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# A Study on HPWS and Employee Performance with the Employees of IT Sector

## Abstract

*This article deals with effect over the performance of the employees using the High Performance Work System implementation and its elements in the IT sector. High Performance Work System (HPWS) is a practice in the Human Resource Management which focuses on developing and enhancing selective hiring, ensuring employee security enforcing localised decision-making promising compensation based on high results, providing employees training by their dedication, reducing ranking bias in remuneration and ensuring passing of statistics. Data were obtained from 150 respondents where all are employees working in TCS and INFOSYS. Correlation and T-Test was done to derive the results. Findings of the study revealed that HPWS practises are positively linked with employee performance. Limitations and observations of this study are also discussed accordingly.*

**Keywords:** High Performance Work System, HPWS, Employee Performance.

## Introduction

A company to lead in the market and to perform well has to work towards profit. For achieving its profit, they have to do various activities internally and externally. They have to be innovative, creative concerning the actions. They have to manage their resources efficiently and effectively as they are scared in nature and wastage can lead to big loss. Employees are one of such resources that have to be maintained and developed time to time so that the company can achieve more success in its area of action. There are different levels of HPWS study researches conducted such as in organisational level based and on employee level based. This research is based on employee level of HPWS survey to know whether HPWS intensifies the performance of employees in an organisation focussing in the IT sector. IT sector is the sector which pressurises employees to the extent of exhaustion. It is very important to train and develop their personal growth and professional

skills to cope-up with their daily stressed profession. Many research works are conducted to know the need for increasing the organisational performance by developing their human resource skill. Indrajith et. al (2017) study shows a relation between performance evaluation of team group and their leader's valuating a favourable response for performance of employees. HPWS is one among the Human Resource Management which helps to increase the human resource development by increasing their adaptability with the rapid changes in the environment in office along with communication and various decisions making and creativity in work which is vital for an organisation's effective growth.

Many researches are conducted on the organisational performance linked with the human resources management as it contributes a major portion for the success of the run. Researches of Alam et.al.,(2019); Guiyao et.al., (2017); Miao et.al., (2017); Silma (2013); Sahana (2018) revealed that the HPWS technique helps

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to increase the employee's performance which increases their motivation and psychological development which are central element of management of employees inside the organisation that contributes to more efficiency in their work which controls wastage of resources like time and money.

The HPWS was explained by Huselid in the year 1995 for the first time. The term HPWS is given importance by the industrial researcher Appelbaum, Balley, Berg, and Kalleubarg in 2000. HPWS according to them "Is a system which helps to increase the employee's empowerment that enhances the skills and incentives that directly motivates them for effective participation". Actually the term HPWS is a system or tool of HRM practices to betterment the employee's skills, incentives and knowledge that ultimately motivates them to achieve greater performance. HPWS is just a part of HR management; it is actually bundle of practices done by HR which focuses on advancing employee's performance with keeping a focus on seven key components of HPWS, and they are Ensuring security of employee, cautious hiring, localised decision making, High result based compensation, Training by commitment, Reduced status bias in remuneration, Sharing information in organisation.

### Literature Reviews

- Zhang et.al (2018) a study is conducted on how the HPWS affect the individual's outcomes in a multilevel perspective. The objectives of the study was to know whether HPWS is affecting participant's job satisfaction, organizational self-esteem, goal achievements. Data is collected from 21 companies situated in China. Questionnaires were used to collect from employees, line managers and HR executives. Confirmatory factory analysis is used to conduct the evaluation of data and derived a positive conclusion that HPWS does encourage job satisfaction and achieve goals and increases self-esteem.
- Silma (2013) conducted a study on high performance work system. The main objective was to know if HPWS encourage the companies in any manner to remain competitive in markets. This is a descriptive study and is conducted in Srilanka. Secondary data is collected from companies and organisations in srilanka. This study concludes finding HPWS an important element to increase knowledge, power and lead in market with leveraging the organisational performance.
- Alam et.al (2019) conducted a survey on HPWS and engagement of job; the meditating role of psychological accreditation. The main objective was to know the involvement of psychological factor's empowerment and job engagement involving HPWS. Data are collected from pharmaceutical companies in Bangladesh through questionnaire from employees. Statistical analysis were conducted using SPSS and confirmatory factory analysis [CFA] is used. Standard deviations and mean is used to derive the results and showed bias is negligible and concluded that the HPWS has a positive correlation with the psychological empowerment and job engagement and performance of the employees.
- Miao et.al (2019) conducted a study on HPWS, work wellbeing, and creativity of employee: Role of transformational leadership. Main objective was to know if the HPWS has any impact on the employees performance and well being. Samples size is 266 and data is collected from 61 departments. Questionnaire is used to collect data from participants and Confirmatory Factory Analysis is done to evaluate using correlation method. Study has concluded by showing a favourable effect on performance, creativity and well-being improvements by reducing pressurising employees.
- Ramsay et.al., (2000) did a research on testing inside the black box regarding the employees and HPWS. Study has an aim to show whether elements other than managerial factors like incentives, motivation are connected to boosting performance of the employees. Management questionnaire from HR are used to collect information from employees on workplace level analysis form various establishments. Regression analysis is made between the elements using mean and standard deviation tools. Study concludes finding out a positive impact of other factors on workplace performance of the organisation rather than the usual management factors.
- Guiyao et.al (2017) conducted research work in what way the creativity of the employees are influenced by the high performance work system. The study aims on the creativity improvements of the staffs and employees. Here the sample is collected from 268 employees from two companies located in Shandon, China. Confirmatory factory analysis [CFA] is used to analyse the data collected through questionnaire method.

Regression analysis is used later-on and hypothesis is proved right that the creativity is increased which is influenced by the HPWS techniques.

- Sean (2002) conducted a study on the HPWS and the indicators of performance of firm within the small business sector in US. The main objective of this study is to know whether the HPWS method is helping the business to perform well in its area. Data is collected from the National Employment Survey Phase II data set. Standard deviation and correlation matrix are the key variables of this study. Mean is also used as a tool of measurement and block hierarchical regression is used to prove the hypothesis. Study concluded finding a positive result that the HPWS technique helps to encourage the organisational performance and attain profit by helping the workforce, especially the lower workforce.
- Muduli et.al (2016) conducted study on examining role of employee's engagement and high performance work system in India. Objective aims to know the impression of HPWS on firm's performance and to know if employees can give a hand in achieving the performance. Data is collected using 600 questionnaires from executives working in banks of public and private sector in Rajasthan, India and personal visits to few organisations. Profit maximisation, market lead and productivity is used as the variable for measurement. Correlation analysis I used to analyse the data and concluded that HPWS helps to improve the productivity and achieve more profit by leading in a competitive market by developing the staffs and management system.
- Nadeem et.al (2019) conducted this study on control of HPWS on service performance of the employees and OCB: Arbitrating role of resilience. central motive of the research is to know if the HPWS is anyway associated with the service performance of employees and with the OCB in service sector in Pakistan. Data sample size was 371 from employees working in service sector. Hypothesis was tested with structured equation modelling (SEM) and related hypothesis were tested later. Mean, standard deviation and correlation analysis are used as tool for this study. Research ends with a positive conclusion for hypothesis.
- Ananthram et.al (2018) has conducted research on the HPWS and outcome of

the employees in Indian call centres. The main agenda of this research was to know the relationship between HPWS along with job satisfaction, wellbeing, working employment, and presenteeism. Data is collected from 250 call centres based in Mumbai and Delhi. Researchers used computer assisted telephonic interview to conduct the survey. Path analysis and mediation analysis is used for the hypothesis testing. Mean median standard deviations are the tools used to analyse the data. Study concludes that the HPWS helps to increase the job performance and satisfaction in call centres and also found to reduce their absenteeism.

### Definition

HPWS is a practice of Human Resource management which focus on activities organisations can implement to develop and betterment human resources in an organisation to achieve the objectives of an organisation in the best possible way.

This is achieved through enhancing selective hiring, ensuring employee security, and also by enforcing decentralised decision making along with promising high result based compensation, providing employees training by their commitment, and eliminating status bias in remuneration to the most and ensuring Sharing of information all across the organisation smooth.

### Objectives

- To ascertain the level of HPWS implemented in IT sector companies.
- To evaluate employee performance in IT sector companies.
- To learn the relationship between HPWS and employee's performance in IT sector companies.
- To find the significant difference on HPWS system and employee performance based on gender and locality.

### Hypothesis

- There exist high level of HPWS among the employees working in the IT sectors.
- There exists high level of employees performance among the employees.
- There exists a significant difference on Employee performance and High Performance Work System based on gender and locality.

- There exists a favourable relationship among High Performance Work System and performance of employees.

**Methodology**

A Survey study was conducted for collecting the data from IT professionals working in IT sector especially from INFOSYS and TCS. The sample size of this study includes 150 employees. Simple Random sampling techniques was used for data collection.

**Tools Used**

- High Performance Work System scale  
Likert type scale was used and it contains 31 items with 5 point scaling method where [5] is for strongly disagree, [4] is for disagree, [3] is for neutral, [2] is for agree, and [1] is for strongly agree.
- Employee Performance Scale  
Likert type scale was used and it contains 17 items with 85 points in total where [5] is for strongly disagree, [4] is for disagree, [3] is for neutral, [2] is for agree, and [1] is for strongly agree.

**Statistical Techniques Used**

- Descriptive statistics
- T-test
- Correlation
- Analysis and interpretation.

**1(1). To Calculate Level of Knowledge Management**

A grading table has been created to ascertain the level of Employee Performance and High performance Work System. If the calculated mean scores range between 1-52, it is rated as low level; 53-103 rated as moderate level and 104-155 is rated as high level.

**Table 1.**

*High Performance Work System – Descriptive Statistics*

Descriptive Statistics	HPWS
Mean	128.99
Standard Deviation	18.691

From table 1, it is revealed that the mean value is 128.99 with the standard deviation of 18.691. Based upon the grading table, there exists a high level of HPWS among the employees with special reference to IT Sector.

**Table 2.**

*Employee Performance – Descriptive Statistics*

Descriptive Statistics	HPWS
Mean	76.52
Standard Deviation	8.867

From table 2 it is derived that the mean value is 76.52 with the standard deviation of 8.867. Based upon the grading table, there is a high level of employee performance in IT Sector.

**2(1): To find out the significance difference of HPWS based on gender, locality**

**Table 3.**

*Comparison of HPWS based on gender*

Gender	frequency	mean	Standard Deviation	t	p-value
Male	82	131.17	17.462	1.579	0.116
Female	68	126.35	19.885		

From the table 3 above, it is derived that there is no significant relation between HPWS and Gender as the t value and p value is 1.579 and 0.116 respectively which is more than 0.05 which is the idle value.

**Table 4.**

*Comparison of HPWS based on locality*

Location	frequency	mean	Standard Deviation	t	p-value
Urban	114	129.52	19.807	0.618	0.538
Semi urban	36	127.31	14.724		

From the table 4 above, it is derived that there is no significant relation between HPWS and location as the t value and p value is 0.618 and 0.538 respectively which is more than 0.05 which is the idle value.

**2(2): To find out the significance difference of HPWS based on gender, locality.**

**Table 5.**

*Comparison of Employee Performance based on genders*

Gender	frequency	mean	Standard Deviation	t	p-value
Male	82	75.65	10.443	1.329	0.186
Female	68	77.57	6.400		

From the table 5 above, it is derived that there is no significant relation between Employee Performance and gender as the t value and p value is 1.329 and 0.186 respectively which is more than 0.05 which is the idle value.

**Table 6.**

*Comparison of Employee Performance based on locality*

Location	frequency	mean	Standard Deviation	t	p-value
Urban	114	76.50	9.228	0.049	0.961
Semi urban	36	76.58	7.733		

From the table 6 above, it is derived that there is no significant relation between Employee Performance and location as the t value and p value is 0.049 and 0.961 respectively which is more than 0.05 which is the idle.

**Correlations Table:** Correlation of HPWS and Employees Performance

Correlations		employee performance	hpws
employee performance	Pearson Correlation	1	.542*
	Sig. (2-tailed)		.000
	N	150	150
hpws	Pearson Correlation	.542**	1
	Sig. (2-tailed)	.000	
	N	150	150

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

Table above shows the correlation of employee performance and HPWS where the results derived shows that there exists a positive correlation at 0.01 level of significance.

**Tenability of Hypothesis**

- The first two hypothesis is strongly acceptable as high level of High Performance Work System and performance of employees among the employees working in the IT sectors is evident.
- The third hypothesis is completely rejected as employee performance and the HPWS is equal for among the gender and location and there is no significant difference between them.
- The fourth and final hypothesis is also acceptable as there exists a favourable relationship between High Performance Work System and performance of employees.

**Suggestions**

- Ensuring employee security and employee performance: Employee performance ensures organisational performance in achieving goals in order to lead in the market. Providing a security for their job and life will allow the employees to feel secured in working in that organisation and will help the company to get more output from the employees. HPWS is very effective in terms of implementing the methods to provide their employees security in a higher manner. For insights, companies provide health insurances provide perks and raising the bar of work to give them a feeling that they are respected in an organisation in terms of their skills. Companies provide secure inventory management in terms of securing their properties when in organisation and also their data in a manner of implementing secured software from leaking to online platforms.
- Selective hiring: Selective hiring is very much effective in the terms of enhancing the employee's performance as employees are selected on basis of merit and their skill. Huselid (2010) has identified connection the between firm performance, performance of employees and selective hiring as employees skills had a conclusive effect on firm's performance. The better the companies select their employees effectively, the more likely they will be

satisfied in the organisation and their job and companies are able to retain them which in other hands help to boost their performance.

- Decentralised decision making:  
Decentralised way of decision making is the best method by which the companies can take faster decisions and work upon them within time; their employee's performance also shows a positive response as the decisions are taken faster and the chance of wastage of time reduces. A research conducted by Bashir S (2015) has found out that the decentralised decision making strategy reduced the work pressure of top management and helped to reduce wastage of time as lower level management can take effective decisions on time.
- High result based compensation:  
Compensations are one of the motivational factors for employees to allot their time for the organisation. When an employee is paid less, their output reduces as their motivation dies. HPWS focuses on a strategy that when employees are paid according to their effort they feel satisfied which leads to better employee performance. HPWS strategy of result/output based compensation helps to keep employees motivated all the time. Article done by Kashika V (2020) has focussed on HPWS and drew result of organisation payoff more to employees with more results lead to satisfactory effect. This helps the organisation to retain employees that perform according to achieve objectives.
- Training by commitment:  
HPWS showcase effectiveness in case of training their employees according to their commitment as their potential increases and organisations can make use of their human resources effectively. Research conducted by Po-chien et.al. (2011) found a result that organisation and employees performance increases as they implement HPWS technique like conducting survey and providing adequate training strategies for respective employees prior to selection and even after selection. When proper training is given to an employee organisation helps them to increase their skills and abilities which increase their potential that leads to employee performance in an organisation.
- Reduced status bias in remuneration:  
Remuneration is the basic result for employee's efforts in an organisation.

They feel satisfied and respected when they are paid according to status in an organisation. Status bias in remuneration leads to a drastic loss for the company as the performance of the employees get affected as a result of low recognition and biased payment strategy. HPWS helps eradicating this bias in remuneration that pushes the employee performance. There are few HPWS techniques used by HR management to reduce these like collecting survey inside organisation and gathering employee's feedbacks on bias and working upon it. Another ways are by making employees updated on bias awareness; and building effective strategies for reducing harmful bias in future; or by conduct experiments on effective bias reduction methods.

- Sharing information:  
Communication in organisation leads to a better way of work environment and when information are shared well in an organisation, the barrier of miscommunication reduces which helps employees to perform well as they feel updated on all matter in an organisation and feel free to share information. HPWS ensures the level of information circulation in an organisation effectively that encourages employees to perform well. HPWS focuses on two way communication rather than one way as it is more effective. Open exchange of information at beginning payoff at long run of business. Sharing information through effective communication leads to success in implementation stage of a project as well as after implementation.

## Conclusion

HPWS is been implemented since 1965 and is being followed ever since which has a favourable effect on the performance of organisations in achieving its objectives. Those organisations which performs HPWS in their management technique it has been noted that their employee's performance are given a support and way to grow that enables organisation to attain the required outcomes expected. In this highlight, the interactions between HPWS and employees, help the organisation to support their employees for their development. In conclusion to the analysis and findings of this report it is derived that there is a practical impact and relation betwixt the employee's performance and HPWS in IT sector.

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