior and organizational performance is stronger when the organization implements cost reduction strategies." The results of the validation show that business strategy also interferes with the relationship between human resource behavior and organizational performance, and this positive relationship is stronger when the organization implements cost reduction strategies. This result further suggests the important role of business strategies in enhancing organizational performance, especially when resources are limited, which can be better achieved by optimizing human resource behaviors.

## **Conclusions**

This dissertation examines the impact of High-Performance Work Systems (HPWS) and Human Resource Behaviors (HR Behaviors) on organizational performance and examines the moderating role of business strategies in this context. Through empirical analysis, all four hypotheses proposed in this study were supported, and the main conclusions are as follows:

High performance work systems have a significant positive effect on organizational



performance (H1). The higher the degree of implementation of high-performance work system in the organization, the better the organizational performance. By systematically improving the skills and motivation level of employees, high performance work system can effectively improve the overall performance of the organization.

Human resource behavior has a significant positive effect on organizational performance (H2). The greater the breadth of HR behaviors in an organization, the better the organizational performance. Positive human resource behaviors such as motivation, training, communication, and employee care can significantly increase employee job satisfaction and organizational commitment, thus improving overall organizational performance.

Business strategies interfere with the relationship between high performance work systems and organizational performance (H3). The positive relationship between high performance work systems and organizational performance is stronger when organizations implement cost reduction strategies. Business strategy plays a moderating role between high performance work systems and organizational performance, and optimal resource integration and strategy matching can improve organizational performance.

Business strategy interferes with the relationship between human resource behavior and organizational performance (H4). The positive relationship between human resource behavior and organizational performance is stronger when the organization implements cost reduction strategies. The important role of business strategy in improving organizational performance, especially when resources are limited, can be better achieved by optimizing human resource behavior.

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