

# High Performance Work System, Psychological Efficacy, Job Satisfaction and Task Performance in the Hotel Workplace

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## Abstract

Extending from the perspective and literature of strategic human resource management, this study investigated the possible relationships among high performance work system, psychological efficacy, and employee outcomes. This study aimed to understand how high performance work system affected employees' psychological efficacy, and their employee outcomes, including job satisfaction and task performance. We found that high performance work system can help employees develop higher degree of psychological efficacy, and thus leading higher job satisfaction and task performance. Implication for managers and practical suggestions were proposed.

## Keywords

High Performance Work System, Psychological Efficacy, and Employee Outcomes

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## 1. Introduction

High performance work system (HPWS) has been regarded as a mean to enhance employee motivation, competencies, and performance (Fu and Ma, 2015; Heffernan and, Dundon, 2016; Takeuchi, Chen, and Lepak, 2009; Lawler, Chen, Wu, Bae, and Bai, 2011) [1]-[4]. HPWS includes a series of separate but interconnected HR practices that can enhance employees' competitiveness, including flexible job assignment and adequate work empowerment, rigorous recruitment and selection procedure, extensive training and development, merit-based performance appraisal, and competitive compensation and high wage (Batt, 2002; Chen, 2007; Takeuchi, Lepak, Wang, & Takeuchi, 2007; Patel, Messersmith and Lepak, 2013) [5]-[8]. Researchers have demonstrated that the use of HPWS would lead to higher employee productivity (Guthrie, 2001) [9], lower employee turnover rate (Guthrie, 2001) [9], better employee performance (Chen *et al.*, 2007) [10], higher helping behavior (Chuang *et al.*, 2010) [11], and better organizational performance (Becker *et al.*, 1996) [12]. Although the positive relationship between HPWS and performance criteria has been demonstrated by prior literature (Huselid, Jackson, and

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Schuler, 1997) [13], scholars on HRM research have begun to raise their concern on present research domain. First, Liao, Toya, Lepak, and Hong (2009) [14] argued that prior research mainly pays their attention on the use of HPWS of firm level and ignores employees' actual experiences regarding what they have perceived HR practices. In addition, Batt (2002) [5] also have noted that empirical examination of mechanisms by which HR practices may influence employee performances and behaviors is lacking and extent research has not fully specified the mediating mechanism that explains the relationship between HR practices and performance criteria. Extending from above reasoning, it appears to be necessary for scholars to examine the use of HPWS from employee perceived perspective rather than firm-level management perspective and explore the underlying mechanism that HR practice may influence employee performances and behaviors. Following above arguments, this study aimed to explore the possible relationship among high performance work system, psychological efficacy, and employee outcomes. This study adopted the strategic human resource management perspective to investigate how high performance work system influence employees' psychological efficacy, and their employee outcomes. We noted that high performance work system can help employees develop higher degree of psychological efficacy, and thus leading higher employee outcomes.

## 2. Literature Review

### 2.1. High Performance Work System and Psychological Efficacy

The premise dimensions of HPWS have been introduced by a lot of prior studies (Fu and Ma, 2015; Heffernan and Dundon, 2016; Lawler, Chen, Wu, Bae, and Bai, 2011) [1] [2] [4]. Husild (1995) [13], and Chuang *et al.*, (2010) [11] argued that HPWS includes comprehensive employee recruitment and selection procedure, incentive compensation, performance management system, and extensive employee involvement and training. Batt (2002)[5] and Patel, Messersmith and Lepak (2013)[8] defined HPWS in a way that consists of relatively high skill requirement, work design, and incentive structure. Zacharatos *et al.*, (2005)[15] and Fu *et al.*, (2015)[1] described HPWS as a HR system that comprises employment security, selective hiring, extensive training, self-managed teams and decentralized decision making, reduced status distinctions, information sharing, and compensation contingent on safe performance. Chen (2008) [16] noted that HPWS are characterized by work empowerment, training and development, seniority, and compensation. Following above arguments, this study noted that high performance work system can influence employees' psychological efficacy. For example, flexible job assignment and adequate work empowerment can provide employees opportunities to learn new knowledge, skills, and experiences (Lepak *et al.*, 2002; Fu and Ma, 2015; Patel, Messersmith and Lepak, 2013; Heffernan and Dundon, 2016) [1] [2] [8] [17], and make them have more confidences in their capacities, which results in higher degree of self-efficacy and thus enhances psychological capital capacities. Hence, following above argument, we propose:

*Hypothesis 1: High performance work system would be positively related to psychological efficacy.*

### 2.2. Psychological Efficacy and Employee Outcomes

Self-efficacy has been defined as "an individual's belief regarding his or her capability to complete a particular task" (Parker, 1998; Hoigaard, Kovač, Overby, and Haugen, 2014) [18] [19]. Parker (1998) [18] noted that self-efficacy can influence individuals' choices, goals, emotional reactions, efforts, and persistence. Positive psychology literature also has found that psychology efficacy has a positive association with performance (Bandura and Locke, 2003; Stajkovic and Luthans, 1998; Hoigaard, Kovač, Overby, and Haugen, 2014) [19]-[21]. For example, individuals with higher degree of self-efficacy tend to exhibit greater confidences in their abilities to take charge of their tasks, cope more effectively with changing environments, and thus exhibit better performance (Peterson *et al.*, 2005; West *et al.*, 2009) [22] [23]. Following above arguments, this study noted that psychological efficacy can influence employees' outcomes. Positive psychology literature has noted that the positivity of the individual would contribute to higher performance (West *et al.*, 2009) [23]. Individuals high in psychological efficacy tend to generate effective paths and ways to pursue their objectives, exhibit higher expectation to the future, exhibit more confidences to accomplish their tasks, adopt conductive ways to cope with work-related problems, and thus lead to greater task performance (Peterson *et al.*, 2005; Luthans, Norman, Avolio, and Avey, 2008; Hoigaard, Kovač, Overby, and Haugen, 2014) [19] [22] [24]. Thus, in this study, we predict that psychological efficacy will lead to higher employees' outcomes, including job satisfaction and task performance.

Hypothesis 2: Psychological efficacy would be positively related to job satisfaction.

Hypothesis 3: Psychological efficacy would be positively related to employee task performance.

### 2.3. Psychological Efficacy Mediated the Relationship between Independent Variable and Dependent Variables

While high performance work system has been found to be effective on employee outcomes, this study noted psychological efficacy as the mediator between high performance work system and employee outcomes. According to AMO theory (Ability, Motivation and Opportunity), effective high resource management practices may help employee develop their ability, enhance the motivation to finish their task, and can provide adequate opportunity help individuals exhibit their professional knowledge (Chen, 2008; Fu and Ma, 2015; Heffernan and Dundon, 2016) [1] [2] [16]. Following above argument, this study noted that high performance work system may help employees nurture higher degree of psychological efficacy and thus lead to better outcomes. AMO theory argued that HR system can influence employees' motivations and efforts toward certain task roles and provide them a guidance concerning what behaviors may be approved, expected, and encouraged in the organization (Lepak *et al.*, 2006; Patel, Messersmith and Lepak, 2013) [8] [25]. For example, through a series of effective human resource training programs, employees would get more and newest knowledge and skills, and thus exhibit more confidence to their works and tasks. These employees who exhibit higher confidence also would pay more effort to finish their tasks and lead to better work outcomes. Thus, in this study, we predict that psychological efficacy will mediate the relationship between high performance work system and employee outcomes.

*Hypothesis 4: Psychological efficacy will mediate the relationship between high performance work system and task performance.*

*Hypothesis 5: Psychological efficacy will mediate the relationship between high performance work system and employee creativity.*

## 3. Research Method

### 3.1. Sample and Collection

Two hundred and forty questionnaires were distributed to the front line employees of hospitality organization in Taiwan. After surveying these employees of target industry, one hundred and thirty participants returned the survey, giving a 50% response rate. Hospitality organization employees were mainly female (54.6%); 78.6% were less than 30 old; and 62.1 had the university education degree.

### 3.2. Measure

We used Takeuchi, Lepak, Wang, and Takeuchi's (2007) [26] employee-based HPWS scale to assess the constructs of HPWS, including flexible job assignment and adequate work empowerment, rigorous recruitment and selection procedure, extensive training and development, merit-based performance appraisal, and competitive compensation and extensive benefits. The reliability and construct validity of the scales shown acceptance levels in this study ( $\alpha = 0.87$ ). Psychological efficacy was assessed by using psychological efficacy questionnaire (Luthans, Avolio, Avey, and Norman, 2007) [27]. The reliability and construct validity of the scales shown acceptance levels in this study ( $\alpha = 0.93$ ). We assessed job satisfaction with two items taken from Dunham and Smith (1979) [28]. Items used include: "All in all, I am satisfied with my job" and "Compared to most jobs, mine is a pretty good one." The reliability and construct validity of the scales shown acceptance levels in this study ( $\alpha = 0.89$ ). We assessed task performance with seven items developed from Tsui, Pearce, Porter, and Tripoli (1997) [29]. Example of items used include "The employee's quality of work is much higher than average"; "The employee's efficiency is much higher than average"; "The employee's standards of work quality are bigger than the formal standards for this job"; "The employee strives for bigger quality work than required". The reliability and construct validity of the scales shown acceptance levels in this study ( $\alpha = 0.91$ ).

## 4. Results

### 4.1. Descriptive Analysis

The means, standard deviations and correlations for all study variables are presented in **Table 1**. High perfor-

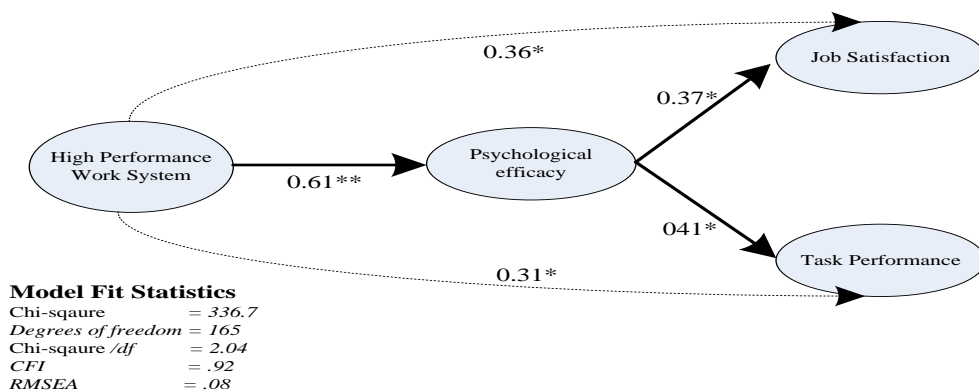
mance work system was positively to psychological efficacy ( $r = 0.61$ ), job satisfaction ( $r = 0.42$ ), and task performance ( $r = 0.47$ ). Meanwhile, psychological efficacy was positively related to employee outcomes ( $r = 0.36$  with job satisfaction;  $r = 0.31$  with task performance).

### 4.2. Hypotheses Test

Structural equation modeling (SEM) was used to examine the interdependent relationships among the variables (see **Figure 1**). The proposed model fit the data satisfactorily. Both the absolute and incremental fit indices were above the generally accepted level of 0.90 (Chi-square=953.27,  $df=428$ , CFI = 0.94; TLI = 0.93, RMSEA = 0.06). As depicted in **Figure 1**, we found a strong, positive relationship between employee perceived HPWS and psychological efficacy, thus supporting Hypotheses 1 ( $\gamma = 0.61, p < 0.01$ ). The coefficient of the path from psychological efficacy to job satisfaction was significant, supporting Hypothesis 2 ( $\gamma = 0.37, p < 0.01$ ). Meanwhile, the coefficient of the path from psychological efficacy to task performance was significant, supporting Hypothesis 3 ( $\gamma = 0.41, p < 0.01$ ). Finally, we also conducted Sobel (1982) [30] test to examine the change in the significance of employee perceived HPWS in predicting outcomes due to the introduction of psychological efficacy. Using Preacher and Hayes’s (2004) [31] procedures for simple mediation, we conducted Sobel test to examine the significances of indirect effects of independent variable on dependent variable. The results provided support for psychological efficacy acting as the mediator between employee perceived HPWS and job satisfaction ( $z = 4.02, p < 0.001$ , with job satisfaction, and  $z = 3.89, p < 0.001$ , with Task performance). Meanwhile, the results also provided support for the mediating role of psychological efficacy between employee perceived HPWS and task performance ( $z = 3.27, p < 0.05$ ). In sum, Sobel test noted that psychological efficacy significantly reduced the significance of employee-HPWS in predicting outcomes variables, also providing support for Hypothesis 4 and Hypothesis 5.

### 5. Conclusion

The primary goal of this study is to examine the mediation mechanisms between high performance work system, and employee work outcomes. We aim to extend the literature in several ways. Firstly, although a lot of studies have provided theoretical and empirical supports for the superiority of high performance work system for



**Figure 1.** Results for High performance work system in predicting employee outcomes.

**Table 1.** Means, standard deviations, and correlations of all variables.

Variable	Mean	Std. deviation	1	2	3	4
1. High performance work system	3.38	0.86	(0.87)			
2. Psychological efficacy	3.44	0.98	0.61**	(0.93)		
3. Job satisfaction	3.52	0.93	0.42**	0.36**	(0.89)	
4. Task performance	3.49	0.89	0.27**	0.31**	0.11	(0.91)

employee and firm-level performance (Liao *et al.*, 2009; Takeuchi *et al.*, 2007; Takeuchi *et al.*, 2009) [3] [26] [32], but there are still significant research needs. Based on so reason, we examine the influence of employee perceived HPWS on employees' performances and behaviors from their actual experiences to these HR practices and find that employee perceived HPWS could nurture a higher degree of psychological self-efficacy, and thus lead to beneficial attitudinal and behavioral outcomes, including higher job satisfaction and better task performance. In sum, this study would supplement the knowledge of strategic HRM literature and advance our understanding concerning the causality of HR practices, psychological efficacy, and employee outcomes in hospitality context.

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