

**HIGH-PERFORMANCE WORK SYSTEMS AND ORGANISATIONAL PERFORMANCE:  
EVIDENCE FROM THE VIETNAMESE SERVICE SECTOR**

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Doctor of Philosophy

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**THESIS SUMMARY**

Despite the plethora of research scrutinising the role of high performance work systems (HPWS) in enhancing organisational performance, there is little consensus about the structure of these systems and processes underlying its relationship to organisational and individual outcomes. This research therefore advances the existing literature by conducting a more in-depth study of how and why HPWS relate to organisational performance. In particular, I adopt the mixed methods approach to uncover unexplored issues regarding the efficacy of HPWS on organisational performance.

The qualitative phase of research examines managers' perceptions of HPWS in Vietnamese service organisations, based on a sample of 17 semi-structured interviews as many firms. The interview protocol is deployed as a rough guide to the discussion, and the data are analysed through content analysis. The findings demonstrate that HPWS have been pursued and valued by Vietnamese organisations. The interviewees help to conceptualise the construct of HPWS in the Vietnamese context and provide evidence that the use of HPWS impacts both employee outcomes (e.g., employee attitudes, behaviours, creativity, productivity), and organisational performance (e.g., firm growth, profit growth and market performance). The evidence also establishes a linkage between HR practices and organisational innovation. Despite the small sample size, the in-depth data reveal useful insights regarding the prevalence of HPWS in the Vietnamese context and form the foundation for validating a scale for HPWS for the research context.

The quantitative phase of research develops a multilevel model of how HPWS influences both individual- and firm-level performance, based on self-determination theory, AMO theory and componential theory of creativity. Using a multilevel data set of 56 service firms (109 managers, 526 employees working with 153 supervisors), the M-plus software (Version 7.3) is adopted to test the hypothesized multilevel structural equation models. The findings demonstrate that the proposed hypotheses are mostly supported at the levels of analysis. At the firm-level, (1) collective human capital, climate for initiative and climate for psychological safety partially mediate the relationship between HPWS execution and firm-level innovation; and (2) the relationship between firm-level innovation and firm market performance is moderated by environmental uncertainty.

At the individual-level, (1) trust in management and trust in supervisor partially mediate the relationship between HPWS perception and employee creativity; and (2) the relationship between trust in management and trust in supervisor and employee creativity is not positively moderated by employee psychological empowerment. At the cross-level, (1) HPWS execution positively influences HPWS perception; (2) the relationship between HPWS execution and trust in management, trust in supervisor is partially mediated by HPWS perception; (3) employee creativity, in turn mediates the relationship between trusts in management and supervisor, and firm-level innovation; (4) and firm-level innovation mediates the link between employee creativity and firm market performance. The findings highlight the importance of new mechanisms including mediating and moderating components (i.e., trusts in management and supervisor, creativity and environmental uncertainty) in the HPWS – performance relationship.

By analysing the mixture of qualitative and quantitative data, the current study enriches our understanding of the underlying mechanisms through which HPWS influences organisational performance outcomes.

**Keywords:** high performance work systems, strategic HRM, innovation, creativity, organisational performance, qualitative content analysis, self-determination theory; AMO theory; componential theory of creativity; climate for initiative, climate for psychological safety, collective human capital, trust in management, trust in supervisor, psychological empowerment.

DEDICATION

**TO MY FAMILY AND FRIENDS WHO HAVE ENCOURAGED, ASSISTED AND  
SUPPORTED ME DURING MY PHD STUDIES**

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## LIST OF ABBREVIATIONS

AMO	Abilities, Motivation and Opportunity
CFA	Confirmatory Factor Analysis
CHCR	Collective Human Capital Resource
CI	Climate for Initiative
CFI	Comparative Fit Index
CPS	Climate for Psychological Safety
CTC	Componential Theory of Creativity
EFA	Exploratory Factor Analysis
HPWS	High Performance Work Systems
HR	Human Resource
HRM	Human Resource Management
MSEM	Multilevel Structural Equation Modelling
RMSEA	Root Mean Square Error of Approximation
SDT	Self-determination Theory
SEM	Structural Equation Modelling
SRMR	Standardized Root Mean Square Residual
TLI	Tucker-Lewis Index

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## CHAPTER 1: INTRODUCTION

### 1.1 Introduction

The last couple of decades or so have witnessed an increasing popularity of creativity and innovation as key contributors towards firm performance (e.g., Shalley, Gilson, & Blum, 2000; Shalley, Zhou, & Oldham, 2004; Zhang & Bartol, 2010). Organisations achieving a competitive advantage in the marketplace via creativity and innovation have experienced business success as they know how to produce new ideas and then deploy them for unique products, services and work processes by optimally capitalizing on human capital (De Jong & Den Hartog, 2007). Following this logic, it is argued that innovation is critical for organisations to advance their manufacturing and service delivery to achieve superior performance in order to deal with today's turbulent market environment (Jiménez-Jiménez & Sanz-Valle, 2011). However, it is noteworthy that success in innovation is influenced by different factors such as leadership style, organisational learning, organisational structure, human capital, work environment, among others (Gumusluoglu & Ilsev, 2009; Jung, Chow, & Wu, 2003; Lorenz & Valeyre, 2005). Of which, people are considered as one of the central ingredients in contributing to firm success and innovation (Prajogo & Ahmed, 2006). The reason behind this philosophy is that as innovation is 'essentially about converting ideas into something profitable, encouragement to supply ideas needs to be substantial in order to channel the creative ability of the employees to convert ideas into innovations' (Prajogo & Ahmed, 2006: 502). Fu et al. (2015) further note that achieving 'higher innovation performance requires organisations to harness the knowledge, skills, abilities, opportunities and willingness of employees to innovate' (120). I therefore suggest that organisations need to invest more effectively in HR practices so that employees who benefit from these activities will have necessary skills, motivation and opportunities to improve their work productivity and creativity, which in turn contribute to overall firm performance.

As such, it is important for organisations to utilize a high-performing system which can potentially foster the best management and development of workers, and their competitiveness (Tsai, 2006). In essence, HPWS is viewed as a key factor that contributes to firm innovation and performance outcomes (Fu et al., 2015). It is for this reason that HPWS is considered as an important creation of contemporary management, and is believed to positively impact both organisational and individual performance (Wood & de Menezes, 2011). That is, the more organisations implement HPWS, the higher levels of product, process and firm innovation they are likely to obtain (Messersmith & Guthrie, 2010). This is further supported by empirical evidence that HPWS has positive effects on organisational outcomes (Aryee, Walumbwa, Seidu, & Otake,

2013; Jensen, Patel, & Messersmith, 2013; Liao, Toya, Lepak, & Hong, 2009; Patel, Messersmith, & Lepak, 2013). Indicators of firm performance include organisational ambidexterity (Patel et al., 2013); subjective well-being and workplace burnout (Fan et al., 2014); new product performance (Chiang, Shih, & Hsu, 2014); labour productivity (Stirpe, Bonache, & Revilla, 2014), among others.

Intriguingly, scholars have recently drawn their attention to the implementation and influence of HPWS on unique outcomes such as creativity and innovation (Fu et al., 2015; Jiang, Wang, & Zhao, 2012a; Messersmith & Guthrie, 2010). It is for this reason that utilizing HPWS will enable a firm's employees to be intrinsically motivated to produce fresh ideas and new ways of working which are conducive for firm innovation via innovative HR practices such as teamwork, job design and employee participation (Fu et al., 2015). Evidently, Jiang et al. (2012a) found that HR practices positively influence firm innovation through the mediating role of employee creativity. Likewise, Jiménez-Jiménez and Sanz-Valle (2008) demonstrated that the implementation of HRM practices relate to organisational performance, which in turn lead to business outcomes. Most recently, Fu et al. (2015) indicated that the positive linkage between HPWS and firm innovation is mediated by employees' innovative work behaviours.

Despite its theoretical and empirical establishment, Fu et al. (2015) point out that how HPWS implementation relates to firm innovation in the service context is not fully known. At the broader performance, scholars also advocate that there is little consensus among the reported studies (Bowen & Ostroff, 2004; Guest & Conway, 2011; Sun, Aryee, & Law, 2007; Takeuchi, Lepak, Wang, & Takeuchi, 2007; Wood & de Menezes, 2011). Also of note is that researchers have pointed to a number of issues pertaining to HPWS research, such as lack of conceptual lens (see Beugelsdijk, 2008; Michaelis, Stegmaier & Sonntag, 2010; Michaelis, Wagner & Schweizer, 2014); inconsistent dimensions of HPWS (e.g., Shih, Chiang, & Hsu, 2013); some sub-dimensions of HPWS are more critical than others (Selden, Schimmoeller, & Thompson, 2013; Werner, 2011); a single source of data (e.g., Shih et al., 2013); and imbalanced HPWS research between Western and non-Western contexts. My literature review indicates that the majority of HPWS research has been conducted in Western countries.

Furthermore, it is widely accepted that the majority of HPWS studies have been undertaken using the quantitative approach, leaving much unknown about the real results of quantitative research because there is no qualitative research for commentators to compare with. Taken together, Beltrán-Martín et al. (2008: 22) suggest that research should be embedded in the 'next generation' of HRM and proposes a more in-depth study of how and why HPWS influences firm outcomes. Other scholars suggest that further examination is needed to provide a more in-depth understanding of the HPWS and innovation linkage (see Fu et al., 2015, Jiang et al., 2012a). By

deploying a mixed methods approach, this study is expected to respond to the aforementioned suggestions and to yield a deeper understanding of the underlying mechanisms through which HPWS influences firm performance. Specifically, the qualitative study aims to explore managers' perceptions of HPWS in Vietnamese service organisations, based on face-to-face semi-structured interviews with managers and HR managers. The quantitative study, utilizing the self-determination theory, AMO theory and componential theory of creativity, develops a multilevel model of how HPWS practices influence both individual- and firm-level performance. By doing so, the study aims to extend and refine existing HPWS-firm performance outcomes by investigating multiple mediating mechanisms (e.g., collective human capital resource, climate for initiative); boundary conditions (e.g., environmental uncertainty, psychological empowerment); and cross-level influence of individual mediators (e.g., HPWS perceptions, employee creativity).

## **1.2 Research Problem**

There is little doubt that the underlying mechanisms through which HPWS influences organisational performance have been both theoretically and empirically established in the strategic HRM literature (see Aryee et al., 2012; Comb et al., 2006; Jensen et al., 2013; Liao et al., 2009; Patel et al., 2013; Paauwe et al., 2013). Nonetheless, it is acknowledged that recent scholars still continue to call for more in-depth and empirical studies in order to fully understand such mechanisms (e.g., Katou & Budhwar, 2010; Messersmith et al., 2011; Ramsay, Scholarios, & Harley, 2000, Werner, 2011). It is for this reason that there exist a number of issues regarding the published reports and works in the strategic HRM field. One of the most important issues is that “the primary criticism levelled at HPWS concerns its lack of theoretical development and the need for a better articulation of the ‘black box’ phenomenon” (Hefferman & Dundon, 2016: 211). This view is well aligned with earlier scholars that the field of strategic HRM is criticized for its lack of theories (Beugelsdijk, 2008; Michaelis et al., 2010; Michaelis et al., 2014). It is therefore argued that there is a lack of robust theoretical perspectives that best underpin the HPWS and performance linkages. To this end, there is a need to adopt, extend and refine existing theoretical frameworks to provide more valuable insights into the picture of the linkage between HPWS and firm performance.

With respect to transmission mechanisms linking HPWS and performance, scholars have attempted to identify and empirically test both individual- and organisational-level mediating components underlying this relationship. New mechanisms include transactive memory system (Chiang et al., 2014); knowledge exchange and combination (Michaelis et al., 2014); innovative work behaviours (Fu et al., 2015), knowledge sharing (Flinchbaugh et al., 2016); among others. Despite its theoretical and empirical establishment, scholars hold that our understanding of the

mediating mechanisms or processes has not received much attention (Jiang, Takeuchi & Lepak, 2013). Importantly, other scholars highlight that there is a lack of empirical studies exploring the cross-level influence of individual mediators on firm performance metrics (Flinchbaugh et al., 2016). The central idea of the cross-level influence of individual mediators is that HR outcomes (i.e., employee abilities, motivation and attitudes) are now considered important outcomes to channelise the efficacy of HR practices on general firm performance (Jiang et al., 2012b). Following this logic, researchers need to deploy a multilevel perspective to investigate concurrently the effect processes of HPWS on firm performance via the means of the cross-level influence of individual mediators on firm outcomes in order to fully understand the HPWS – performance relationship (see also Jiang et al., 2013; Liao et al., 2009).

Furthermore, it is also acknowledged that scholars are beginning to examine new variables as underlying mechanisms through which HPWS influences firm outcomes in response to the recent calls (i.e., Jiang & Liu, 2015; Werner, 2011). For example, using a sample of 187 employees of three Irish firms, Hefferman and Dundon found that the HPWS – job satisfaction, effective commitment and work pressure is mediated by distributive, procedural and interactional justice. Flinchbaugh et al. (2016) employed multilevel analyses with 397 employees in 25 work teams from five service firms and indicated that the mediating influence of knowledge sharing perspective taking improve service climate beyond the value of team HPWS is moderated by the presence of individual perspective taking. With a multisource and multilevel data sample of 2,887 employees and 536 managers of 58 banks, Chang (2015) demonstrated that the HPWS - unit organisational ambidexterity nexus is partially mediated by unit employee human capital, among others. Although this general link between HPWS and performance has been empirically established, our knowledge about the extent to which HR practices contribute to individual creativity and firm innovation is very limited (Jiang et al., 2012a; Shipton et al., 2006). Therefore, more research is needed to fully understand the linkage between HPWS and performance generally, and the HPWS and innovation relationship in particular (Zhang, Di Fan & Zhu, 2014).

Another noticeable issue as highlighted by Choi (2014) is that of who should be the HPWS raters when exploring the underlying mechanisms through which HPWS influences organisational outcomes. Recent strategic HRM scholars agree that employees are an important channel to provide more reliable data to understand the relationship between HPWS and organisational outcomes (e.g., Bowen & Ostroff, 2004; Choi, 2014; Hefferman & Dundon, 2016). It is for this reason that employees “can provide more accurate information on the HPWS implemented in their firm, thereby facilitating the examination of a more clear association between HPWS and firm performances” (Choi, 2014: 2668). Hefferman and Dundon (2016: 212) further reinforce this view

in that employees represent more than abstract ‘objects’ against which researchers prod and measure certain responses to a given sets of assumptions. Following this logic, it is necessary to “explore beyond firm-level reported data to tease out the role of employees in shaping HRM” (Hefferman & Dundon, 2016: 212). Nonetheless, a review of literature demonstrates that the majority of research has deployed managerial self-reported data to explore the HPWS – performance linkage (see, for example, Patel et al., 2013; Sun et al., 2007), thereby neglecting the role of employees as the primary recipients of HPWS practices (Hefferman & Dundan, 2016). This may raise problems as “this type of measure could be biased because managers usually evaluate the implementation of HPWS more favorably than employees do” (Choi, 2014: 2668). Scholars therefore suggest that we should collect data from both employees and managers to gain more insights into both employees’ and managers’ perceptions of HPWS (see Choi, 2014).

Finally, the majority of HPWS research has been reported through the means of quantitative data, leaving much unknown about the results of qualitative research. Given there is an absence of the use of rich in-depth qualitative data to interpret HPWS implementation, this study adopts the mixed methods approach in answer to this question.

Undoubtedly, whilst there still exist numerous voids to be addressed, research evidence suggests that the HPWS-performance relationship is more or less established (see Kaufman, 2015). Following this logic, Paauwe et al. (2013: 204) conclude that ‘a full use of HRM is good for organisations.’ However, scholars especially highlight that the underlying processes through which HPWS influences performance might be modified by different mediating, contingent and contextual factors in order to fully understand such mechanisms (e.g., Boxall et al., 2011; Kaufman, 2015). On this basis, and in light of the aforementioned issues, gaps and/or limitations, the current study aims to examine the phenomenon of how and why HPWS affects the performance of studied firms by collecting both interview and survey data from Vietnam. Vietnam provides an interesting context for the study because it represents an emerging market among South East Asian countries. Also of interest is that firms in Asian countries have started to pay more attention to implementing new and/or innovative HRM practices which highlight the importance of employee effort and contributions to the success and development of an organisation. Following this trend, Vietnamese firms are trying to experiment with such innovative HR practices in order to foster HR outcomes (i.e., employee attitudes and behaviours, well-being), which are considered as important outcomes to contribute to firm performance outcomes. The findings are expected to extend our theoretical and empirical understanding of the mechanisms why the use of HPWS influences organisational performance. The next section provides a description of the aims and objectives of the study.

### 1.3 Research Aims and Objectives

This study sets out to explore the phenomenon of how HPWS influences the performance of Vietnamese service firms. The overall aim of the investigation is therefore to identify the mechanisms and/or processes of HPWS that affect both individual- and firm-level outcomes of the firms. In order to advance prior research, both qualitative and quantitative phases are conducted and analysed in the study. A qualitative phase of the research is first conducted, and then followed by a quantitative phase (Morgan, 1998). The primary purpose of this research design is to (1) explore whether HPWS is pursued and valued in the research context – Vietnam, thereby laying the foundation for undertaking the quantitative phase of research, (2) use ‘the strengths of each method to bolster the weaknesses of the other(s)’ (Sale, Lohfeld, & Brazil, 2002: 50), and provide more insights into the studied phenomenon.

This study therefore seeks to address the following main research question.

How does HPWS influence the performance of Vietnamese service firms?

In order to answer this question, I designed two different sub-sets of questions: one is used for the qualitative data and another for the quantitative. In particular, the former seeks to address the questions 1-4; and the latter deals with the questions 5-6.

1. What do Vietnamese managers understand and experience about HPWS in general and HPWS practices within their organisations in particular?
2. To what extent are HPWS practices implemented effectively in their organisations, and what kinds of performance metrics provide evidence about their effectiveness?
3. What do Vietnamese managers understand and perceive about creativity and innovation, and what kinds of indicators provide evidence about their existence?
4. Is there a relationship between HPWS and innovation, if yes, to what extent do HPWS practices influence organisational innovation?

In order to address the aforementioned research questions, I conducted and analysed the qualitative data with a view to uncovering managers’ perceptions of HPWS practices and the efficacy of such practices on firm performance in their organisations via the means of face-to-face semi-structured interviews. I also investigated Vietnamese managers’ understanding of creativity and innovation, and their links with HPWS utilisation.

5. What mediates the mechanisms through which HPWSs affect the performance of both individual and firm, and cross levels? What evidence is there for these mechanisms and by what performance measures are they assessed?

6. What moderator, if any, affects the strength of these mechanisms?

To answer the questions 5 and 6, I developed and tested a multilevel conceptual model of how HPWS impacts both individual- and firm-level performance metrics via important underlying mechanisms. This phase of the study aims to:

(1) investigate, at the firm level, (a) collective human capital development, climate for initiative and climate for psychological safety as mediating components linking HPWS execution and firm-level innovation, and (b) environmental uncertainty as a boundary condition relating firm-level innovation to firm market performance.

(2) examine, at the individual level, (a) trust in management and trust in supervisor, as the mechanisms linking experienced HPWS and employee creativity, and (b) the moderating role of psychological empowerment on the association between trust in management and trust in supervisor, and employee creativity;

(3) examine, at the cross-level, (a) HPWS perception as a mechanism that mediates the relationship between HPWS execution and trust in management and trust in supervisor; (b) the mediating role of employee creativity on the link between trusts in management and supervisor, and firm-level innovation; and (c) the mediating influence of firm-level innovation in the employee creativity on branch market performance linkage.

#### **1.4 Research Contributions**

By pursuing the aforementioned objectives, this research is likely to yield both academic and practitioner implications. In particular, the study contributes to the increasingly growing theoretical and empirical research on the strategic HRM, creativity and innovation management and other organisational literatures by investigating the synergies between the antecedents of firm-level innovation, and employee creativity. The study also reveals the extent of environmental uncertainty interaction that is considered as a critical contingency variable for firm market performance (Oke et al., 2012); and the extent of psychological empowerment interaction as an important boundary condition for employee creativity.

From a theoretical standpoint, the current study contributes to the existing literature in several ways. First, the study advances, refines and extends the adopted theoretical perspectives

underpinning the underlying mechanisms through which HPWS influences performance outcomes that responds to scholars' recent calls for further theoretical development to understand such mechanisms/processes (e.g., Hefferman & Dundon., 2016; Jiang et al., 2013). Second, the study also responds to the recent calls for a multilevel approach to understand the HPWS – performance association (e.g., Flinchbaugh et al., 2016; Jiang et al., 2013; Liao et al., 2009; Takeuchi et al., 2009). By doing so, the study highlights “the integrated nature of organisations such that individual and organisational characteristics combine to influence individual and organisational outcomes” (Aryee et al., 2012: 288). Third, the study advances the literature by examining important but less studied variables (i.e., trust, creativity, innovation) as transmission pathways to channelise the HPWS – performance relationship. Fourth, the study deviates from prior research by employing the mixed methods approach in order to explore and explain the HPWS –performance link in a more insightful manner, and increase the accuracy of empirical evidence by validating the qualitative data with the quantitative data. Finally, the study avoids managerial bias of management self-reported data by using multisource and multilevel data in order to evaluate the influence of HPWS on performance outcomes. Details of the contributions are discussed later in Chapter 7.

With respect to practical implications, the study makes some important contributions to organisations and practitioners. First, by analysing the cross-level influence of HPWS on performance outcomes, the study helps accurately understand how and why individual- and firm-level impact shapes the performance outcomes of HPWS implementation, thereby equipping practitioners with actionable knowledge about how to execute HPWS practices efficiently to generate a source of competitive advantage (Aryee et al., 2012). Second, the study sends a message that a supportive organisational environment is of utmost importance to employees' attitudes and behaviours, and motivation, important factors that foster employee creativity and contributions. With this in mind, management needs to take advantage of the strength of the HRM system to enhance employees' perceptions of organisational climates and trust in management which, in turn, will encourage their creativity and innovation. Finally, the study suggests that employee contributions are important to the success of organisations. Organisations therefore pay more attention to fostering employee innovative behaviours via appropriate HR practices in order that they can contribute to their firm innovation performance. Details of the practical implications are discussed later in Chapter 7.

## **1.5 Thesis Structure**

The remainder of this thesis is organized as follows. In chapter 2, the strategic HRM-related issues will be reviewed and discussed. Specifically, the chapter provides an overview of the strategic HRM literature. Importantly, the topic of HPWS will be discussed in detail because of its

centrality for this thesis. In particular, HPWS, performance and the link between HPWS and performance will be discussed.

Chapter 3 provides an overview of the conceptual model, the theoretical perspectives and the hypothesis development. Specifically, it discusses the theoretical lenses underpinning the HPWS-performance relationship, and the theoretical grounding constitutes the hypotheses.

In chapter 4, the paradigm of the research methodology used in this study will be detailed. As the study employs a mixed methods approach, justification of using this approach will be provided. It then deals with the ethical issues, research process and purposes, and research design. It will conclude with a description of the research context.

Chapter 5 presents the overall findings of the qualitative study. It begins with a short introduction of the study. It then outlines the sampling, interviews and data analysis techniques. Finally, the results are presented; discussion is carried out and limitations and directions for future research are drawn.

Chapter 6 deals with the quantitative study. It outlines the research methodology, which includes the sample, measure and analysis techniques. It is then dedicated to the results and discussion of the quantitative data.

Chapter 7 summarises the key findings of both qualitative and quantitative phases. It then presents the contributions, implications for researchers and for practitioners, an acknowledgement of the main limitations as well as directions for future studies. Finally, it closes with an overall conclusion.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter provides an overview of literature on HPWS with a view to familiarizing with extant research as well as detecting the research gaps. To achieve this goal, it identifies the literature on multi-industry HPWS research studies (e.g., services sector; manufacturing sector), multi-business size HPWS research (e.g., small-sized firms; small and medium-sized firms; and large-sized firms), and multi-context/culture HPWS research (e.g., Western context; North American context; and Asian context). The gaps identified in this literature review are expected to provide a robust grounding for the significant contributions that this research is aimed at making.

### **2.2 Strategic Human Resource Management**

The field of strategic human resource management strategic (SHRM) has been the subject of considerable interest worldwide over the last few decades, as both an academic literature and focus of management practice (Becker & Huselid, 2006). dos Santos Moreira (2008) adds that the growing awareness of HR as a cornerstone for sustainability and competitive advantage has been the focus of the conceptualisation of the several pathways that may allow for the pursuit of the strategic HRM development. Other scholars further support that although strategic HRM is not a new field, it has advanced to give a critical view on the role of HR (Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009); generate a growing body of empirical data (Festing, 2012); and create a source of competitive advantage by developing critical capabilities of HR in a firm (Kar, 2012). It is therefore likely to have a central role to play in the current HRM debate, and expected to have the potential to do so in the future. Likewise, Van Buren, Greenwood, and Sheehan (2011) contend that the SHRM imperative has indeed elevated HRM's standing in organisational decision-making processes: a "seat at the table" is now an expectation rather than an aspiration for senior HR managers (209). This line of logic can consolidate other scholars' viewpoints in terms of the role of HR management systems (Becker & Huselid, 2006); the strategic capability of its pool of HR (Colbert, 2004), and the uniqueness of HR (Akhtar, Ding, & Ge, 2008). Therefore, Becker and Huselid (2006) suggest that SHRM theory should be advanced to centre on effective strategy implementation as the decisive mediating mechanism between HR practices and organisational performance.

Findings from the strategic HRM literature demonstrate that a growing body of empirical research has explored the competitive advantage connected with HPWS, a cluster of HR practices believed to provide employees with greater degrees of skill, information and motivation (Guthrie, Flood, Liu, & MacCurtain, 2009). By generating broad repertoires of skill and behaviour, many

HPWS components can foster firm flexibility (Datta, Guthrie, & Wright, 2005). Coupled with Resource Based View (RBV) of the firm, Patel and Conklin (2012) advocate that the purpose of HPWS adoption is to invest in human capital in order that organisations can create a competitive advantage. Specifically, Boxall and Macky (2009) see an HPWS as a system of work practices that may contribute to firm performance superiority, including performance, work practices and systemic effects. Such practices could promote the human capital investment and development - a critical link to organisational behaviour, which include skills, attitudes and behaviours. Doing so can foster employee performance by augmenting their faithfulness towards the organisation, and their tendency to partake in the firm's objectives (Patel & Conklin, 2012). Despite the positive evidence, the extant literature shows that the utilisation of HPWS is still modest (Sun et al., 2007; Takeuchi et al., 2007). It is also important to note that although this approach has been adopted by worldwide SHRM researchers to uncover the association between HPWS and firm performance, it has been modestly applied in the Vietnamese strategic HRM literature to date. The current study is expected to bridge this gap and extend the strategic HRM literature by examining the efficacy of HPWS practices on the performance of Vietnamese service organisations.

### **2.3 High-Performance Work Systems**

There is a growing body of literature which has explored the link between HPWS and organisational performance (Aryee et al., 2012; Chang, 2015; Fu et al., 2015; Jensen et al., 2013; Patel et al., 2013). Chang (2015), for example, explore the underlying mechanisms between HPWS and organisational ambidexterity mediated and moderated through human capital and firm-level social climate, respectively. Furthermore, Van De Voorde and Beijer (2015) investigate the relationships between HPWS and employee outcomes through influencing HR attributions as a mediator. Intriguingly, Jensen et al. (2013) position anxiety and role overload as mediators, and job control as a moderator linking HPWS and turnover intentions. Therefore, the relationships between HPWS and organisational performance have been both theoretically and empirically established in the strategic HRM literature. A meta-analysis by Combs, Liu, Hall, and Ketchen (2006) and a recent literature review of HPWS practices by Posthuma et al. (2013) provide evidence for this statement. Due to its recognised role, a number of HPWS-related issues have emerged in the literature, such as its terminology, conceptualisation, HPWS practices and performance indicators. HPWS and firm performance is therefore discussed in detail.

#### **2.3.1 Terminology of High-Performance Work Systems**

By terminology, HPWS is interchangeably labelled as high-performance work practices (Combs et al., 2006; Karatepe, 2013; Karatepe & Vatankhah, 2014); high-performance HR practices (Sun et al., 2007); high involvement work systems (Edwards & Wright, 2001; Wood & de Menezes, 2011); high-performance work environment (Weinberg, Avgar, Sugrue, & Cooney-Miner, 2013); among others. Table 2.1 illustrates the terminology related to HPWS used by extant researchers.

**TABLE 2.1**

**The Terminology of the High Performance Work Systems**

<b>Author(s)</b>	<b>Year</b>	<b>Terminology</b>	<b>Context</b>
Wood and De Menezes (1998)	1998	High-commitment management	Multisector
Sun et al.	2007	High-performance HR practices	Service sector
Iverson and Zatzick (2007)	2007	High-commitment work practices	Manufacturing sector
Macky and Boxall (2008)	2008	High-involvement work processes	Multisector
Gong, Chang and Cheung (2010)	2010	High-commitment HR practices	Service sector
Wood and de Menezes (2011)	2011	High involvement work systems	Multisector
Kim and Sung-Choon (2013)	2013	High-involvement work practices	Multisector
Weinberg et al. (2013)	2013	High-performance work environment	Service sector
Tregaskis, Daniels, Glover, Butler, and Meyer (2013)	2013	High-performance work practices	Engineering industry
Mitchell, Obeidat, and Bray (2013)	2013	High-performance human resource practices	Private sector

Cristini, Eriksson, and Pozzoli (2013)	2013	High-performance management practices	Private sector
Chiang et al. (2014)	2014	High commitment work system	Engineering industry

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According to Guthrie, Spell, and Nyamori (2002), the rationale for developing this literature is a focus on adopting a system of management practices with a view to providing workers with the skills, information, motivation and opportunity leading to a source of competitive advantage for organisations. It is also important to note that although these terms are somewhat different, they are used to define the organisational practice that is thought to be most suitable for today's competitive business environment (Wood, 1999) because of the intensification in competition in increasingly global markets (Barnes, 2012). Wood (1999) further states that the primary purpose of the advent is to replace the out-of-date Taylorist model, with its pay systems based on job structures rather than individual performance, and thus leads to less employee involvement and commitment.

### **2.3.2 Conceptualisation of High-Performance Work Systems**

With respect to its conceptualisation, scholars have offered a variety of definitions (i.e., Datta et al., 2005; Guthrie et al., 2009). Scholars, for example, describe HPWS as a set of distinct but interrelated HR practices together with selecting, developing, upholding, and motivating a workforce with a view to gaining the perceived performance of organisations and sustainable competitive advantage (Becker & Huselid, 1998; Guthrie, 2001; Huselid, 1995; Way, 2002). Another definition that has been widely cited views HPWS as a system of HR practices 'designed to enhance employee's skills, commitment and productivity in such a way that employees become a source of competitive advantage' (Datta et al., 2005: 135). Likewise, Guthrie et al. (2009) define HPWS as a set of management policies and practices thought to provide employees with greater levels of skill, motivation and discretion. According to Becker and Huselid (1998), an HPWS may function both to stimulate and create the optimal deployment of the so-called intellectual capital. Sun et al. (2007) further argue that HPWS practices can help enhance employees' shared perceptions of a supportive organisational environment motivating discretionary behaviours that could lead to firm outcomes. Table 2.2 below illustrates the conceptualisation of HPWS proposed by extant researchers.

**TABLE 2.2****Definitions of High Performance Work Systems by Strategic HRM Scholars**

<b>Author(s)</b>	<b>Year</b>	<b>Definition</b>	<b>Dependent Variable(s)</b>
Lado and Wilson (1994)	1994	As ‘‘a set of distinct but interrelated activities, functions, and processes that are directed at attracting, developing, and maintaining (or disposing of) a firm's human resources’’ (701).	Competitive advantage
Huselid	1995	HPWS is designed to ‘‘improve knowledge, skills and, abilities of a firm’s current and potential employees, increase their motivation, reduce shirking and enhance retention of quality employees while encouraging nonperformers to leave the firm’’ (635).	Employee turnover, productivity and financial performance
Tomer (2001)	2001	HPWS aims to achieve ‘‘high performance through people’’ (64).	Not applicable
Datta, Guthrie and Wright	2005	HPWS as a set of HR practices ‘designed to enhance employee’s skills, commitment and productivity in such a way that employees become a source of competitive advantage’ (135).	Labour productivity
Evans and Davis	2005	HPWS as a combined set of HRM practices that are internally consistent (alignment among HRM practices) and externally consistent (alignment with firm strategy).	Firm financial efficiency and firm flexibility

Sun, Aryee, and Law	2007	HPWS as a combination of single practices that jointly influence firm performance.	Turnover and productivity
Takeuchi et al.	2007	HPWS as “a group of separate but interconnected human resource (HR) practices designed to enhance employees’ skills and effort” (1069).	Establishment performance
Liao et al.	2009	HPWS as a bundle of HR practices that are aimed at improving employees’ competences, motivation, and performance in terms of delivering high-quality service to customers.	Employee service performance
Gittell, Seidner, and Wimbush	2010	HPWS as a system designed to “achieve high performance by adopting practices that recognise and leverage on employees’ ability to create value” (490).	Relational coordination, quality and efficiency outcomes
Messersmith and Guthrie	2010	HPWS as a system of HR practices intended to entice, retrain and stimulate employees.	Innovation and strategically congruent behaviour
Messersmith et al.	2011	HPWS as ‘strong systems comprising internally coherent practices that send reinforcing messages and cues to employees’ (1107).	Organisational citizenship behaviours and department outcomes
Ang et al.	2013	HPWS as a system of HR practices that are aimed at improving engagement, job	Affective commitment

		satisfaction, affective commitment and intention to leave.	and intention to leave
Patel et al.	2013	HPWS as “a system of horizontally and vertically aligned employment practices designed to affect both the ability and the motivation of employees” (1421).	Firm ambidexterity and growth
Giannikis and Nikandrou (2013)	2013	HPWS as a “bundle of synergistic HRM practices that results in improved firm performance through employees’ positive responses and enhanced job attitudes ”(3646).	Job satisfaction and organisational commitment
Choi	2014	HPWS as a HR bundle that acts to enable an organisation to deal with HR issues that affect firm success.	Financial performance and productivity
Rabl et al. (2014)	2014	HPWS, as ‘human resource (HR) practices designed to increase business performance by enhancing employee ability, motivation and opportunity to contribute (AMO)’ (3).	Performance effect size
Rabl et al. (2014)	2014	HPWS as a set of HR practices that are aimed at improving business performance by fostering the ability, motivation, and opportunity of employees to make contributions to achieving this goal.	Business performance
Van De Voorde and Beijer	2015	HPWS as “a group of separate but interconnected HR practices designed to enhance employee and firm performance through enhancing employee skills, motivation and opportunity to contribute”(63).	Commitment and job strain
Jiang and Liu	2015	HPWS, as high involvement or high commitment organisation managerial systems, are	Favourable

		a bundle of HR practices that enables high performance.	interpersonal environment; knowledge transfer and firm performance
Hefferman and Dundon	2016	HPWS as “including a range of innovative HR practices and work design processes that, when used in certain combinations or bundles, are mutually reinforcing and produce synergistic benefits” (212).	Job satisfaction; effective commitment and work pressure
The researcher	2016	HPWS as a bundle of HRM practices that are designed to make use of the strength of the HRM system in a way that employees’ appropriate interpretation of HRM practices within their firm can lead them to increase their perceptions of organisational climate, and trust in the employer – a stimulating source of shaping employee innovative behaviours, and subsequent firm innovation.	Employee creativity, firm innovation and market performance

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### 2.3.3 *High-Performance Work Systems Practices*

A literature review of HPWS practices (from 1992 to 2011) by Posthuma et al. (2013) point out that there are 61 HR practices mentioned a total of 2,042 times. Posthuma et al. (2013) place more emphasis on the nine most frequently used HPWS practices categories in the existing literature; namely, compensation and benefits; job and work design; training and development; recruiting and selection; employee relations; communication; performance management and appraisal; promotions; and turnover, retention and exit management. For the purposes of the current research, I include innovation-led strategy, innovation-led HR policy, training, information sharing, team work, service discretion, pay, performance appraisals, internal service and job design as a bundled system that drives both individual- and firm-level outcomes. It is for this reason that “the use of indexes of systems of HRM practices implies that ‘more is better’, and by implementing the system, it will universally result in improved performance” (Chowhan, 2016: 113).

Building on prior studies, I propose an innovation-based HPWS and conceptualize it as a bundle of HRM practices that are designed to make use of the strength of the HRM system in a way that employees’ appropriate interpretation of HRM practices within their firm can lead them to increase their perceptions of organisational climate, and trust in the employer – a stimulating source of shaping employee innovative behaviours, and subsequent firm innovation. As such, HPWS consists of such HR practices as innovation-led strategy, innovation-led HR policy, training, information sharing, performance appraisal, compensation systems, interdepartmental service, teamwork, service discretion and job design. In this study, these HR practices are combined as a coherent system in order to foster individual creativity, which subsequently contribute to firm innovation. I therefore discuss these individual HR practices in greater detail (see also Table 2.3).

**Innovation-led strategy.** Innovation is a must for many firms to strive in the current market turbulence (Prajogo & Ahmed, 2006), and thus innovation strategies are becoming increasingly important for firms to improve their innovation performance. In this regard, innovation-led strategy is conceptualized as ‘the extent to which innovation is a priority in a firm as reflected by the specific actions or plans taken by the firm to promote innovation’ (Oke et al., 2012: 274). Scholars advocate that the implementation of an innovation strategy can serve as a response strategy by management to accomplish innovative performance targets, product development and/or new service introductions (Oke et al., 2012). As such, innovation strategies are an essential instrument for firms to achieve the development of innovation.

**Innovation-led HR policy.** Underpinned by the resource-based perspective, Beugelsdijk (2008) holds that HR practices that are strategically targeted toward shaping employee creativity facilitate organisations to produce innovativeness, and thus create a source of competitive advantage. Following this logic, we argue that traditional HR practices (i.e., the influence of individual HR practices, see Jiang et al., 2012b) are not in a position to enable a firm to achieve this goal. Instead of designing and implementing such HR practices, the firm needs to execute more innovative HR practices or bundles of HR practices which are led by innovation-led HR policy. As such, innovation-led HR policy is described as ‘the extent to which a firm adopts people-focused policies including recruitment and selection, and reward systems that foster the development of innovation (see Oke et al., 2012; Beugelsdijk, 2008). There is evidence that employee creativity and innovation performance can be enhanced if firms implement innovative HR practices effectively (Beugelsdijk, 2008; Jiang et al., 2012a; Messersmith & Guthrie, 2010). For example, task autonomy can facilitate creativity and innovation, and extensive training is related to higher innovative performance (Beugelsdijk, 2008). More evidently, the execution of HR practices influences sales growth and firm innovation (Messersmith & Guthrie, 2010). These empirical demonstrations lay a solid foundation that innovation-led HR policy adopted in this study is likely to be one of the key factors to the development of organisational innovation.

**Training and development.** Training is one of the most crucial investments because it improves the knowledge, skills, attitudes and behaviour of employees (Bulut & Culha, 2010), and employees are considered as a key part of an organisation’s resources, with the potential to give the firm a source of sustainable competitive advantage (Tsai, 2006). This practice has therefore been extensively used by recent researchers (Aryee et al., 2012; Liao et al., 2009; Ramdani et al., 2014; Selden et al., 2013). Its focus is on equipping employees with the skills, knowledge and competences that they need for their work (Posthuma et al., 2013). It is for this reason that when employees start their training programmes, they usually attempt to seize the opportunities to increase the knowledge, skills and abilities (Selden et al., 2013). Firms investing extensively in employee training aim to signal that they highly value employees, which in turn employees are likely to repay firm investment by acquiring the skills, knowledge and motivation to contribute to firm outcomes (Selden et al., 2013). In support of these arguments, research suggests that training-led HR practices relate to higher innovation performance (Beugelsdijk, 2008). Using a sample of 81 questionnaires from Algeria, Ramdani et al. (2014) found that employee training positively relates to employee outcomes but fails to influence organisational outcomes. Intriguingly, Jiang et al. (2012a) demonstrated that training is not significantly correlated with employee creativity. Despite the mixed outcomes, I argue that training is one of the most important components of integrated HR practices in terms of enabling employees to acquire the skills, knowledge,

competence and motivation needed to perform their job demands. If properly designed and implemented, training is more likely to influence employee outcomes, and consequently contribute to overall organisational performance.

**Information sharing.** According to Posthuma et al. (2013), the practice involves the channels and methods whereby information is exchanged. Hence, Selden et al. (2013) argue that it might be valuable in enhancing new workers' perceptions of organisational membership, which should result in lower quit rates. In this sense, Selden et al. (2013) note that crucial information is said to be circulated to workers via varieties of channels, including group meetings, annual reports, company web sites, memos, and e-mails. Therefore, it assists 'quick transmission of new knowledge and innovative opinions about the new information and knowledge brought or created by individuals, which will keep a high level of shared cognition among individuals' (Jiang and Liu, 2015: 132).

**Performance Appraisal.** It entails evaluating and increasing individual and team outcomes (Posthuma et al., 2013). In modern HRM practices, performance appraisals have become one of the keys to contributing to organisational success. This is because if administered on a regular basis, performance appraisals may allow for the development of organisational membership, which is extremely critical for white collar workers (Selden et al., 2013). Further to this, Selden et al. (2013) advocate that implementing performance appraisals can enable firms and their managers to express/show care and support by highlighting a worker's strengths and by proposing methods of amending/adjusting any weaknesses via training agendas. More specifically, Mayer and Davis (1999: 125) argue that "when the appraisal system is seen to clearly reflect the employee's performance, trust for those responsible for the appraisal system should be enhanced." This view is in line with the work of Cummings (1983) who postulates and indicates that the appropriate use of performance appraisals helps increase trust for the organisation. Although scholars raise a number of issues regarding performance appraisals such as the criteria of performance appraisals; who should be the raters; the appraisal context, the raters' mood (e.g., Borman & Motowidlo 1993; Levy & Williams, 2004; Mayer & Davis, 1999); other researchers believe that it does not matter if the appraisal system is rigorously designed and the raters are well trained (Feldman, 1981). In this regard, Mayer and Davis (1999) suggest that the influence of performance appraisals on trust for management should be empirically investigated as if management appraisals are accurately perceived by employees, they will tap into relevant behaviours that employees view as contributing value to the organisation. This study therefore responds to this suggestion by combining performance appraisals with other relevant HR practices

as a coherent bundle in order to predict employee trust in management and trust in supervisor, which in turn influences employee creativity.

**Compensation systems.** These are labelled by Lee, Lee and Wu (2010) as compensation or incentive which is contingent upon performance (individual or group incentive pay). Tsai (2006) further argues that the effectiveness of skilled employees is likely to be modest if they are not motivated to perform. Therefore, if properly implemented, compensation systems are said to increase individual employees' extrinsic motivation to perform their job demands. In support of this argument, a bundle of HR practices including compensation systems are found to positively influence employee human capital, psychological empowerment and perceived organisational support, which subsequently lead to employee service performance (Liao et al., 2009). Using the same HPWS practices, Aryee et al. (2012) demonstrate that firm-level HPWS contributes to market performance via cross- and individual-level impact on employee service performance. Grounded in the above empirical demonstrations, I argue that compensation systems are by far one of the components of integrated HPWS practices that influence employee creativity and firm-level innovation, which in turn impact firm market performance.

**Interdepartmental service.** This practice is designed to provide front-line service employees with necessary interdepartmental support to serve customers better (Liao et al., 2009; Schneider et al., 1998). It is therefore argued that when integrated with other dimensions of HR practices, internal service will impact service employees in terms of service knowledge, service delivery and customer satisfaction.

**Service discretion.** Although less commonly used in general HPWS, service discretion is found to play a role in service-based HR practices (see Aryee et al., 2012; Liao et al., 2009). In the case of service context, front-line service employees are supposed to know about the diverse demands of customers, and adapt their interpersonal style and service offering to the needs of customers (Liao et al., 2009). As such, if employees perceive higher levels of service discretion, they are more likely to have more autonomy to resolve the problems and job duties on their own ways. As a consequence, individual employees will likely be motivated to innovate in their work, thereby contributing to firm innovation and performance. Therefore, I argue that HR practices including service discretion will predict employee creativity and firm-level innovation.

**Teamwork.** Teamwork is becoming increasingly popular in firms because lots of tasks need inputs from individuals with multiple skills and knowledge backgrounds (Paulus, 2000). This is because teamwork is argued to foster firm innovation and performance to the extent that employees involve in intrinsically motivating work within a supportive work environment (West,

Hirst, Richter, & Shipton, 2004). As such, if firms invest effectively in teamwork, they are more likely to obtain a higher level of innovation performance than those that do not (Shipton, West, Dawson, Birdi, & Patterson, 2006). When ‘there is a high level of interaction among team members, the cross-fertilization of perspectives can produce creativity and innovation is more likely to occur’ (Jiang et al., 2012a: 4031). In support of these arguments, Jiang et al. (2012a) indicate that teamwork is positively associated with individual creativity. Following this logic, I argue that teamwork is one of the salient components of the whole HR system that predicts employee creativity.

**Job design.** Scholars hold that job design is a key determinant in shaping employee creativity (see Jiang et al., 2012a; Zhang & Bartol, 2010; Shalley and Gilson 2004). It is for this reason that job design that induces and stimulates individuals to generate new ideas by creating the autonomy and opportunity for them to do so is conducive for employee creativity (Jiang et al., 2012a). For example, when performing complex jobs, employees are likely to feel intrinsically motivated, thereby repaying this motivation by producing novel ideas (Jiang et al., 2012a). Scholars further reinforce that managers can create opportunities for their employees to acquire intrinsic motivation by assigning them to jobs that are challenging and stimulating in nature (Hackman & Oldham, 1980; Oldham & Cummings, 1996). When jobs are complex, employees are possibly eager and passionate about their job activities and keen on fulfilling them for the sake of the activities themselves (Oldham & Cummings, 1996) - conditions beneficial for employee innovative behaviours in the workplace (Baer, Oldham & Cummings, 2003). As such, Jiang and colleagues suggest that ‘complex jobs should enhance individuals’ excitement about their work activities and their interest in completing these activities, and this excitement should foster creativity’ (2012a: 4031). In support of the arguments, a meta-analysis of the job design literature concluded that employees with complex jobs are happier and more intrinsically motivated than those whose jobs are simple and repetitive (Fried & Ferris, 1987). This is further supported by a recent empirical study by Jiang et al. (2012a) that job design can impact on employee creativity. Likewise, Hatcher, Ross, and Collins (1989) found that a job complexity measure positively drives an indicator of creativity. Following this theoretical reasoning and empirical evidence, I position job design as one component of the HRM system to predict employee creativity.

**TABLE 2.3**

**Best Practices of HPWS Literature**

Author(s)	HR Practices	Cronbach Alpha	Research Context	Notes
Zacharatos, Barling, and Iverson (2005)	- Job security	0.70	Manufacturing sector	- Job security derived from Kuhnert and Vance (1992)
	- Selective hiring	0.78		
	- Training	0.86		
	- Teams	0.78		-
	- Status distinctions	0.79		Transformational leadership was adapted from Avolio and Bass (1995).
	- Information sharing	0.75		
	- Contingent compensation	0.68		
	- Transformational leadership	0.89		- The reliability of HPWS ( $\alpha = .92$ )
	- Job quality	0.76		
Sun et al. (2007); Patel et al. (2013)	- Measurement	0.82		
	- Selective staffing	0.76	Service sector	The alpha reliability (0.76) refers to Sun et al. (2007)
	- Extensive training			
	- Internal mobility			
	- Job security			
	- Clear job description			
	- Results-oriented appraisal			
- Incentive reward				

	- Participation			
Tsai (2006)	- Recruitment and selection	0.71	Manufacturing sector	Adapted and modified from, for instance, Delaney and Huselid (1996)
	- Training and employee development	0.89		
	- Reward and incentive compensation	0.90		
	- Work structure			
	- Job security			
Beltrán-Martín et al. (2008)	- Selective staffing	N/A	Industrial and service sector	Adapted from Snell and Dean (1992)
	- Comprehensive training			
	- Developmental performance appraisal			
	- Equitable reward systems			
Guthrie et al. (2009)	- Performance-based pay		Multiple industries	Adopted from Datta et al. (2005)
	- Cross-functional teams	0.76		
	- High levels of training			
	- Information sharing			
	- Participatory mechanisms			
	- Group-based rewards			

Messersmith and Guthrie (2010)	- Selection	0.72	Service sector	Derived from Way (2002)
	- Training			
	- Performance management			
	- Compensation			
	- Information sharing			
Gong, Chang and Cheung (2010)	- Selective hiring	0.94	Service sector	Develop by Gong et al. (2009)
	- Participation in decision making through teams			
	- High pay contingent on performance			
	- Extensive training			
	- Career planning and advancement and regular performance for pay			
	- Promotion and development purposes			
Martin-Tapia, Aragon-Correa and Guthrie (2009)	- Staffing	0.83	Manufacturing sector	Adopted from Huselid (1995)
	- Training			
	- Compensation			
	- Performance management			
	- Communication			
	- Participation			

Chang and Chen (2011)	- Employment security	N/A	Service sector	
	- Selective staffing			
	- Comprehensive training			
	- Reduced status differentiation			
Akhtar et al. (2008)	- Competitive compensation and benefits		Product/service Settings	Drawn on Delery and Doty (1996)
	- Training	0.83		
	- Participation	0.81		
	- Results-oriented appraisals	0.73		
	- Internal career opportunities	0.66		
Chi and Lin (2010)		0.83	Manufacturing sector	Based on Snell and Dean's (1992), Huselid's (1995), Delery and Doty's (1996), and Guthrie's (2001)
	- Selective staffing	0.71		
	- Extensive training	0.83		
	- Competitive compensation	0.89		
	- Internal promotion	0.91		
	- Performance-contingent pay	0.88		
	- Results-oriented appraisals	0.92		
- Employee participation				

	- Formal complaint resolution systems	0.70		
	- Teamwork design	0.76		
		0.73		
Gittell, Seidner, and Wimbush (2010)	- Cross-functional selection	N/A		
	- Cross-functional conflict resolution			
	- Cross-functional performance measurement			
	- Cross-functional rewards			
	- Cross-functional team meeting			
	- Cross-functional boundary spanners			
Liao et al. (2009)	- Training	0.84	Service sector	Developed and adapted from Delery and Doty (1996); Zacharotos et al. (2005);
	- Information sharing	0.82		
	- Interdepartmental service	0.82		
	- Team and participant	0.72	Service sector	Schneider et al. (1998)
	- Service discretion	0.81		

	- Performance appraisals	0.81		
	- Pay	0.66		
	- Job design for quality work	0.58		
Wu and Chaturvedi (2009)	- Selectivity	0.94	Manufacturing and service sectors	Adopted from Lepak and Snell (2002), Delery and Doty (1996), and Bae and Lawler (2000)
	- Comprehensive training			
	- Internal career opportunities			
	- Formal appraisals			
	- Empowerment			
	- Performance-related pay			
Zhang, Zhu, Dowling, and Bartram (2013)	- Recruitment	0.92	Service sector	
	- Training			
	- Compensation			
	- Employee participation		Multiple industries	
	- Job security			
Shin (2014)	- Selective selection	N/A		
	- Intensive training			
	- Employee involvement			
	- Performance appraisal and feedback			

	- Performance-based pay			
Demirbag, Collings, Tatoglu, Mellahi, and Wood (2014)	- Employee training	0.85	Multiple industries	Drawn on previous scholars, for example, Fey, Morgulis-Yakushev, Park, and Björkman (2009); Fey, Björkman, and Pavlovskaya (2000)
	- Competence-based performance appraisal	0.68		
	- Performance-based compensation	0.64		
	- Merit-based promotion	0.63		
	- Internal communication	0.75		
	- Employee empowerment	0.71		
Karatepe and Vatankhah (2014)	- Career opportunities	0.64	Service Sector	Adopted from prior researchers (e.g., Sun et al., 2007; Delery and Doty, 1996)
	- Empowerment	0.66		
	- Selective staffing	0.84		
	- Rewards	0.93		
	- Job security	0.74		
	- Teamwork	0.89		
	- Training	0.88		

#### 2.3.4 Performance

The extant literature demonstrates that the linkages between HPWS and organisational performance remain a ‘black box’, due to a number of reasons. Of which, organisational performance or outcomes is viewed as one of the reasons that contributes to the black box because

scholars have yet to reach a consensus about the measures of performance. It is for this reason that there is no general theory about performance per se (Guest, 1997). Therefore, performance has been differently defined by scholars (see, for example, Guest, 1997; Armstrong et al., 2010). Guest (1997: 266), for instance, describes performance ‘as a company-dominated criterion’. Building on prior research, Lee, Lee, and Wu (2010) defines performance under four dimensions of operational performance which are product quality, product cost, product delivery, and production flexibility. Drawing on the Ability – Motivation – Opportunity framework, Armstrong et al. (2010) advocate that performance is contingent on employees in terms of their competence and abilities, motivation, and opportunities. This means that if a diverse workforce is managed effectively (e.g., provided with relevant training and development and high levels of involvement), it will significantly contribute to the organisational outcomes.

In keeping with the work of Appelbaum, Bailey, Berg and Kalleberg (2000), Boxall (2003) regards performance as a function of workers’ ability, motivation and opportunity to partake or make a contribution. If these variables are appropriately implemented, organisations are likely to take advantage of employee potential and discretionary judgment. With respect to the measures of performance, Guest (1997) especially emphasizes the importance of employee behaviours. For example, employees’ positive behaviours can enable them to serve and satisfy customers better (e.g., they approach customers and offer help), and follow safety procedures (Guest, 1997). Consequently, employee outcomes can contribute to overall organisational performance. Obtaining data from emerging firms, Messersmith and Guthrie (2010) explore the links between HPWS and firm performance in terms of sales growth, innovation and turnover.

In recent years, scholars have increasingly recognized the importance of employee outcomes in exploring the linkages between HPWS and organisational performance. On the basis of their argument, Zhang and Morris (2014) point to several reasons why employee outcomes are considered underlying mechanisms that mediate the HPWS - performance linkage. First, HPWS yield the most direct influence on individuals because HPWS depend completely upon individual outcomes to enhance firm performance. Second, the relationships between HPWS and organisational performance are established via the means of employee outcomes. In turn, scholars provide empirical demonstrations that employee outcomes have been deployed as main measures of performance (e.g., Kehoe & Wright, 2013; Zhang & Morris, 2014). For example, using a sample of 168 Chinese firms, Zhang and Morris (2014) found that employee outcomes of attitudes, behaviours and abilities mediate the linkages between HPWS and organisational performance. Likewise, Kehoe and Wright (2013) demonstrated that HPWS positively influence employee outcomes of affective commitment, organisational citizenship behaviour, intent to remain with the

organisation, and absenteeism. Further, measures of employee outcomes include employees' work attitudes and intention to leave (Ang et al., 2013); job performance and extra-role customer service (Karatepe, 2013); employee ability, presence of opportunity practices, perceptions of ability, motivation and opportunity practices (Kroon, Van De Voorde & Timmers (2013). In order to further this stream of research, this study focuses on important individual outcomes of trust in management, trust in supervisor and employee creativity that are construed as unexplored variables in the HPWS-performance relationship, which in turn contribute to firm-level innovation and firm market performance.

#### **2.4 Linkages between HPWS and Firm Performance**

Findings from the HPWS research have demonstrated that the utilisation of HPWS might help enhance the added value of specific HR activities on firm performance and sustainable competitive advantage (Boxall & Macky, 2009; Chang & Chen, 2011). Scholars have therefore provided empirical evidence to support the underlying mechanisms linking HPWS and firm performance (Combs et al., 2006; Jensen et al., 2013; Takeuchi et al., 2007; Tregaskis et al., 2013). Combs et al. (2006), for example, conducted a meta-analysis of 92 studies and found that the reviewed studies have established the linkages between HPWS and performance-related outcomes. Further, Tregaskis et al. (2013) indicated that HPWS relates to subsequent and sustained increases in productivity and safety performance. Additionally, Messersmith and Guthrie (2010) suggest that HPWS utilisation positively influences sales growth and innovation. In a recent study, Patel et al. (2013) demonstrated that HPWS adoption is strongly associated with firm ambidexterity. Although established in the strategic HRM literature, the relationship between HPWS and organisational performance is still far from conclusive, due to a number of reasons, as argued earlier (e.g., lack of conceptual lens, measure inconsistency). To address such concerns, the study draws on and extends the SDT, the AMO theory and the CTC, and collect data of both managerial and employee views of HPWS. It also investigates multilevel intermediate relationships between HPWS and organisational outcomes, and incorporates sub-dimensions of HPWS into an integrated system in order to explore the effects of HPWS on performance-related outcomes. Table 2.4 provides more comprehensive empirical evidence for the aforementioned argument

**TABLE 2.4**

**A Summary of Empirical Studies of HPWS on Organisational Performance**

Author(s)	Theory Used	Indicator(s) of Performance	Mechanism Variable(s)	Sample/Method	Key Findings
Whitener (2001)	Social exchange	Employee commitment	HR practices as a moderator	USA: Credit unions; Questionnaires to HR managers and employees; Response rate: 37%; Hierarchical linear modelling	- Results indicate that HR practices influence the relationship between perceived organisational support and organisational commitment or trust-in-management.
Zacharatos et al. (2005)	Universalistic, contingency and configurational perspectives	Safety performance	Trust in management and perceived safety climate as mediators	Study 1: A final sample of 138 companies; response rate: 9.38%; LISREL VIII; Study 2: 189 front-line employees in 2 firms; response rate: 26.83%;	- Study1: HPWS significantly influenced firm-level safety performance; - Study 2: the link between HPWS and occupational safety was mediated by trust in management

				LISREL VIII.	and occupational safety.
Datta et al. (2005)	Universal approach and contingency theories	Labour productivity	Industry characteristics (capital intensity, growth, and differentiation) as moderators	A sample of 132 organisations providing survey responses; Response rate: 15%; Hierarchical ordinary least squares (OLS)	- The results indicate that industry capital intensity, growth, and differentiation moderate the relationship between HPWS implementation and productivity.
Takeuchi et al. (2007)	Resource-based view; Social exchange perspective	Relative establishment performance	Collective human capital and degree of establishment social exchange as mediators	Japan: 56 different firms; Respondents: managers and employees; Response rate: 46.67%; Hierarchical regression analyses with a path analytic procedure.	- Results demonstrate that the existence of a high level of collective human capital and a high degree of social exchange within a firm is positively associated with overall establishment performance.
Sun et al. (2007)	Relational perspective	Turnover Productivity	Service-oriented organisational citizenship behaviour as a	China: hotels in 12 cities; survey to HR managers and supervisors; 81 HR managers and 405	- HPWS practices are associated with service-oriented OCB and with the performance indicators of turnover and productivity;

			mediator;  Unemployment rate and business strategy as moderators.	supervisors;  Response rate: 86%;  ANOVA; ICC (2).	- Service-oriented OCB is associated with turnover, productivity, and unemployment.
Beltrán-Martín et al. (2008)	Resource-based view	Firm performance	Human resource flexibility as a mediator	Spain: a sample of 226 industrial and service firms with 100 or more employees;  Respondents: Managers;  ANOVA; SEM (EQS 6.1).	- The results demonstrate that HPWS practices are associated with firm performance via its influence on the organisation's HR flexibility.
Takeuchi, Chen, and Lepak (2009)	Social information processing theory;  Organisational climate perspective	Employees' attitudes	Concern for employees' climate as a mediator	Japan: 324 managers and 522 employees in 76 establishments;  Response rate: 47%;  LISREL and OLS regression.	- Establishment-level concern for employee climate fully mediates the linkages between establishment-level HPWS and employee job satisfaction and affective commitment.
Wu and Chaturvedi	Contingency	Employee attitudes	Procedural justice	China (Beijing), Singapore,	- The results show that HPWS is

(2009)	theory	(affective commitment and job satisfaction)	as a mediator; Power distance as a moderator	and Taiwan: a sample of 1,383 employees across 23 firms; 1,383 usable and complete questionnaires gathered; Response rate: 67.5%; Version 6 of the Hierarchical Linear Modelling (Raudenbush, Bryk, & Congdon, 2004).	positively associated with employee attitudes;  - The results also demonstrate that the relationship between HPWS and employee attitudes is mediated by procedural justice.
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Liao et al. (2009)	Motivation theory	Employee service performance	Employee human capital; employee psychological empowerment; and employee perceived organisational support as mediators.	Japan: 94 bank firms; three times of data collection; Respondents: multiple sources entailing 292 managers, 830 employees, and 1,772 customers of 91 bank firms; Response rate: managers	- Findings indicate differences between management and employee perceptions of HPWS;  - Employee perceptions of HPWS are strongly associated with individual service performance via the mediation of employee human capital and perceived organisational support, and are
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				(91%); supervisors (77%); and customers (27%);  Three-level Hierarchical Linear Modelling (Bryk & Raudenbush, 1992).	strongly associated with individual knowledge-intensive service performance via the mediation of employee human capital and psychological empowerment;  - Management perceptions of HPWS are associated with employee human capital and both types of service performance;  - Firm's overall knowledge-intensive service performance is strongly related to customer overall satisfaction with firm's service.
Martin-Tapia et al. (2009)	Resource-based view	Export performance	Environmental uncertainty as a moderator	Spain: 145 exporting firms of food processing sector;  Response rate: 35%;  Hierarchical multiple regression.	- There is a positive relationship between HPWS and export performance, with the impact moderated by environmental uncertainty.

Gittell et al. (2010)	Post-bureaucracy theory	Quality and efficiency outcomes	Relational coordination as a mediator	<p>Methods: administrator interviews, a care provider survey, a patient survey, and patient hospitalisation records;</p> <p>Surveys: responses of 338 out of 666 providers;</p> <p>Response rate: 51%;</p> <p>The Sober test.</p>	- HPWS utilisation is found to predict the strength of relational coordination among doctors, nurses, physical therapists, social workers, and care managers, which in turn contributes to quality and efficiency outcomes for their patients.
Gong et al. (2010)	Collective social exchange	Collective OCB	Collective affective commitment as a mediator	<p>China: 454 firms; survey to middle management group level;</p> <p>LISREL 8.3.</p>	- Link between HPWS and collective OCB via collective AC is supported.
Wei and Lau (2010)	Dynamic capabilities perspective	Firm performance	Adaptive capability as a mediator	<p>China: a sample of 600 firms;</p> <p>Response rate: 100%;</p> <p>Hierarchical regression.</p>	<p>- Adaptive capability partially mediates the relationship between HPWS and organisational performance;</p> <p>- The impact of HPWS on adaptive capability is more</p>

					significant for organisations in an institutional environment with location advantage than organisations in other environments.
Messersmith and Guthrie (2010)	Resource-based view and dynamic capability theories	Organisational performance (sales growth, levels of product, process and innovation)	Turnover as a mediator	US: computer hardware, software, peripherals, and consulting sectors; a final sample of 215 responses;  Response rate: 10.7%;  Ordinary least squares regression.	- The utilisation of HPWS is found to be significantly related to sales growth and innovation;  - Yet turnover is found not to support the effects of HPWS on sales growth.
Messersmith et al. (2011)	Resource-based view	Department performance	OCB, employee attitudes and behaviours, employee organisational commitment, and employee psychological	Wales: 119 service departments in unitary local government authorities;  Survey to both a manager and employees in each department; Response rate: 26.5% for employee survey and 88% for managerial	- Implementation of high-performance work systems is correlated with improved levels of job satisfaction, organisational commitment, and psychological empowerment. Accordingly, these variables are found to be strongly related to improved organisational

			empowerment as mediators.	survey; Mplus 4.21.	citizenship behaviours, which are further associated with a second-order construct measuring department outcomes.
Guthrie, Flood, Liu, MacCurtain, and Armstrong (2011)	Human and social capital perspective	Managerial perceptions of HR departments	Workforce human capital and social capital as mediators	Ireland: 1000 firms listed in 'The Irish Times Top 1000 Companies' database, representing multiple industries of Irish-based operations; of which, 132 completed both surveys; Response rate: 13.2%; one-way ANOVA procedure; OLS regression.	- The results indicate that HPWS implementation is strongly linked with managers' assessments of the strategic value of their companies' HR departments; - Since HPWS adoption is reported in a higher fashion by HR managers, managers sense their HR departments as having more strategic value; - The results also find that employee human capital and social capital mediate this linkage.
Klaas et al. (2012)	Knowledge-	Perceived HR	Strength of	USA: small-business	- Leader perceptions of HR

	creation perspective	effectiveness	leader's HR background and leader/consultant communication patterns as moderators	sector; survey to leader and HR consultant; Response rate: 404 clients, leading to a response rate of 28%; Regression analysis.	effectiveness are strongly associated with HPWS adoption and that this linkage is moderated both by the communication patterns between the small-business leader and the HR consultant assigned to the firm and the small-business leader's HR knowledge.
Braekkan (2012)	Social exchange theory	Psychological contract violations	Relational psychological contracts as a moderator	USA: Service industries; A sample of 239 employees; Response rate: 51%; Multiple regression analysis.	- The findings indicate that HPWS perceptions were negatively associated with perceived psychological contract violations;  - The link between HPWS perceptions and psychological contract violations is moderated by relational contract content.
Aryee et al. (2012)	Empowerment theory	Service performance;	Experienced HPWS,	Ghana: 37 firms within two banks;	- The effects of firm-level HPWS on psychological empowerment

		Firm-level market performance	empowerment climate, and psychological empowerment as mediators;  Service orientation as a moderator	Respondents: Managers, supervisors and employees;  Response rate: 51.6 % of 258 junior-senior customer employee dyads;  Hierarchical regression analysis;  Ordinary least squares regression.	are partially mediated by experienced HPWS and empowerment climate;  - The effects of empowerment climate and experienced HPWS on service performance are partially mediated by psychological empowerment;  - The psychological empowerment-service performance relationship such that the relationship is more significant for those high rather low in service orientation is moderated by service orientation.
Jiang et al. (2012a)	Social exchange theory and equity theory	Administrative and technological innovation	Employee creativity	China: manufacturing and non-manufacturing firms;  A sample of 106 firms and 754 respondents;	- Staffing, reward, job design and teamwork were found to be associated employee creativity while training and performance appraisal were not.

				Response rate: 79.79%;  Structural equation modelling within Lisrel 8.52.	- The linkages between those four HR practices and organisational innovation were fully mediated by employee creativity.
Jensen et al. (2013)	Individual-level perspective	Turnover intentions	Anxiety; and role overload as mediators;  Job control as a moderator.	Wales: 1,592 government workers nested in 87 departments;  Questionnaires to non-managerial staff  Response rate: 26.5%  M-plus software package.	- Results provide support for the proposed hypotheses, which emphasise several consequences when HPWS are utilised with low levels of job control.
Shih, Chiang, and Hsu (2013)	Theory of Reasoned Action (TRA) model	Job performance	Relational psychological contract and work involvement as mediators	Taiwan: 1084 host country nationals in 49 Taiwanese MNCs operating in China; A final sample of 174 supervisors and 1084 HCN employees;  Response rate: 71% for supervisors and 55% for	- HPWS implementation is found to relate to employees' improved work performance from host country nations in multinational corporations.

HCN employees;

Structural equation  
modelling.

Jose-Luis Hervas-Oliver, Wang, and Chen (2013)	Knowledge-based view of the firm	Firms' innovative capabilities	Intellectual capital, organisational and social capital as mediators.	China: different industries and ownerships; A response rate of 63.1%; SEM with Amos 6.0.	- HPWS influences both the incremental and radical innovative capabilities of firms; - The linkages between HPWS and innovative capabilities are mediated by intellectual capital; The link between HPWS and incremental innovative capability is mediated by organisational and social capital; and - The association between between HPWS and radical innovative capability is mediated by social capital.
Patel et al. (2013)	Behavioural	Organisational ambidexterity and	Organisational ambidexterity as a	US: High-technology manufacturing ventures of	- The use of HPWS is strongly consistent with organisational

view

organisational  
growth

mediator

10–250 employees;  
  
Pilot: (a) six active  
researchers in the field of  
management and (b) eight  
CEOs of high-technology  
manufacturing companies  
in a large Midwestern city;  
  
Survey to CEOs (215  
firms);  
  
Response rate: 14,35%;  
  
Post Hoc Test.

ambidexterity, which in turn the  
linkage between HPWS utilisation  
and firm growth is mediated by  
ambidexterity.

Giannikis and  
Nikandrou (2013)

Social exchange  
perspective

Employees’  
attitudes

Psychological  
contract as a  
mediator

Greece: Manufacturing  
firms;  
  
Survey to HR managers  
  
Response rate: 32%  
  
Hierarchical regression  
analysis.

- Findings show that both  
corporate entrepreneurship and  
HPWS have positive effects on  
employee job satisfaction and  
organisational commitment.

Kroon, Van De Voorde, and Timmers (2013)	Resource-poverty and strategic decision-making perspectives	Employee ability; Presence of opportunity practices; Perceptions of ability, motivation and opportunity practices	Direct relationship	The Netherlands: 45 organisations (employing between 6 and 52 employees) and a total of 21 employees; Response rate: 94%; Regression models.	- Smaller but coherent bundles of HPWPs can be found in small organisations and that the implementation of these bundles depends on available resources, strategic decision-making and the combination of the two.
Kehoe and Wright (2013)	Strategic HRM approach	Employees' attitudes and behaviours	Affective commitment as a mediator	Employees at a large multiunit food service organisation; 56 self-contained business units ; 20% or more of the employees in each unit; CWC (M) mediation analysis.	<ul style="list-style-type: none"> <li>- Employees' perceptions of high-performance HR practice adoption at the job group level are significantly associated with all dependent variables;</li> <li>- The link between HR practice perceptions and organisational citizenship behaviour is partially mediated by affective organisational commitment;</li> <li>- The linkage between HR practice perceptions and intent to remain</li> </ul>

					with the organisation is fully mediated by affective organisational commitment.
Hassan, Nawaz, Abbas, and Sajid (2013)	Social exchange perspective and SHRM theory	Employee loyalty and financial outcomes	Employee satisfaction as a mediator	Pakistan: Banking industry; Multiple raters: firm managers, cashiers, tellers, credit officers, trade managers, relationship officers  Response rate: 85.7%;  SPSS 17.	- The results indicate that there is a positive association among all variables;  - The linkage between independent variables and dependent variables is partially mediated by employee satisfaction.
Aryee et al. (2013)	Theory of performance	Service quality	Collective human capital (ability) and aggregated service orientation as mediators	Ghana: 45 firms of the two retail banks; 329 usable questionnaires of junior-senior frontline employee dyads;  Response rate: 55%;  Ordinary least squares (OLS); hierarchical linear	- HPWS utilisation is found to influence collective human capital and aggregated service orientation, which in turn lead to employees' service quality;  - Collective human capital and aggregated service orientation mediate the effects of HPWS on

				modelling (HLM).	employees' service quality.
Karatepe (2013)	Social exchange theory	Job performance and extra-role customer service	Work engagement as a mediator	Romania: a sample of fulltime frontline hotel employees and their managers in the Poiana Brasov region; usable 110 questionnaires obtained ;  Response rate: 89.4%;  LISREL 8.30 using structural equation modelling (SEM).	- The results demonstrate that the effects of HPWPs on job performance and extra-role customer service are fully mediated by work engagement.
Ang, Bartram, McNeil, Leggat, and Stanton (2013)	Social exchange theory	Employees' work attitudes and intention to leave	Engagement; and job satisfaction as mediators	Australia: 193 employees matched to 58 managers in a regional Australian hospital;  Response rate: 13%;  The Sobel test; and	- Only when management's implementation of HPWS is similar to employees' espoused HR practices that HPWS are translated into greater engagement, job satisfaction, affective commitment and less intention to

				unrelated regression analysis.	leave.
Zhang, Zhu, et al. (2013)	Equity, social exchange; and psychological contract theories	Well-being (Job satisfaction)	Employer-employee relationship (economic and social exchange perceptions) as a moderator	China: Hospitals;  A sample of 207 clinicians (medical practitioners and nurses) and administration staff;  Response rate: 41%;  Structural Equation Modelling (SEM).	- The results show that HPWS is associated with work engagement or emotional exhaustion, being contingent on employee perceptions about the employer-employee link;  - The economic exchange perception augments the effects of HPWS on employees' emotional exhaustion, whereas the social exchange perception reduces the impacts of HPWS on employee work engagement.
Carvalho and Chambel (2013)	Job Demands-Control-Support model	Health perceptions/satisfaction with life	Work-to-family enrichment (WFE) as a mediator	Portugal: Banking sector;  Multiple raters: managers, administrators, technicians);  A sample of 1,390	- The findings demonstrate that job demands are negatively correlated with WFE whereas there is a positive link between autonomy and supervisor support;

				employees;  Structural Equation Modelling.	- The findings also show that the linkage between job characteristics and employees' well-being is mediated by WFE.
Mansour, Gara, and Gaha (2014)	Strategic Human Resource Management	Firm performance	Organisational commitment and human capital as mediators	Tunisia: Financial services companies;  Respondents: 351 employees;  Response rate: 57.5%  OLS regression: Multiple regression analysis.	- The finding indicates that there is a significant linkage between HPWS and firm performance via means of human capital and organisational commitment.  - The finding also demonstrates that there is a direct linkage between HPWS and firm performance.
Fan et al. (2014)	Contingency perspective and Social exchange theory	Subjective well-being (SWB); and workplace burnout	Organisation-based self-esteem as a moderator	China: 1488 physicians and nurses in 25 Chinese hospitals;  Response rate: 14,76%;  Structural Equation	- HPWS is found to increase employees' SWB and decrease burnout.  - HPWS is more significantly associated with SWB when there is a collaborative relationship among

				Modelling (SEM).	workers in a firm.
Zhang, Di Fan, and Zhu (2014)	Unitarist theory	Employee outcomes: organisational commitment and organisational citizenship behaviour	HPWS satisfaction as a mediator	China: companies in Jiangsu, Guizhou and Guangxi provinces; 700 respondents; Response rate: 47% Structural equation modelling (SEM).	- HPWS is significantly correlated with HPWS satisfaction and workers' perceptions of CSP;  -The link between HPWS and employees' affective commitment (AC) is fully mediated by HPWS satisfaction;  - HPWS satisfaction, AC and OCB are found to be positively affected by employees' perceived CSP, suggesting firms should place a premium on achieving a reputation as being socially responsible.
Shin (2014)	Strategic choice perspective	Relationships between HPWS utilisation and unions	Differentiation strategy as a moderator	Korea: Human Capital Survey of Korean Companies which was conducted in 2009 by the Korea Research Institute for	- Korean unions are negatively related to the implementation of HPWSs when workers decide to adopt more holistic HPWSs;  - Union's negative impacts even when workers holistically execute

				Vocational Education and Training; 301 firms (firms of more than 100 employees); Moderated multiple regression.	HPWSs are moderated by employers' differentiation strategies.
Bartram, Karimi, Leggat, and Stanton (2014)	Social identity perspective	- Social identification  - Quality of patient care	Social identification as a mediator	Australia: 254 health professionals from a large regional hospital;  Response rate: 31,4%  Structural Equation Modelling (SEM).	- HPWS adoption is strongly associated with social identification;  - The link between HPWS and psychological empowerment is mediated by social identification;  - Psychological empowerment is significantly linked to clinician perceptions of quality of patient care.
Chiang et al. (2014)	Transactive memory system and HR system	New product performance	Transactive memory system as a mediator	Taiwan: 336 new product development engineers of 73 new product	- The association between the high commitment work system utilised with workers in new product

	theories			development teams in 73 firms; Response rate: 16%; Partial least square technique	development teams and new product performance is mediated by transactive memory system.
Stirpe et al. (2014)	A universal approach and a contingency approach	Labour productivity	Contingent employment as a moderator	UK: all sectors of the UK economy; a final sample of 229 firms; Response rate: 40,18%; OLS regressions.	- The contingency perspective is supported by the results that the percentage of contingent employees in the firm is positively associated with the level of HPWS influence on labour productivity.
García-Chas, Neira- Fontela, and Castro- Casal (2014)	Social exchange and self- determination perspectives	Intention to leave	Job satisfaction; procedural justice; and intrinsic motivation as mediators	Spain: 155 engineers of a variety of economic sectors and firms of engineering; Response rate: 7,6% (19/250 firms participating in the survey);	- HPWS is strongly related to job satisfaction, procedural justice and intrinsic motivation.  - The linkage between HPWS and engineers' intention to leave is mediated by only job satisfaction, whereas the association between HPWS and job satisfaction is

				EQS 6.1 computer programme.	mediated by procedural justice and intrinsic motivation.
Shen, Benson, and Huang (2014)	Resource-based view	In-role performance Extra-role performance	Quality of working life (QWL) as a mediator	China: teachers in the Guangdong province; A sample of 1,051 teachers; Response rate: 95 %; Hierarchical linear modelling HLM7.	- The results demonstrated that HPWS directly and indirectly relate to teachers' in-role performance and extrarole behaviour via the mediating role of QWL.
Rabl et al. (2014)	National culture perspective; Institutional perspective.	Business performance	Cultural tightness–looseness as a moderator	A meta-analysis: a sample of 156 HPWS–business performance effect sizes from 35,767 firms and establishments in 29 countries.	- The results showed that the mean HPWS–business performance effect size was positive overall (corrected $r = .28$ ) and positive in each country, regardless of its national culture or degree of institutional flexibility.
Jiang, Chuang, and Chiao (2014)	Social information processing and	Financial performance	Service performance as a mediator	China: footwear industry; A sample of 569 employees and 142 managers in	- The findings demonstrated that all the proposed hypotheses were supported. For example, the relationship between collective

social learning theories.

footwear retail stores;  
 Response rates: 84 and 85%, respectively (two times);  
 Structural equation modelling (LISREL 8.72).

customer knowledge and service climate, and financial performance was mediated by service performance.

Zhang and Morris (2014)	Ability, motivation and opportunity theory	Employee outcomes and firm performance	Employee outcomes as a mediator	China: 168 usable questionnaires; single respondents (HRM directors/managers or senior managers); Response rate: 20.49%.	- HPWS utilisation and employee performance are significantly related to organisational outcomes, and the link between HPWS and firm outcomes are strongly mediated by employee performance.
Demirbag et al. (2014)	Institutional theory	Employee and subsidiary level outcomes	Direct relationship	Turkey: 148 MNE subsidiaries; 148 usable questionnaires ; Response rate : 29,6% ANOVA tests, a traditional regression-based approach.	- HPWS adoption is positively associated with employee effectiveness. Yet, their influence on employee skills and development, and organisational financial performance are far less clear.

Michaelis, Wagner, and Schweizer (2014)	Knowledge-based view	Workforce productivity	Knowledge exchange and combination as a mediator	Germany: junior enterprises; Respondents: presidents via an online survey link; A final of 68 responses; Response rate: 72%; SPSS macro.	- The linkage between HPWS and workforce productivity is mediated by knowledge exchange and combination only when knowledge management is effective at medium and high levels except low levels.
Van De Voorde and Beijer (2015)	HRM-specific attribution theory; Social exchange theory	Employee outcomes (commitment and job strain)	HR attributions (HR well-being attribution and HR performance attribution) as a mediator	Netherlands: financial services, health care, education, government and manufacturing; A sample of 1,065 employees nested within 150 work units; Response rate: 24%; MlwiN v2.02.	- Enacted HPWS positively related to the two HR attributions; - HR well-being attributions influenced higher levels of commitment and lower levels of job strain; - HR performance attributions were linked to higher levels of job strain.
Fu et al. (2015)	AMO	Innovation	Innovative work behaviours as a	Ireland: professional	- The findings suggest that the linkage between HPWS and firm

	framework	performance	mediator	service firms;	performance is mediated by employees' innovative work behaviours.
				<p>A sample of 195 managing partners, HR managers in 120 firms;</p> <p>Response rate: 36,59%;</p> <p>Hierarchical linear modelling (HLM).</p>	
Chang (2015)	<p>Strategic HRM theory;</p> <p>Human capital theory;</p> <p>Social capital theory.</p>	Organisational ambidexterity	<p>Human capital as a mediator;</p> <p>Firm-level social climate as a moderator.</p>	<p>Taiwan: banking firms;</p> <p>A sample of 808 firms in 58 firms, with responses from a total of 536 managers (35.9 % response rate) and 2,887 employees (72.1 % response rate);</p> <p>Hierarchical linear modelling (HLM).</p>	<p>- HPWS positively influenced unit-level employee human capital;</p> <p>partially mediated the relationship between HPWS ambidexterity was partially mediated by unit-level employee human capital;</p> <p>- Firm-level social climate moderated the effect of HPWS on organisational ambidexterity via unit-level employee human capital.</p>
Huang et al. (2016)	Planned	Job involvement	Employee well-	Taiwan: 50 firms in the	The linkage between HPWS and

	behaviour theory; Positive psychology theory		being as a mediator	three industrial categories of manufacturing, finance, and service;  Data obtained from 451 employees and 50 HR managers/professionals;  Response rate: 94%;  HLM (Raudenbush and Bryk, 2002).	job involvement is mediated by employee well-being.
Elorza et al. (2016)	Social exchange theory;  Communication theory	Discretionary behaviour	Employee HPWS as a mediator;  Management HPWS as a moderator	North Spain: two samples;  Sample 1: 51 managers and 1,023 employees from 26 manufacturing companies;  Sample 2: 52 managers and 6,382 employees from 42 manufacturing companies;  Multilevel SEM (Muthén, 1994)	- Employee perceptions of the HPWS more strongly predict employees' discretionary behaviour than management rated HPWS.  - Employees' perceptions of the same HPWS, but working in different organisational contexts demonstrate different levels of discretionary behaviour.

Hefferman and Dundon (2016)	Signalling theory; AMO framework	Job satisfaction; affective commitment; work pressure	Organisational justice as a mediation	Ireland: 187 employees from 3 firms; AMOS 18.0	The relationship between HPWS and job satisfaction, affective commitment and work pressure is in turn mediated by distributive justice, procedural justice and interactional justice.
Flinchbaugh et al. (2016)	Social cognitive theory	Team service performance	Knowledge sharing as a mediator; perspective taking as a moderator	USA: a sample of 397 employees in 25 work teams from 5 service companies; A response rate of 100 %; MSEM with Mplus.	The link between HIWP practices and service climate is mediated by employee knowledge sharing;  The mediating efficacy of knowledge sharing on the linkage between HIWP practices and service climate is moderated by perspective taking.
Chowhan (2016)	Resource-based theory	Firm performance	Innovation as a mediator; strategic activities as a moderator	Canada: (WES) 2003–2006 from Statistics Canada; A usable sample of 3,154 respondents; A response rate of ranging	The temporal pathway from skill-enhancing practices to innovation to organisational performance is positive and significant even after controlling for reverse causality;  Strategic activity is found to be a

from 75 to 83%;

significant moderator.

Generalized least squares  
(GLS) (Greene, 2003).

It can be clearly seen from Table 2.4 that although the HPWS – performance relationship has been robustly established, there exist gaps and limitations from such reviewed studies. First, with respect to the transmission pathways underlying such a relationship, new mediators and boundary conditions have been investigated by recent scholars such as firm social climate (Chang, 2015); quality of working life (Shen, Benson, & Huang, 2014); transactive memory system (Chiang et al., 2014); and task-related resources and demands (Van De Voorde, Veld & Van Veldhoven, 2016). However, few studies have explored climate for initiative, climate for psychological safety, environmental uncertainty, trust in management, trust in supervisor and creativity as underlying mechanisms linking HPWS practices and firm performance. I therefore reason that that these variables remain ‘a black box’ in the relationship between HPWS and firm performance that need to be further empirically investigated. The reason behind this underlying assumption is that these variables are said to help relate organisational factors to desired outcomes (see Hong, Liao, Hu, & Jiang, 2013; Jiang et al., 2014), especially employee attitudes and behaviours. By positioning these crucial mechanisms underlying the efficacy of HPWS on firm performance (Quantitative Study), the study responds to the scholarly criticism that the insights into the effects of HPWS practices on employee performance remain modest (Aryee et al., 2012); the mechanism underlying this link has not been answered (Sun et al., 2007); some researchers are only concerned with particular facets of this finding (Chang & Chen, 2011) (i.e., researchers did not manage to reveal that HR practices lead to better performance (Razouk, 2011).

More importantly, relatively little is known about the cross-level effects of individual-level mediators on firm-level performance indicators (see also Flinchbaugh et al., 2016). Only a few studies have explored the cross-level influence of individual-level mediators on firm-level performance. For example, Flinchbaugh et al. (2016) test and find the positive link between HIWSs and team service climate mediated by employee knowledge sharing. Relatedly, scholars suggest that there is a need to examine these relationships on multi-level research design (Chang & Chen, 2011; Liao et al., 2009; Takeuchi et al., 2009). Following this logic, the current study positions HPWS perception and employee creativity as individual-level mediators to channelise the relationship between HPWS and firm performance outcomes.

In terms of theoretical adoption, Table 2.4 demonstrates that researchers have adopted different theoretical lenses to explain the transmission mechanisms linking HPWS practices to firm performance. For example, Hefferman and Dundon (2016) examine employee well-being from two theoretical lenses – signalling theory and the ability-motivation-opportunity framework to investigate how HR practices influence employee well-being. Chowhan (2016) utilizes the resource-based view to explain the linkages between strategy, HR practices, innovation and firm

performance outcomes, among others. However, scholars seem to have ignored multiple theoretical perspectives of some potential theories (i.e., self-determination theory, componential theory of creativity). The study therefore advances the theoretical logic by extending self-determination theory and componential theory of creativity as firm-level perspectives to channelise the underlying mechanisms linking HPWS to firm performance. Taken together, this study continues to advance this stream of research by examining new and cross-level individual mediators and extended theories, with its focus on both qualitative and quantitative data to gain insights into the efficacy of HPWS implementation on firm performance via Vietnamese managers' perceptions (in-depth interviews), and then being validated by more objective ratings and evaluation of both employees and managers through the means of survey.

## **2.5 Conclusion**

In this chapter, I provided an overview of HPWS, and the literature linking HPWS and performance-related outcomes. Four key issues – terminology of HPWS, conceptualisation, HPWS practices and its performance indicators were reviewed and discussed. I also detailed the underlying mechanisms through which HPWS influences firm performance because they helped me to identify the gaps in the existing literature, thereby allowing me to address such knowledge gaps.

In the next chapter, I first present the operational model that will be tested in the quantitative phase. I then discuss the theoretical perspectives that underpin the underlying processes through which HPWS influences firm performance. The theoretical grounding subsequently constitutes the hypotheses that are tested by empirical evidence.

## **CHAPTER 3: CONCEPTUAL MODEL, THEORETICAL PERSPECTIVES AND HYPOTHESIS DEVELOPMENT FOR PHASE 2**

### **3.1 Introduction**

The primary focus of this chapter is to link the conceptual model, the theoretical perspectives and the relevant literatures to constitute the hypotheses that will be tested in the quantitative phase. As such, the chapter first conceptualizes the hypothesized multilevel research model. The three theories underpinning the mechanisms underlying the efficacy of HPWS practices on firm performance in the current study – the self-determination theory, Ability – Motivation – Opportunity theory, and componential theory of creativity are then discussed. Finally, the relevant literatures are synthesised to develop the hypotheses.

### **3.2 Conceptual Model**

In this section, the study maps out the development of the overall research model (shown in Figure 1). As mentioned earlier, this research examines the mechanisms through which HPWSs influence the performance of Vietnamese service organisations. As such, the model focuses on the key conceptual constructs, identifying the causal relationships that grow from each measure and noting the predicted association between each measure. To this end, this model covers not only individual and firm levels, but also the cross-level of analysis.

At the firm level, it begins with the key construct of HPWS execution because it is closely associated with firm market performance. In particular, it deals with how HPWS impacts collective human capital resource, climate for initiative and climate for psychological safety which in turn has a positive effect on firm-level innovation. It then explores how firm-level innovation relates to firm market performance, including consideration of a potential boundary condition - environmental uncertainty.

At the individual level, the research model commences with HPWS perception as it links with employee creativity. Specifically, it investigates the influence of experienced HPWS on employee perceptions of trust in management and trust in supervisor. It ends with the relationship between employee perceptions of trust in management and trust in supervisor and employee creativity, including consideration of a potential moderator, i.e., psychological empowerment.

The model also proposes for the cross-level analysis to further explore the mechanisms through which HPWS influences performance. As such, it starts with the examination of HPWS execution due to its direct effect on experienced HPWS. It then indicates how the relationship

between HPWS execution and trust in management, trust in supervisor is mediated by HPWS perception. The model next investigates how employee creativity acts as a mediator linking trusts in management and supervisor, and firm-level innovation. The model closes with the linkage between employee creativity and firm market performance that is mediated by firm-level innovation. Figure 2.1 displays the conceptual model.

**FIGURE 3.1**

**Hypothesized Model**

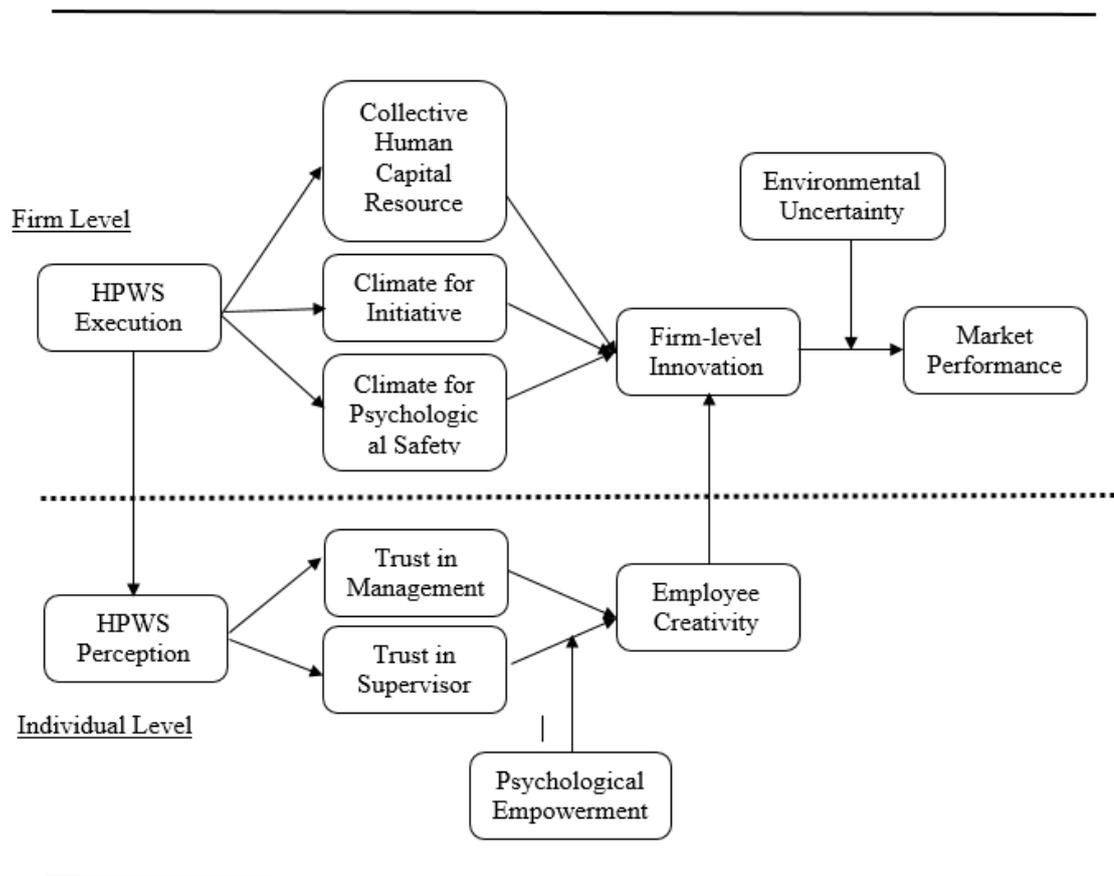


Figure 3.1 is divided into firm-level, individual-level and cross-level hypothesized models as depicted in Figures: 3.1.A1; 3.1.A2; 3.1.A3 below in order to signal how the proposed hypotheses will be tested and how the relevant theories are adopted to explain such hypotheses.

FIGURE 3.1.A1 - Firm-level Hypothesized Model

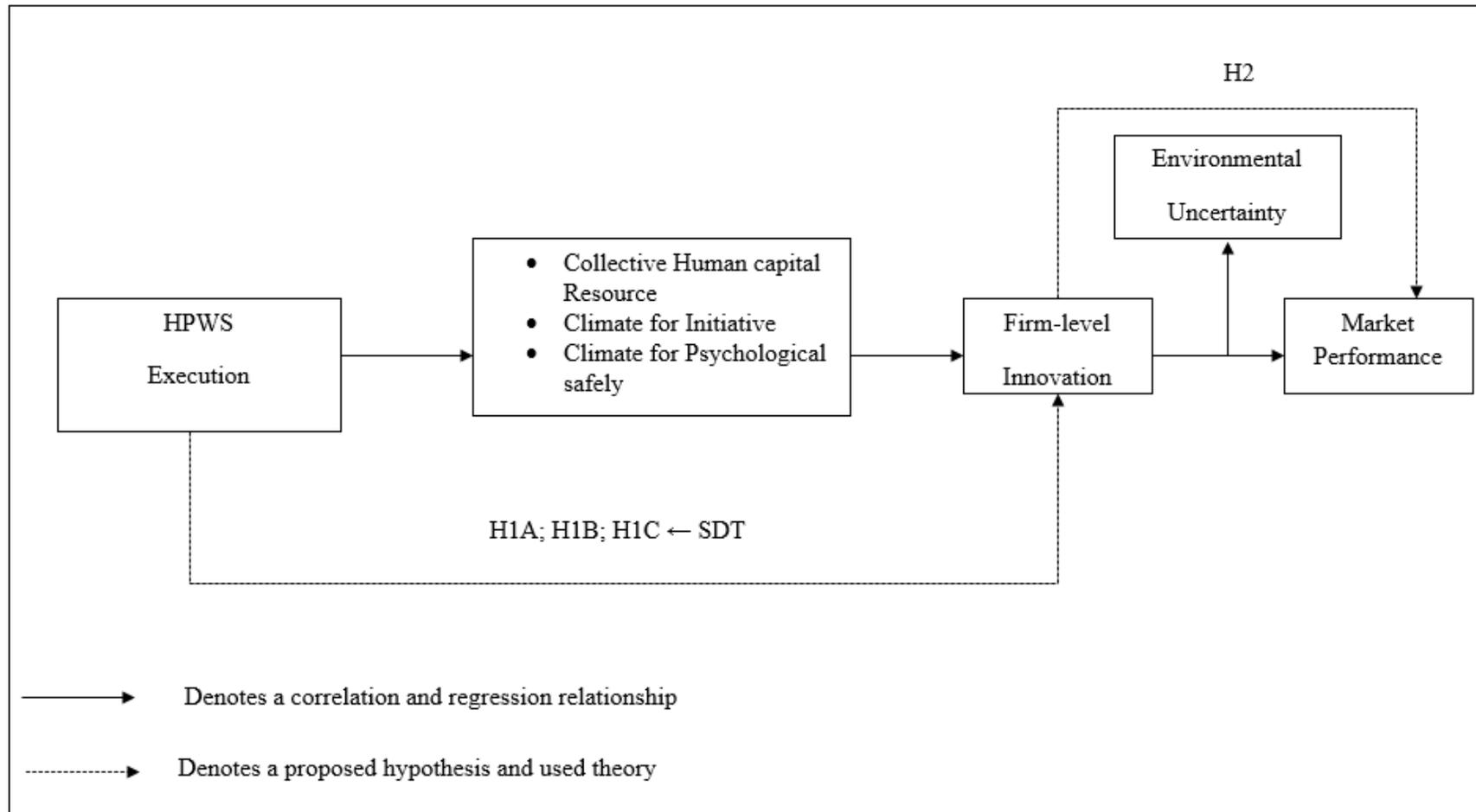


FIGURE 3.1.A2 – Individual-level Hypothesized Model

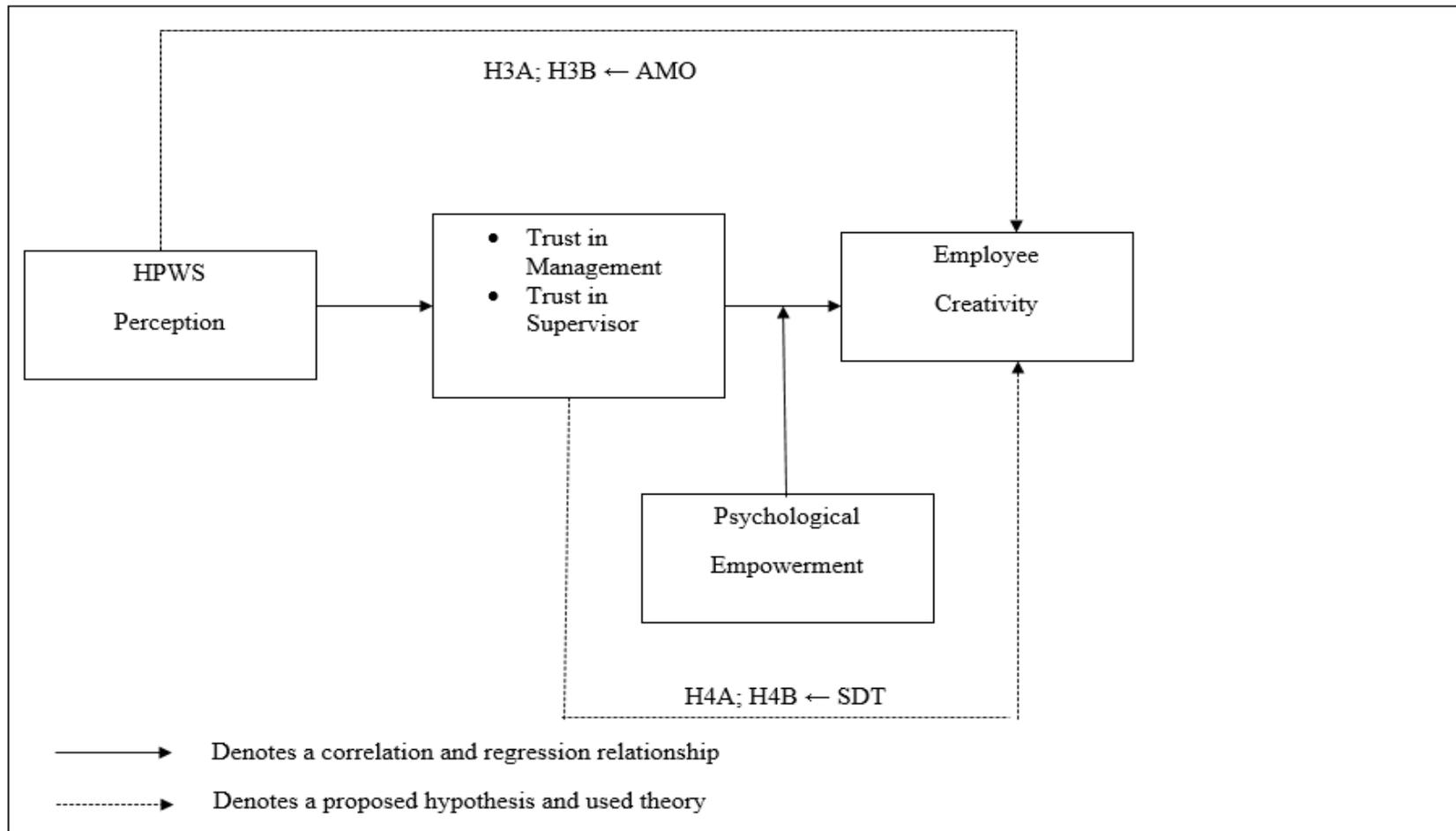
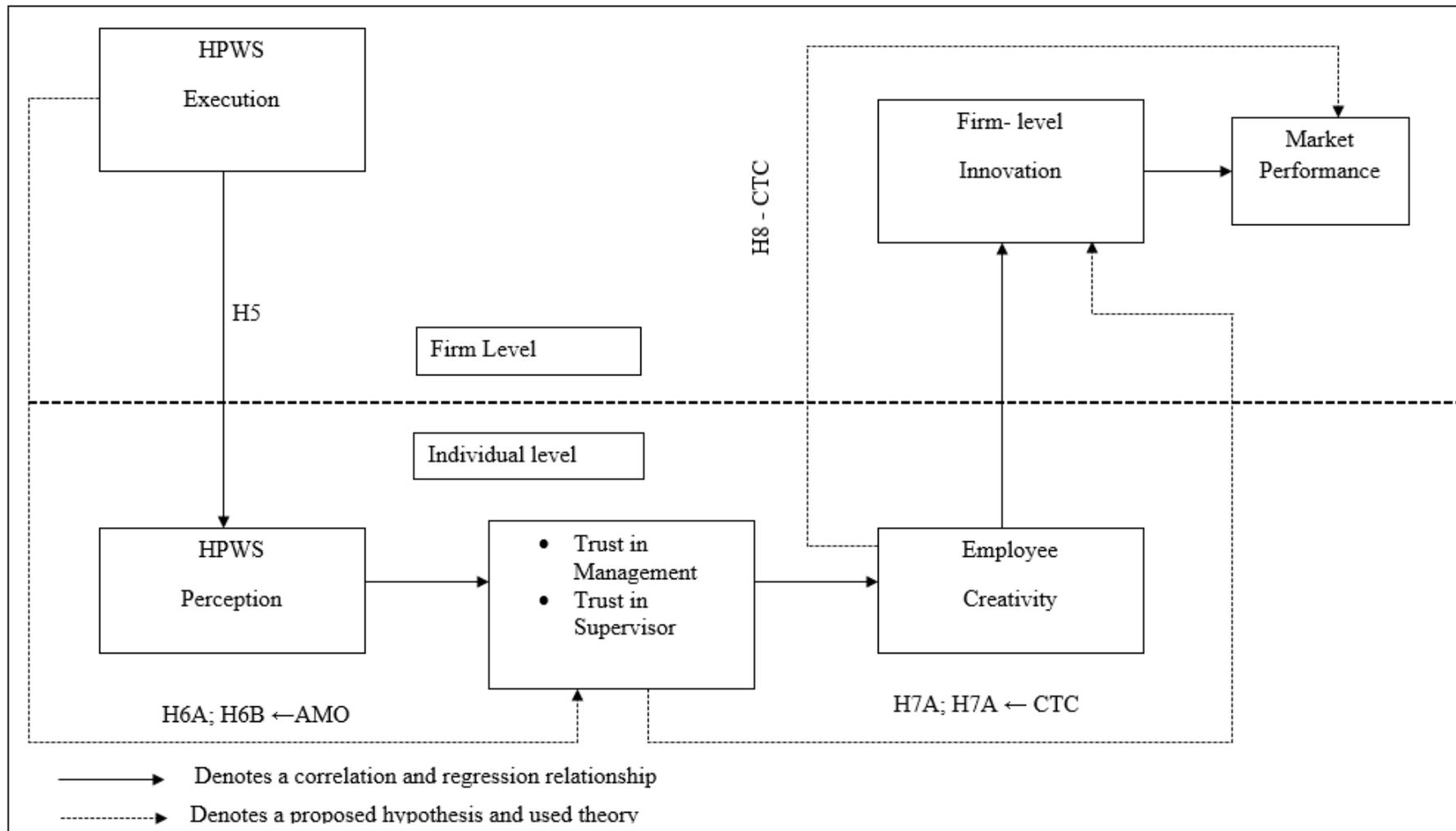


FIGURE 3.1.A3 - Cross-level Hypothesized Model



### **3.3 Theoretical Perspectives**

In this study, I use the three theoretical perspectives, namely, self-determination theory (SDT), ability – motivation – opportunity theory (AMO), and componential theory of creativity (CTC) to underpin the linkages between HPWS and the performance of Vietnamese service firms depicted in Figure 3.1. The rationale for adopting such multi-theories is that the conceptual model involves different mechanisms underlying the HPWS – performance relationship, and thus these mechanisms need to be explained by multi-theoretical lenses to fully understand such a relationship. The details of such theories are in turn discussed below.

#### **3.3.1 *Self-determination Theory***

Central to the SDT is that of human development orientation and pursuit of opportunities to activate their fullest potential (Roche & Haar, 2013a) to contribute to organisational innovation and success. It therefore provides a basis for grasping the link between workers' perceptions of their work environment and subsequent outcomes (Gagné & Deci, 2005; García-Chas et al., 2014). Theorists state that the focus of SDT is on human basic psychological needs and motivation (Hennessey, 2000; Miniotaitė & Bučiūnienė, 2013). As such, scholars have highlighted the importance of three psychological needs: competence, autonomy and relatedness (Deci & Ryan, 2002; Deci & Ryan, 2008; García-Chas et al., 2014) because they act as a foundation for classifying aspects of the environment as supportive or unsupportive to essential human needs (Deci & Ryan, 2002) and for the conditions facilitating positive processes (Ryan & Deci, 2000). In this vein, if people's psychological needs for autonomy (psychological freedom), competence (enhancement of employees' skills and abilities) and relatedness (meaningful connections with others) are satisfied, their well-being is fulfilled (Roche & Haar, 2013a; Ryan & Deci, 2000).

Following this logic, the SDT is extended in that individual psychological needs and motivation can be enhanced and cultivated through HR practices. If properly designed and implemented, HR activities are likely to create a supportive work environment that is beneficial for increasing employees' perceptions of climates for initiative and psychological safety, competence, autonomy and relatedness. Perceptions of such favourable climates will allow employees to become more intrinsically motivated to perform their work demands, and at the same time to have the opportunity to innovate and contribute. In other words, if a supportive work environment can contribute to the satisfaction of these needs, employees' psychological life and motivation will be enriched. Within the workplace, once employees feel psychologically safe and creatively enhanced, they are likely to be intrinsically motivated to experiment new ideas, and come up with new ways of resolving problems. By this logic, it is argued that if employees are psychologically satisfied,

they tend to have a higher level of climates for initiative and psychological safety. These climates subsequently act as drivers of employee creativity and thus are treated as a bridge connecting HPWS with employee creativity.

As a mature theory, the SDT has become the fundamental theoretical foundation for different fields of research such as educational settings (Niemic & Ryan, 2009; Noels, Pelletier, Clément, & Vallerand, 2000), and psychology (La Guardia, Ryan, Couchman, & Deci, 2000; Ryan & Deci, 2008). For example, based on the SDT and cultural descriptions, Chirkov, Ryan, Kim, and Kaplan (2003) hypothesized and found that there are links between autonomy and well-being across cultures and gender. Furthermore, Vansteenkiste, Lens, and Deci (2006) explored intrinsic versus extrinsic goal contents, based on the SDT's concept of basic psychological needs for autonomy, competence, and relatedness. Despite its recognised role in the aforementioned fields, the SDT seems to be absent from the strategic HRM literature. Only one exception is the work by García-Chas et al. (2014) who adopted the SDT to underpin the relationship between HPWS and intention to leave. This study therefore departs from this literature by linking HPWS, collective human capital resource, climate for initiative and climate for psychological safety and firm-level innovation; trust, psychological empowerment and employee creativity via the lens of the SDT.

The SDT is appropriate as a powerful theory that helps to channelise the linkages between HPWS and organisational performance for a number of reasons. First, one of the most obvious functions of HPWS is that of developing a human capital pool that is competent, knowledgeable and motivated. Once employees possess such inputs, they are likely to become more competent to perform their work demands. In this respect, one aspect of the SDT, the need for competence, acts as a channel to relate HPWS practices (e.g., training, information sharing and teamworking) to firms' human capital resource and innovation. Second, work climate is a central ingredient that underlies the HPWS and creativity and innovation relationship. HPWS practices (e.g., job design, information sharing, teamworking) can help develop such a supportive work environment that is conducive for employees' perceptions of climate for initiative and climate for psychological safety. Once employees feel creatively enhanced and psychologically safe, their needs for autonomy, competence and relatedness are more likely to be accordingly satisfied. As such, the HPWS and innovation linkage is discussed in terms of the SDT's notion of psychological needs for autonomy and relatedness. Lastly, the SDT allows the researcher to extend this framework in that basic psychological needs for competence, autonomy and relatedness can be closely interacted with human capital, psychological safety and initiative climates in order to become an important source of creativity and innovation. HPWS practices are therefore a central ingredient in developing a human capital pool and supportive work environment that enhances employees' perceived climates

for initiative and psychological safety, and satisfies their needs for autonomy, competence and relatedness.

On the basis of the aforementioned arguments, I hold that the SDT is one of the key theoretical perspectives in mediating the HPWS and performance linkages as depicted in Figure 1. HPWS, when integrated as a coherent bundle or system, can “improve knowledge, skills and abilities of a firm’s current and potential employees, increase their motivation, reduce shirking and enhance retention of quality employees” (Huselid, 1995: 635). Also of note is that the utilisation of HPWS can increase employees’ perceptions of organisational climate, a supportive work environment that shapes employees’ behaviours and attitudes towards their job performance (Shen et al., 2014). The highly skilled human capital pool and supportive work environment is more likely to satisfy employees’ psychological needs for competence, autonomy and relatedness, which in turn increase their intrinsic motivation to innovate and contribute. It is therefore argued that research should investigate how the use of HPWS influence human capital, organisational climate (e.g., climate for initiative, climate for psychological safety), which consequently lead to organisational performance (see also Jiang et al., 2014 for the importance of human capital, organisational climate to firm outcomes). Following this logic, I incorporate HPWS literature, self-determination theory and relevant literatures to underpin the HPWS and innovation links as shown in Figure 3.1.

### **3.3.2 Ability (A)-Motivation (M)-Opportunity (O) Theory**

It is widely acknowledged that the AMO theory is becoming more increasingly popular in the strategic HRM sphere. Its popularity is especially highlighted by Paauwe & Boselie (2005: 69) that the AMO theory is ‘the only one applied in more than half of all articles published after 2000’ in the strategic HRM field. Why is this framework so popular in the strategic HRM field? The answer lies in the fact that HPWS is argued to, more or less, parallel some of the key HRM practices commonly associated with the AMO theory (Paauwe, 2009: 136). Also of interest is that the heart of the AMO framework speaks to the positive impact of HRM practices on employees (Ehrnrooth & Bjorkman, 2012). This notion is well aligned with recent research trends that focus on the efficacy of HRM practices on individual performance (e.g., Jensen et al., 2013; Jiang, Lepak et al., 2012b). Accordingly, strategic HRM scholars have extensively made use of this framework to underpin the mechanisms through which HRM practices influence performance outcomes (e.g., Bos-Nehles et al., 2013; Ehrnrooth & Bjorkman, 2012; Fu et al., 2015). For example, with a sample of 174 line managers and 1,056 of their followers in two firms, Bos-Nehles et al. (2013) used the AMO framework to propose that line managers would rely on their ability to implement HRM practices, and that their motivation and the opportunity provided would improve this effect.

Additionally, relying on the AMO theory, Fu et al. (2015) postulated and found that the nexus between HPWS and two types of professional service firms is mediated by employees' innovative work behaviours. Despite its popularity and empirical establishment, my literature review reflects that relatively little is known about this theory in channelizing the relationship between HPWS practices and trusts in management and supervisor and employee creativity. The current study therefore addresses this knowledge gap by positioning the AMO framework as an appropriate theory to unfold the mediating role of trusts in management and supervisor, and creativity on the HPWS – individual performance relationship.

The underlying assumption of the AMO theory (Appelbaum et al., 2000) is that of its focus on an employee-based model that relates employees' ability-motivation-opportunity when executing HRM practices to performance-related outcomes. Specifically, individuals are said to show their discretionary effort in fulfilling their job demands characterized by effective implementation of HRM practices with a view to helping an organisation to experience higher firm performance (Appelbaum et al., 2000). As such, individuals need to (1) acquire the necessary skills and knowledge to accomplish their job duties; (2) get motivated to do their jobs at their fullest potential; and (3) have the opportunity to capitalize on their abilities to perform and contribute (see also Appelbaum et al., 2000; Bos-Nehles et al., 2013). In order to achieve this goal, HRM practices need to improve 'performance behaviour, for example, through training to increase ability, through pay to increase motivation and through communication and involvement to provide opportunities to enact ability and motivation' (Hyde, Harris, Boaden, & Cortvriend, 2009: 704).

With respect to the role of the AMO theory in HRM practices, scholars have provided strong support for this relationship (see Bos-Nehles et al., 2013; Fu et al., 2015; Paauwe, 2009). It is for this reason that the AMO framework steers the selection of HRM practices to be adopted and implemented (Bos-Nehles et al., 2013). On the basis of the AMO framework, scholars purpose that HRM 'contributes to improvements in employee performance through three interrelated mechanisms: a) by developing employee skills and abilities (ability to perform), b) by increasing employee motivation to put in additional effort (motivation to perform), and c) by providing employees with the opportunity to make full use of their knowledge, skills and abilities in their job (opportunity to perform)' (Hyde et al., 2009: 703). Likewise, scholars highlight that HR practices are expected to 'influence business performance via the workforce's ability (e.g., using selective hiring, training), motivation (e.g., using pay for performance), and opportunity to contribute (e.g., using teams, suggestion systems)' (Gerhart, 2005: 175). Importantly, according to the AMO theory, HRM practices enhance 'job satisfaction, commitment and trust, and it reduces stress levels which, in turn and in combination, positively affect organisational performance' (Van De Voorde, Paauwe,

& Van Veldhoven, 2012: 392). In a nutshell, the AMO theory is argued to be potentially adopted to channelise the HPWS-organisational performance relationship (see Fu et al., 2015). Following this reasoning, I argue that there is a close link between the AMO theory and HRM practices in that the HRM process is construed as ‘the generic process qualities of HRM practices (i.e. HRM content) that impact on employee and organisational performance through their influence on employees’ understanding of performance expectations and on their ability, opportunity, and motivation to comply with these expectations’ (Ehrnrooth & Bjorkman, 2012: 1110). I therefore position the AMO theory as an important channel that underpins the influence of HPWS practices on employee performance and subsequent firm performance. As depicted in Figure 3.1, I examine the relationship between HPWS execution and trusts in management and supervisor channelised by HPWS perception; the HPWS perception and employee creativity linkage intervened by trusts in management and supervisor, and the trusts in management and supervisor, and employee creativity moderated by psychological empowerment, underpinned by the AMO theory.

### **3.3.3 Componential Theory of Creativity**

One of the most effective starting points for research on creativity is the experience of people who are generally accepted for their creative work (Amabile, 1985). This is because creativity has become valued across a wide range of tasks, jobs, and businesses (Shalley & Gilson, 2004), and remains a central consideration for employment and employment development in the 21<sup>st</sup> century (Waight, 2005). In today’s turbulent work environment, managers come to recognize that to sustain competitiveness, it is imperative for their workers to engage in their work and endeavour to create new and suitable products (Shalley & Gilson, 2004). To accomplish this goal, a certain level of creativity is needed in almost any kind of job (Shalley & Gilson, 2004; Shalley, Gilson, & Blum, 2000; Unsworth, 2001; Waight, 2005). Following this trend, creativity – the generation of novel and useful ideas (Amabile, 1996; Oldham & Cummings, 1996; Scott & Bruce, 1994; Zhou, 1998) has been the topic of interest both within psychologists and in business scholars (Amabile & Amabile, 1983; Amabile, 1983, 1985, 1996; Amabile et al., 1996; Amabile, Hennessey, & Grossman, 1986; Cummings, Hinton, & Gobdel, 1975; Ford, 1996; Mumford & Gustafson, 1988; Zhou, 1998).

However, the extant literature highlights that the definition of creativity has been long inconsistent among researchers, variously terming it in relation to the creative process, the creative person, and the creative process (Amabile, 1983). In this regard, Amabile (1983) suggests that the criterion issue should be initially taken into account before discussing the psychology of creativity. In reviewing the creativity literature, Mumford and Gustafson (1988) found that the majority of researchers adopt criterion measures drawn from one of three fundamental groups: (1) over

production criteria; (2) professional recognition criteria; and (3) social recognition criteria. On the basis of her research, Amabile (1983) conceptualizes creativity by developing a componential framework which encompasses domain-relevant skills, creativity-relevant skills, and task motivation as a set of essential and adequate elements of creativity. More than two decades later, Amabile (2012) advances this framework by introducing the componential theory of creativity. Creativity is therefore defined as “the production of a novel and appropriate response, product, or solution to an open-ended task” (Amabile, 2012: 2). It is noteworthy that a response or product is creative to the extent that it is seen as creative by people familiar with the domain in which it was produced (Amabile, 2012: 2).

There is no doubt that the CTC is a particularly important and relevant theoretical lens that underpins the social and psychological components necessary for an individual to generate creative work (see also Amabile, 2012). More specifically, the componential theory of creativity is deemed as “a useful heuristic device to theorise on the relationship between HR practices and innovation” (Beugelsdijk, 2008: 823). Also of interest is that the theory was “expanded to describe the process of organisational innovation; this expansion was based on a definition of innovation as the successful implementation of creative ideas within an organisation” (Amabile, 2012: 6). By this logic, the componential theory becomes truly multi-level, involving creativity in single individuals and whole firms (Amabile, 2012). Taken together, this study adopts the CTC as a multi-level model that underpins the relationship between employee creativity and market performance channelised by firm-level innovation.

#### ***3.3.4 Rationale for adopting these theories***

Within the strategic HRM literature, researchers have adopted a variety of perspectives to examine the associations between HPWS and organisational performance. The adoption of these theories has varied from the resource-based view of the firm (Huselid, 1995; Lepak & Snell, 1999; Martín-Tapia et al., 2009); relational perspective (Sun et al., 2007); human capital and social exchange (Chang & Chen, 2011); and social exchange (Takeuchi et al., 2007); social capital (Thompson, 2005); collective social exchange theory (Gong et al., 2010); empowerment theory (Aryee et al., 2012); knowledge-creation theory (Klaas et al., 2012); and resource-based view and dynamic capability (Messersmith & Guthrie, 2010). These theories are claimed to highlight the effects of HR systems on not only organisational level but also individual level performance (Chang & Chen, 2011; Liao et al., 2009; Sun et al., 2007; Takeuchi et al., 2007). Although we have witnessed theoretical advancements, the HPWS-performance link is still criticized for its lack of theory (Beugelsdijk, 2008; Michaelis et al., 2014). Therefore, there remains a ‘black box’ in the utilisation of these perspectives in the field, and the effectiveness is still in its fancy. In this regard,

researchers need to identify new and more advanced theoretical frameworks to properly underpin the linkages between HPWS and organisational performance.

Following this logic, I draw on the SDT, the AMO theory and the CTC to examine the linkages between HPWS and the performance of Vietnamese service organisations. In doing so, this study adds new theories to the SHRM literature, and suggests that this field still has the potential to extend and explore new theories to account for the HPWS-performance relationships. This study deviates from the existing literature in that it extends sub-aspects of the SDT to mediate the mechanisms underlying the efficacy of HPWS on innovation via the means of collective human capital resource, and initiative and psychological safety climates. The AMO theory is also extended to emphasize the importance of AMO factors that drive employee trust in management and supervisor. The CTC can further help confirm the notion that employee creativity is an antecedent of firm innovation and the CTC is a truly multi-level model. More importantly, given the hypothesized model is multilevel in nature, the combination of such theoretical frameworks makes sense in this research. By complementing one another, the theories help provide insights into different mechanisms through which HPWS impact organisational performance. As such, this study sheds new light in the strategic HRM, and provides a robust foundation for future research in this field.

I also propose that the insights of these perspectives can enable managers and practitioners to build their organisational capability and competitiveness via higher levels of employee human capital, climate for initiative, climate for psychological safety, trust in management, trust in supervisor, psychological empowerment and creativity. Put another way, this integration may provide insightful points for practitioner behaviour that actually results in superior performance by others (Gardner & Schermerhorn, 2004). It is important to note that because of the complexity of the multi-level model with independent variables, mediators, dependent variables and outcomes, the multiple-theories approach is therefore expected to yield a robust grounding for addressing this issue.

### **3.4 Hypotheses Development**

#### **3.4.1 Introduction**

The research model (depicted Figure 3.1) is multilevel in nature, encompassing variables at three levels of analysis: firm level of analysis (i.e., collective human capital resource, climate for initiative, climate for psychological safety and firm-level innovation); individual level (e.g., trust in management, trust in supervisor, psychological empowerment and employee creativity); and cross level (i.e., HPWS execution, HPWS perception, employee creativity and firm-level innovation).

The rationale for choosing firm-level HPWS as a unit of analysis is two-fold. The most salient reason is that the role that the manager may play in developing a high-performance work environment that will result in superior performance is optimally tested at the firm level (Bartel, 2004). Also of note is that in selecting organisations, I follow the criteria proposed by Baer and Frese (2003) that all organisations being studied were medium-sized firms (100-900 employees). To my knowledge, organisations' business activities often occur at the firm level. Another critical reason is that of the firm-level HPWS construct itself. The literature highlights that this construct is widely used and validated by extant leading scholars (Messersmith & Guthrie, 2010; Patel et al., 2013; Sun et al., 2007). Therefore, adopting firm-level HPWS as a unit of analysis is claimed to be an optimal choice in this research. This study therefore develops the hypotheses: (1) firm-level; (2) individual-level; and (3) cross-level as follows.

### **3.4.2 Firm Level Mechanisms**

#### *3.4.2.1 Mediating role of collective human capital development, climate for initiative and climate for psychological safety*

It is widely acknowledged that HRM practices are empirically viewed as an antecedent of innovation (Fu et al., 2015; Jiang et al., 2012a; Jiménez-Jiménez & Sanz-Valle, 2008). However, Jiménez-Jiménez and Sanz-Valle (2008) note that the capacity of innovation of an organisation greatly depends on its employee's competences and motivation. This underlying assumption suggests that there is a bridge that links HRM practices and innovation. By this logic, it is argued that there is not necessarily a linear pathway that relates HRM practices to innovation. For innovation to occur within a firm, HPWS must impact employees' needs for competence, autonomy and relatedness by facilitating collective human capital resource, climate for initiative and climate for psychological safety. Once these basic needs are fulfilled, employees are more likely to be motivated to innovate and contribute. As such, I start from initial outcomes of HPWS rather than examine its direct effect on innovation. Rooted in the SDT, I therefore explore the intermediate relationships between HPWS and firm innovation mediated through collective human capital resource, climate for initiative and climate for psychological safety.

As discussed above, central to the SDT is the notion of human development orientation and pursuit of opportunities to activate their fullest potential (Roche & Haar, 2013a). It therefore provides a valuable basis for grasping the link between workers' perceptions of their work environment and subsequent outcomes (Gagné & Deci, 2005; García-Chas et al., 2014). It is noteworthy that the focus of the SDT is on human basic psychological needs and motivation (Hennessey, 2000; Miniotaitė & Bučiūnienė, 2013). As such, scholars have highlighted the

importance of three psychological needs: competence, autonomy and relatedness (Deci & Ryan, 2002, 2008; García-Chas et al., 2014) because they act as a foundation for classifying aspects of the environment as supportive or unsupportive of essential human needs (Deci & Ryan, 2002) and for the conditions facilitating positive processes (Ryan & Deci, 2000). In this vein, if people's psychological needs for autonomy, competence and relatedness are satisfied, these basic needs will benefit individuals in terms of well-being and motivation (Deci & Ryan, 2008; Roche & Haar, 2013a).

This study differentiates itself from the existing literature by theorizing the SDT as a firm-level theory rather than the individual-level conceptual lens that has been adopted by scholars (e.g., Deci & Ryan, 1985; Ryan & Deci, 2010). There are a couple of logical reasons why the SDT can be theorised as a firm-level theoretical lens to explain the HPWS –innovation relationship. First, scholars argue that individual KSAOs (knowledge, skills, abilities and other characteristics) can be considered as collective human capital resources through emergence processes (Ployhart & Moliterno, 2011). Second, scholars hold that HPWS practices influence individual psychological and initiative climates which subsequently can be aggregated to represent organisational climates through the strengths of the HRM system (Jiang et al., 2013). Viewed together, I argue that collective human capital, climate for initiative and climate for psychological safety are aggregated from individual-level variables to represent collective human capital and organisational climates. Following this logic, I aggregate the SDT to represent a firm-level theory to highlight collective human capital resource, climate for initiative and climate for psychological safety as mediating mechanisms between HPWS practices and firm innovation. In this relation, HPWS is a key factor that fosters collective human capital resource, climate for initiative and climate for psychological safety conducive for satisfying employee needs for autonomy, competence and relatedness, which are important criteria for firm innovation performance. However, it is noteworthy that these aspects can only be fulfilled via collective perceptions channelised by the strength of the HRM system, i.e., climate for initiative is important to fulfil the need for autonomy, where climate for competence is a key prerequisite for human capital, and relatedness for psychological safety. This argument is aligned with the view that the strength of the HRM system is “a linking mechanism that builds shared, collective perceptions, attitudes, and behaviours among employees” (Bowen & Ostroff, 2004: 206). Therefore, HRM as a coherent system can “contribute to firm performance by motivating employees to adopt desired attitudes and behaviours that, in the collective, help achieve the organisation's strategic goals.” (Bowen & Ostroff, 2004: 203). It is believed that that the SDT is an appropriate theory for this research as it underscores the HPWS-performance mechanisms at the firm level.

Starting from SDT insights, my argument is that to harness employees' capabilities for innovation and higher performance, firms need to create climates that fulfil people's needs for competence, autonomy and relatedness so that they will become intrinsically rather than extrinsically motivated, the former being one of the key predictors of creativity and innovation. For firms to fulfil individuals' need for autonomy, there needs to be a climate for initiative. In order to satisfy employees' need for competence, firms must foster a collective human capital resource. As such, HPWS practices are a key factor in building such climates because 'core employee skills should be developed and maintained internally' (Lepak & Snell, 1999: 34). Collective human capital resource therefore drives human capital, which in turn interacts with employees' need for competence in order to enable and motivate employees to be more innovative. This is because individuals are 'likely to feel as though there is a greater chance they can realize positive outcomes through their actions when they are working with high-quality functional unit-level human capital, and such feelings of efficacy can encourage individuals to put forth additional effort and persevere in the face of challenges' (Crocker & Eckardt, 2014: 514). Lastly, firms should develop a climate for psychological safety so as to fulfil people's need for relatedness. Overall, I suggest that organisations need to facilitate collective human capital resource, climate for initiative and climate for psychological safety in order to fulfil employees' psychological needs for competence, autonomy and relatedness, which in turn they will become more intrinsically motivated to innovate and contribute as the expected returns of the firm investment.

Based on this logic, I postulate that there is a close link between the quality of human capital and employee competence via a firm's collective human capital resource. This view helps extend the SDT in that a collective human capital resource can act as an important channel that links human capital and their competence. I also argue that an organisation having a culture that encourages and facilitates creativity and innovation often pursues to develop a work environment characterized by climate for initiative and climate for psychological safety. Employees who work in such a supportive environment often become more motivated and competent because they believe that their employers value and care about them, and thus they feel obliged to repay their firm support and investment by turning innovation into higher performance to favour firm goals (see also Wayne, Shore, & Liden, 1997). In short, if organisational capabilities that help enhance collective human capital resource, climate for initiative and climate for psychological safety, employees' psychological life and motivation will be enriched. Within the workplace, once employees feel psychologically safe and creatively enhanced, they are likely to be intrinsically motivated to experiment new ideas, and come up with new ways of resolving problems. Accordingly, I argue that if employees are psychologically satisfied, they are likely to perceive a higher level of collective human capital resource, climate for initiative and climate for

psychological safety. These components subsequently act as mediating mechanisms that link HPWS and innovation.

*Collective human capital resource.* One of the important functions of HR strategies is to invest more effectively in the human capital resource so that highly qualified employees will repay firm investment by expending their efforts on their employer effectiveness. The human capital resource, viewed as “originating in the individual-level KSAOs of employees who make up the unit” (Ployhart & Moliterno, 2011: 132; emphasis added: KSAOs might be an important element of a unit’s service provision (Ployhart et al., 2011). In this regard, Ployhart and Moliterno (2011) argue that human capital can critically drive unit-level performance, thereby contributing to firms’ competitive advantage (Barney, 1991) such that it is comparatively unit specific (Barney & Wright, 1998). This is in line with the notion that individuals having higher quality human capital can attain enhanced performance while fulfilling relevant job duties (Dimov & Shepherd, 2005), and competitive advantage (Takeuchi et al., 2007). This line of logic can strengthen the view that collective human capital resource becomes a firm’s most important asset (Lambrecht & Pawlina, 2013), and an important component of knowledge-based resources driving performance (Wang & Wong, 2012).

As a firm’s special asset, collective human capital resource is often characterized by causal vagueness and social complexity, making it hard for other organisations to copy and replace (Wang & Wong, 2012). Chang and Chen (2011) further assert that the reason for organisations to develop collective human capital resource is to possess highly qualified employees, whose firm-specific knowledge, skills and abilities acquired through implementation of HPWS. Once organisations attain this unique human capital, they are likely to benefit from a source of competitive advantage, which subsequently enhances firm outcomes. To develop this unique capital, Aryee et al. (2013) note that an organisation should focus on three dimensions of HPWS - skill-enhancement, motivation-enhancement and empowerment-enhancement. Components of the skill-enhancement (e.g., extensive training) allow a firm to foster levels of employee KSAs (knowledge, skills and abilities). Components of the motivation-enhancement (e.g., competitive compensation) enable a firm to entice qualified employees. And components of the empowerment-enhancement (such as job design) will support employees to develop their skills. Accordingly, Aryee et al. (2013) suggest that HPWS utilisation in a service context need to encourage employees to obtain the KSAs to productively satisfy customer needs.

In this vein, an HPWS is considered as one of the building blocks of innovative HR policy because it can potentially create value from collective human capital resource, if employees are motivated to utilize their enhanced skills and knowledge to contribute to organisational outcomes

(Iverson & Zatzick, 2011). This argument extends the SDT framework in that the features of the HRM environment can create a collective human capital resource with a view to satisfying employees' needs for competence, which subsequently encourages and stimulates them to innovate at work. Therefore, it is argued that there is a close link between human capital and employee competence via a means of HR practices. Starting from Bailey's (1993) stance, Jiang and Liu argue that "HRM practices improve employees' competence through the acquisition and development of a firm's collective human capital resource, affect employees motivation by encouraging them to work both harder and smarter, and influence firm performance through provision of organisational structures that encourage employees to involve themselves in work and allow them to improve how their jobs are performed" (2015: 128). For example, components of HPWS such as training and performance appraisals can allow a firm's employees to acquire the skills, knowledge, and abilities and stay motivated in order to be competent enough to fulfil their work demands creatively and productively (Patel et al., 2013). As such, I argue that when employees' competence (one of the basic psychological needs) is met, they are more likely to be intrinsically motivated to conduct their work duties in a creative manner for the sake of their organisations. Following this logic, I predict that the more an organisation invests in collective human capital resource through HR systems, the more competent employees will be, thereby indirectly contributing to firm performance. Hence, we posit that:

*Hypothesis 1a. Collective human capital resource will mediate the relationship between HPWS and firm innovation.*

Findings from the literature review reflect that organisational climate or work environment acts as a salient enabler to creativity and innovation (Amabile, Conti, Coon, Lazenby, & Herron, 1996; Isaksen & Lauer, 2002). This is because individuals are willing to innovate when the work environment offers them opportunities to do so (Freeman, Isaksen, & Dorval, 2002). Nevertheless, it is noteworthy that there are a variety of climates and each of which influences innovation in different ways. Isaksen and Lauer (2002), for example, emphasize on climate for creativity as one of the key elements of creativity because it provides a supportive work environment (e.g., idea support, trust and openness, and risk-taking) that stimulates creativity. Likewise, Amabile et al. (1996) have developed a climate for creativity scale including such components as encouragement of creativity, autonomy. Furthermore, Edmondson (1999) demonstrate that climate for psychological safety positively influences team performance. In addition, Baer and Frese (2003) find that climate for initiative and climate for psychological safety are significantly associated with innovation-related outcomes. Also of note is that HPWS adoption is found to have positive effects on individual creative performance (Messersmith & Guthrie, 2010). Based on such developments, I argue that climate for initiative and climate for psychological safety are important mediators

linking the relationship between HPWS perception and firm-level innovation. As employees perceive to be valued and supported by employers, they are likely to feel psychologically safe and creatively enhanced, thereby being intrinsically motivated to innovate in their work.

***Climate for initiative.*** Climate for initiative is conceptualised as “formal and informal organisational practices and procedures guiding and supporting a proactive, self-starting, and persistent approach toward work” (Baer & Frese, 2003: 48). A supportive organisation can enable employees to have time and support to try new approaches of performing their work tasks (Freeman et al., 2002). In this connection, Michaelis, Stegmaier, and Sonntag (2010) argue that subordinates who experience higher levels of climate for initiative are more open to leaders’ individualized impact and inspirational motivation behaviours. This is because an improved focus and energy during change-initiatives can potentially lead to higher levels of innovation-related behaviours. Baer and Frese (2003) further assert that the higher levels of perceived climate for initiative enhance the connection between process innovations and firm outcomes. By this logic, I extend the SDT framework as HPWS practices that impact a climate for initiative are likely to fulfil employees’ need for autonomy (an important predictor of intrinsic motivation), which consequently motivates them to be more innovative. As such, in order to increase higher levels of perceived climate for initiative among employees, organisations should build a supportive work environment via HR practices such as innovation-led strategy, training, information sharing and team working. In doing so, employees will feel that their employers value and encourage them to innovate, thereby trying new ways of doing things and creatively solving problems. This is beneficial for their creativity and consequently for firm innovation. Nevertheless, it is important to note that while much research is conducted on the link between HPWS and performance, little empirical work is documented in the literature demonstrating the mediating role of climate for initiative on this relationship. On the basis of the above arguments, I expect that HPWS will positively influence innovation mediated through climate for initiative. I therefore postulate that:

*Hypothesis 1b. The relationship between HPWS and employee creativity is mediated by climate for initiative.*

***Climate for psychological safety.*** According to the SDT, employees are psychologically free when they can decide for themselves about what is critical rather than being influenced by external factors (Miniotaitė & Bučiūnienė, 2013). As such, when they perceive a sense of autonomy, they will be motivated to try out fresh methods of performing their work duties (Sun, Zhang, Qi, & Chen, 2012). In this respect, climate for psychological safety is defined as ‘formal and informal organisational practices and procedures guiding and supporting open and trustful interactions within the work environment’ (Baer & Frese, 2003: 50).

For example, Edmondson (1999) suggests that perceptions of climate for psychological safety should unite a team, both because team members are subject to the same set of structural impacts and because these perceptions develop out of salient shared experiences. This is also aligned with the need for relatedness that an individual will perceive a sense of unity and uphold good ties with others if this need is met (Roche & Haar, 2013b). This helps extend the SDT framework, as a climate for psychological safety is likely to satisfy employees' need for relatedness. When psychological safety is high, there are likely fewer conflicts and more harmonious relationships among employees, thereby enabling and motivating them to innovate. Therefore, Freeman et al. (2002) note that when developing a favourable climate for creativity, organisations need to create an environment in which individuals trust each other. To do so, firms need to effectively implement some HR-focused practices such as teamwork, information sharing to influence a climate for psychological safety and thus subsequently satisfy employees' need for relatedness. In doing so, the utilisation of workers' creative potential can be promoted, and firms having this climate are likely to operate better than those failing to build such a climate (Baer & Frese, 2003).

Hence, this kind of climate is also in line with the need for autonomy. This is because when employees feel autonomous, they will be motivated to try out fresh methods of doing things (Sun et al., 2012), thereby shaping their creativity. This is further supported by Peng et al.' (2013) argument that autonomy has a salient role to play in nurturing individual creativity. Therefore, firms that wish to increase the link between the need for autonomy and climate for psychological safety should utilize job design, teamwork and innovation-led HR policy as their long-term strategy. Despite the importance of this construct, the mechanisms through which HPWS influences CPS have not been empirically examined. I therefore hypothesize that:

*Hypothesis 1c. The relationship between HPWS execution and employee creativity is mediated by climate for psychological safety.*

#### *3.4.2.2 Moderating Role of Environmental Uncertainty*

According to Oke, Walumbwa and Myers (2012: 279), a highly uncertain environment is characterized by 'changing customer preferences and situations where current products become obsolete more quickly thus opening up opportunities for new niche and emerging markets.' Organisations in such environments will expand their efforts in innovations to mobilize the opportunities provided by the changing market environments to accomplish superior performance. Conversely, Waldman et al. (2001) note that environments with high uncertainty are likely to be seen as very risky, as settings in which a few erroneous decisions might lead to harsh trouble and

possibly place the survival of the firm at risk. In support, Oke et al. (2012) advocate that an uncertain environment might make prediction challenging and it might be more difficult to know which new products will sell. Obviously, an environment perceived in such a fashion is more likely to create a high level of stress and anxiety and a lack of certainty on the part of a firm's leaders and followers (Waldman et al., 2001). However, Oke et al. (2012) suggest that if organisations in uncertain environments are more aggressive in terms of innovation-led strategy allowing them to capitalise on opportunities that flourish in such environments, they are likely to experience enhanced innovation performance.

Utilising the contingency perspective, scholars suggest that the nature of the environment with which a firm is associated should be an optimal way for it to organise its activities (Scott et al., 1994), because there is no best way to organise the firm (see Oke et al., 2012). As such, firms need to implement win-win management practices that aim to influence innovation, based on their contextual situations (Oke et al., 2012). Following this logic, it is argued that innovation is expected to be particularly effective in a highly uncertain environment because the level of environmental scanning for new opportunities is done by the organisation in such a constantly changing environment (Vincent, Bharadwaj & Challagalla, 2004). Also of note is that environmental uncertainty has been positioned as a contingent factor linking innovation and firm performance (see Miller & Friesen, 1983; Oke et al., 2012). Taken together, I postulate that environmental uncertainty will strengthen the relationship between firm-level innovation and market performance such that environmental uncertainty is high rather than low. This is because as market environments are constantly changing, higher levels of innovation are needed for organisations to strive and develop. Therefore, if environmental uncertainty increases, the relationship between innovation and market performance will be stronger, and vice versa. I thus propose that:

*Hypothesis 2. Environmental uncertainty will moderate the relationship between firm-level innovation and firm market performance. As environmental uncertainty increases, firm-level innovation will be more positively correlated with more firm market performance, and vice versa.*

### **3.4.3 Individual Level Mechanisms**

#### **3.4.3.1 Mediating Role of Trust in Management and Trust in Supervisor**

Existing literature provides evidence that trust is a contributor towards employee creativity. For example, Barczak et al. (2010) found that trust promotes a collaborative culture, which improves team creativity and Brattström et al. (2012) indicated that trust can increase creativity.

Grounding in the creativity and innovation literatures, May, Gilson, and Harter (2004); Scott and Bruce (1994) suggest that there is an equally strong link between trust in supervisor and creativity. Also of note is that HRM practices are found to positively influence individual creativity (Jiang et al., 2012a). Based on such developments, we predict that trust is a potential construct that mediates the relationship between HPWS perception and employee creativity. As employees experience a level of perceived organisational support through the role of their immediate supervisors' support and deeds, they are more likely to gain more trust in their leaders. Having a level of trust can have employees think that their leaders also trust them and trust what they do. Employees are therefore willing to take risks to experiment new ways of doing their jobs with the hope that they will work more productively to repay their organisational support and trust. This explicitly and/or implicitly becomes a source of employee creativity that an innovative organisation aims to pursue so that it can achieve the set goals.

It is noteworthy that the AMO framework highlights performance as being a function of employee ability, motivation and opportunity (e.g., Appelbaum et al., 2000; Gardner, Wright, & Moynihan, 2011). This study attempts to extend this theoretical lens in order to fully explain the HRM-performance relationship that has been criticized for its lack of solid theoretical base to do so. Our theorizing is that AMO is particularly relevant to our analyses that help unfold the mechanisms through which the linkages between HPWS and performance occur. As such, we draw on this perspective to gain insights into such linkages. In the first place, the AMO framework 'focuses on the importance of taking into account variables at the individual level like employees' skills and competences (A = abilities), their motivation (M = motivation) and their opportunity to participate (= O)' (Paauwe, 2009: 133). This framework is further detailed in Datta et al.'s (2005) definition that reflects three dimensions: (a) skill-enhancing practices, which include rigorous and selective staffing; (b) motivation-enhancing practices, such as having a compensation system that is contingent on service quality; and (c) empowerment-enhancing opportunities, such as participation in decision making and service discretion (see also Gerhart, 2005). These dimensions are said to combine synergistically to result in employees who have the requisite KSAs, motivation, and opportunities to engage in strategically appropriate behaviours leading to sustained competitive advantage (see also Aryee et al., 2013). We therefore rely on the AMO framework and argue that by adopting skill-enhancing HR practices such as training, employees' abilities and competences are accordingly improved. This is deemed as an important channel to enable individual employees to trust in management and supervisor. Similarly, by utilizing motivation-enhancing HR practices such as performance appraisals, higher pay, employees are likely to be more motivated to favourably and positively interpret HR practices within their firms. Lastly, by executing opportunity-enhancing HR practices such as teamwork, information sharing, job design, employees

are empowered to activate their skills, abilities and motivation to perform their job demands productively and creatively (e.g., employee creativity and service performance will be enhanced). The underlying assumption of the AMO framework is that “every HR system works through its impact on the skills and knowledge of individual employees, their willingness to exert effort and their opportunities to express their talents in their works” (Boxall & Mackey, 2009: 7). HPWS is therefore viewed as the consequence of a firm’s willingness to favour its workers to work productively in supportive environments (Lee, Lee, & Kang, 2012). Working in such environments will likely make employees think that they are valued and supported by employers, thereby trusting more in their supervisor and management.

From this angle, I would argue that once individual employees are enchantingly skilled, knowledgeable and motivated along with the opportunity provided by the firm via the strength of an HRM system, they are likely to trust more in their management, thereby innovating in their work. As such, AMO theory is thought to be able to provide a basis for explaining how HPWS impacts employee perceptions of workplace fairness and support, which, in turn, can influence employee perceptions of trust in management and supervisor, and subsequently their creativity. Within the workplace, when an employee and her/his supervisor demonstrate their mutual trust, each party tends to do his/her best for the sake of the other party (Lomnitz & Sheinbaum, 2004). For example, once employees trust their supervisor, they are willing to generate new ideas to improve their labour productivity because they believe that their supervisor trusts them to do so. Also of note is that trust can facilitate an exchange of ideas and updated information among employees (Chang, 2015), thereby becoming a salient source of creativity formation. I therefore argue that trust acts as a driver of employee creativity, and thus it is hypothesised as a mediator linking HPWS perception and employee creativity.

Following this logic, trust is conceptualised as ‘the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party’ (Mayer, Davis, & Schoorman, 1995: 712). Therefore, trust is a generalized behavioural intention to take risk, whereas its outcome is actually taking risk (Mayer & Gavin, 2005). Mayer et al. (1995) further support that making oneself vulnerable is taking risk, and trust is not taking risk per se, but rather it is a willingness to take risk. This is aligned with the AMO framework that HPWS practices are designed to influence the skills, competences, knowledge of employees, their willingness to perform at the highest potential, and their opportunity to pursue their work on their own ways (Boxall & Mackey, 2009). Once employees’ abilities, motivation and opportunities conditions are satisfied, they are likely to trust more in their organisations, thereby being willing to take risks in order to find new and better ways of performing their work duties. In other words, when employees

are competent, motivated and given the opportunity to do their jobs on their ways, they feel obligated that they need to be more innovative to perform best in order to express their trust in their employers.

Therefore, trust that derives from HR practices and/or management support is viewed as one of the important sources that enables and motivates employees to be more innovative. By this logic, Freeman, Isaksen, and Dorval (2002) suggest that organisations should create an environment in which people can trust each other. In doing so, the utilisation of workers' creative potential can be promoted (Baer & Frese, 2003). Taken together, I argue that because trust is of importance to employee creativity, employees are required to trust more in their management in order to innovate and perform best in their work. As such, HR practices which help develop the skills, knowledge and motivation of employees, and provide the opportunity to contribute are considered as 'important tools through which signals on what the organisation values and expects from workers are send to employees'' (Van De Voorde & Beijer, 2015: 63). Doing so will make employees happy with HR practices, thereby placing their trust in management, which is conducive for their creativity. I therefore hypothesize:

*Hypothesis 3a. Trust in management mediates the relationship between HPWS perception and employee creativity.*

Also of note is that trust is assumed to play a critical part in the successes, and mistrust, a vital part in the failures of HR activities (Whitener, 1998). Accordingly, trust in supervisor is described as subordinate's willingness to be vulnerable to their supervisor based on expectations that the intentions, words, or actions of their supervisor can be relied upon (Poon, 2006: 520). It refers to a dyadic or interpersonal trust between a subordinate and his or her supervisor (Wong, Wong, & Ngo, 2002). Supervisors are most likely to be trusted if they are noticed to take a caring, mentoring approach towards their employees while still being considered as capable and worthy of their authority (Willemys et al., 2003).

As such, a trusted supervisor is viewed as one who could be relied on to support the employee's personal and professional welfare, i.e., as one who takes a mentoring approach (Willemys et al., 2003). Workers who rely on their supervisor will experience a perceived high-quality bond with their supervisor and will perceive the obligation to interchange with behaviours that will foster the supervisor's goals (Poon, 2006). Hence, employees' trust in supervisor then creates a psychologically safe environment which, in turn, inspires their creativity (Madjar & Ortiz-Walters, 2009). Going forward, employee innovative behaviours (i.e., finding new ways of doing their jobs, suggesting creative ideas) are in answer to meet their supervisor's goal and expectations. This is construed as being the best source of shaping employee creativity. Following this logic,

Zeffane and Connell (2003) suggest that some level of workplace trust is necessary for efficient leadership and HR management, and each party needs to believe that the other is reliable, in order for one to impact the other or to be impacted. Consistent with this argument, I argue that when employees positively perceive that their organisation adopts and execute HPWS practices, they will likely believe that the organisation is more professional, consistent and fair, thereby instilling trust in supervisor (see also Sikora et al., 2015). It is for this reason that line managers or supervisors are those who represent their organisation directly implement such HR practices. By positive perceptions of HPWS implementation, employees believe that their supervisors will “provide necessary resources, support, and backing for unpopular ideas” (Madjar & Ortiz-Walters, 2009: 130). As a result of trust in supervisor, employees are likely to be more innovative in their work as a positive response to their organisation’s investment and support. Relying on the above discussion, I position trust in supervisor as an important mechanism that mediates the HPWS perception – employee creativity relationship. I thus posit that:

*Hypothesis 3b. Trust in supervisor mediates the relationship between HPWS execution and employee creativity.*

#### *3.4.3.2 Moderating Role of Psychological Empowerment*

In this section, we hypothesize psychological empowerment (PE) as a mechanism that moderates the relationship between trust in management, trust in supervisor and employee creativity. As a mature construct, PE is described as a means to stimulate employees to think for themselves about the requirements of their work tasks, to develop meaning for assigned tasks and foster their competencies (Bartram et al., 2014; Laschinger et al., 2004). Drawing on Conger and Kanungo (1988), Thomas and Velthouse (1990) describe PE as a bundle of four cognitions manifesting an employee’s orientation to his or her work role with respect to meaning, competence, self-determination, and impact. Individuals who perceive these cognitions can increase their intrinsic motivation, foster the use of their capabilities, and enhance their willingness to serve the organisation (Lin & Tseng, 2013). This expands the SDT that employee psychological needs and motivation should be satisfied in order to enable individuals to develop their fullest potential (Hennessey, 2000; Miniotaitė & Bučiūnienė, 2013). For example, when employees are psychologically free, they can decide for themselves what is critical rather than being influenced by external factors (Miniotaitė & Bučiūnienė, 2013). As such, when individuals perceive a sense of autonomy, they will be intrinsically motivated to try novel ways of performing their work duties (Sun et al., 2012).

Research literature demonstrates that being psychologically empowered, employees can yield benefits for performance-related outcomes (Aryee et al., 2012; Ergeneli, Arı, & Metin, 2007; Zhang & Bartol, 2010). Ergeneli et al. (2007), for example, found that there is a positive link between trust in managers and overall psychological empowerment. A study by Bhatnagar (2012) showed that PE is significantly associated with work engagement and innovation. Another intriguing finding by Zhang and Bartol (2010) indicated that PE relates to creative outcomes. Likewise, Huijun and Wei (2010) reported that PE influences service innovation. However, Bhatnagar (2012) noted that literature connecting innovation execution in the workplace with workplace attitudes and psychological processes is limited. Furthermore, despite the empirical evidence, no research has investigated the specific psychological empowerment construct that moderates the linkage between trusts in management and supervisor, and employee creativity. We therefore focus on this unexplored issue for our own theoretical reasons. It is clear that employees who perceive a sense of organisational support through immediate supervisors and top management acting as representatives of the organisation can trust more on their organisation. This is well aligned with one aspect of the AMO theory that besides having the necessary skills, knowledge and motivation to perform their job demands, ‘the working environment provides the opportunity - that is, the support and avenues necessary to enable the desired behaviour’ (Bos-Nehles et al., 2013: 862) is construed as a complementary condition that enables employees to do their jobs at their fullest potential. Once this trust is established, they are likely to feel that they are valued and psychologically empowered, thereby creating in their work to repay their organisational support.

Based on the above discussion, I highlight the moderating role of PE on the relationship between trust and employee creativity in terms of meaning, competence, autonomy and impact. First, when employees experience a high level of meaning, they will feel that their work is very meaningful and important to them, thereby doing their best to develop their fullest potential. Second, when employees feel self-determined, they are free to carry out their work in their own ways. They therefore have more opportunities to try out new ways of doing things, and thus become a source of creativity. Further, being competent can enable employees to do their job productively. Finally, those who perceive a sense of impact can be more intrinsically motivated to make more significant contributions to their organisation. Taken together, these cognitions are argued to become an enabler or a source of employee creativity. Nevertheless, it is noteworthy that while I can hypothesize that trust in management will positively influence employee creativity, based on theoretical evidence; this relationship is also conditional. As such, I propose that trusts in management and supervisor may more positively influence employee creativity when psychological empowerment is high rather than low. I therefore hypothesize that:

*Hypothesis 4a. The relationship between trust in management and employee creativity is moderated by psychological empowerment such that as psychological empowerment increases, trust in management will be correlated with higher levels of employee creativity.*

*Hypothesis 4b. The relationship between trust in supervisor and employee creativity is moderated by psychological empowerment such that as psychological empowerment increases, trust in supervisor will be correlated with higher levels of employee creativity.*

#### **3.4.4 Cross Level Mechanisms**

##### *3.4.4.1 Effects of HPWS execution on HPWS perception*

It is widely acknowledged that the bulk of empirical studies have been undertaken to explore the link between HPWS and performance. Yet the majority of research has focused on the organisational (i.e., macro-level) analysis or a managerial perspective (Chang & Chen, 2011; Edgar & Geare, 2005b), neglecting the voices of employees (Edgar & Geare, 2005a; Edgar & Geare, 2005b; Qiao, Khilji, & Wang, 2009). At the same time, extant research mainly depends on single-respondent data per organisation, which is only capable of apprehending the presence or absence of a particular HR practice (Qiao et al., 2009). In recent years, a number of studies have started to fill this void by having tested on the implications of HPWS for workers' experience of work and which have been informed by theorizing derived from critical traditions (Harley et al., 2007).

Despite this, there are still many calls from scholars to investigate the impact of HPWS on performance at both the individual and organisational levels (Chang & Chen, 2011; Liao et al., 2009; Qiao et al., 2009). This is very critical if we are to more precisely comprehend how and why individual and organisational impacts form the performance effects of the HPWS adoption, and thus offer firms and their manager's actionable knowledge about how to utilize HR practices fruitfully to develop and retain competitive advantage (Aryee et al., 2012). In response, I test a cross-level model with firm-level variable (HPWS execution) and individual-level variable (HPWS perception). On the basis of the notion that by investing more effectively in HRM practices, firms are likely to benefit from features of the HRM process that 'can lead employees to appropriately interpret and respond to the information conveyed in HRM practices' (Paauwe & Boselie, 2005: 23). Accordingly, the strength of the HRM system is arguably 'a linking mechanism that builds shared, collective perceptions, attitudes and behaviours among employees' (Paauwe & Boselie, 2005: 23). I therefore argue that when employees perceive that they are valued and invested by their employer, they are more likely to positively perceive HRM practices within their firms, thereby influencing their job attitudes and behaviours. I therefore propose that the adoption of HPWS will relate to employees' experienced HPWS. Specifically:

*Hypothesis 5. HPWS execution will positively relate to HPWS perception.*

#### *3.4.4.2 Mediating Role of HPWS Perception*

I begin my argument with the underlying assumption that employee perceptions of HPWS are one of the most important channels to explore the linkages between HPWS and firm performance. Accordingly, the effectiveness of HPWS may involve both the practices implemented at work and the related perceptions of them by HR managers or employees, who are influenced by such practices (Choi, 2014). However, it is noteworthy that how employees perceive the HR practices utilized in their organisations is much more important than those of the HR practices themselves. This argument expands the notion that employees can “provide more accurate information on the HPWS implemented in their firm, thereby facilitating the examination of a more clear association between HPWS and firm performance” (Choi, 2014: 2668). I therefore argue that employee perceptions of HPWS are especially important because they may influence their attitudes and behaviours (Choi, 2014), which subsequently result in firm outcomes. In turn, empirical demonstrations have reflected that HPWS perception is positively related to employee outcomes (Jensen et al., 2013; Liao et al., 2009). Liao et al. (2009) for instance found that employee human capital, psychological empowerment and perceived organisational support mediate the linkage between HPWS perception and employee service performance. While the study by Jensen et al. (2013) indicated that the link between HPWS perception and turnover intentions is mediated by anxiety and role overload.

Although the above empirical evidence is initially established in the literature, questions concerning the mechanisms underlying the efficacy of HPWS on performance outcomes remain open. First, my literature review reflects that there is still a lot of research based mainly on managerial views of HPWS (Chang & Chen, 2011; Edgar & Geare, 2005b), neglecting the voices of employees (Edgar & Geare, 2005a; Edgar & Geare, 2005b; Qiao, Khilji, & Wang, 2009). Second, the findings of HPWS perception on individual behaviours and outcomes are still inconsistent (see Alfes et al., 2013; Aryee et al., 2012; Liao et al., 2009). Lastly, scholars suggest that we should gain insights into how individual employees perceive HPWS practices rather than using data provided by HR practitioners who design and implement such practices when investigating the efficacy of HR practices on individual attitudes and behaviours (e.g., Alfes et al., 2013; Nishii, Lepak, & Schneider, 2008). Taken together, this study furthers this stream of research by proposing HPWS perception as a key mechanism that links HPWS practices and individual outcomes (e.g., trust in management and trust in supervisor). As argued earlier, employee perceptions of HPWS can provide more exact information about the efficacy of HR practices executed within their organisations than do managers (Choi, 2014). In this vein, HPWS perception

is viewed as a plausible channel to evaluate the efficacy of HPWS utilisation on individual-level outcomes.

As such, I argue that firms that adopt and implement HPWS practices “show employees that the organisation is investing in them as human resource assists” (Sikora et al., 2015: 1908). Consequently, according to the AMO theory, employees are going to reciprocate this investment with greater positive organisational behaviour such as commitment, loyalty, lower turnover intentions etc. (e.g. Hom et al., 2009). Consistent with Sikora et al. (2015: 1908)’s idea, I purpose that “Use of effective HR practices is thought to influence performance primarily by improving employees' knowledge, skills and abilities and their motivation to apply those capabilities. Hence, HPWP can influence perceptions of workplace fairness, such as employees' perceptions that the organisation involves them in decision making. Accordingly, when employees are going to perceive that their organisation offers and implements HPWP they are likely to believe that the organisation is more professional, consistent and fair”. This thus will result in higher trust in management as well as supervisor. I therefore posit that:

*Hypothesis 6a. The relationship between HPWS execution and trust in management is mediated by HPWS perception.*

*Hypothesis 6b. The relationship between HPWS execution and trust in supervisor is mediated by HPWS perception.*

#### *3.4.4.3 Mediating Role of Employee Creativity*

Creativity and innovation are psychological processes that foster the transformation of employee work roles, groups and firms into future prospects (Rank, Pace, & Frese, 2004). Therefore, both are a must for employees themselves to perform their jobs productively as well as for organisations to achieve business effectiveness. In spite of being often used interchangeably in research studies, creativity and innovation are distinctively conceptualised by scholars (Amabile, 1996, 1996; Grub, 1973; Oldham & Cummings, 1996; Scott & Bruce, 1994; Van de Ven, 1986). Scott and Bruce (1994), for example, advocate that creativity commences with problem recognition and the generation of ideas or solutions, either new or utilised while innovation starts with the implementation of such ideas or solutions (Kanter, 1996; Oldham & Cummings, 1996; Van de Ven, 1986). Additionally, creativity is conceptualised as the production of novel and useful ideas by an individual or a small group of individuals working together (Amabile, 1996). Conversely, Van de Ven and Angle state that “innovation refers to the process of bringing any new problem-solving idea into use ... it is the generation, acceptance, and implementation of new ideas, processes, products, or services” (1989: 20). Scholars further assert that creativity is an initial phase

of the whole innovation process, or a starting point for innovation (Amabile, 1997; Amabile et al., 1996; West, 2002). This is because creative ideas are deemed as a premise for all innovations. That new programmes and the introduction of new products and/or services are successfully implemented are normally contingent on an individual or a group generating a practical idea and building that idea beyond its early state (Amabile et al., 1996).

Further building on the preceding hypotheses (3a, 3b, 4a and 4b) that there is a close link between trust and employee creativity, I argue that trusts in management and supervisor characterized by the strength of the HRM process will first influence employee creativity, and subsequently affect firm innovation. Also of note is that creativity happens primarily at the early phases of innovation processes with innovation implementation later (West, 2002). In this regard, individual creativity is a starting point for innovation (Bidault & Castello, 2009; Zhou & George, 2001). Rather than proposing the direct effects of employee creativity on firm innovation, I hypothesize employee creativity as a mediating mechanism linking trusts in management and supervisor to firm innovation. My main goals are to (1) extend the use of ‘creativity’ construct (not only conceptualized as an outcome variable, but also as a mediating component); and (2) respond to the recent calls by scholars (Patel et al., 2013; Werner, 2011) to examine more mediators at the individual-level on the mechanism underlying the relationship between HPWS and organisational performance. To accomplish this goal, the hypotheses will be tested using the cross-level perspective. This leads to the following:

*Hypothesis 7a. Employee creativity will mediate the relationship between trust in management and firm-level innovation.*

*Hypothesis 7b. Employee creativity will mediate the relationship between trust in supervisor and firm-level innovation.*

#### *3.4.4.4 Mediating Role of Firm-level Innovation*

Earlier field work has established the linkage between innovation and organisational performance (Hult, Hurley, & Knight, 2004; Oke et al., 2012; Yeh-Yun Lin & Yi-Ching Chen, 2007). Oke et al. (2012), for example, found that the relationship between innovation-led strategy and innovation-led HR policy interactions and firms’ revenue is mediated by innovation performance. Another work conducted by Yeh-Yun Lin & Yi-Ching Chen (2007) indicated that there is a weak linkage between innovation performance and firm sales. Additionally, Hult et al. (2004) demonstrated that innovativeness is positively associated with business performance. Drawing upon these empirical demonstrations and insights from componential theory of creativity,

we argue that innovation is contingent on (a) domain-relevant skills of employees, (b) motivation to innovate, and (c) the work environment (Amabile, 2012).

With respect to the first component - the domain relevant skills, it can be seen that there is a close link between HR practices and employee skills. HR practices that effectively invest in people are likely to develop the skills, competences, knowledge and motivation of employees (e.g., rigorous selection, extensive training). As regards the second component – task motivation, employees are required to be intrinsically motivated in order to activate their abilities and innovate in their work. Organisations therefore need to focus on innovative HR practices such as job design, teamwork, information sharing in order to make work tasks more interesting and meaningful, thereby enabling and motivating employees to think and perform creatively. The final component is that of the work environment. Although the first two components are considered as prerequisites to employee creativity, they are said to be insufficient for employees to best perform and innovate without the supportive work environment. Therefore, along with the skills and motivation of employees, firms are required to create a safe and supportive work environment for employees to have the opportunity to turn their skills, knowledge and motivation into their higher work productivity and creative performance. These components then shape the work environment that influences both individual employees and firms (Amabile, 2012). We therefore extend the componential theory of creativity to describe the process of firm innovation, based on the idea that creativity is the generation of new and novel ideas and usually occurs at the individual level, while innovation is the implementation of such ideas, and normally occurs at the organisational level (Amabile, 1996, 2012; Oldham & Cummings, 1996). Based on the aforementioned theoretical developments, we continue to gain insights into this issue by adopting constructs of employee creativity, innovation performance and market performance to develop our next hypothesis. Following this, we hypothesize innovation performance as a mechanism that mediates the relationship between employee creativity and market performance.

*Hypothesis 8. Firm-level innovation mediates the relationship between employee creativity and firm market performance.*

### **3.5 Conclusion**

This chapter provides a succinct description of the hypothesized model, theoretical perspectives, and hypothesis development that is synthesised from relevant literatures and theoretical frameworks. In the next chapter, I outline the methodology used in undertaking the current study. I finally discuss the research context that is considered as a precondition to analyse and interpret the research findings in the context of Vietnam.

## **CHAPTER 4: METHODOLOGY**

### **4.1 Introduction**

The focus of this research is to explore (1) Vietnamese managers' perceptions of HPWS practices in the Vietnamese service organisations; and (2) the mechanisms through which the use of HPWS impacts organisational performance via multilevel path analyses. Therefore, a mixed methods approach is employed to achieve these objectives. This chapter presents the methodology employed in this research, and the practical process of data collection and analysis. It starts with an overview of the research paradigm. It then deals with the research design with the focus on both qualitative and quantitative research design. It continues with the sample and sampling technique. Next, it discusses the pilot study, which aims at establishing the validity and reliability of the data collection instruments employed in the main study. As ethics is important for this research, the ethical process is discussed. The chapter ends with a description of the design of the current study.

### **4.2 Research Paradigm**

Scholarship that aims at creating novel knowledge in every domain of science is known as research paradigms (McGregor & Murnane, 2010). In the broadest version, Morgan (2007) views paradigms as 'worldviews or all-encompassing ways of experiencing and thinking about the world, which include beliefs about morals, values, and aesthetics' (50). Likewise, Deshpande (1983) treats a paradigm as a worldview that is shared in academic circles exploring the world. Consistent with this vein, scholars deem paradigms as a set of belief systems that establish a way of viewing the world (McGregor & Murnane, 2010), and impact the types of knowledge researchers pursue and the way they clarify the evidence gathered (Morgan, 2007). As this research puts strategic HRM in a position relative to organisational studies, the third research paradigm 'A mixed methods paradigm' (Denscombe, 2008; Johnson & Onwuegbuzie, 2004; Johnson, Onwuegbuzie, & Turner, 2007) is adopted, and thus presented in greater detail.

### **4.3 Mixed Methods**

The mixed methods approach has advanced to the point that draws much of attention from pioneering scholars (Caracelli & Greene, 1993; Denscombe, 2008; Greene & Caracelli, 1997; Greene, Caracelli, & Graham, 1989; Johnson & Onwuegbuzie, 2004; Johnson et al., 2007). As a research paradigm, the mixed methods approach is viewed as evolving from the 1990s onwards, forming itself together with the previous approaches (Denscombe, 2008) so that "we currently are in a three methodological or research paradigm world, with quantitative, qualitative, and mixed methods research all thriving and coexisting" (Johnson et al., 2007: 117). It is widely

acknowledged that many researchers now tend to combine one method with another, and thus, a profound grasp of multiple methods employed by other colleagues to enhance communication, to foster collaboration, and to generate advanced research is needed (Johnson & Onwuegbuzie, 2004). In essence, a literature review by Tashakkori and Creswell (2007) summarizes such characteristics of mixed methods research as (i) two types of research questions, (ii) two types of sampling procedures, (iii) two types of data collection procedures (e.g., focus groups and surveys), (iv) two types of data (e.g., numerical and textual), (v) two types of data analysis (statistical and thematic), and (vi) two types of conclusions (e.g., “objective” and “subjective”).

By the same logic, the current study uses the mixed methods approach to examine the actual utilisation of HPWS in Vietnamese service firms. To achieve this objective, both qualitative and quantitative studies are undertaken. There are a number of reasons why the mixed methods approach is employed in the study. The most important reason is that this approach helps increase the accuracy of their data; and yield a more comprehensive picture by incorporating information from complementary kinds of data (Denscombe, 2008). It is for this reason that the quantitative phase conducted after the qualitative phase helps validate and confirm the results of the qualitative data. Another salient reason is that it helps grasp more fully, to gain deeper and broader insights, and advance critical knowledge claims that reflect a wide range of interests and perspectives (Greene & Caracelli, 1997; Hanson, Creswell, Clark, Petska, & Creswell, 2005). Specifically, the qualitative phase aims to answer the questions 1 to 4 in order to explore how HPWS practices are adopted and implemented in Vietnamese service firms via managers’ experiences and voices. This is well aligned with the view that the qualitative research can provide an understanding and description of people’s personal experiences of studied phenomena (Johnson & Onwuegbuzie, 2004). Continuing with the qualitative data, the primary purpose of the quantitative phase is to address the research questions 5 and 6 in order to examine why HPWS affects performance outcomes via the means of survey. This is in line with the view that the qualitative research helps test and validate already constructed theories about how and why phenomena occur (Johnson & Onwuegbuzie, 2004). To this end, the two datasets help deal with the proposed research questions, thereby providing valuable insights into the underlying mechanisms through which HPWS impacts firm performance. Further to this, it can take advantage of the strengths and restrict the weaknesses of both in single research projects and across research (Johnson & Onwuegbuzie, 2004). Additionally, it also allows researchers to examine theoretical models and to adjust them based on respondent feedback (Hanson et al., 2005). Finally, it is noteworthy that the study adopts “the sequential exploratory strategy that entails a first phase of qualitative data collection and analysis. Followed by a second phase of quantitative data collection and analysis that builds on the results of the first qualitative phase” (Creswell 2013: 211). As such, the results of the qualitative research

can lay the foundation for developing the conceptual model and validating the scale for HPWS for the research context.

#### **4.4 Pragmatism as Mixed Methods Paradigm in the Study**

Pragmatism is generally viewed as ‘the philosophical partner for the mixed methods approach. It provides a set of assumptions about knowledge and inquiry that underpins the mixed methods approach and distinguishes the approach from purely quantitative approaches that are based on a philosophy of (post)positivism and from purely qualitative approaches that are based on a philosophy of interpretivism or constructivism’ (Denscombe, 2008: 273, in Johnson & Onwuegbuzie, 2004). As such, pragmatism allows the researcher to be free of mental and practical constraints imposed by the ‘forced choice dichotomy between postpositivism and constructivism’ (Creswell & Clark, 2007: 27; see also Feilzer, 2010). This is further reinforced by the view that all reality is ‘determined by the experiences or practical consequences of belief in’ (Johnson & Onwuegbuzie, 2004:16). Also of interest is that Denscombe (2008: 273-274) proposed four facets of pragmatism employed within the mixed methods research: (1) pragmatism provides a fusion of approaches; (2) pragmatism provides a basis for using mixed methods approaches as a third alternative – an option will provide adequate findings for the particular piece of research; (3) pragmatism is treated as a new orthodoxy built on the belief that not only is it allowable to mix methods from different paradigms of research but it is also desirable to do so because good social research will almost inevitably require the use of both quantitative and qualitative research to provide an adequate answer; and (4) pragmatism is treated in the common-sense way as meaning “‘expedient.’”

More specifically, scholars offer the characteristics of pragmatism (see Johnson & Onwuegbuzie, 2004), which include (a) places high regard for the reality of and influence of the inner world of human experience in action; and (b) knowledge is viewed as being both constructed and based on the reality of the world we experience and live in (Johnson & Onwuegbuzie, 2004:18). It is apparent that these characteristics relate to people’s real-life experiences such as their work experience, viewpoints and thinking as reality is built on such experiences. Taking the facets and characteristics of pragmatism into consideration, I decided to position pragmatism as the philosophy of my mixed methods design. It is for this reason that the mixed methods approach is well aligned with the pragmatist underpinnings of the approach via its potential for providing a more comprehensive picture by combining information from both qualitative and quantitative data (Denscombe, 2008). Specifically, the pragmatic method allows me to capture managers and employees’ experiences about how HPWS practices are executed and how they influence individual performance, and subsequently firm performance, via the means of both qualitative

interviews and quantitative survey. In the qualitative data, the study aims to explore how and why HPWS practices are pursued and valued within Vietnamese service organisations. It also further investigates possible transmission mechanisms underlying the efficacy of HPWS practices on firm performance, and what performance indicators provide evidence for firm performance outcomes. On the basis of the interview inputs and gaps and/or limitations identified in the existing literature, I develop and test a multilevel conceptual model by positioning less explored but important mechanisms channelizing the HPWS – performance relationship (i.e., climate for initiative, climate for psychological safety, environmental uncertainty, trust in management, trust in supervisor, creativity).

#### **4.5 Ethical Issues**

This research is undertaken in accordance with Aston University's research code of conduct. This code is aligned with Social Research Association code of practice for social researchers and the principles proposed by ethical researchers (Anderson, 2009; Bryman, 2008, 2012; Lee & Lings, 2008). This study therefore takes ethical issues into consideration before, during and after the research undertaking. First, the identities of respondents were maintained as confidential and private (Bryman, 2008, 2012). Specifically, access to the interviewed scripts and surveyed questionnaire is limited only to the researcher, and the names of the participants are not mentioned in the research. Second, in order to determine research respondents, the researcher contacted organisations of interest to inform them about the study and invited them to participate in the study. Once the agreement had been reached, the researcher established a meeting with the CEO of each organisation with a view to explaining the ethical issues of the study, the confidentiality and usage of the data gathered, and for the CEO to introduce the researcher to the HR manager.

Before sending informed consent forms to potential respondents to ask for their agreement to partake in the study, initial contact with the respondents included in the sample was then made through in-person meetings explaining who the researcher was and the purpose of the research project, and who should be contacted if they had any further questions (Anderson, 2009). The respondents were also informed that their participation was voluntary and they had the right to withdraw at any time without repercussions (Anderson, 2009).

In addition, this study also highlights the importance of storage and disposal of data as it relates to participants' interest, and successful assessment of the dissertation or research report (Anderson, 2009). Therefore, storage and disposal in such circumstances need to be conducted thoroughly and carefully. Following this view, once the data had been collected and analysed, they

were kept confidentially so that other people could not access it. It is also important to note that the data files will be damaged from the storage devices on which they are kept if they are no longer needed for further research purposes.

Finally, the researcher is fully aware that the time after data-gathering might raise more ethical issues (Anderson, 2009) as it relates to research participants who may be keen to receive feedback on the results of the research (Chang & Chen, 2011). As such, a summary of the research findings will be provided in case some of the research participants may be so interested in the research that they request some of the results. In other words, all potential participants will be offered an executive summary of the study results at the conclusion of the research if they are interested in (Messersmith & Guthrie, 2010).

#### **4.6 Research Process and Purposes**

My literature review of the work on HPWS demonstrates that the majority of publications have employed quantitative data to report the findings. Only a few exceptions have used case studies to do so (see, for example, Tregaskis et al., 2013). This fact leaves much unknown about the real results of quantitative research because there is no qualitative research for commentators to compare with. Therefore, I argue that researchers should pay more attention to undertaking qualitative studies in order to gradually narrow down research gaps in the SHRM field. In doing so, the current study employs a mixed methods approach to achieve a more in-depth understanding of the effects of HPWS on firm outcomes. This is because each method has its own advantages and disadvantages. Quantitative methods, for example, can allow researchers to interpret data in a more objective manner, while qualitative design can enable them to gain more in-depth data via respondents' perceptions and voices.

It is important to note that methodologists have offered different purposes for the mixed methods approach (see Table 4.1 below). For the purposes of the current study, I decided to choose a development mixed-method study as my study process and purposes. According to Greene, Caracelli and Graham (1989), the mixed methods for development purposes entail the sequent use of qualitative and quantitative methods, where the former is employed to help inform the development of the latter. Importantly, the results of the qualitative study helps 'select the sample, develop the instrument or inform the analysis for the other method' (Greene et al., 1989: 267). Following this logic, the study begins with the qualitative data collection. This phase is deemed as a starting point for the whole research project because of the following reasons. First, it is an empirical base to determine whether HPWS practices exist and execute in the unexplored context of Vietnam. If existed, to what extent they are implemented, managed and valued. Second, the

results of the qualitative phase can help the researcher to decide whether or not to develop a Vietnam-based HPWS scale or adopt a universal HPWS scale in conjunction with some components of HPWS which are Vietnam-specific in order to proceed to the survey in the quantitative phase. Lastly, as noted in Chapter 1, the quantitative phase is part of the study, and thus if senior managers are interested and agree to participate in the interviews, they are more likely to enable the researcher to gain access to their organisations for the second phase of the research - the quantitative phase. With the participation of these managers and their employees in different phases of the research, the data will be collected in a more consistent and reliable manner.

**TABLE 4.1**

**Purposes for Mixed-method Evaluation Designs**





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(Source: Greene et al., 1989: 259)

As noted earlier, the primary purpose of the qualitative phase of the study is to identify whether Vietnamese service organisations have disseminated and valued HPWS or not via the means of semi-structure interview technique. Based on the results of interviews, the study then proceeds to the quantitative design. Notably, although a number of researchers place much emphasis on qualitative data to cope with the HRM field, the quantitative studies are more adopted because of their reliability (Razouk, 2011), research questions being answered (Anderson, 2004, 2009), and potential relationships between different variables being examined (Anderson, 2004, 2009; Bryman, 1989). Consistent with prior research, survey is employed as the instrument of the quantitative phase. In particular, a large sample of questionnaire survey is administrated in the Vietnamese service sector in April and June, 2014.

#### **4.7 Research design**

As discussed earlier (see Chapter 3), despite a growing body of HPWS studies, there are a few research articles providing insightful exploration of the robust empirical findings about HPWS research. Also of interest is that Vietnam – an emerging market – provides an interesting context to conduct such kinds of research. To the best of my knowledge, strategic HRM scholars have employed purely quantitative research design to explore the underlying mechanisms through which HPWS influences firm outcomes. To this end, this study attempts to conduct a mixed methods research design in order to provide more context-specific insights into such mechanisms.

In light of the above, the study is divided into two research phases: qualitative and quantitative. To explore Vietnamese service managers' perceptions of HPWS practices within their organisations via the means of semi-structured interviews, I first developed an interview protocol as a guide to conduct the interviews. I then translated the protocol from English to Vietnamese as the interviews were undertaken in Vietnamese. In order to avoid the research bias and meaning loss, I asked one linguist and one HR specialist who have a good command of English to do the translation. The details of the protocol, interview scripts and other research procedures are presented in chapter 5.

Based on the interview results and inputs, I decided to choose the main measurement of HPWS and other scales to examine the conceptual model (presented in Chapter 2) in the quantitative research phase. Before conducting the main survey, I undertook a pilot study to assess the reliability and validity of the HPWS indexes in the research context. Based on the pilot study, I refined the HPWS indexes for the main survey.

In order to explore the transmission pathways underlying the influence of HPWS on organisational outcomes, a cross-sectional design was undertaken for the quantitative study. The

hypotheses tests and results of structural equation models in cross-sectional design are presented in chapter 7.

In order to avoid the common method bias, I asked both managers and employees to provide insights into their perceptions of HPWS practices within their organisations. I also asked immediate supervisors to evaluate their employee creativity instead of employees' self-report. This method would increase the objectivity of self-report and minimize common rater effects (Podsakoff et al., 2013).

## **4.8 Vietnamese Context**

### ***4.8.1 Introduction***

The focus of this section is on the context of service organisations under study and the broader aspects of Vietnam's social, economic and political situation which shape the people management in general, and HRM practices in particular. These contextual factors are seen as a key to analysing, interpreting and discussing the findings of the study. The next section provides an overview of Vietnam's social, economic and political background from before 1975 to present. This is followed by information regarding the Vietnamese service sector. The section then continues with the transfer of Western HRM practices to the Vietnamese context; the necessity of HPWS practices in service firms; and the scenario of the HPWS in Vietnamese service organisations.

### ***4.8.2 Vietnam: Socio-economic, Political Context***

Vietnam is a developing country with a population of over 90 million people. It has a stretching coastline and is also a common gate to the mainland Southeast Asian countries, coupled with the diversity of natural resources. With a strategic position and central location in South East Asia (Vo, 2009), Vietnam becomes a country converged with political and economic conditions, the important goal of many Western countries in the process of impact enlargement and colonialism. Also of note is that Vietnam has a long history with the process of building and defending the country. After the arrival of Portuguese, Dutch and British traders in the late sixteenth century and early seventeenth century, France invaded Vietnam in the mid-nineteenth century, opening a new stage in the process of the country's development. From then until the 80s of the twentieth century, Vietnam experienced successive uprisings against France (1886-1940), Japan (1940 - 1945); and the war to defend national independence out of the French empire (1946 - 1954), the United States (1954/1965 - 1973/1975) before earning its independence in 1975 (see

Library of Congress). Having experienced a long time immersed in war, Vietnam embarked on the building of socialism on a national scale after unification. However, a serious crisis of the socialist system by bureaucracy, subsidies and corruption, and then two energy crises of the 1970s, the Party and State of Vietnam rapidly carried out reforms in order to escape the risk of crisis. The National Congress of the Communist Party of Vietnam held in Hanoi in December 1986 proposed the renovation comprehensively, including politics, economy, social and cultural issues, on which the focus is economy.

It is noteworthy that this 'Doi Moi' or Renovation Policy was to convert Vietnam from a centrally planned economy to a market-oriented one with socialist traits (Pham, 2011; Thang & Quang, 2005; Truong, van der Heijden, & Rowley, 2010; Vo, 2009). With the advent of Do Moi, the government opened up its door to the world economy and attracted more and more foreign investors to do business in Vietnam. After 1986, Vietnam's economy experienced tremendous growth and achieved economic growth rates averaging around 9% per year from 1993 to 1997 (Yearbook, 1990-2000), especially after the United States lifted the embargo with Vietnam in 1994. This is further evidenced in recent achievements that in 2009, Vietnam achieved economic growth of 5.3%, exceeding goals, and ranking highest in the world for economic growth. Further to this, in 2013, the nominal GDP reached US\$170.565 billion (World Economic Outlook Database, 2014), with nominal GDP per capita of US\$1,902.

In addition to economic achievements, Vietnam has succeeded in partnership with different prestigious organisations throughout the world. Vietnam signed cooperative economic and trade agreements with EU (1992), engaged in ASEAN membership (1995) and AFTA, ASEAN Free Trade Agreement (2001), gained APEC admission (1998), sealed a US-Vietnam bilateral trade pact (2001), and won World Trade Organisation (WTO) admission as the 150th member of the organisation with official recognition on January 11, 2007. Importantly, Vietnam has been negotiating with the United States and other 10 countries to become a member of Trans-Pacific Partnership (TPP). Becoming a TPP member is expected to push Vietnam to develop its economy, unleash new inflows of foreign direct investment and expand export. With such aforementioned success, Vietnam is expected to continue to achieve more achievements in the future, thereby laying the foundations for it to become a modern, industrialized country by 2020.

#### **4.8.3 Vietnamese Service Sector**

It is widely accepted that in the process of industrialization - modernization of the country, the service sector has become an important contributor to the production process. This is because

the demand for services comes from the manufacturers when they realize that, in order to be able to survive in the fierce competition in both domestic and foreign markets, organisations need to offer more service elements in the production process to lower costs and improve service quality, such as education, engineering and technology services. Also of note is that the growth of the service sector is a driving force for economic growth, as well as positively influences the social division of labour. Since economy develops, services become more plentiful and diverse. Currently, the development of services reflects the level of economic development of each country. Clearly stated, that the higher level of economic development of a country is in line with the higher proportion of services in the economic structure of that country (cf. Cypher & Dietz, 2008). As such, services development will enable other sectors of production to develop.

By this logic, services are the driving force of economic activities, and this sector contributes to quality of life (Lakatos et al., 2009). For example, services are infrastructure that supports all businesses. It is a well-documented fact that this sector makes up 60% of world gross domestic product (GDP) (Liao, Toya, Lepak, & Hong, 2009). It therefore replaces the industrial sector as the leading sector of the world economy (World Bank Group). Despite its vital role in developed countries such as the USA, the UK, Japan, Canada and Australia, there witnesses a different picture in the context of Vietnam. Before 1986, like other socialist countries, the Vietnamese service industry did not have favourable conditions for development because policy makers advocated that this sector did not create value for the economy (Lakatos et al., 2009). In 1985, services accounted for only 32.5% of GDP while agriculture, forestry and fisheries made up 40.2%. With the implementation of Innovation reform, the service sector has rapidly become an important driving force for economic growth (GSO, 2000, 2004). Growth of the service sector posted double digit growth for most of the time between 1991-2011 (Thanh Nien News, 2011). These figures imply that the service industry has emerged as the largest sector in the economy and the biggest contributor to the overall growth rate (The World Bank). Therefore, fostering this sector is considered as one of the top priorities in the state economy. For the purposes of this research, some typical service industries are discussed below.

***Telecommunications.*** Telecommunications is a key service of the economy. The telecommunications industry in the past two decades has contributed greatly to the development of the general economy and the service sector in particular. There is evidence that this industry only contributed 1.8% to GDP in 1995, however, it accounted for 6.3% of the Vietnamese GDP in 2011 (Post office Statistics, 2011). This means that the telecommunication industry has a key role in developing the state economy.

**Banking.** Another successful story of the service sector should be mentioned here is banking. There are a number of reasons offered by Lakatos et al. (2009) why Vietnamese banks have gained a number of achievements. The most important reason is that of the Government's efforts in improving the environment for banking activities, creating favourable conditions for diversifying and increasing the quality of the banking services. Another salient reason is that Vietnam has maintained high growth and stabilized macroeconomic conditions in a long period of time from the start of the Doi Moi process. As people's income and living standards improve, the demand for banking services also increases. A final reason is that in the context of international integration, banks are under competitive pressure. All these factors have contributed to the growth of the traditional banking services and appearing more modern banking services, such as bank electronic, internet banking, mobile banking, ATMs, etc..

**Insurance.** After more than 20 years of liberalization, Vietnam's insurance market has recorded an impressive growth rate of 13.7% CAGR annually over the period from 2005 to 2013. Vietnam Insurance Sector has 29 non-life insurance companies, 16 life insurance companies and 2 reinsurance companies. However, the gap in the market share between the top 2 or top 3 largest companies with the other companies in the industry are still very large (First Insurance Sector Report, 2014).

**Pharmaceuticals.** While the economic crisis has led to a decline in most economic sectors, the pharmaceutical industry is still getting an upstream growth with an average rate of 18.8% over the period of 5 years from 2009 to 2013. The main factors affecting this trend are due to (1) the drug itself cannot be replaced and (2) Vietnamese people's awareness of healthcare has been on the rise (Sector Report, VietinbankSc, 2014).

#### **4.8.4 The Transfer of Western HRM Practices**

The primary purpose of this section is to provide an overview of Vietnam's socio-economic situation that may influence the transfer of Western HR practices into the Vietnamese context. The Eleventh Congress of the Communist Party of Vietnam in January 2011 called for a more comprehensive approach to the country's renovation, decided to promote greater citizens' participation and unity within Vietnam, and to engage proactively in international integration. The Congress re-affirmed Vietnam's approach to state-led development, but also revised key policy documents to place greater emphasis on market processes and non-state ownership of economic assets (World Bank, 2013). With the widespread changes in society, the employment system in Vietnamese organisations has experienced major changes (Vo, 2009). For example, the results of

Renovation have substantially changed the business landscape (Thang & Quang, 2005) and labour markets leading to different challenges for organisations, making the management of people a key issue (Thang et al., 2007). This is further supported by Vo (2009) who stated that the amount of foreign investment flooding into Vietnam has considerably led to the need for a shift of HRM activities in organisations to sustain competitiveness in their own background.

In addition, the pace of economic growth and the reallocation of jobs away from agriculture have slowed in the wake of structural problems in the organisation and banking sectors and macroeconomic turmoil in recent years (Report, 2014). Truong et al. (2010) further note Vietnam as well as other emerging economies is experiencing the problems arising from globalization and endeavouring to compete in such globalized markets. Consequently, this has brought an unparalleled level of intensity because of the competition among organisations (Thang & Quang, 2005). In this sense, people are considered as a key ingredient in the production process and firm performance. As such, investing more effectively in people is a must for organisations if they wish to have a workforce with higher levels of skills, knowledge, abilities and motivation in order to meet organisational goals. This is further backed by Montague (2013) that the effective way for Vietnamese enterprises to uphold and enhance employee work, productivity and global competitiveness is to invest in HR development (see also Budhwar, 2012). This philosophy has been widespread and valued by Western countries for years, and developing counterparts have also been doing so. Coupled with this line of reasoning, it is argued that Vietnamese organisations ‘do not wait for empirical evidence to accumulate before deciding which practices to implement, thereby borrowing heavily from their Western counterparts’ (Ramdani et al., 2014: 253).

Findings within research conducted in transforming economies (China, Tawan, Nigeria) indicate that Western HRM practices have been generalized and valued in these contexts (Qiao et al., 2009; Akhtar et al., 2008). Akhtar et al. (2008), for example, assert that HRM practices not only have been generalized but also valued by Chinese firms. By the same logic, it could be argued that Vietnamese organisations have adopted and valued HRM practices on their own ways. The reason behind this philosophy is that Vietnam and China have lots of things in common such as political systems, cultures and Confucian-related issues. This is in line with Vo and Hannif’s observations of transforming economies (Vietnam and China) that ‘within a space of a decade, major economic shocks can and have happened in these societies, and these have brought about significant changes in the societies and their cultures’ (2013: 4). This is further supported by the argument that ‘‘the transitional period in Vietnam from a centrally planned economy to a market-oriented one has made the national business system more receptive to new and seemingly contrasting practices’’ (Vo & Stanton, 2011: 3513). Following this logic, HRM practices have been pursued and valued by

Vietnamese firms. This is evidenced in recent work by researchers, for example, that by investigating the association between these new forms of ownership and how firms shape their HRM, Zhu, Collins, Webber, and Benson (2008) demonstrate a diversity of HRM practices in Vietnam. Also of interest is that Bartram, Stanton, and Thomas (2009) found that state-owned enterprises still largely implement traditional HRM practices, international joint ventures pursue cost-focused HRM and private companies try out with a range of innovations in HRM. Despite this empirical evidence in general HRM practices, relatively little is known about the topic of HPWS in the Vietnamese context. This fact leaves much unknown about how HPWS practices are adopted and executed in this setting. By this logic, research is needed to address this void. In response, this study seeks to deepen this literature by examining the effects of HPWS on the performance of Vietnamese service organisations.

#### ***4.8.5 Necessity of HPWS in Service Firms***

There is little doubt that the advent and development of the service sector is particularly important for the state economy in today's competitive and uncertain market environment. However, in order to exist, compete and strive in such an environment, service organisations need to concentrate on such key factors as business strategies, people management and vision (see also Becker & Gerhart, 1996). Among these factors, people management is regarded as one of the most important because it is a decisive factor to determine success or failure of a firm (Somers & Nelson, 2001). Being aware of this salient factor, the majority of Vietnamese large organisations have formed their HR or Personnel departments (observed by the researcher). In this regard, there are indications of a movement towards people management and HRM development within Vietnamese organisations (see also Rowley, Benson, & Warner, 2004). In order to do so, HR departments must make sure that they recruit and select right people for given positions so that they will be able to perform their job duties well. In other words, there should be an organisation-people fit in order that both firms and employees can meet each other, thereby developing employees' fullest potential. After being selected, not all employees can have enough skills, knowledge and motivation to fulfil their work tasks. Therefore, training programmes are a key factor in equipping employees with such shortages/skills. This is a firm's necessity and efficient investment if HR managers organize, adopt and run training programmes properly. The reason behind this philosophy is that if individuals acquire the necessary skills from these training activities, they are more likely to apply such skills to their job performance (Tracey, Tannenbaum, & Kavanagh, 1995). Nevertheless, it is noteworthy that this is only a necessary condition but not enough to ensure employees' enhanced performance. In order for employees to have positive commitment, behaviours and attitudes towards their jobs, organisations need to exercise other HR activities such

as pay systems, job design, promotion, teamwork and supportive organisational environment. In so doing, employees will feel that they are valued by their organisations, which in turn will repay organisational investment by working harder and more effectively (Lee & Bruvold, 2003). This leads to the conclusion that HR managers play a central role in making people management work because they act as coordinators to connect organisational strategies and policies with individual job performers who will contribute to organisational success or failure (see Youndt et al., 1996).

Specifically, in order for front-line employees to provide high-quality service, organisations need to design a work system that ensures that employees have the knowledge, skills, and abilities, as well as the motivation, to meet customer needs (Liao et al., 2009: 373). As such, HPWS as a group of separate but interconnected human resource (HR) practices designed to enhance employees' skills and effort (Datta, Guthrie, & Wright, 2005; Huselid, 1995; Takeuchi et al., 2007) would be the work system that service firms need to achieve the aforementioned goal. This is in line with scholars' argued reasons why HPWS should be implemented in service firms (see, meta-analysis studies by Combs et al., 2006 and Jiang et al., 2012b). The first reason is that service employees may be more discretionary than their manufacturing counterparts (Rosenthal, Hill, & Peccei, 1997), and stimulating employees to exert more discretionary effort is a critical consequence of HPWPs (Bailey, 1993). Another salient reason is that of service employees' closeness to customers. Hence, service quality that employees provide to customers may be more directly influenced by the impacts of HPWP adoption on their attitudes and behaviours (Batt, 2002). A final reason lies in the fact that the efficacy of HPWS on productivity is greater in industries having low capital intensity, thereby being more likely to be services where discretionary behaviour is high and customer contact is common (Datta et al., 2005; Combs et al., 2006). Therefore, service firms provide an ideal context to investigate how HPWS works to influence individual outcomes, which subsequently impact firm innovation and performance outcomes.

The literature review also suggests that the majority of HPWS research has obtained data from manufacturing industries, ignoring the very important service counterparts. Therefore, there have been many calls for undertaking research on the latter (Harley, Allen, & Sargent, 2007; Liao et al., 2009). In response, recent scholars have paid attention to the service industry (Aryee et al., 2012; Ang et al., 2013; Zhang et al., 2013). For example, using data from 45 branches of the two retail banks in Ghana, Aryee, Walumbwa, Seidu, and Otaye (2013) demonstrated that HPWS utilisation influences collective human capital and aggregated service orientation, which in turn lead to employees' service quality. Likewise, Liao et al. (2009) found that employee perceptions of HPWS are strongly associated with individual service performance via the mediation of employee human capital and perceived organisational support, and are strongly associated with individual

knowledge-intensive service performance via the mediation of employee human capital and psychological empowerment. The empirical evidence suggests that HPWS can be a source of competitive advantage for organisations if optimally implemented. This means that when organisations design and execute HPWS, they should pursue superior performance via the strategies to enhance positive behaviours rather than through a process of work intensification which may lead to negative responses for workers (Zhang, Di Fan, & Zhu, 2013). As such, an HPWS is considered as a powerful tool for organisations to achieve this goal because if properly implemented, it can equip employees with the skills, knowledge, capabilities and motivation to deliver high-quality service, thereby satisfying customer needs (Liao et al., 2009).

#### ***4.8.6 HPWS in Vietnamese Service Organisations***

As is the case in many other developing economies, a key strategy for achieving superior performance in Vietnamese organisations is via a means of employee effort (Jiang et al., 2013). With this objective in mind, organisations are required to pursue the implementation of innovative HRM practices. As such, organisations should focus on investing in the development of human capital or labour force in order for them to acquire the skills, knowledge, expertise and commitment needed to perform their job demands. As a consequence, once employees have perceived that they are effectively invested and valued by the organisation, they are likely to repay firm investment by dedicating and contributing to the development of their organisations. In this regard, Vo (2009) highlights that human resources, in Vietnam, are increasingly being seen as having strategic and financial implications, and competitive pressures will result in the development of management systems toward Western-style HR policies and practices. Nonetheless, Vo (2009) notes that the extent to which Vietnamese organisations implement new HR practices changes substantially and is greatly contingent on the collective views of each organisation's board of directors and top managers on the significance of HRM function regarding the firm's goal and vision. This in turn decides the firm's support and investment to the development of this function.

Turning to the question why HPWS has been disseminated and valued by Vietnamese service organisations, there are several reasons that can be highlighted. First, it is clear that the Vietnamese economy, like other emerging economies, is becoming more and more market-oriented and integrated into the world economy. Vietnamese firms are therefore interested in borrowing and implementing innovative HR practices to foster their performance at both individual and firm level (see also Zhang & Morris, 2014). It is for this reason that organisations cannot wait for empirical evidence to accumulate before deciding which HR practices to execute (Ramdani, Mellahi,

Guermat, & Kechad, 2014), while they need to adopt ‘best HR practices’ as a win-win solution to achieve competitive advantage and enhanced firm performance. Second, multinational companies operating in Vietnam usually implement Western HR practices, and their actual execution has demonstrated the efficacy of such practices. Therefore, Vietnamese firms that wish to pursue innovative HR practices often learn and translate ‘best practices’ into their actual implementation. Finally, Vietnamese organisations now prefer to promote young leaders, who are willing to adopt modern management styles, and thus adopt and implement HRM practices from Western countries (see also Vo & Hannif, 2013).

Taken together, Vietnamese organisations have embraced a modernization path which involves the implementation of global ‘high performance’ practices (Murphy, 2002; Ramdani et al., 2014). However, it is noteworthy that despite the widespread adoption of Western HR practices, Vietnamese organisations tend to incorporate such practices with Vietnam-specific HR practices so that their HR practices can work well in the workplace. Therefore, this study is needed to explore the actual implementation of HPWS within Vietnamese service organisations. The study starts with examining managers’ perceptions of HPWS implementation in their organisations, based on a sample of face-to-face semi-structure interviews. The study then proceeds to the quantitative data to explore the mechanisms through which HPWS influence the performance of organisations.

To sum up, I collect both interview and survey data from Vietnam in order to investigate the phenomenon of why and how HPWS affects the performance of studied firms. The service sector is especially suitable for this study because HPWS, as an antecedent of organisational innovation, is vital in enabling service firms to introduce new products, provide better services for customers, retain existing customers and attract more new customers to strive and survive in today’s market turbulence. Relatedly, Vietnam provides a representative sample of data in order to examine of the efficacy of HPWS practices on the performance of service firms in Asian economies in general and South East Asian countries in particular.

#### **4.9 Conclusion**

In this chapter, I discussed my research paradigm - pragmatism as mixed methods paradigm of the study, and ethical issues. I also provided an overview of the research process and purposes, and research design. I then discussed and detailed the research context – Vietnam. In the next chapter, the qualitative phase of the study is presented.

## **CHAPTER 5: QUALITATIVE PHASE – RESEARCH METHOD, FINDINGS AND DISCUSSION**

### **5.1 Introduction**

The purpose of this chapter is to provide insights into managers' perceptions of HPWS practices in their organisations via the means of face-to-face semi-structured interviews. By doing so, I aim to examine how HPWS practices are valued and pursued within Vietnamese service firms, and how the HPWS adoption influences firm performance. Based on the interview inputs, I identify what HPWS practices are executed in the Vietnamese context, thereby deciding what HPWS practices, possible HRM outcomes and firm performance indicators can be adopted in the quantitative phase of the research.

The remainder of the chapter is structured as follows. The next section provides a description of the research method adopted for this phase of the study. The interview findings are then presented and interpreted upon. The findings are discussed and the chapter concludes with some reflections on managerial implications, and implications for future research.

### **5.2 Research method**

#### **5.2.1 Procedure**

I interviewed the manager or HR manager of each Vietnamese service organisation in 2013. Using the list of firms in two large cities (Ha Noi and Thanh Hoa) provided by the Vietnam Chamber of Commerce and Industry (VCCI), I contacted the manager or the HR manager of 25 firms to explain him/her the objectives of the research and ask for his/her collaboration. A total of 17 firms (68%) agreed to participate in the research (one representative from every firm). Once they agreed to do so, we discussed and decided the time and place for the interviews. I developed an interview schedule and shared it with the participants for confirmation and reminder (see Appendix 1). The schedule consisted of key themes for discussion, intended time and date, and place for interview, the length of interview, and who would interview. Along with the schedule, I designed a consent form and a cover letter (see appendix 1 for details of these), and then emailed these to the participants. The purpose of the cover letter and consent form is to inform the participants of the purposes of the research and that their participation is voluntary, and thus they could withdraw from the research whenever they wanted. The data were then collected using semi-structured in-depth interviews. The primary objective of adopting face-to-face in-depth semi-structured interviews is to 'get inside the heads' of the managers with a view to hearing them speak and reflect (cf. O'Dwyer, 2004: 390). The interview protocol was deployed as a rough guide for the

discussion. Specifically, the interviews were guided by a number of broad open-ended questions and were held at the respondents' firm premises. The interviews ranged from 30 minutes to 90 minutes in duration, depending on the degree of interest and detailed knowledge on the part of the interviewees (ef. Belal & Owen, 2007).

### **5.2.2 Interviewee profile**

The rationale for choosing senior managers to participate in the interviews was triple-fold. First, the senior management could be expected to have certain knowledge and a broad perspective on organisations' HR practices, and thus were deemed as being able to address questions examining perceptions of HPWS. Second, individuals at the management level were believed to have experiences of how HR practices are implemented within their organisations, whether they were HR managers, firm managers, and CEO or general managers (see Table 5.1). A final important reason why I only focused on the managers' experiences of HPWS practices is that I was not allowed to gain access to individual employees to conduct the interviews. This is because employees are always busy with their job demands in these service firms, and thus they did not have spare time to participate in the interviews. However, I note that in order to ensure the reliability and insights of the data, I used different interview techniques such as probing, prompting during the interviews. For example, when possible I tried to probe the interviewees so that they could provide me as many answers or inputs as possible. Especially, when the interviewees got stuck, I tried to prompt in order for them to continue with their thinking and answering my questions. By doing so, I believe that I could trust the managers' answers, and gain insights into their experiences of HPWS practices within their firms. I also trusted this collected data because its accuracy would be validated, tested and confirmed in the quantitative phase when the data would be collected with the participation of both managers and employees regarding their experiences of HPWS practices in their organisations. As such, I argue that the managers were in an optimal position to provide detailed insights into their experiences and voices about HPWS practices in this phase of research.

**TABLE 5.1****Interviewees' role and industry sector**

	Role of Interviewee				Total
	HRM	BM	CEO	GM	
Service Industry					
Banking	2	2	0	1	5
Pharmaceuticals	3	1	1	0	5
Telecommunications	2	1	0	1	4
Insurance	1	1	0	1	3
Total	8	5	1	3	17

Note: HRM = human resource manager; BM = firm manager; CEO = chief executive officer; GM = general manager. A total of 14 male and 3 female managers participated in the interviews.

**5.2.3 Conducting the interviews**

As the research focused on managers' perceptions of HPWS adoption, a standard definition of HPWS (Datta et al., 2005) was included in a cover letter sent to the respondent seeking an interview. In doing so, the interviewees could have an initial understanding of the construct, thereby enabling them to capture/embrace it fully. This was done in order to avoid structured responses, and to generate robust multi-dimensional items of HPWS. Prior to starting with each interview, the nature and purpose of the research was again summarised to each respondent. It was highlighted that it was the respondents' opinions that were being sought, that there was no quest for 'right' or 'wrong' answers to the questions, and that no prior 'technical' knowledge of any kind was either assumed or required (ef. O'Dwyer, 2000: 406). It is of great significance to note that in order for the respondents to feel more comfortable, some general "ice breaker" questions were deployed. Throughout the interviews, the respondents were probed and provided direction and/or clarification when things were not clear to them in order to ensure clarity of responses. Also, a brief summary was given to the interviewees after each theme/aspect of HPWS was discussed, to ensure that the researcher understood what they had said in the interview. It should be noted that due to firm norms and regulations, the interviewer was not allowed to record on tape during the interviews. In order to minimise this restriction, a form was designed that was used to capture and log responses from the interviewees. Whenever possible, the respondents were asked to speak slowly and repeat key points so that the interviewer would not miss any important information. After each

interview, an outline of the interview was written up at once and then sent to the respondent for verification and further comment (ef. Belal & Owen, 2007).

#### **5.2.4 Data analysis**

The interview information was noted, summarised and subsequently translated into English for the purposes of analysis. The interview analysis established a pervasive activity throughout the life of the research (ef. O'Dwyer, 2002). This research phase therefore adopts face to face in-depth semi-structured interviews as they are considered as the most obvious choice of research method in order to hear from the interviewees' experiences and voices of what they actually do and think about HPWS utilisation and its efficacy on firm performance. Their responses are typically analysed employing content analysis techniques (DeVellis, 2011; Hinkin, 1995). I therefore focus on the analysis of the themes based on the interview protocol and inputs (i.e., perceptions of HPWS practices with organisations; perceptions of creativity and innovation; and HPWS practices and innovation relationship).

Consistent with prior researchers, three stages of data analysis were deployed in this research phase: data reduction, data display and data interpretation (Miles & Huberman, 1994; O'Dwyer, 2004; O'Dwyer, 2002). The main objective of the data reduction phase is to detect key themes and patterns in the data gathered. As the interviews were conducted in Vietnamese, the scripts were translated into English for analysis. It is noteworthy that to avoid research bias and meaning loss, this process was undertaken with the assistance of two Vietnamese PhD students who have a good command of English. The two assistants were asked to translate the scripts separately. Once they finished their translation, I compared the two versions to see if there was any difference. If I identified any difference between the two versions, the assistants and I sat together to discuss and reach consensus. In the end, I got the final translated scripts without any meaning loss and cross-cultural problem (ef. Kearney et al., 2009), thereby commencing with the data coding.

Adopting the interview protocol as a broad framework, the interviewed scripts were read, revisited and reread again and again by the researcher. As a result, the initial themes emerging within the framework were identified and then they were noted in the word file. This process of coding allowed the reduction of the transcript evidence, and also provided a means of interacting with and thinking about the evidence, thereby stimulating processes of reflection (O'Dwyer, 2004). Consistent with this, the researcher revisited and re-read the translated scripts, then searched for extra-open codes; and prepared rough initial matrices based on open codes formed. In the data display phase, I formed detailed matrices comprising key themes and patterns detected. Detailed

matrices summarizing the themes/codes detected in each translated script (Miles & Huberman, 1994) were then developed so as to visually display the themes emerging when the initial codes were developed (O'Dwyer, 2004). The data interpretation involved interpreting the reduced data sets stemming from the data reduction and data display stages. The detailed notes, interviewed scripts and journal were revisited and analysed in conjunction with a study of the final summary matrices (O'Dwyer, 2004). This led to the formulation of an initial 'thick' description (Denzin, 1994) of the interview findings employing the interview protocol as a broad framework. Segments of translated scripts which were organized according to the core code/theme were then selected from these script segments in order to add richness to the findings developed (O'Dwyer, 2004). This stage ended with the adoption of the analytical lens to write up using an iterative process.

### **5.3 Findings**

The results of the interviews indicate that the respondents perceived the existence and the actual utilisation of HPWS in the context of Vietnam. The perceptions of the actual implementation of HPWS and other HR-related issues are, therefore, grouped into three key themes (perceptions of HPWS practices with organisations; perceptions of creativity and innovation; and HPWS practices and innovation relationship), and sub-themes, and presented in the next section.

#### **5.3.1 Perceptions of HPWS Practices within Organisations**

This theme is categorised into different sub-themes: existence of HR practices, conceptualisation of HPWS, HR practices executed, consistency of HR practices within a firm, effects of HPWS adoption, and indicators of performance.

##### *5.3.1.1 Existence of HPWS within Organisations*

I explored managers' perceptions of HPWS existence in the context of Vietnam. I first provided a standard definition of HPWS and then asked them to relate the definition to the HR practices executed within their firms. Of the 17 interviewees, 15 (88.2%) claimed that there is a certain degree of the relationship between the given definition and the HPWS practices used in their organisations. The interviewees provided evidence of skills, knowledge, commitment, labour productivity, among others through the HR activities in their organisations. One respondent, for example, stated that:

In my opinion, there is a relationship between this definition and the HR practices utilized in my company in terms of directing to employee effort and capabilities; high level of firm performance; and competitiveness for the firm (Insurance Firm, Firm Manager).

This evidence is further supported by the following fairly typical comments:

I think this definition relates to the HR practices used by my firm in terms of skills, commitment and productivity (Telecommunication Firm, HR Manager).

Our firm has been utilizing HR practices in order to improve labour productivity, motivate employees to work more effectively, and generate more new ideas and suggestions, which can help the firm grow and compete with other enterprises (Pharmaceutical firm, HR manager).

These initial perceptions emphasized the perceived existence of HPWS in the context of Vietnamese service organisations. It is important to highlight that recent studies in other research contexts also provide robust evidence that HPWS practices are pursued and effectively executed within organisations (e.g., Chowhan, 2016; Liao et al., 2009; Messersmith & Guthrie, 2010). In this sense, it is argued that HPWS practices are an enabler of employee and firm performance. By investing effectively in HR practices, employees may acquire necessary skills, knowledge and abilities to perform their job duties, thereby repaying their firm's investment. As such, they will more likely contribute to the firm, and thus help constitute the firm's competitive advantages. For example, firms investing in training to foster employee knowledge will experience less employee turnover (Selden et al., 2013). This is aligned with the resource-based view's paradigm that the workforce of a firm could be a source of competitive advantage (Wright et al., 1994; Selden et al., 2013). The reason behind this logic is that the practices themselves do not constitute sustained competitive advantage; rather, performance gains result from the human resources that are generated by a HPWS system (Appelbaum, 2000; Huselid, 1995; Patel et al., 2013; Wright, Dunford, & Snell, 2001; Wright, McMahan, & McWilliams, 1994). Coupled with this line of reasoning, some of the managers commented:

The HR practices, which have been practiced in our firm, share some common features with this definition. The objective of our HR practices is to improve job effectiveness, labour productivity and employee creativity with a view to fostering the development of the firm and firm competitiveness (Bank, General Manager).

The relationship between this definition and the use of HR practices in our organisation demonstrates the purpose of using the labour force with the highest level of labour productivity and profit but with the low expenses (Insurance Firm, General Manager).

Nonetheless, one manager, who was not so sure about the relationship between the given HPWS definition and the HR practices used in his organisation, stated that:

In fact, HPWS has not been really practised in our firm or if yes, it has not yet become a specific concept in the business strategy of the company. However, during my working

experience, I find that human factors are critical for any enterprise, especially for our company. In my opinion, HPWS can be used based on the provisions of the law, the company's recruitment policies, reward, incentive and salary mechanism, bonus, and strict penalties, which are controlled by specific texts.

#### *5.3.1.2 Conceptualisation of HPWS*

After being shared with a standard definition of HPWS and then being asked the link between the definition and the adoption of HR practices in their organisations, the managers were asked to give their own definitions based on their own understanding and work experiences. The interview evidence indicates that the majority of definitions share some degree of similarities with the existing ones in the HPWS literature (Datta et al., 2005; Huselid, 1995; Posthuma, Campion, Masimova, & Campion, 2013; Wright & Boswell, 2002). Fairly typical were the following:

HPWS is a system of HR practices targeting towards employee skills, job performance, labour productivity, commitment for their assigned tasks and enabling them to work and experience in a competitive market environment, which in turns enhances firm outcomes (Bank, HR Manager).

HPWS is designed to facilitate employee professional skills, knowledge and competencies, thereby contributing to overall firm performance (Pharmaceutical firm, HR manager).

The aforementioned examples indicate that HRM systems can be used as a means to improve employees' skills, knowledge, abilities and motivation, and thereby fulfil their job duties and performance. Once employees are skilled, knowledgeable, capable and motivated, they are more likely to respond to their firm's investment by expanding more effort to perform their work duties. To this end, they will make a significant contribution to firm outcomes, and thus help the firm to achieve its set goals. This argument is further supported by the following typical comment:

HPWS is the combination of HR practices and the firm's resources in order to foster employees' capabilities, commitment and contributions to the firm, thereby achieving its set goals (Telecommunication Firm, General Manager).

However, each of the definitions demonstrates its own characteristics due to the respondents' knowledge, understanding and real experience. One typical example is that the interviewee emphasised the efficacy of HPWS on both employees and managers:

HPWS is a system designed to enhance work efficiency for the staff and management at all levels of an organisation, thereby achieving the goals set out at an early stage with the lowest risk (Bank, Firm Manager).

One final salient point that needs to highlight here is that although Vietnamese managers are now more open and willing to acquire new and Western styles of leadership and management, they are still partially influenced by the Vietnamese management styles and political regime. That is why they often speak of such things as mechanisms and paperwork-related issues. The following typical example is illustrated to prove this argument:

HPWS means working more efficiently and yielding superior performance. It is a system of processes, regulations and policies that aim to help improve the working capacity of workers, and create sustainable values for an organisation (Bank, HR Manager).

#### *5.3.1.3 Perceptions of Actual Use of HPWS*

A latest literature review of 193 peer-reviewed articles reported over the last two decades undertaken by Posthuma et al. (2013) provides evidence that there are 61 practices repeated a total of 2,042 times. This means that different practices have been adopted by different scholars, and a number of practices have repeatedly been used by researchers. Therefore, it could be argued that HPWS practices can vary from one research context to another, and there has been no consensus on the optimal configuration of such practices that should be utilised (Aryee et al., 2012; Gittell et al., 2010; Karatepe & Vatankhah, 2014; Liao et al., 2009; Shih et al., 2013; Sun et al., 2007). Liao et al. (2009), for example, include nine dimensions: training, information sharing, interdepartmental service, team and participant, service discretion, performance appraisals, pay and job design. Nonetheless, when Aryee et al. (2012) adopted this scale, they excluded the information sharing dimension because of its overlap with the domain of empowerment climate. It is also noteworthy that Gittell et al. (2010) categorise HPWS practices into six domains: cross-functional selection, cross-functional conflict resolution, cross-functional performance measurement, cross-functional rewards, cross-functional team meeting and cross-functional boundary spanners. It is apparent that HPWS practices have not been consistently adopted by researchers due to research settings, research purposes and researchers' lenses. As critical as HPWS is to the understudied Vietnamese context, this interview question was probed in-depth in order to uncover the actual implementation and methods of HPWS within an organisation. The evidence demonstrates that there are a number of HR practices, such as recruitment and selection, training and development, financial incentives that are frequently implemented in all the organisations under study. Nonetheless, some HR practices vary due to organisations' strategies, goals and cultural factors. Based on the results of coding, the HR practices encompassed a variety of sub-themes. The sub-themes of HR practices are therefore presented separately.

##### *5.3.1.3.1 Recruitment and Selection*

Recruitment and selection has become one of the most important HR practices in organisations because human capital is deemed as a decisive factor to success or failure of any enterprise, especially in the turbulent market environment. This is evidenced in the results of the interview findings (17/17 interviewees mentioned this policy in their HR activities). One of the managers reflected on how this policy is critical for his firm success:

Recruitment and training is a leading and continuous task in our personnel policy to ensure that we possess employees with sufficient knowledge, skills, health and good quality in order to meet the developmental requirements of the company (Insurance Firm, Firm Manager).

We are fully aware that the creation of competitive advantage and differentiation depends mainly on human resources. Our recruitment policies aim to attract and develop the people with commitment, talent and behaviour (Bank, HR Manager).

It is of great significance to highlight that methods of recruitment and selection are decisive factors that help organisations to succeed in recruiting the best people to work for them. For this reason, the majority of managers placed much emphasis on recruitment methods. Typical recruitment methods used include qualifications, academic achievement, CVs, knowledge tests and interviews. This was evidenced in the following comment:

Our company welcomes all the candidates who always want to rise up by talented, intellectual and moral qualities, and passion for the job. The candidates who meet professional standards and job requirements will be invited to take the entrance exam and interview rounds in order to select people who are suitable for the company. Recruitment process is open and transparent, and recruitment schedule for each position is posted on the company's website. CV, knowledge and interview are utilized in our recruitment process (Telecommunication Firm, HR Manager).

It is widely accepted that English and computer skills have become particularly critical for employees' work tasks because firms usually work with their foreign partnerships, especially after Vietnam implemented its open door policy and became a member of the WTO. Despite their importance, English and informatics tests were not often used in interviewed organisations, except a few managers.

Candidates who are selected based on the results of academic achievement, English and Informatics test and interview (Pharmaceutical Firm, Firm Manager).

Interestingly, while most of the respondents emphasised the importance of the rigorous criteria of recruiting candidates, such as candidate CV, academic achievement, knowledge test and interview, one manager simply put it:

Those candidates who have had work experience and are trained expertise at prestigious universities in the country or abroad oriented towards human resources of the firm are given a priority (Insurance Firm, General Manager).

#### *5.3.1.3.2 Training and Development*

Training and development has been extensively used by recent researchers (Aryee et al., 2012; Liao et al., 2009; Selden et al., 2013). Its focus is on equipping employees with the skills, knowledge and competences that they need for their work (Posthuma et al., 2013). Consistent with this logic, Vietnamese organisations describe this policy as the most important mission in human resource management and a form of strategic investment. If properly trained, employees will acquire skills, knowledge and abilities required to fulfil their job duties. In other words, when employees are skilled, knowledgeable and capable, they are more likely to provide better quality of service for customers, thereby accommodate customers' needs. As a result, they can help retain existing customers and attract more new counterparts. Being aware of its importance, one of the interviewees explained:

As employees are considered as a key part of an organisation's resources, with the potential to give the firm a source of sustainable competitive advantage, we always enable employees to do all the training programmes needed for their skills and knowledge (Bank, Firm Manager).

In terms of training methods, different firms offered different ways of training. Yet for the sake of this activity, the majority of companies utilized the mixed methods of training and development. Fairly typical were the following methods:

We are very flexible in training employees with different methods such as on the job-training, off the job training, peer training, mentoring and even formal training at colleges and universities if needed (Bank, Firm Manager).

It is important to note that one company implemented their training programmes with different purposes for different positions and levels. For example, all the staff members are normally trained on overview of banking, personnel policies, salary - bonuses, firm culture, ethics rules and so on while management levels undergo the training on basic and advanced management skills for each level of management. Some employees are even provided with financial support for

doing domestic Masters and scholarships for overseas studies with specialized training programmes in accordance with the company's planned direction (Bank, HR Manager).

However, a manager explained the rationale for employing the only on-the-job training method in his organisation:

In order to save money and make this process more efficient, we often utilize the on-the-job training method. The old and experienced employees are selected as trainers to run the training courses. By doing this, we both save money, time and promote the cooperation between the old and new staff members (Telecommunication Firm, HR Manager).

#### *5.3.1.3.3 Wage Policy*

Although the salary system is considered as an important policy to motivate and encourage employees to devote and contribute to the development of the organisation, the evidence indicates that only 70.5% of the managers mentioned this policy throughout the interviews. It is likely that some organisations apply the common ground salary policy, so they highlight the importance of the financial incentives policy rather than this. Fairly typical were the following comments:

Our salary system is built on the common ground of salary in the market, competing with other companies in the same industry, in accordance with the requirements and the actual workload. Employees are considered increasing the salary on a quarterly and annual basis based on the nature of the work and their achievements (Telecommunication Firm, Firm Manager).

However, some managers also emphasised the way in which they pay for their employees in order to make them motivated to work and ultimately contribute to firm success. For example, many of the firms pay lucrative income for employees as they believe that this motivates their employees to stay and work for them longer. They also hope that by doing so, employees will perceive that they are valued by their employers and thus work more effectively for their organisational development. Fairly typical was the following comment:

Our firm is applying an adequate salary system in accordance with the capacity and productivity at each specific position. This will help our employees believe that the firm values them. They therefore fully dedicate to their work tasks and thus contribute to our success (Pharmaceutical Firm, Firm Manager).

Interestingly, one reward policy that has never emerged in the literature before becomes a common practice in the context of Vietnam: bonuses for public holidays, New Year and Lunar New Year. The following instance is an obvious illustration.

One year, employees are entitled to a minimum of 13 months' salary. In addition, employees are also paid according to their monthly effective work. We apply the reward for initiatives, good improvement in the job, holidays, national festivals, and bonus units and individuals of the Year (Bank, HR Manager).

#### *5.3.1.3.4 Innovation Strategy Execution*

Innovation strategy execution refers to a response strategy by management to attain innovation outcomes to lessen critical internal and external contingencies (Oke et al., 2012). In order to do so, management must invest time and money to lead to changes in internal operating practices, introduce new products/services, apply new and advanced technologies, improve quality of service delivery and enhance the effectiveness of people management. Whilst there seems to be little known about the innovation strategy execution construct in the HPWS literature, the seven interviewees provided some valuable data on this. They explained the rationale for innovation strategy execution in their organisations:

Vietnamese organisations are facing the economic downturn and today's market turbulence. In order to survive and develop in such an environment, firms should implement innovation strategies to accomplish innovation performance. To do so, our firm has had long-term and short-term plans for developing the workforce and the management, renovating the work process, researching the market, and providing the new services (Bank, Firm Manager).

Innovation is a key to the existence and development of any organisation in this current competitive market. Being aware of this, we have focused on building innovation strategies, which are suitable for the actual conditions of the firm. To achieve this goal, we have spent lots of time and money building the master plan, vision and strategies to put these strategies into practice (Telecommunication Firm, Firm Manager).

One point to note here is that one manager emphasised the role of both managers and their employees in the process of innovation strategies. The following instance is good evidence:

Innovation strategies are the decisive factor for the successful implementation of the objectives of the company, therefore, must lie in the actions of the management. However, to be successful, it requires a combination of all the elements and components of the organisation, from general manager to employee. Innovation needs to be managed as a functional unit associated with the goals and strategic business. The management must know the business strategy of the company is, the firm is going to where and how to get there (Telecommunication Firm, HR Manager).

It is of great significance to note in the light of the aforementioned comments that in the context of Vietnam, innovation is a must in order to enable organisations to exist and thrive in times of economic crisis. One manager expressed:

In order to strive and develop in a competitive market environment and an economic downturn, we need to implement innovation strategies with rigorous and clear plans (Bank, Firm Manager).

#### 5.3.1.3.5 *Innovation-Led HR Policy*

It is widely accepted that people are a very important resource of the company. In order to maintain, stabilize and develop human resources in accordance with a company's development strategies, the company must execute new and innovative HRM systems in order to have breakthroughs in the human factors to create a source of competitive advantage. To do so, organisations should pay more attention to recruiting the talented people, training and using them in an optimal manner. In response to firm investment, employees will exert their efforts on organisational outcomes and success. Despite the awareness of the importance of innovative HR activities, less than half of the managers (41.1%) drew attention to this important construct. One manager commented that:

One of the most important ways for our firm to become more developed, sustainable, innovative and competitive is to have a good source of human capital with talented and right people for their right work tasks. As such, HR policy is considered as a breakthrough to achieve this goal. Therefore, we are building a new HR policy with the innovative purpose (Bank, HR Manager).

It is widely accepted that in the process innovation strategies, innovation of HR policy is considered a breakthrough to this goal. Throughout the innovation-based HR policy, organisations can recruit the best people to work and contribute to their performance and success. This helps organisations to accomplish their set goals. In this vein, employees are significantly highlighted as a source of competitive advantage (Bae & Lawler, 2000). Therefore, one manager commented as follows.

For the long-run development of the organisation, we consider HR planning as an important mission. Therefore, we focus on the analysis of recruitment needs, training needs, and management development. We also consider the demand and supply of labour and any problems that arise from the process of reconciling the factors (Bank, General Manager).

Innovation-based HR policy aims to foster employees' capabilities and potential creativity so that they can make significant contributions to the development of companies. Firms possessing

capable and creative employees are more likely to achieve much success in today's turbulent market environment than those not doing so. Being aware of this philosophy, one manager expressed.

Our bank always regards human resources as a core element and a valuable asset. Therefore, our HR policy is built with the purpose of turning human resources into a leading competitive advantage. HR Policy here places the relationship between the bank and employees as the heart of the policy. The principle purpose is to create a supportive organisational environment in order for employees to have the best opportunities to mobilise their creativity capabilities. In other words, our policy is to encourage and motivate employees to work or fulfil their tasks creatively so that they can contribute to firm performance (Bank, Firm Manager).

Although there is one interviewee who also drew attention to innovative HRM practices, he still did not forget to talk about paperwork issues. This usually occurs in organisations with strict hierarchy and responsibility. The following instance is an obvious illustration.

We manage employees in accordance with the law and rules, regulations and company policies (Pharmaceutical Firm, HR Manager).

#### *5.3.1.3.6 Working Environment*

Interestingly, the evidence indicates that while the extant literature rarely includes working environment as a sub-dimension of HPWS, more than half of the research respondents placed more emphasis on this. The following comments were noted:

Being aware of people as core elements of competition, we have been building a modern and professional working environment, which really honours the talent and human values (Insurance, Firm Manager).

Our mission is to build a professional, stable and healthy working environment. I think that this will create an ideal environment for each individual employee to develop his/her talent and commitment on his or her career development, promotion opportunities as well as contributions to the growth of the company (Telecommunication Firm, HR Manager).

There is an interesting case in which I found that highlighted the atmosphere of a friendly work environment. The company is a family and people working there are considered family members. This is supported by Vo and Hannif's (2013: 20) finding that managers often build up personal relationships with their subordinates outside work. At work, they often show concern for workers' wellbeing so as to secure devotion and loyalty. This is evidenced in the way older managers casually address themselves as 'dad' and their young subordinates as 'daughter' or 'son'. Hence, it is worth looking at the following example.

We are always proud of the professional, dynamic but also extremely friendly and warm working environment. Working at our bank, you'll feel like a member of a family full of faith and hope, always been interested, shared and dedicated together (Bank, HR Manager).

In order to build a supportive organisational environment and maintain it, one of the managers commented that:

We periodically conduct a survey of staff satisfaction in order to adjust or regulate the management and administration of the Company. We always maintain the atmosphere relaxing and fun at work. The activities are organized regularly, such as sports tournaments, music festivals, and birthday parties for employees, domestic activities on the occasion of the traditional holidays of the country and other social activities (Pharmaceutical Firm, Firm Manager).

#### *5.3.1.3.7 Promotion*

It is widely accepted that this practice might link with such outcomes as higher levels of employee commitment and lower levels of turnover (Posthuma et al., 2013). Note also that this dimension has widely been used in both the developed world and the emerging counterpart (Chi & Lin, 2010; Gong, Chang, & Cheung, 2010; Sun et al., 2007). Nevertheless, not many managers emphasized the importance of this practice during their interviews. Fairly typical was the following comment:

After one year working at our organisation, those employees who have shown their ability to work effectively and have the potential for career development will be facilitated to participate in professional development training courses, and to be considered for promotion. Clear career roadmap is deemed as a guide for employees to develop themselves (Telecommunication Firm, Firm Manager).

As with other domains of HPWS, promotion has a vital role to play in both organisations and their employees. With respect to the former, promotion helps produce new leaders for the firm. It is also noteworthy that by executing promotion policy, potential candidates will try their best to demonstrate their abilities to be promoted. As a consequence, they will work to their fullest potential and thus contribute to organisational performance. Regarding the latter side, promotion is a key motivation that helps them to develop to their fullest potential. Whether they will succeed or not, this is the best opportunity for them to test themselves and thus identify their strengths and weaknesses. They will then continue to mobilise the strengths and restrict the weaknesses in order to better perform their work duties. It is a commonplace practice that employees who are skilled, knowledgeable, capable and motivated will be promoted as a result. However, before achieving this,

they are usually identified, selected and formally trained so as to be fully qualified for new positions. The following comment is an illustration in this regard:

All employees who have the results of outstanding work recognized annually and have the potential for career development will be included in the planning for training and retraining in order to be promoted and appointed with management positions when needed. For those who have the management capacity and ability to undertake the work at a higher level will always be given a priority for rotation training to accumulate enough knowledge and experience for more important management positions in the future (Telecommunication Firm, Firm Manager).

#### *5.3.1.3.8 Performance Appraisal*

The principle HR practice which may contribute to the success of the firm is that of the performance appraisal. The criteria of performance appraisals implemented in each organisation varied due to firms' strategies, goals and targets. Fairly typical were the following comments:

The company has a plan to assess employee capacity and job performance in a periodical fashion (6 months / time). In doing so, we can assess the objectives of job, the goals of each employee's professional development as well as a basis for planning human resources which matches with each stage of the firm's development (Bank, General Manager).

We focus on four main criteria, namely job achievement, work attitude and effort, customer satisfaction, and potential for future improvement. And this is assessed by employees' self-evaluation; supervisor's evaluation and check-ups by firm managers (Pharmaceutical Firm, CEO).

Despite the shared similarities with the existing literature, managers demonstrated this policy with Vietnam specific context features. Some criteria that are commonly executed in Vietnamese service organisations are as follows.

Some managers evaluated their employees in terms of four criteria: sales growth; attraction of new customers; retention of existing customers; and cost reduction. Others added a different criterion such as effectiveness of team work. Interestingly, some interviewees provided some new criteria, for example, (1) awareness of abiding by the rules and regulations (20points); (2) behaviours and attitudes towards dealing with customers (30 points); (3) degree of work completion according to the individual plan (50 points).

#### *5.3.1.3.9 Other Sub-Dimensions*

The findings from the analyses also revealed a number of HR practices-related dimensions. Each of the dimensions was evidenced in a single interview, and thus it was not grouped into an

independent sub-theme. Therefore, the researcher decided to group all the dimensions into other sub-dimensions. An HR manager provided a very unique construct, namely 'gender equality' that had never appeared in the extant literature before, and this was also the only one throughout the interviews:

Our purpose is to encourage female employees to participate in training programmes to enhance their skills and knowledge so that they take on all the business positions as men do. We also stimulate their creative ideas. Furthermore, we organize seminars to exchange experiences, advantages and disadvantages that both female employees and their male counterparts experience in order to adjust the workforce (Bank, Firm Manager).

Interestingly, one manager from a bank, whilst interested to emphasize the right of employees, noted the 'social insurance system' construct. He said:

At our bank, all full-time employees have the right to participate in social insurance and health insurance in accordance with the provisions of the Labour Law and Social Security Law. In addition, we annually organise periodic health examinations for staff in reputed and qualified hospitals with the various categories, to suit each work position (Insurance, HR Manager).

Despite the popularity in the extant literature (Guthrie et al., 2009; Liao et al., 2009; Messersmith & Guthrie, 2010; Zacharatos et al., 2005), 'information sharing' was mentioned by only two managers:

I think information sharing is a critical policy that our company has been implementing with the goal of enabling employees to have knowledge of the company's history, business activities, rules and regulations. Additionally, employees are provided with customer information, customer complaints and satisfaction, and thus they can learn about customers and find ways to improve services delivery in order to serve customers better managers (Pharmaceutical Firm, Firm Manager).

Engagements are applied in some departments in order to let all the members understand well the common goals, and it will encourage them to take part in the making decision changing processes (Telecommunication Firm, Firm Manager).

It is noteworthy that not many interviewees were interested in 'job design', with one exception:

Job's description is defined (and re-designed if necessary) in order to find a suitable member, who is between current staff or new employees, to be in charge for this position (Bank, HR Manager).

#### *5.3.1.4 Consistency of HR Practices within an Organisation*

It is noteworthy that Vietnamese organisations are managed in a hierarchical order from headquarters to departments and units. Headquarters are usually subdivided into firms, and firms are subdivided into departments and units. Accordingly, firms are centrally controlled by headquarters and departments and units are centrally controlled by firms. In order to ensure that policies and plans are uniformly exercised from top management to employee levels, headquarters issue written regulations and other related documents and then steer all levels to implement them with constant observations and check-ups. This commonplace practice is aligned with the findings within the interview data that there was consistency in the implementation of HR practices across the firms in all the organisations. A few interviewees explained the rationale for doing this is that their firm is a uniform collective (Telecommunication Manager; Bank Manager). It is also worth noting that one manager claimed that doing so would ensure the equality among firms in the system. In order to ensure this consistency, the managers gave the following comments:

In order to ensure the consistency across the firms of the firm, the top management promulgated written documents and regulations to require the firms to implement them. Every year, the top management goes to the local firms to check the implementation and ask the firm managers to report about their implementation (Insurance, HR Manager).

We issued written documents and regulations and circulate these documents to all the firms and establishments to steer them to fulfil these HR practices (Bank, Firm Manager).

However, it is important to note that despite the consistency in the adoption of HR practices within an organisation, some of the challenges may arise such as firm leadership styles, firm size and conditions. One example is that some firms are located in remote areas which are far from headquarters and thus face such problems as recruiting and selecting right people for given positions, and training them into skilled, knowledgeable and capable employees. This may influence their firm performance, and thus reduce/restrict their competitive advantage with other competitors or firms. Hence, some of the managers noted that:

However, it should be noted that sometimes the implementation of these HR practices might witness some difficulties due to the objective factors such as firm specific conditions and leadership styles (Telecommunication Firm, Firm Manager).

They are generally practiced across the firms but each firm or establishment may have different characteristics by firm size, firm location and firm leadership (Insurance, HR Manager).

#### *5.3.1.5 Effects of HPWS Adoption*

It is well documented that HPWS adoption is a contributor of firm performance (Patel et al., 2013; Sun et al., 2007; Takeuchi et al., 2007; Tregaskis et al., 2013). Tregaskis et al. (2013), for example, found that HPWS utilisation is related to subsequent and sustained increases in productivity and safety performance. Researchers also point to various outcomes, such as organisational ambidexterity and organisational growth (Patel et al., 2013); subjective well-being and workplace burnout (Fan et al., 2014); new product performance (Chiang et al., 2014), among others. Turning to the interviews, it became evident that most of the managers perceived the positive impact of HPWS adoption on organisational performance except one case. Nevertheless, it should be noted that the extent to which the managers' perceptions of the effectiveness of HR practices on performance could vary. Some have experienced their firms' labour productivity, finance, market, and service performance. Others have witnessed their employees' skills, knowledge, attitudes and behaviours. The following comments were fairly typical:

Since our implementation of these practices, we have witnessed changes in employee attitudes, behaviours and commitment. For the firm, we have experienced increases in market performance, revenue, profit and lower turnover. The reason for this is that when these practices are well utilized, it is employees who benefit from this will return their contributions to firm outcomes (Telecommunication Firm, Firm Manager).

We have implemented these practices for over five years and find that they have had a positive effect on labour productivity and financial performance. This is because when we have the best people alongside with the good working environment, employees can develop to their full potential, thereby resulting in better labour productivity, which then contributes to our firm's financial outcomes (Pharmaceutical Firm, Firm Manager).

The above interviewees perceived the effectiveness of HR implementation on employee attitudes, commitment and productivity, and subsequently firm performance. The impact of HPWS on organisational performance seems to go beyond the usual outcomes by engaging employees in the change or innovation process, making them participate in the firm's decision making process and being responsible for what they do. One of the managers provided the following evidence:

In order to execute HRM practices, we, management, always attempt to engage our subordinates in the common goals of the firm. We create more opportunities for them to join the change process, make them feel to be a part of firm's purpose, and consequently make them willing to be in charge of their job duties. Thus, it makes all members have more responsibilities to fulfil their work, and thus leads the firm to obtain better results (Insurance, Firm Manager).

Interestingly, whilst the majority of interviewees referred to employee and firm general performance in terms of employee attitudes, behaviours, commitment and skills, and firm financial

performance, some of the managers spoke of another type of performance, i.e., ‘corporate reputation’ that is unusually detected in the extant literature:

We can experience better corporate reputation on the labour market and the business market (Insurance, Firm Manager).

It is of great significance to highlight that one manager drew attention to the role of both employees and organisation to the success and higher performance of the company. Hence, he noted that:

Labourers determine their rights, duties and responsibilities with the company. On the one hand, they determine the success they have gained based on their dedication. On the other hand, they are well aware of what is awaiting ahead if they are not trying to do their job well. This is deemed as motivation to promote employees’ efforts and dedication, thereby improving labour productivity and quality. It should also be noted that the company has policies and tools to assist employees in their optimal dedication to the development of the firm (Pharmaceutical Firm, Firm Manager).

However, one manager, who seemed to be pessimistic about what he perceived as negative effects on the use of HR practices in his organisation, claimed that the company has not implemented the HR activities in an appropriate manner, and there was not equality and transparency among employees in the company. Specifically:

The HR practices that have been implemented in our company are not really suitable for the speed of scope development. Hence, the method of managing employees still follows the old process and thus is not formally reported. This leads to ineffective department and unit performance. The HR department has been attempting to practice new HR practices such as wage policy, rewards, training and development, promotion, and performance appraisals. However, according to employees’ opinions and remarks, these practices are not fair and suitable with the real scenarios. Furthermore, promotion for blue-collar employees is not transparent. There are many employees who have good experiences and dedication receive lower salaries than white-collar counterparts. This leads to the fact that blue-collar employees are discouraged from continuing to devote to the company (Bank, Firm Manager).

#### *5.3.1.6 Indicators of Firm Performance*

Despite the fact that all the respondents were from the service sector, their perceptions of performance indicators varied considerably. According to the managers’ experience, the indicators of organisational performance that were most frequently used in their organisations are summarised in Table 5.2:

**TABLE 5.2****Indicators of Firm Performance**

Item No	Indicators of Firm Performance	% of Interviewees
1	Profit	70.5%
2	Revenue	58.8%
3	Market performance	41.1%
4	Customer satisfaction	23.5%
5	Labour productivity	23.5%
6	Turnover intention	17.6%
7	Service quality	11.7%
8	Firm growth	11.7%

In addition to the aforementioned indicators, the interviewees drew attention to a variety of indicators of performance. Some of the managers focused on employee performance, such as employee commitment and attitudes, employee satisfaction, employee loyalty and job satisfaction. Others, however, spoke of other kinds of firm performance, such as market expansion, capital capability, new services, new customers and business activities. It is also important to note that one even mentioned firm brand, and another viewed firm image as a kind of organisational performance.

### **5.3.2 Perceptions of Creativity and Innovation**

Consistent with the first key theme, this theme is also grouped into different sub-themes: conceptualisation of innovation, conceptualisation of creativity, creativity and innovation distinction, indicators of innovation, and indicators of creativity.

#### **5.3.2.1 Conceptualisation of Innovation**

Even though innovation is a theoretical concept, managers were willing to conceptualise it based on their understanding and experiences. The interview evidence indicates that many of the definitions share some degree of similarities with the existing ones in the innovation literature

(Amabile, 1996; Burns & Stalker, 1961; Damanpour, 1991; Damanpour & Schneider, 2006; Paulus & Yang, 2000; Tang, 1998; West, 2002; West & Altink, 1996). Fairly typical were the following conceptualisations:

Innovation is the implementation of something new. The innovation can be a new products, new process, method, business model, partnership, route to market or marketing method. Indeed every aspect of business operation is candidate of innovation (Insurance, General Manager).

Innovation is the process of applying new ideas into practice to create better results in a certain job (Pharmaceutical Firm, Firm Manager).

Nevertheless, a number of Vietnamese managers described innovation as the transition of an old working method into a new one with a view to enhancing their firm performance. This was evidenced in the following comment.

As I understand, innovation refers to the improvement of working and manufacturing methods, and elimination of backward rules and methods in order to contribute to higher productivity and work efficiency (Pharmaceutical Firm, HR Manager).

It is also important to note that one manager spoke of the mechanism in the process of innovation. It is widely accepted that the topic is extremely sensitive to Vietnamese organisations because of the political and cultural issues in the context of Vietnam. This is because Vietnam is portrayed as politically sensitive and risk avoiders (Quang, 1997; Ralston, Van Thang, & Napier, 1999), and thus, Vietnamese people often avoid conflict, where it arises, they resort to a win-win solution (Quang & Vuong, 2002; Vo & Hannif, 2013). For this reason, Vietnamese people seldom talk about this sensitive issue in formal settings, such as in the workplace, among others, especially in interviews. Nonetheless, a bank manager still commented that:

Innovation is the comprehensive shift from an old mechanism to a new mechanism with the aim of achieving the highest outcomes. This process often occurs at the firm level (Bank, Firm Manager).

The reasoning behind this may be that although these beliefs are deeply rooted in the Vietnamese value system and heavily impact how organisations are managed in Vietnam, there is a high level of interest amongst younger generations of managers to adopt more modern styles of management to their organisational operations (Vo & Hannif, 2013). This explains why this manager is more open to express his opinion on this sensitive issue.

#### *5.3.2.2 Conceptualisation of Creativity*

Like the innovation concept, managers were willing to conceptualise creativity based on their understanding and experiences. The interview evidence indicates that many of the definitions share some degree of similarities with the existing ones in the creativity literature (Amabile, 1996, 1997; Amabile, Conti, Coon, Lazenby, & Herron, 1996; Oldham & Cummings, 1996; Woodman, Sawyer, & Griffin, 1993). Fairly typical were the following conceptualisations.

Creativity is the process that one individual discovers, researches and comes up with new ideas and solutions in order to implement them by himself/herself. More specifically, they are considered as ideas and solutions that no one has never generated before, and the products or services that have never been implemented before (Bank, Firm Manager).

Creativity is the way that an individual or a group generates new ideas and methods in order to perform a specific job/task better (Pharmaceutical Firm, Firm Manager).

However, it is worthy to note that there was one manager who highlighted the process of thinking and invention in order to improve workflow, increase productivity, and save time and expenses. The example was illustrated as follows.

Creativity is described as the ability to invent and think of new ways out, which have not been done before in order to improve workflow, increase productivity, and save time and expenses (Pharmaceutical Firm, CEO).

### 5.3.2.3 *The Distinction between Innovation and Creativity*

In spite of being often used interchangeably in research studies, the terms creativity and innovation are distinctively conceptualised by scholars (Amabile, 1996; Grub, 1973; Oldham & Cummings, 1996; Scott & Bruce, 1994; Van de Ven, 1986). Van de Ven and Angle (1989), for example, state that “innovation refers to the process of bringing any new problem-solving idea into use ... it is the generation, acceptance, and implementation of new ideas, processes, products, or services” (p. 20). Likewise, Scott and Bruce (1994) advocate that creativity commences with problem recognition and the generation of ideas or solutions, either new or utilised while innovation starts with the implementation of such ideas or solutions (Kanter, 1996; Oldham & Cummings, 1996; Van de Ven, 1986). Coupled with this logic, Vietnamese managers explained the distinction between the two concepts in a number of perspectives. For example:

Innovation is the process of forming, developing and implementing new ideas and solutions while creativity is regarded as the initial stage of the whole innovation process (idea formation) (Telecommunication Firm, Firm Manager).

However, only one interviewee did not differentiate innovation and creativity. It seemed that he treated the two terms interchangeably or as one. The following was his comment:

Innovation and creativity are the capacity of the organisation to change in a more progressive fashion (gradually perfected) or to develop breakthrough products and services to create a completely new opportunity in the market, differentiating with competitors and leading the market (Telecommunication Firm, HR Manager).

#### *5.3.2.4 Indicators of Innovation*

Findings from the literature review indicate that numerous researchers have employed and recommended different reliable scales/indicators to measure firm innovation (Damanpour, 1991; Damanpour & Evan, 1984; Miller & Friesen, 1983; Radzi, Hui, Jenatabadi, Kasim, & Radu, 2013; West, 2002). Damanpour (1991); Damanpour and Evan (1984); Damanpour and Schneider (2006); West (2002), for instance, suggest innovation indicators in terms of new changes, various processes and products, and administrative changes. More specifically, Miller and Friesen (1983); Aragon-Correa, García-Morales, and Cordón-Pozo (2007) adopt such indicators as rates of new product/service introduction and changes in internal operating practices, for measuring organisational innovation. From their real experiences, Vietnamese managers defined firm innovation in their own way. Some indicators overlap the existing literature (e.g., introduction of new products/services). Others may be Vietnamese culture specific or overlap the general firm performance (e.g., administrative system, labour productivity). Table 5.3 presents the innovation indicators.

**TABLE 5.3****Indicators of Innovation**

Item No	Indicators of Innovation	% of Interviewees
1	Firm performance	65.7%
2	Service performance	47.1%
3	Introduction of new products/services	44.1%
4	Labour productivity	29.4%
5	Work flow	29.4%
6	Firm competitiveness	17.6%
7	Administrative system	17.6%
8	Time and money saving	5.8%
9	Marketing process	5.8%

*5.3.2.5 Indicators of Creativity*

The literature suggests that creativity is primarily required at the initial phase (West, 2002) of the three stages of the innovation adoption process, namely, initiation, development and implementation (Damanpour, 1991; Damanpour & Evan, 1984). To this end, creativity is viewed as a starting point of the whole innovation process, and thus it only ceases at the stages of idea generation, solution recommendation, and new way of thinking and creation of new things. Fairly typical were the proposed indicators (see Table 5.4).

**TABLE 5.4****Indicators of Creativity**

Item No	Indicators of Creativity	% of Interviewees
1	New idea	52.9%
2	Solution	44.1%
3	Suggestion	23.5%
4	Creation of new things	17.6%
5	New ways of doing things	11.7%
6	Personal experience initiatives	11.7%
7	New way of thinking	5.8%
8	Outstanding issues	5.8%

**5.3.3 HPWS Practices and Innovation Relationship**

One of the interviewees commented, ‘HR practices impact on an organisation’s innovation because right HR practices, which are related to training, employee opportunities to improve their skills and knowledge, and consequently have new thinking. Engaging all members in the common goals, letting them understand and take part in the common working process can generate ideas for innovation’ (Bank, Firm Manager). This sentiment represented the findings of the whole research. This was evidenced in the following examples:

If HR practices are appropriately implemented, this will allow employees to activate their creativity and capability. Employee creativity is considered as a salient prerequisite for the process of firm innovation (Telecommunication Firm, HR Manager).

I have to say they do because if HR practices are properly implemented, they will encourage and motivate employees to find new and practical ways of performing their jobs. By doing this, employees can perform and complete their jobs in an optimal manner, thereby contributing to overall firm performance. For example, when the training policy is appropriately run by the firm, employees will be provided with skills, knowledge and creative working styles. These inputs will be a practical contributor to firm innovation (Bank, Firm Manager).

However, the interview evidence also revealed a very striking point when managers emphasised the role of people or human capital as a bridge between HR practices and organisational innovation. The reason behind this is that people are the key to the success of a firm. If the firm possesses the best people with higher levels of skills, knowledge and competences, they will contribute to it the fullest potential. For example, they will accomplish their job duties and provide higher quality of service for customers, and thus lead to superior performance. As such, we argue that this workforce can be competitive advantage, which in turn become a key contributor to firm innovation and performance. The typical examples that follow will demonstrate this argument.

As I said earlier, people are the key to all activities of the firm. If we want our firm to be innovated, we need to have people with new and innovative thinking. Therefore, I reckon that the use of HR practices have somewhat an effect on firm innovation. This is because if these practices are effectively implemented, they will facilitate employee attitudes, behaviour and creativity, and subsequently lead to their job performance and productivity. As such, employee effort is considered as an important contributor to overall firm innovation (Bank, HR Manager).

Additionally, some managers especially noted that in order for innovation to occur in organisations, the role of management is of great importance. Specifically, they should expend their time and efforts to implement the innovation process. To do so, they need to invest more efficiently in people and create a supportive organisational environment for them to develop their talent and creativity. In doing so, people will become critical human resources, thereby play a vital role in that process. One manager, therefore, highlighted that:

If the HR practices create an open atmosphere where employees are happy and satisfied with their work, they will be more likely to share their ideas. And if the ideas are given certain prominence, they may nurture creativity and thus can help impulse firm innovation. However, I think the most important factor that impacts on firm innovation is the thought and vision of the top management in the organisation. The top management in this case must be creative, decisive and knowledgeable enough to develop an innovative HR strategy that appreciates talented people, welcomes creative ideas and knows how to find resources to implement practical ideas (Pharmaceutical Firm, HR Manager).

## 5.4 Discussion

The primary purpose of this phase of research is to examine managers' perceptions and voices of the actual utilisation of HPWS in the Vietnamese service context. The results indicate that nearly all managers perceived the existence of HPWS practices and the given definition conveyed some link with the implementation of HR activities in their organisations. These initial perceptions were deemed as an important premise to enable the interviewees to provide the definitions of HPWS on their own ways. Throughout the interviews, the respondents defined the concept that was somewhat similar with the definition proposed by recent scholars (Datta et al., 2005; Huselid, 1995; Posthuma et al., 2013; Wright & Boswell, 2002). Posthuma et al. (2013), for example, define HPWS as a designed system that aims to improve firm outcomes by increasing worker competence, commitment and productivity. Drawing on the interview protocol, the findings from the analysis demonstrate that the adoption of HPWS had a positive effect on both employees and their organisations. The majority of managers (89%) perceived that the implementation of HPWS impacted on employee performance, such as employee attitudes, behaviours, motivation and productivity. With respect to organisational performance, most of the firms experienced higher levels of performance in terms of firm growth, profit growth, market performance, higher levels of customer satisfaction and numbers of new customers. This finding helps to further support the quantitative findings from recent scholars (i.e., Aryee et al., 2012; Chi & Lin, 2010; Guthrie et al., 2009; Liao et al., 2009; Messersmith & Guthrie, 2010; Sun et al., 2007).

Indicators of performance are considered as a critical tool to measure the effectiveness of firm outcomes. The evidence from the analysis shows that different organisations employed different indicators of performance. Some focused on such indicators as market performance, firm growth, profit and revenue. Others, however, drew attention to the indicators of quality of service delivery, customer satisfaction, employee commitment and percentage of employee turnover. It is important to note that a few managers spoke of firm image and firm brand as part of their organisational performance. Yet relatively little is known about these indicators in the extant literature. In this regard, my study takes a useful initial step towards developing new indicators of organisational performance, linking tangible dimensions of performance (e.g., market performance, financial performance) and intangible counterparts (e.g., brand and image).

As regards the concepts of innovation and creativity, the two terms were defined distinctively by nearly all interviewees. The former was conceptualised somewhat similarly with the definitions offered by scholars (Amabile, 1997; Amabile et al., 1996; Report, 2014; Van de Ven & Angle, 1989). Innovation is the process of applying new and novel ideas into practice to in order to achieve improved performance. It can be a new product, process, method, business model,

partnership, route to market or marketing method. It is also noteworthy here that innovation usually occurs at the organisational level. For example, it is measured by rates of new product or service introductions, new methods of job fulfilment and changes in work processes. As such, innovation is considered to be critical for long-run organisational performance (Amabile, 1997). The latter is described as an initial stage of the whole innovation process, and it usually occurs at the individual level. For instance, it can be the generation of new and novel ideas, suggestions for improving service delivery, and the like. This further strengthens the argument of researchers that creativity is an initial phase of the whole innovation process, or a starting point for innovation (Amabile, 1997; Amabile et al., 1996; West, 2002). This is because creative ideas are deemed as a premise for all innovation. That new programmes and the introduction of new products or services are successfully implemented are normally contingent on an individual or a group generating a practical idea and building that idea beyond its early state (Amabile et al., 1996).

Coupled with the distinction between the innovation and creativity concepts, the indicators of performance were measured differently from the managers' perspectives. As documented in the innovation literature, innovative activities normally take place at the organisational level while creativity occurs at the individual level (Oldham & Cummings, 1996). Hence, the indicators of performance are measured in terms of benefits about new changes (e.g., economic benefits, personal growth, enhanced satisfaction and productivity); various processes and products (e.g., new products, new production processes); administrative changes (e.g., HRM strategies) (West, 2002). As noted earlier, creativity is considered as most evident in the initial phases of innovation processes, when those in groups are obliged to generate or propose ideas in response to a perceived need for innovation (Oldham & Cummings, 1996). Therefore, indicators of creativity are often measured in terms of new and practical ideas, solutions and suggestions; new products or services introductions; and new ways or methods of implementing things. In a nutshell, as the innovation is adapted to firm conditions and steadied, there is less need for creativity (Oldham & Cummings, 1996). By contrast, Amabile et al. (1996: 1155) argue that creativity is the seed of all innovation, and psychological perceptions of innovation (the implementation of people's ideas) within an organisation are likely to impact the motivation to generate new ideas. Consistent with this line of reasoning, we would argue that although creativity is critical throughout the innovation process, the requirements for creative ideas will be greater at the initial phases of the innovation process than the later (Oldham & Cummings, 1996). However, Amabile et al. (1996) note that successful implementation of innovation are contingent on different factors, and it may derive not only from novel ideas that create within a company but also from ideas that initiate somewhere else (as in technology transfer).

The evidence also revealed that there was a link between HR practices and organisational innovation. The managers claimed that people or the human capital are a contributor to organisational success because if the organisations invest in developing the skills, knowledge and commitment of the employees, the employees will then return their effort to contribute to firm innovation. For innovation to occur, organisations might leverage human capital to advance firm expertise for developing new products and services (Chen & Huang, 2009). The reason for this is that innovation initiatives are greatly dependent on individual employee skills, expertise and commitment as main elements in the value creation process (Youndt, Snell, Dean Jr, & Lepak, 1996). This is further supported by Scarbrough (2003) that HR practices may be beneficial for innovative activities as they might enable organisations to uncover and employ knowledge and expertise in the firm. As such, HR practices are considered as the principle means by which organisations might manipulate and form employees' skills, attitudes and behaviour to fulfil their job tasks, thereby accomplishing firm goals (Chen & Huang, 2009; Collins & Clark, 2003; Martinsons, 1995). Despite its ability to have access to employees' knowledge, skills and expertise, the organisation is claimed to be able to acquire good capabilities in managing knowledge management tools in place to make sure that the human capital is successfully implemented in order to enhance firm expertise for innovation (Chen & Huang, 2009).

## **5.5 Conclusion**

This study focused on the analysis of managerial perceptions of HPWS practices in their organisations in the Vietnamese service context. The results of analysis reveal that the utilisation of HPWS has had a positive effect on firm performance when properly implemented. The interviewees also highlight the importance of the two salient concepts, creativity and innovation, to the performance of their organisations. In order for creativity and innovation to occur in organisations, employees should be optimally invested in order that they will possess the skills, knowledge, motivation and competence needed for high performing and creative activation. In doing so, organisations must design and implement HR practices that advance the skills, knowledge of employees, and encourage their willingness to exert effort and opportunities to express their talents in work tasks (Boxall, 2012). In addition to this, managers should also enable their employees to work in a supportive organisational environment that can motivate them to work more creatively and stimulate their potential creativity. Taken together, by investing in employees, organisations will benefit from their returned contributions, thereby leading to organisational innovation and performance as a whole. This is in line with Bae and Lawler (2000) finding that organisations highly valuing HRM and people as a source of competitive advantage were more likely to have high-involvement HRM strategies that accordingly had positive impacts on

organisational performance. These practices and strategies are considered particularly critical for organisations counting on innovation and in a managerial spirit to strive in today's turbulent market environment. The results of analysis contribute to understanding 'best practices' or 'innovative HRM practices' that firms can adopt in order to achieve a source of competitive advantage and ultimately ensure their long-term success and sustainability.

## CHAPTER 6: QUANTITATIVE PHASE –METHODS, RESULTS AND DISCUSSION

### 6.1 Introduction

The objectives of this phase of the study are to investigate the efficacy of HPWS on organisational performance via the means of multilevel path analyses. To recap, at the firm level, I tested collective human capital resource, climate for initiative and climate for psychological safety as underlying mechanisms that mediate the relationship between HPWS execution and firm-level innovation; and environmental uncertainty as a boundary condition that links firm-level innovation and firm market performance. At the individual level, I tested trusts in management and supervisor as mediators linking HPWS perception to employee creativity; and psychological safety as a moderator underlying the linkage between trusts in management and supervisor, and employee creativity. At the cross level, I tested HPWS perception as an intervening mechanism through which HPWS execution relates to trusts in management and supervisor; employee creativity as an intervening mechanism through which trusts in management and supervisor affect firm-level innovation; and firm-level innovation as a mediating component of employee creativity and firm market performance. To analyse the data, I utilized SEM with Mplus to test the proposed hypotheses, using the bootstrap and model constraint procedures (Preacher & Hayes, 2008; Preacher et al., 2010).

### 6.2 Research Methods

#### 6.2.1 *Developing and Validating the Questionnaire*

Prior to conducting the survey, I undertook a pilot interview with managers and/or HR managers of service firms (the qualitative phase was also treated as a pilot study). The primary purpose of the pilot was to identify whether HPWS practices were valued and executed within firms. If such practices existed, to what extent they were universally applicable and Vietnam-specific. The interview results demonstrated that HR practices that were valued and executed by Vietnamese firms were both Western and Vietnam-specific practices. Therefore, I decided to incorporate both Western and Vietnam-based HR practices into a bundle of HPWS practices for the main study. It is noteworthy that as HPWS execution signifies ‘the HPWS practices generally implemented for a particular group of employees, to a certain extent it reflects the objective environment shaped by formal management practices’ (Liao et al., 2009: 375), I propose an HPWS for creativity and suggest that it should be anchored around a firm-specific goal and an effective investment in HR practices in order to foster employee innovative behaviours in a way that employee creativity capabilities are likely to be turned into firms’ higher innovation performance. To this end, HPWS execution provides ‘a contextual cue for employees to form their perceptions

and experiences of the work system' (Liao et al., 2009: 375). When employees positively perceive about the HPWS implementation, they are more likely to innovate and contribute. Also of note is that as this study deploys HR practices as a coherent bundle, individual HR practices are expected to complement each other to yield more synergistic effects on performance outcomes.

Consistent with the aforementioned view, I chose and treated HPWS perception as a system in order to predict both individual- and firm-level outcomes. In particular, I adapted HR practices that have been empirically examined and validated by recent scholars (Liao et al., 2009; Oke et al., 2012) and at the same time, I developed new items that were Vietnam-specific, based on the interview results. Specifically, I chose eight HR practices adopted by Liao et al. (2009); innovation-led strategies and innovation-led HR policy scales adopted by Oke et al. (2012), and seven items that are Vietnam-specific which I devised based on my qualitative findings (see Table 6.1. A1 for new items added), to the HPWS execution index. There are a couple of reasons why I developed some Vietnam-specific items to add to the HPWS index. First, I relied on the interview results that Vietnamese HPWS practices are both Western-based and Vietnam-specific so that Vietnam-specific items are needed to make sense of the empirical evidence in the qualitative phase in a way that it helps inform and complement the quantitative research. Second, despite the widespread adoption of Western HR practices, Vietnamese organisations tend to incorporate Vietnam-specific HR practices in order for them to work well in the workplace. In this regard, developing context-based items to add to the existing HPWS becomes meaningful in order to reflect the actual implementation of HPWS in the research context. The HPWS execution index therefore consisted of 55 items. Similarly, I used eight HR practices adopted by Liao et al. (2009), and seven items as devised in the HPWS execution index, to the HPWS perception index (see Appendix 2). The HPWS perception index thus comprised 51 items. Once the whole survey questions had been translated into Vietnamese and then back-translated into English, we consulted the final Vietnamese version with Vietnamese academic researchers and service firm managers to assess the face and content validity of the scales in the Vietnamese context (Patel et al., 2013). Using feedback from these participants, I made necessary changes in wording of survey items before proceeding to the survey. After that, an additional pilot study of HPWS practices in service firms was also undertaken (which will be discussed later).

**TABLE 6.1.A1**  
**New Items Devised Based on the Interview Inputs**

Item Development	Sub-HR Practices Added		
	ILS	PA	PAY
1. We devise long-term plans for our vision and development of innovation strategies	✓✓✓		
2. We emphasise the role of both management and employees in the implementation of our innovation strategy	✓✓✓		
3. The retention of existing customers and attraction of new customers		✓✓✓	
4. The amount of work completed according to the individual employee set targets		✓✓✓	
5. Teamwork, being an effective team player		✓✓✓	
6. This firm's employees are entitled to the 13th month salary			✓✓✓
7. Employees in this firm get additional payments or bonuses on public holidays [such as Victory Day, Independence Day]			✓✓✓
<b>Note:</b> ILS = innovation-led strategy; PA = performance appraisals			

In order to ascertain the validity of the Vietnam-based HPWS scale which would be used for data collection and grasp the types of HR practices employed in the Vietnamese context, I conducted an additional pilot study which respondents were firm managers, HR managers, supervisors and employees at eleven service firms in Thanh Hoa city. In order to have enough data to run EFA and CFA, I asked firm managers, deputy firm managers, HR managers and supervisors to rate management HPWS and employees to rate perceived HPWS. Before undertaking the pilot, I contacted a number of organisations of interest, and asked for their agreement to participate in the study. As a result, eleven firms including four banks, three pharmaceuticals, two telecommunications and two insurances agreed to partake in this study. Once they had agreed to do so, a cover letter attached to the questionnaires explaining the objectives of the survey as investigation of their experiences of HR practices in their organisations was sent to these organisations. They were also informed that their participation was voluntary and confidential, and they could withdraw the study if they wanted to. Questionnaires were distributed to 73 managers

and 135 employees, and 61 and 112 returned usable questionnaires, respectively; for a response rate of 85.5 percent and 82.9 percent, respectively.

I first conducted an exploratory factor analysis (EFA) using principal axis factoring to explore the underlying factor structure of ten dimensions of management-HPWS and eight dimensions of employee-HPWS. The initial results showed that the intended factor solutions were not well performed because some factors did not load well on the factor they should have loaded on. Therefore, I decided to run EFA with each individual dimension, and discarded the weak items. Consequently, I dropped five items for the HPWS execution index and nine items for the HPWS perception scale. I then conducted an EFA again with revised scales (HPWS execution,  $n = 50$ ; HPWS perception,  $n = 42$ ). The former results demonstrated that the rotated factor matrix yielded a ten factor solution. Individual item loadings, reliabilities, and average variance extracted (AVE) are listed in Table 6.1.B1. With the exception of innovation-led HR policy ( $\alpha = .60$ ), the alpha reliabilities for the subscales were equal to or above the .70 criterion which were considered to be acceptable (DeVellis, 2011). The low reliabilities for the innovation-led HR policy is acceptable in this case (see Sun et al., 2007). The latter results indicated that the rotated factor matrix yielded an eight factor solution. Individual item loadings, reliabilities, and average variance extracted (AVE) are listed in Table 6.1.B2. With the exception of job design ( $\alpha = .67$ ) and interdepartmental service ( $\alpha = .68$ ), the alpha reliabilities for the subscales were equal to or above the .70 criterion which were considered to be acceptable (DeVellis, 2011). I also conducted a confirmatory factor analysis (CFA) to test the factor structure of the 50 management HPWS practices and the 37 employee HPWS practices. The management HPWS practices CFA results demonstrate acceptable fit ( $\chi^2/df = 2.3$ ; ( $p < .01$ ); CFI = .91; TLI = .90; RMSEA = .08; SRMR = .06). Likewise, the employee HPWS practices CFA results show acceptable fit ( $\chi^2/df = 2.7$ ; ( $p < .01$ ); CFI = .90; TLI = .89; RMSEA = .08; SRMR = .07). As shown in Table 1, AVE values are above 0.5 and thus indicate discriminant validity among the subscales (Patel et al., 2013). From these results, it could be argued that the items were reasonable measures of their respective HR dimensions. Therefore, I used the revised items for the quantitative phase of research.

**TABLE 6.1.B1**  
**Standardized Factor Loadings for HPWS Execution**

Item	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10
<i>1. Information Sharing</i>										
The findings from employee surveys are communicated to employees of this firm	.68									
The findings from customer surveys are communicated to employees of this firm	.69									
All business memos of this firm are shared with employees	.62									
Customers' suggestions for how to improve service quality are shared with employees	.77									
Information about how well the firm is performing financially is shared with employees	.74									
Complaints or negative comments about this firm's service from external customers are shared with employees	.76									
Employees have the manuals and individual computer they need for the network systems they work with	.68									
Employees have, or have access to, the product and policy information they need to do their work	.81									
<i>2. Performance Appraisals</i>										

A track record of the employees' courteous service to customers.		.58								
The ability of the employees to resolve customer complaints or service problems in an efficient manner.		.77								
The ability of the employees to innovatively deal with unique situations and/or meet customer needs.		.80								
The employees' commitment to customers.		.83								
The employees' adherence to the organisation's norms and good practices		.80								
The retention of existing customers and attraction of new customers		.78								
The amount of work completed according to the individual employee set targets		.78								
Teamwork, being an effective team player		.58								
<b>3. Training</b>										
The formal orientation programmes to new employees are helpful for them to perform their job.			.80							
Training programmes other than corporate-wide orientation programme are effective in teaching employees the skills they need in serving customers.			.84							
Our training programmes effectively prepare employees to provide high quality customer service.			.74							
Employees will normally go through training programmes to improve their customer service skills every few years.			.60							

Employees are adequately trained to handle the introduction of new products and services.			.79							
This firm assists employees to join the customer service training programme provided by the Headquarter.			.69							
<b>4. Innovation-led Strategy</b>										
Management spends sufficient time and money supporting innovation			.67							
There is an emphasis on and a process for collaborating with and seeking ideas for innovation from external partners and strategic networks			.61							
Management takes a facilitative approach to innovation			.81							
We place emphasis on developing innovations through allocation of substantial financial resources			.52							
We devise long-term plans for our vision and development of innovation strategies			.84							
We emphasise the role of both management and employees in the implementation of our innovation strategy			.69							
<b>5. Pay</b>										
This firm pays above market wages to employee.					.71					
Employees' pay is tied to the quality of service they provide.					.73					
This firm's employees are entitled to the 13th month salary					.80					
Employees in this firm get additional payments or bonuses on public holidays [such as Victory Day, Independence Day]					.74					

<b>6. Job Design</b>										
Fostering involvement in decision-making of employees is an important element of the corporate strategy.							.77			
Many employees in this firm perform simple and repetitive tasks as part of their work.							.69			
Providing employees with high quality jobs (i.e., jobs that are challenging, fulfilling, etc.) is a priority in this firm.							.78			
Employees of this firm are given lots of opportunities to decide how to do their work.							.68			
<b>7. Service Discretion</b>										
Employees have the authority to resolve customer complaints on their own.								.45		
Employees have the discretion to customize the service offering to meet customer needs								.68		
Employees may use a wide variety of strategies to satisfy the customer.								.79		
Employees are encouraged to adapt their behaviours to the needs of the customer.								.69		
<b>8. Teamwork</b>										
The development of work teams among employees is an important element of this firm's strategy.									.71	
This firm supports team development and training for employees.									.70	
This firm asks employees for their suggestions on how to improve									.66	

customer service.										
Decision-making by employees is encouraged in this firm.								.48		
<b>9. Interdepartmental Service</b>										
Departments of this firm cooperate well with each other.									.82	
In this firm, employees in one department get the needed materials from other departments in a timely fashion.									.78	
<b>10. Innovation-led HR Policy</b>										
Our human resource policies support a culture of innovation										.40
The rewards and recognition systems encourage innovation										.41
Innovation is a key criterion in our recruitment and selection process										.62
Innovation forms part of our training and development programmes										.53
Clear innovation targets are set for all employees										.51
<b>Alpha</b>	<i>.89</i>	<i>.89</i>	<i>.84</i>	<i>.85</i>	<i>.84</i>	<i>.77</i>	<i>.75</i>	<i>.83</i>	<i>.72</i>	<i>.59</i>
<b>Eigenvalue</b>	9.65	5.81	4.68	3.91	3.16	2.20	1.95	1.75	1.61	1.47
<b>Percentage of variance</b>	19.30	11.62	9.37	7.82	6.32	4.41	3.90	3.51	3.22	2.94
<p>Note: N = 61; All item loadings are statistically significant <math>p &lt; .000</math>. Coefficient alpha values of each factor are presented in italics along the diagonal; HPWS Execution = Managers' experiences of High-Performance Work Systems; the KMO score of .70 is considered to be middling (Kaiser, 1974); Coefficient alpha value of the whole HPWS is .86.</p>										

**TABLE 6.1.B2**  
**Standardized Factor Loadings for HPWS Perception**

Item	F1	F2	F3	F4	F5	F6	F7	F8
<b><i>1. Information Sharing</i></b>								
I have enough information to do my job well.	.55							
Customers' suggestions on how to improve service quality is shared with me.	.61							
Complaints or negative comments about this firm's service from external customers are shared with me.	.54							
I have the manuals and resource materials I need for the network systems I work with.	.56							
I have, or have access to, the product and policy information I need to do my work.	.53							
I am given enough information to understand my role in this firm.	.46							
<b><i>2. Job Design</i></b>								
My job is simple and quite repetitive.		.75						
I have lots of opportunities to decide how to do my work.		.39						
If a problem emerges with my work, I can take action to remedy it.		.77						
I often feel bored at work.		.80						
<b><i>3. Pay</i></b>								

Part of my compensation is based on how well I do on my job.			.57					
Part of my compensation is based on how well the firm is doing financially.			.50					
Our pay in this firm is higher than what competitors offer.			.55					
I believe that I would be paid more fairly if I worked at another organisation.			.49					
My pay is tied to the quality of service I deliver to customers.			.58					
My compensation level is connected to the results of my working performance.			.62					
I am entitled to the 13th month salary in this firm			.51					
I get additional payments or bonuses on public holidays [such as Victory Day, Independence Day] in this firm			.60					
<b>4. Performance Appraisals</b>								
A track record of your courteous service to customers.				.40				
Your ability to innovatively deal with unique situations and/or meet customer needs.				.45				
Your commitment to customers.				.60				
Your adherence to the organisation's norms and good practices				.65				
Your ability to retain existing customers and attract new customers				.53				
The amount of work completed according to your set targets				.50				
Teamwork, being an effective team player				.47				
<b>5. Training</b>								

The training programmes I went through in this firm effectively prepare me to provide high quality customer service.					.72			
The firm provides me sufficient training to handle the introduction of new products and services.					.71			
Employees in my job category normally go through training programmes every few years to improve our customer service skills.					.55			
The firm supports me to join the customer service training programme provided by the Headquarter.					.47			
I have a say in how much training I receive.					.63			
<b>6. Teamwork</b>								
I feel I am really part of my work group.						.49		
If there is a decision to be made, everyone is involved in it.						.85		
My firm places a great deal of importance on team development for employees like me.						.50		
I feel in control of things that occur around me while at work.						.44		
Our managers ask our opinions about how to improve the customer service of this firm.						.33		
<b>7. Interdepartmental Service</b>								
Employees in the other departments of this firm cooperate well with me to get my job done.							.66	
I get the needed materials for my job from other departments in a timely fashion.							.61	

<b>8. Service Discretion</b>								
I have the authority to resolve customer complaints on my own.								.56
I have the discretion to customize the service offering to meet customer needs								.72
I may use a wide variety of strategies to satisfy the customer.								.61
I am encouraged to adapt my behaviours to the needs of the customer.								.47
<b><i>Alpha</i></b>	<i>.77</i>	<i>.67</i>	<i>.79</i>	<i>.76</i>	<i>.70</i>	<i>.68</i>	<i>.68</i>	<i>.72</i>
<b><i>Eigenvalue</i></b>	7.79	2.67	2.43	1.94	1.77	1.46	1.43	1.26
<b><i>Percentage of variance</i></b>	18.55	6.34	5.79	4.63	4.23	3.48	3.42	3.01
<p>Note: N = 112; All item loadings are statistically significant <math>p &lt; .001</math>. Coefficient alpha values of each factor are presented in italics along the diagonal; HPWS Perception = Employees' Perceptions of High-Performance Work Systems; the KMO score of .86 is considered to be meritorious (Kaiser, 1974); Coefficient alpha value of the whole HPWS is .85.</p>								

### **6.2.2 Sample and procedure**

As this research is at the firm level, I chose organisations in regions of Vietnam with a high level of economic development targeting towards service industries where innovation is widespread and valued (Jiang et al., 2012). The service industries included: telecommunication, banking, pharmaceuticals and insurance. To begin with, 300 companies were randomly selected from the list of firms provided by the Vietnam Chamber of Commerce and Industry (VCCI) in three large cities of Ha Noi, Thanh Hoa and Da Nang. Once these firms had been detected, I contacted the manager or the HR manager to explain him/her the objectives of the research and ask for their collaboration. Of the 300 firms, 80 agreed to participate in the survey. It is noteworthy that of the 80 agreed firms, 17 had participated in the qualitative phase. The underlying reason why I continued to choose these firms for the quantitative phase is that the quantitative data obtained from these firms would contribute to testing and validating the reliability and accuracy of the qualitative data which were generated by the managers in the qualitative phase. Doing so would become more meaningful because the quantitative data were collected with the participation of both managers and employees regarding their experiences of HPWS practices within their organisations.

As soon as an agreement about when and how to administer the questionnaires was reached, the survey was commenced. The data were collected between April 2014 and June 2014. Given the nature of multiple respondents, each survey package contained three separate questionnaires administered to managers, supervisors, and employees. A cover letter attached to each questionnaire explained the purpose of the survey and assured that respondents' participation was voluntary and they had the right to withdraw at any time without repercussions. To avoid common method bias, I collected the data from different sources (see Podsakoff, MacKenzie, & Podsakoff, 2012). For each firm, the manager questionnaire requested the firm managers and HR managers to rate HPWS practices, collective human capital, firm-level innovation, environmental uncertainty, and firm market performance. The supervisor questionnaire was administered to the immediate supervisors who provided data on their employee creativity. The reason why I used the supervisors to rate their employee creativity is that it is the supervisors who directly work with their front-line employees everyday, thereby knowing them very well. As such, they are in an optimal position to provide accurate information about their employees' creative performance. The employee questionnaire asked the frontline employees to rate HPWS perception, climate for initiative, climate for psychological safety, trust in management and supervisor, and psychological empowerment.

To ensure that supervisor and employee questionnaires would be matched, each employee questionnaire was labelled with running numbers from 0001-1000. Also, the supervisor questionnaire had the same running numbers, and the employee matching codes was kept with the researcher. Separate envelopes with prepaid postage were provided for the HR managers to return completed surveys to the given address.

Of the 80 survey packages distributed, 61 were returned. More specifically, we received questionnaires from 117 firm managers and/or HR managers, 164 supervisors and 576 employees from 61 firms, representing a response rate of 87 percent. After deleting non-usable questionnaires, I obtained a final sample of 56 firms (109 managers, 153 supervisors and corresponding 526 employees) for the data analyses (for the details, see Table 6.2). On average, an immediate supervisor rated at least 3 subordinates (ranging from 3 to maximum 5). On this basis, I conclude that this sample is sufficient and representative enough for the data analysis and the hypotheses testing. One logical reason is that I intentionally selected Ha Noi, Thanh Hoa and Da Nang because these cities are by far the most dynamic and active in terms of economic development, innovative orientation and key economic zones. Also of interest is that because of their importance, the government has chosen and encouraged the cities to experiment with the new regulations and policies with a view to enabling organisations to innovate and develop. They therefore provide a representative sample that can be generalized across other cities and areas in Vietnam. Another important reason is that I collected the data from multilevel and multisource (firm-level; individual-level; managers, supervisors and front-line employees), thereby ensuring the accuracy and reliability of the collected data for analysis.

**TABLE 6.2****A Final Sample for the Data Analysis**

<b>Participation of the Industries in the Survey</b>				
<b>Service Industry</b>	<b>NOFFEI</b>	<b>FM/HRM</b>	<b>IS</b>	<b>FE</b>
Banking	18	34	48	163
Telecommunications	17	33	45	156
Insurance	11	23	29	106
Pharmaceuticals	10	19	27	102
<b>Total</b>	<b>56</b>	<b>109</b>	<b>153</b>	<b>526</b>

Note: NOFFEI = number of firms for each industry; FM = firm manager; HRM = human resource manager; IS = immediate supervisor; FE = front-line employees. A total of 56 firms, 109 managers; 153 supervisors and 526 employees participated in the survey.

*6.2.2.1 Measures*

As Vietnamese is the official language of commerce and administration in Vietnam, the questionnaires were administered in Vietnamese. The questionnaires were originally designed in English, and then translated into Vietnamese. The Vietnamese version was finally back-translated to ensure its consistency. It is noteworthy that to avoid research bias, this process was undertaken with the assistance of Vietnamese HR specialists who have a good command of English. The English version was translated into Vietnamese by a HR specialist and then back-translated into English by another specialist. The back-translated version was compared with the original to ensure accuracy (Akhtar, Ding, & Ge, 2008), and consistency of meaning (Chang & Chen, 2011). Following this, we compared the original version and the back-translated version, and did not view any cross-cultural construct validity as a problem in my analysis (cf. Kearney et al., 2009).

*6.2.2.1.1 Firm Level Measures*

**HPWS execution.** This index was measured using a 50 item scale which was tested and validated in the pilot study. The firm manager and/or HR manager provided the data for the extent to which each of these items was used to manage their immediate employees. Items were rated on a five-point scale, from 1 = ‘Totally Disagree’ to 5 = ‘Totally Agree’. The index included ten dimensions: (1) information sharing (8 items, sample items are ‘The findings from employee surveys are communicated to employees of this firm’; ‘Customers’ suggestions for how to improve

service quality are shared with employees'; (2) performance appraisal (7 items, i.e., 'A track record of the employees' courteous service to customers'; (3) training (6 items, i.e., 'Our training programmes effectively prepare employees to provide high quality customer service'; (4) innovation-led strategy (6 items, i.e., 'Management spends sufficient time and money supporting innovation'; (5) pay (4 items, i.e., 'This firm pays above market wages to employee'; (6) job design (4 items, i.e., 'Fostering involvement in decision-making of employees is an important element of the corporate strategy'; (7) service discretion (4 items, i.e., 'Employees have the authority to resolve customer complaints on their own'; (8) teamwork (4 items, i.e., 'This firm supports team development and training for employees'; (9) internal service (2 items, i.e., 'Departments of this firm cooperate well with each other'; and (10) innovation-led HR policy (5 items, i.e., 'Our human resource policies support a culture of innovation'. Items were rated on a five-point scale, from 1 = 'Totally Disagree' to 5 = 'Totally Agree'. Its Cronbach's alpha is .89.

***Collective human capital development.*** I used a 5 item scale adopted by Youndt, Subramaniam, and Snell (2004) in order to measure the overall skill and expertise level of an organisation's employees. Human capital signifies 'the knowledge, skills, and abilities (KSAs) employees possess that bring economic value to firms' (Youndt et al., 2004: 345). This scale is unidimensional. Firm managers were asked to rate the level of their employee human capital within their firm. Items were rated on a five-point scale, from 1 = 'Totally Disagree' to 5 = 'Totally Agree'. Sample items are 'Our firm employees are highly skilled'; 'Our firm employees are creative and bright.' Its Cronbach's alpha was .86.

***Climate for initiative.*** Climate for initiative was measured using a seven item scale adopted by Baer and Frese (2003) but derived from Frese, Fay, Hilburger, Leng, and Tag (1997). 'Formal and informal organisational practices and procedures guiding and supporting a proactive, self-starting, and persistent approach toward work are potentially helpful in increasing organisational performance through encouraging a high level of initiative in the workforce' (Baer & Frese, 2003: 49). I therefore argue that climate for initiative influences performance outcomes. It is for this reason that potential mechanisms for the influence of climate for initiative are: top management and peers allow and encourage personal initiative of individuals and groups; people and groups feel responsible for their work; people exercise more discretion in how they do their jobs (Baer & Frese, 2003: 48-48). Relatedly, employees were asked to provide information on the level of climate for initiative within their firms. Items were rated on a five-point scale, from 1 = 'Does not Apply at All' to 5 = 'Entirely Applies'. Its sample items are 'People in our firm actively attack problems', 'People in our firm are particularly good at realizing ideas.' Its Cronbach alpha is .75. To assess whether climate for initiative should be conceptualized at the individual- or firm-level analysis,

computed interrater agreement [rwg] and interrater reliability [ICC (1) and ICC (2)]. The results indicated that climate for initiative should be treated as a firm-level variable, [mean rwg = .90, ICC (1) = .30,  $F(25, 525) = 1.8$ , ns; ICC (2) = .75] (see Glick, 1985; Biemann, Cole, & Voelpel, 2012; LeBreton & Senter, 2008; Aryee et al., 2012).

***Climate for psychological safety.*** This construct was measured using a seven item scale adopted by Baer and Frese (2003) but adapted from Edmondson (1999). Scholars define climate for psychological safety as ‘a work environment where employees safe to speak up without being rejected’ (Baer & Frese, 2003: 50). As such, a firm with a climate for psychological is likely to foster learning behaviour as well as the use of employees' creative potential (Baer & Frese, 2003). By this logic, potential by which climate for psychological safety produces a higher degree of performance are: reduced risk in presenting new ideas in a safe climate (Edmondson, 1999; see also Baer & Frese, 2003). Individual employees were therefore asked to rate the level of climate for psychological safety within their firms. Items were rated on a five-point scale, from 1 = ‘Does not Apply at All’ to 5 = ‘Entirely Applies’. Its sample items are ‘In our firm some employees are rejected for being different’, ‘The people in our firm value others’ unique skills and talents’. Its Cronbach alpha is .77. To assess whether climate for psychological safety should be conceptualized at the individual- or firm-level analysis, computed interrater agreement [rwg] and interrater reliability [ICC (1) and ICC (2)]. The results indicated that climate for psychological safety should be treated as a firm-level variable, [mean rwg = 1.0, ICC (1) = .28,  $F(24, 525) = 1.4$ , ns; ICC (2) = .77] (see see Glick, 1985; Biemann, Cole, & Voelpel, 2012; LeBreton & Senter, 2008; Aryee et al., 2012).

***Environmental uncertainty*** was measured using a 4 item scale adopted by Oke et al. (2012). It is noteworthy that even two firms within the same industry may ‘face similar opportunities but have different performance outcomes depending on whether the firm is able to harness its resources to exploit the opportunities’ (Oke et al., 2012: 285). In this regard, the innovation performance of each firm is said to depend on the opportunities created by the uncertainties. I therefore argue that environmental uncertainty can act as an important boundary condition to channelise the relationship between firm innovation and market performance. The items were rated on a seven-point scale, from 1 = ‘Very Strongly Disagree’ to 7 = ‘Very Strongly Agree’. Sample items are ‘Very dynamic and changing rapidly’; ‘Actions of competitors have been highly unpredictable.’ Its Cronbach’s alpha is .73.

***Firm-level innovation.*** I used a nine item scale by García-Morales, Jiménez-Barrionuevo, and Gutiérrez-Gutiérrez (2012), but originally developed by Antoncic and Hisrich (2001). This scale is undimensional (García-Morales et al., 2012). Firm managers were asked to rate the growth of their firm innovation in the past three years. The items were rated on a seven-point scale, from 1

= 'Totally Disagree' to 7 = 'Totally Agree'. Its sample items are 'Firm's emphasis on developing new products or services,' 'Firm's spending on new product or service development activities.' A number of researchers have examined firm innovation utilizing this reliable valid scale that enables its measurement (Antoncic & Hisrich, 2001; García-Morales et al., 2012). Its Cronbach alpha is .91.

**Market performance** was measured using a 4 item scale adopted by Delaney and Huselid (1996) to measure firm-level market performance. The focus of these items is on marketing, sales, growth and market share. Firm managers provided data on the performance of their firm relative to that of their competitors in the past 12 months (see also Aryee et al., 2012). Items were rated on a four-point scale, from 'Worse' to 'Much Better.' Although it would better to have an objective measure tested, it is precedent in the existing literature for employing subjective measures of firm performance outcomes (Aryee et al., 2012; Delaney & Huselid, 1996; Takeuchi et al., 2007; Wall et al., 2004). In support of this view, scholars have provided evidence for the convergent, discriminant, and construct validity of subjective and objective measures of firm performance (e.g., Wall et al., 2004). As such, García-Morales et al. (2012: 1044) conclude that there is "a high correlation and concurrent validity between objective and subjective data on performance, implying that both are valid when calculating a firm's performance". Following this logic, I argue that subjective and objective measures of company performance can be treated as equivalent (Wall et al., 2004). Therefore, I used this subjective measure to examine the market performance of Vietnamese service firms. Its Cronbach's alpha is .68.

#### 6.2.2.1.2 *Individual Level Measures*

**HPWS perception.** This index was measured using a 42 item scale which was tested and validated in the pilot study. Immediate employees rated their experiences of HPWS implemented within their firms. Items were rated on a five-point scale, from 1 = 'Totally Disagree' to 5 = 'Totally Agree'. The index included eight dimensions: (1) information sharing (6 items, sample items are 'I have enough information to do my job well; 'I have the manuals and resource materials I need for the network systems I work with'; (2) job design (4 items, i.e., 'My job is simple and quite repetitive'; (3) pay (8 items, i.e., 'Part of my compensation is based on how well I do on my job'; (4) performance appraisal (7 items, i.e., 'Your ability to resolve customer complaints or service problems in an efficient manner'; (5) training (6 items, i.e., 'The training programmes I went through in this firm effectively prepare me to provide high quality customer service' (6) teamwork (5 items, i.e., 'I feel I am really part of my work group'; (7) internal service (2 items, i.e., 'I get the needed materials for my job from other departments in a timely fashion'; (8) service

discretion (4 items, i.e., 'I have the authority to resolve customer complaints on my own.' Its Cronbach's alpha is .90.

***Trust in management.*** We used a six-item scale adopted by Ellis and Shockley-Zalabak (2001) to measure employee trust in management. Items were rated on a five-point scale, from 'Very Little' to 'Very Great'. Sample items are 'I trust management,' 'Those in management keep their word to employees.' Its Cronbach's alpha is .77.

***Trust in supervisor.*** This was measured using a 14 item scale adopted by Ellis and Shockley-Zalabak (2001). Items were rated on a five-point scale, from 'To a Very Small Extent' to 'To a Great Extent'. Sample items are 'I trust my immediate supervisor,' 'My immediate supervisor behaves in a consistent manner from day to day.' Its Cronbach's alpha is .82.

***Employee creativity.*** The employee creativity measure was calculated using a 13 item scale adopted by Zhang and Bartol (2010). Items were rated on a five-point scale, from 'Not At All Characteristic' to 'Very Characteristic'. Sample items are 'Often has new and innovative ideas,' 'Suggests new ways to increase quality.' Its Cronbach's alpha is .73.

***Psychological empowerment.*** This was measured using a 12 item scale adopted by Aryee et al. (2012), but originally developed by Spreitzer (1995). Scholars describe empowerment as a psychological state characterised by feelings of competence (an individual's belief in his or her capacity to fulfil their jobs with skill), autonomy (an individual's sense of initiating and regulating actions), meaning (value of a work goal), and impact (the extent to which an individual can affect performance in the workplace) (Aryee et al., 2012; Spreitzer, 1995). I therefore argue that an individual with high perceptions of such components is likely to be intrinsically motivated to innovate and contribute. To this end, employees were asked to rate their perceptions of psychological empowerment at work. Items were rated on a seven-point scale, from 'Very Strongly Disagree' to 'Very Strongly Agree'. Sample items are 'The work I do is meaningful to me,' 'I have mastered the skills necessary for my job.' Its Cronbach's alpha is .88.

### **6.2.3 Controls**

Given the multilevel nature of the study, we control for both individual-level and firm-level control variables. At the individual level, we control for (1) employee age, (2) gender, measured as a dummy variable (1 = male, 0 = female), and (3) tenure. By including these factors, we control for the potential impacts of employee demographic differences, such as gender and tenure (Jensen et al., 2013), which may influence the way an employee feels about climate for initiative and climate for psychological safety. At the firm level, we control for firm size, firm age and ownership. Firm

age is calculated based on its founding date as recognized in the survey (McClean & Collins, 2011). Specifically, the measure of firm age is taken from the question ‘How long has your firm been in operation?’ (Guthrie et al., 2011). Firm size is viewed as a control as it can be related to the utilisation of HPWSs (Liu et al., 2009), the effect of the HPWS on the firm (Klaas et al., 2012) and the personnel function affecting the use of certain HR practices (McClean & Collins, 2011). It is also important to note that size is measured as the logarithm of the number of full-time workers (Sun et al., 2007; Liao et al., 2009) at the time of the survey (Klaas et al., 2012). A final control variable is ownership, which prior research has found to be associated with performance and HR policies and practices (Sun et al., 2007). Firm ownership has two categories: public (state- and collectively owned) and not public (share-holding, foreign-invested, and privately owned), measured as a dummy variable (1 = “public,” 0 = “not public”).

#### **6.2.4 Statistical Analysis**

This study adopts quantitative research data to examine the relationships between variables at different levels of analysis (firm, individual, and cross levels). This logic can strengthen Anderson’s (2009) argument that quantitative research plays a very important role in answering research questions, comparing with other sources, describing trends, and examining potential relationships between different variables. It is also noteworthy that this logic can also be in line with this research exploring the linkages between HPWS and organisational performance. To this end, the main analysis is undertaken by deploying Structural Equation Modelling using M-plus.

##### **6.2.4.1 Structural Equation Modelling (SEM)**

SEM has been widely used in psychology and social sciences (Anderson & Gerbing, 1988; Bentler & Yuan, 1999; Lei & Lomax, 2005) generally, and multivariate analysis for theory testing and causal modelling (Reisinger & Mavondo, 2007) in particular. There are several reasons for this popularity. One reason is that this technique supplies researchers with a powerful tool for evaluating and adjusting conceptual frameworks (Anderson & Gerbing, 1988). In this regard, it can potentially deal with the validity of models, and the targeted impacts among model parameters (Lei & Lomax, 2005). Hox and Bechger (1998); Shah and Goldstein (2006) further add that it is a robust technique that could incorporate both multifaceted path models and latent variables. Similarly, Steiger (2002) points to its ability to analyse a series of models and techniques. Another salient reason is that it deviates from traditional regression models to integrate not only multiple independent and dependent variables but also hypothetical latent constructs that bundles of observed variables may demonstrate (Bentler & Yuan, 1999; Reisinger & Mavondo, 2007; Savalei & Bentler, 2006; Shook, Ketchen, Hult, & Kacmar, 2004). Moreover, SEM offers a universal and

handy framework for statistical analysis, including a number of conventional multivariate procedures such as factor analysis, regression analysis, and canonical correlation (Hox & Bechger, 1998). A recent study by Gong et al. (2010) indicates that applying this technique to explore mediation variables is superior in a number of values: (a) its capacity to tackle the measurement properties of variables; (b) its relevance for exploring both partial and complete mediation variables; and (c) its ability for nested model comparison. This technique also has its capacity to fit multiple interrelated dependence association in a single model (Reisinger & Mavondo, 2007), and at the same time test several dependence associations (Shook et al., 2004).

In this vein, it is argued that SEM offers significant advantages over traditional techniques such as principal components analysis, factor analysis, discriminant analysis, or multiple regression because of the greater flexibility that allows researchers to focus on the relationship between theory and data (Chin, 1998). A first explanation involves its capacity for advancing theory building and validating constructs (Anderson & Gerbing, 1988). Therefore, there is much to achieve in theory testing and the evaluation of construct validity from distinct estimate of the measurement model (Anderson & Gerbing, 1988). Second, SEM has been explained as a powerful tool to (1) demonstrate linear associations among multiple predictor and criterion variables (Chin, 1998; Satorra, 1990), (2) test multiple dependent variables and mediating impacts (Lee, 2013), (3) contrast possible measurement errors with testing the model in a separate manner (Patel, Budhwar, & Varma, 2012), and (4) statistically examine a priori theoretical and measurement assumptions against quantitative data (i.e., confirmatory analysis) (Chin, 1998). Moreover, SEM involves the measurement and assessment of the fit of the model (Lee, 2013; Satorra, 1990). This means that these two key statistical tasks can allow gaining parameter estimates, i.e., fitting the model, assessing the estimates' sampling variability as well as the null distribution of test statistics. Also of note is that scholars such as McQuitty and Wolf (2013); Schreiber, Nora, Stage, Barlow, and King (2006) regard SEM as CFA and multiple regression, and assert that it can increase the potential of associations among the latent variables. The scholars also hold that it includes two elements: (a) a measurement model (essentially the CFA), and (b) a structural model. All of the reasons above are particularly relevant to the purpose of this research in terms of theory testing; construct validity, relationships among various variables, and model fit - the very reasons for ensuring the robust empirical research to unlock the 'black box' of the mechanisms through which HPWS influences organisational performance.

Our multilevel path analyses are conducted with Structural Equation Modelling using Mplus Version 7.3 (Muthén & Muthén, 1998-2014). We adopt multilevel structural equation modelling (MSEM) for a number of reasons. First, using MSEM can help overcome several

limitations of multilevel modelling (Preacher, 2011; Preacher, Zhang, & Zyphur, 2011; Preacher, Zyphur, & Zhang, 2010). For example, MSEM has the potential to outperform 2 MLM-based methods in 2-level models with respect to bias and confidence interval coverage while exhibiting adequate efficiency, convergence rates, and power under a number of conditions (Preacher et al., 2011). Second, MSEM is a powerful tool that does not require outcomes to be measured at Level 1, nor does it require a two-phase analysis, as opposed to three procedures (two-step, aggregation, and disaggregation) (Preacher et al., 2010). In this regard, the whole measurement is tested together to reach the effects of path a, path b and the indirect effect. Third, MSEM provides fit indices that allow researchers to measure the absolute and relative fit of models while it is not easy to do so in the MLM framework (Preacher et al., 2010). In doing so, it offers the opportunity to assess fit at the overall, between-group (level 2), and within group (level 1) levels (Ryu, 2011). Further, MSEM conjoins the best of both multilevel modelling and structural equation modelling, thereby allowing full-blown SEM models to be developed at each level of nesting for clustered data (Mehta & Neale, 2005). Finally, the Mplus software can allow us to utilize a full information maximum likelihood estimator for all analyses (see Jensen et al, 2013; Preacher et al., 2011).

#### *6.2.4.2 Intended Performance of Hypothesized Models*

Following the work by Jensen et al. (2013), multilevel path analysis is used in order to test the multilevel structural equation models. I utilize a full information maximum likelihood estimator for all analyses, and the weighted least squares mean and variance-adjusted estimator to test model fit based on chi-square measures. Additionally, I adopt the mediation designs proposed by Preacher et al. (2010) using M-plus syntax offered at the first author's website. Specifically, I deploy the following designs 2-1-1; 2-2-2, 1-1-1, 1-1-2, 1-2-2, 2-1-2, and 1-2-1 data (Preacher et al., 2010) for hypotheses testing where applicable. Hypotheses 6a and 6b, for example, states that HPWS perception will mediate the relationship between HPWS execution and trusts in management and supervisor. This is a (2-1-1) design because X (being the independent variable) is HPWS execution, which exists at Level 2; M (being the mediator variable) is at Level 1 which is HPWS perception; and Y (being the dependent variable) is at Level 1, which is trusts in management and supervisor. Therefore, any mediation of the influence of a level-2 X must occur at a between-group level, regardless of the level at which M and Y are measured.

Following this prescription, I first tested the correlations among the variables of the study (Beltrán-Martín et al., 2008). I then conducted a series of confirmatory factor analyses to verify the proposed structure for the seven firm-level and five individual-level scales (Beltrán-Martín et al., 2008). I finally tested the structural models corresponding to the proposed hypotheses: (1) a 2-2-2 mediation model; (2) a moderation model at Level 2; (3) a 1-1-1 mediation model; (4) a moderation

model at Level 1; and (5) a 2-1 direct effect model; (6) a 2-1-1 mediation model; (7) a 1-1-2 mediation model; and (8) a 1-2-2 mediation model.

## 6.3 Results

### 6.3.1 *Measurement Issues*

As the hypothesized model is multilevel in nature, I conducted a series of confirmatory factor analyses to examine whether these variables captured distinct constructs for the firm-level and individual-level data. I first created item parcels for each scale to retain favourable indicator-to-sample-size ratio (Aryee et al., 2012) and generate more stable parameter estimates (Liao et al., 2009) at the firm level. This is because the number of respondents at the firm level was much smaller than that of the respondents at the individual level. In particular, I randomly created three parcels of items for HPWS execution, two parcels of items for collective human capital resource, climate for initiative, climate for psychological safety, firm-level innovation, environmental uncertainty and firm market performance.

*CFA for firm-level measurement model.* The measurement model consisted of seven variables: HPWS execution, collective human capital resource, climate for initiative, climate for psychological safety, firm-level innovation, environmental uncertainty and firm market performance. The results indicated that the one-factor model demonstrated a poor fit with the data, ( $\chi^2 = 108.11$ ,  $df = 14$ ; ( $p < .01$ );  $\chi^2/df = 7.71$ ; comparative fit index [CFI] = .66; Tucker-Lewis index [TLI] = .49; root mean square error of approximation [RMSEA] = .13; standardised root mean square residual [SRMR] = .08). By contrast, the hypothesized seven-factor measurement model demonstrated a good fit with the data, ( $\chi^2 = 174.02$ ,  $df = 83$ ; ( $p < .01$ );  $\chi^2/df = 2.09$ ; comparative fit index [CFI] = .95; Tucker-Lewis index [TLI] = .93; root mean square error of approximation [RMSEA] = .05; standardised root mean square residual [SRMR] = .04).

For a further construct validity test, I conducted the other alternative models to compare with the five-factor model (see Table 6.1). The first alternative model was tested with a five-factor model combining collective human capital resource, climate for initiative and climate for psychological safety into one factor. The second alternative model was conducted with a three-factor model combining collective human capital, climate for initiative and climate for psychological safety into one factor; and firm-level innovation, environmental uncertainty and firm market performance into one factor. A third alternative factor was measured with the two-factor model in which collective human capital, climate for initiative and climate for psychological safety, firm-level innovation, environmental uncertainty and firm market performance were combined into one factor. The results revealed that all the alternative models fit the data significantly worse than

the seven-factor model. Taken together, the results demonstrated that the discriminant validity of our manager self-rated constructs was substantiated and the seven factors were distinct from one another (Liao et al., 2009).

***CFA for individual-level measurement model.*** The measurement model consisted of 5 variables: HPWS perception, trust in management, trust in supervisor, psychological empowerment, and employee creativity. The results indicated that the one-factor measurement model fit the data poorly,  $\chi^2(5) = 10.984$  ( $p < .05$ ); CFI = .94; TLI = .89; RMSEA = .09; standardised root mean square residual [SRMR] = .03. By contrast, the hypothesized five-factor measurement model demonstrated a good fit with the data,  $(\chi^2(109) = 430.177, (p < .05); CFI = .95; TLI = .94; RMSEA = .08; SRMR = .06)$ . Consistent with the firm-level measurement model, I conducted the other alternative models to compare with the hypothesized five-factor model (see Table 6.3). The first alternative model was tested with a four factor-factor model combining trust in management and trust in supervisor into one factor. The second alternative model was tested with a three-factor model combining trust in management, employee creativity and psychological empowerment into one factor. A third alternative model was conducted with a two-factor model combining trust in management, trust in supervisor, employee creativity and psychological empowerment into one factor. The results revealed that all the alternative models fit the data significantly worse than the five-factor model. Together, the results demonstrated that the discriminant validity of our manager self-rated constructs was substantiated and the five factors were distinct from one another (Liao et al., 2009).

**TABLE 6.3**

**Summary of Fit Indices of Confirmatory Factor Analysis for Firm-Level and Individual-Level Measurement Models**

<b>Model</b>	$\chi^2$	<b>df</b>	$\chi^2/df$	<b>CFI</b>	<b>TLI</b>	<b>RMSEA</b>	<b>SRMR</b>
<b>A</b>							
Firm-Level Fit Indices							
One-factor Model	108.11	14	7.71	.66	.49	.13	.08
Seven-factor Model	174.02	83	2.09	.95	.93	.05	.04
Five-factor Model	60.76	21	2.89	.86	.76	.17	.11
Three-factor Model	15.21	6	2.54	.91	.77	.19	.06
Two-factor Model	31.39	13	2.41	.90	.84	.16	.09
Individual-Level Fit Indices							
One-factor Model	10.98	5	2.19	.94	.89	.09	.10
Five-factor Model	430.17	109	3.94	.95	.94	.08	.06
Four-factor Model	431.51	59	7.31	.91	.89	.12	.11
Three-factor Model	192.97	32	6.03	.90	.86	.15	.06
Two-factor Model	73.04	8	9.12	.91	.84	.15	.09

**Table 6.4** shows the descriptive means, standard deviations and correlations of the study variables.

**TABLE 6.4**  
**Means, Standard Deviations and Correlations of Study Variables**

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10
<b>FIRM LEVEL (109)</b>												
1. Firm size	1.48	.89	-									
2. Firm age	2.97	.87	.31**	-								
3. Ownership	1.59	.49	-.39**	-.19**	-							
4. HPWS Execution	3.96	.37	.11*	.15**	-.02	.89						
5. Collective human capital	3.85	.73	.07	-.02	.11*	.24**	.87					
6. Climate for initiative	3.78	.62	.02	-.03	.03	.04	.13**	.75				
7. Psychological safety	3.44	.77	-.05	-.01	.02	.01	.08	.46**	.77			
8. Firm innovation	5.19	.83	.09*	.22**	-.03	.13**	-.04	-.06	.12**	.91		
9. Environmental uncertainty	4.46	1.30	.08	.03	-.13**	.01	.01	.02	-.01	.15**	.74	
10. Market performance	3.43	.32	.05	.27**	-.17**	.29**	.24**	.10*	.04	.09*	.15*	.68
<b>INDIVIDUAL LEVEL (526)</b>												
1. Employee gender	1.37	.48	-									
2. Employee age	1.61	.65	.02	-								
3. Employee tenure	2.27	.89	.06	.68**	-							

4. HPWS Perception	3.79	.39	.08	-.04	-.03	.87				
5. Trust Man	3.91	.63	.08	-.09*	-.07	.48**	.91			
6. Trust Sup	3.83	.53	.04	-.11*	-.07	.53**	.58**	.74		
7. Employee creativity	3.65	.64	.01	-.04	.02	.12**	.10*	.03	.75	
8. Psy Empowerment	5.37	.88	.06	-.00	.03	.44**	.34**	.34**	.07	.88

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**Note:** Coefficient alpha values are presented in italics along the diagonal; HPWS Execution = Managers' experiences of High-Performance Work Systems; HPWS Perception = Employees' experiences of High-Performance Work Systems; Firm size coded 1 = 100-199 employees, 2 = 200-299 employees, 3 = 300 employees, 4 = over 400 employees; Firm age coded 1 = under 5 years, 2 = 5-9 years, 3 = 10-15 years, 4 = over 15 years; Ownership coded 1 = public, 0 = private; Employee age coded 1 = under 30 years, 2 = 30-39 years, 3 = 40-49 years, 4 = 50-60 years; Employee gender coded 0 = female, 1 = male;

\*p < .05; \*\*p < .01.

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### 6.3.2 Hypotheses Testing

The results of the estimation are presented in Table 6.5. Consistent with the work by Jensen et al. (2013), the residual covariance matrix is used, which is derived after removing the effects of control variables.

#### 6.3.2.1 Firm Level Tests

Hypotheses 1a, 1b and 1c predicted that collective human capital resource, climate for initiative and climate for psychological safety would in turn mediate the relationship between HPWS execution and firm-level innovation. Since I proposed three mediators (e.g., collective human capital, climate for initiative and climate for psychological safety), I followed the procedures proposed by Preacher and Hayes (2008) to test multiple mediators. To establish mediation, I first experimented the effect of the predictor on the mediators and the outcome, and the mediators on the outcome after accounting for the predictor. Mediation is significant when the strength of the predictor and outcome relationship is reduced or non-significant (see Aryee et al., 2012; Ngo, Jiang et al. 2014). Table 6.5 demonstrated that HPWS execution positively influences collective human capital resource ( $\beta = .16, p < .001$ ); collective human capital positively relates to firm-level innovation ( $\beta = .14, p < .001$ ); and HPWS significantly impacts firm-level innovation ( $\beta = .26, p < .001$ ). Similarly, results indicated that HPWS execution positively influences climate for initiative ( $\beta = .19, p < .001$ ); climate for initiative positively relates to firm-level innovation ( $\beta = .08, p < .05$ ). Likewise, results indicate that HPWS execution positively influences climate for psychological safety ( $\beta = .20, p < .001$ ); climate for psychological safety positively relates to firm-level innovation ( $\beta = .10, p < .05$ ). Results suggested that the linkage between HPWS and innovation is initially established through the mediating components of collective human capital resource, climate for initiative and climate for psychological safety. I then tested mediation, controlling for firm size, age and ownership. The indirect effect of HPWS on firm-level innovation as partially mediated by collective human capital resource, climate for initiative and climate for psychological safety was significant ( $\beta = .04, .07$  and  $.06$ , respectively;  $p < .001$ ), thus supporting hypotheses 1a, 1b and 1c.

To more robustly test these mediated effects, I employed the bootstrapping procedure suggested by Preacher and Hayes (2008) to assess indirect effects in multiple mediators. Specifically, I conducted the bootstrapping with 10,000 random samples using a 95 percent confidence level. Results demonstrated that the 95 % bootstrapping confidence interval for collective human capital resource lies between .02 and .07; for climate for initiative lies between .02 and .11; and for climate for psychological safety lies between .03 and .10. Since zero is in the

95% of confidence intervals, I concluded that the indirect effect is significantly different from zero ( $p < .001$ ) (Preacher & Hayes, 2008; Aryee et al., 2012). Finally, I adopted the method proposed by Preacher and Hayes (2008) to test multiple mediators to yield the sum of indirect effects. The total indirect effects further supported the above mediation models ( $\beta = .11$ ;  $p < .01$ ; 95 % of confidence interval = .06 to .17).

Hypothesis 2 suggested moderating effect of environmental uncertainty on the relationship between firm-level innovation and market performance. I utilized a model constraint procedure to test this hypothesis, controlling for firm size, age and ownership. As shown in Table 6.2, the interaction between firm-level innovation and environmental uncertainty was significant ( $\beta = .14$ ;  $p < .05$ ; 95 % of confidence interval = .02 to .24). In Figure 6.1, the interaction plot for this result was depicted. The figure demonstrated that firm-level innovation was positively associated with market performance when environmental uncertainty was high rather than low. By contrast, firm-level innovation negatively related to market performance when environmental uncertainty decreased. Therefore, hypothesis 2 is supported.

**TABLE 6.5**  
**Firm-level Multilevel Path Analysis Results**

	Standardised betas	SE	tValue	p
HPWS Execution → CHCR	.16	.05	3.30	.00
HPWS Execution → BIN	.13	.04	3.19	.00
CHCR → BIN	.14	.04	3.84	.00
HPWS Execution → collective human capital resource → BIN <i>(HIA)</i>	.04	.01	3.13	.00
HPWS Execution → INI	.19	.05	3.75	.00
HPWS Execution → BIN	.13	.04	3.19	.00
INI → BIN	.08	.05	1.91	.05
HPWS Execution → INI → BIN <i>(HIB)</i>	.07	.03	2.73	.01
HPWS Execution → SAFE	.20	.05	3.87	.00
HPWS Execution → BIN	.13	.04	3.19	.00
SAFE → BIN	.10	.05	2.23	.02
HPWS Execution → SAFE → BIN <i>(HIC)</i>	.06	.02	2.88	.00
Sum of indirect effect of	.11	.03	4.04	.00

H1A + H1B + H1C

BIN → PER	-.57	.24	-2.35	.02
UNTY → PER	.16	.10	1.51	.10
BIN × UNTY → PER ( <b>H2</b> )	.14	.06	2.33	.02
LOW-UNTY	-.13	.07	-1.88	.06
MED-UNTY	-.02	.05	-0.31	.76
HI-UNTY	.11	.07	1.43	.15
Covariance				
HPWS, CHCR	.09	.06	1.54	.04
HPWS, CI	.05	.01	3.69	.00
HPWS, PS	.06	.01	4.22	.00
CHCR, BIN	.31	.08	3.56	.00
CI, BIN	.12	.03	4.93	.00
PS, BIN	.11	.02	5.13	.00
BIN, PER	.08	.04	1.91	.05
BIN, UN	.38	.10	3.67	.00
UNTY, PER	.13	.05	2.45	.01

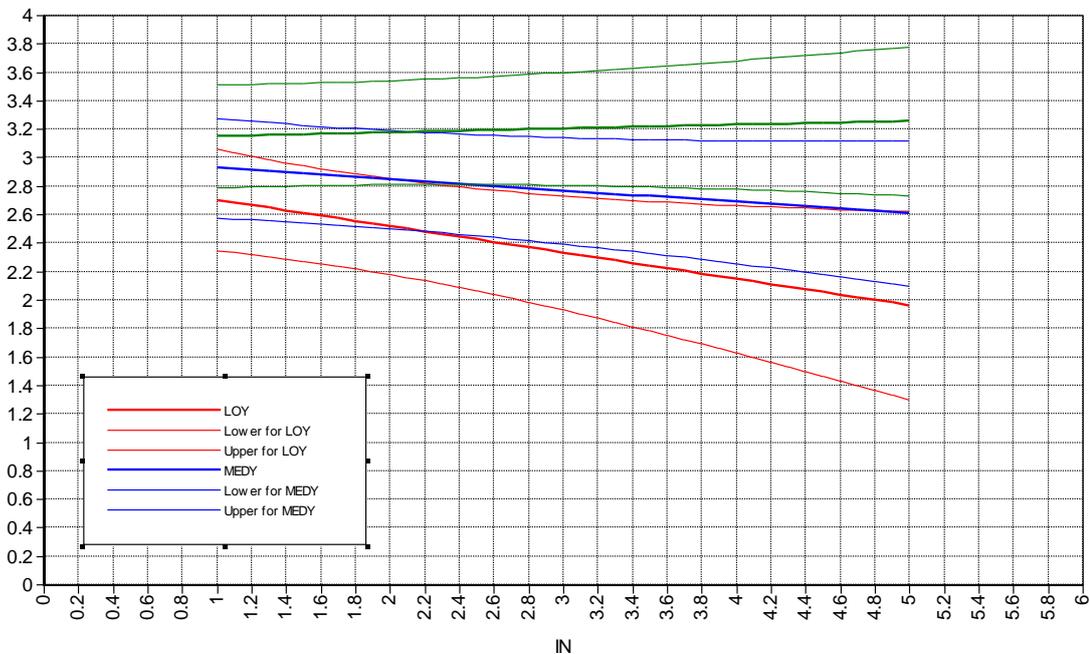
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Note:  $\chi^2/df = 2.09$  ( $p < .001$ ); comparative fit index (CFI) = .95; Tucker-Lewis index (TLI) = .93; root mean square error of approximation (RMSEA) = .05; standardized root mean square residual (SRMR) = .04. HPWS = high-performance work systems, collective human capital resource = Collective Human Capital Resource; climate for initiative = Climate for Initiative; PS = Climate for Psychological Safety; BIN = Firm-level Innovation; PER = Firm Market Performance.

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**FIGURE 6.1**

**Moderation Effects for Firm-level Innovation × Environmental Uncertainty → Market Performance**



**6.3.2.2 Individual Level Tests**

For Hypotheses 3a and 3b, I proposed that trust in management, trust in supervisor would mediate the relationship between HPWS perception and employee creativity. I followed the same steps in testing hypotheses 1a, 1b, and 1c, controlling for employee gender, age and tenure as Level 1 effects in our analyses. Table 6.6 showed that HPWS perception significantly relates to trust in management ( $\beta = .29, p < .001$ ); trust in management positively relates to employee creativity ( $\beta = .15, p < .001$ ); and HPWS perception significantly impacts employee creativity ( $\beta = .11, p < .05$ ). Likewise, results demonstrated that HPWS perception positively influences trust in supervisor ( $\beta = .12, p < .05$ ); trust in supervisor positively relates to employee creativity ( $\beta = .29, p < .001$ ). Results suggested that the linkage between HPWS perception and employee creativity is initially established through the mediating components of trust in management and trust in supervisor. I then tested mediation, including employee age, sex and tenure. The indirect effect of HPWS perception on employee creativity as partially mediated by trust in management and trust in supervisor was significant ( $\beta = .04$  and  $.02$ , respectively;  $p < .05$ ), thus supporting hypotheses 3a and 3b. The bootstrapping results suggested that the 95 % bootstrapping confidence interval for trust in management lies between  $.02$  and  $.06$ ; and trust in supervisor lies between  $.01$  and  $.05$ . Since zero is in the 95% of confidence intervals, I concluded that the indirect effect is significantly

different from zero ( $p < .001$ ) (Preacher & Hayes, 2008; Aryee et al., 2012). Finally, I employed the method proposed by Preacher and Hayes (2008) to test multiple mediators to yield the sum of indirect effects. The total indirect effects further supported the above mediation models ( $\beta = .04$ ;  $p < .01$ ; 95 % of confidence interval = .01 to .07).

Hypotheses 4a and 4b suggested moderating influence of psychological empowerment on the relationship between trust in management and trust in supervisor and employee creativity. We used a model constraint procedure to test the hypotheses, controlling for employee gender, age and tenure. The results showed the insignificance of trusts on employee creativity ( $\beta = .01$  and  $.01$ , respectively;  $p > .10$ ). The results were further evidenced in the interaction plots depicted in Figures 6.2 and 6.3 that the relationship between trusts and employee creativity were almost flat. To further support the method used, I adopted the mean-centering method proposed by Dawson (2014) in order to test this hypothesis. However, the results were in line with the model constraint procedure using Mplus. Therefore, hypotheses 4a and 4b are not supported.

**TABLE 6.6**  
**Individual-level Multilevel Path Analysis Results**

	Standardised betas	SE	tValue	p
HPWS Perception → CR	.11	.05	2.28	.02
HPWS Perception → TM	.29	.04	6.39	.00
TM → CR	.15	.04	3.75	.00
HPWS Perception → TM → CR ( <i>H3a</i> )	.04	.01	2.72	.01
HPWS Perception → TS	.12	.04	2.53	.01
TS → CR	.29	.04	7.27	.00
HPWS Perception → TS → CR ( <i>H3b</i> )	.02	.01	2.01	.04
Sum of Indirect effect of H3a + H3b	.04	.02	1.99	.04
TM → CR	-.01	.03	-0.47	.63
PS → CR	-.04	.12	-0.33	.74
TM × PS → CR ( <i>H4a</i> )	.01	.01	0.92	.36

LOW-PS	-0.01	.03	-0.12	.90
MED-PS	-0.01	.03	-0.18	.91
HI-PS	-0.01	.03	-0.15	.91
TS → CR	-0.01	.03	-0.47	.64
PS → CR	-0.03	.11	-0.33	.73
TS × PS → CR ( <i>H4b</i> )	.01	.01	0.92	.36
LOW-PS	-0.01	.03	-0.12	.90
MED-PS	-0.01	.03	-0.18	.91
HI-PS	-0.01	.03	-0.15	.91
Covariance				
HPWS Execution, HPWS Perception	.11	.02	5.19	.00
HPWS Perception, TM	.08	.02	4.54	.00
HPWS Perception, TS	.09	.02	4.28	.00
TM, TS	.06	.02	4.16	.00
TM, PS	.03	.01	3.21	.00
TS, PS	.04	.01	2.79	.01
PS, CR	.21	.03	7.10	.00

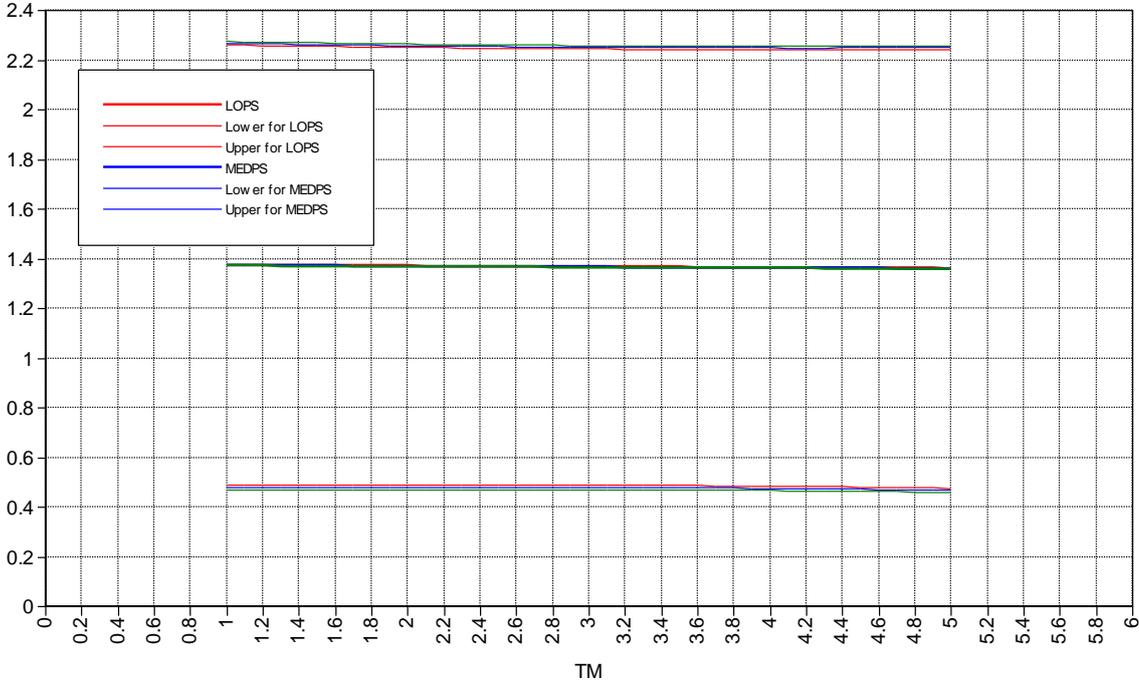
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*Note:*  $\chi^2/df = 430.177$ ; ( $p < .05$ ); root mean square error of approximation (RMSEA) = .08; standardized root mean square residual (SRMR) = .06; comparative fit index (CFI) = .95; Tucker-Lewis index (TLI) = .94. HPWS = high-performance work systems, TS = Trust in Supervisor; TM = Trust in Management; CR = Employee Creativity; PS = Psychological Empowerment.

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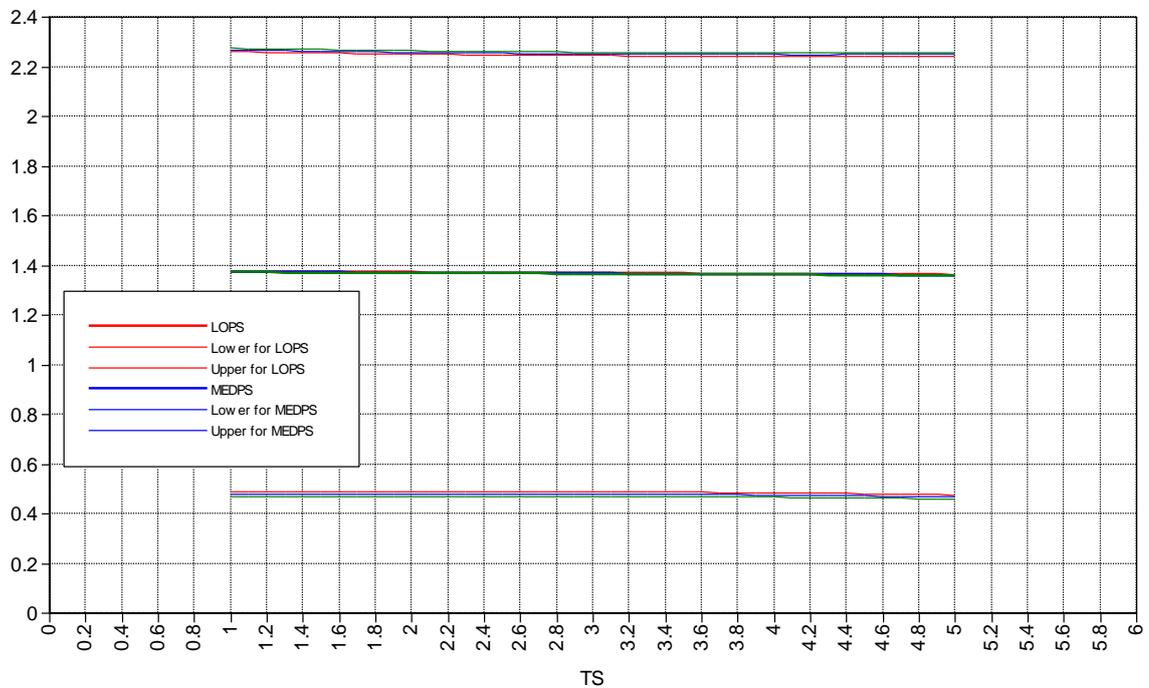
FIGURE 6.2

Moderation Effects for Trust in Supervisor × Psychological Empowerment → Employee Creativity



**FIGURE 6.3**

**Moderation Effects for Trust in Supervisor × Psychological Empowerment → Employee Creativity**



**6.3.2.3 Cross Level Tests**

Hypothesis 5 stated that HPWS execution would positively influence HPWS perception. A 2-1 model was employed to test the hypothesis, using a bootstrap procedure and controlling for firm size, age and ownership as Level 2 effects and employee gender, age and tenure as Level 1 effects in our analyses. The finding supported the hypothesis ( $\beta = .14$ ;  $p < .001$ ; 95 % of confidence interval = .05 to .23). Hypotheses 6a and 6b predicted that the relationship between HPWS execution and trust in management; trust in supervisor is mediated by HPWS perception. A 2-1-1 model was adopted to test these hypotheses, using a model constraint procedure outlined by Preacher et al. (2011); Preacher et al. (2010), and controlling for firm size as Level 2 effects and employee age as Level 1 effects in our analyses. The L2 indirect effect of HPWS execution on trust in management and trust in supervisor as partially mediated by HPWS perception was significant ( $\beta = .08$  and  $.07$ , respectively;  $p < .05$ ; 95 % of confidence interval = .01 to .15), thus supporting hypotheses 6a and 6b. For hypotheses 7a and 7b, we proposed that employee creativity would mediate the relationship between trusts in management and supervisor, and firm-level innovation. I employed a 1-1-2 model to test this hypothesis, using the same procedure in testing hypotheses 6a and 6b, and controlling for firm ownership as Level 2 effects and employee gender as Level 1 effects in our analyses. The L1 indirect effect of trusts in management and supervisor on firm-level

innovation as partially mediated by employee creativity was also significant ( $\beta = .23$  and  $.09$ , respectively;  $p < .05$ ; 95 % of confidence interval =  $.12$  to  $.33$  and  $.7$  to  $.14$ , respectively), thus supporting hypotheses 7a, 7b. Finally, hypothesis 8 suggested the mediating influence of firm-level innovation on the relationship between employee creativity and market performance. I adopted a 1-2-2 model to test this hypothesis, using the same procedure in testing hypotheses 6a, 6b and 7, controlling for firm size, age and ownership, as Level 2 effects and employee gender, age and tenure as Level 1 effects in our analyses. The L1 indirect effect of employee creativity on firm market performance as partially mediated by firm-level innovation was significant ( $\beta = .05$ ;  $p < .05$ ; 95 % of confidence interval =  $.00$  to  $.05$ ), thus supporting hypothesis 8.

**TABLE 6.7**  
**Cross-level Multilevel Path Analysis Results**

	Standardised betas	SE	tValue	p
HPWS Execution → HPWS Perception ( <b>H5</b> )	.14	.04	3.26	.00
HPWS Perception → TMwithin	.54	.23	2.37	.01
HPWS Execution → HPWS Perceptionbetween	.14	.05	2.81	.00
HPWS Perception → TMbetween	.22	.06	3.70	.00
HPWS Execution → TMbetween	.52	.23	2.27	.02
HPWS Execution → HPWS Perception → TM ( <b>H6a</b> )	.08	.04	1.71	.08
HPWS Perception → TSwithin	.55	.22	2.36	.02
HPWS Execution → HPWS Perceptionbetween	.14	.05	2.81	.00
HPWS Execution → TSbetween	.21	.05	3.72	.00
HPWS Perception → TSbetween	.53	.22	2.28	.02
HPWS Execution → HPWS Perception → TS ( <b>H6b</b> )	.07	.03	2.71	.07
TM → CRwithin	.48	.09	5.36	.00

CR → INObetween	.49	.08	9.73	.00
TM→ INObetween	.29	.06	4.97	.00
TM → CRbetween	.31	.09	4.11	.01
TM → CR → INO ( <b>H7a</b> )	.23	.06	4.01	.00
TS → CRwithin	.07	.06	0.53	.02
CR → INObetween	.14	.32	3.37	.01
TS→ INObetween	.16	.18	2.25	.00
TS → CRbetween	.51	.24	5.32	.00
TS → CR → INO ( <b>H7b</b> )	.09	.27	2.36	.03
CRwithin variances	.58	.11	5.14	.00
CR→ INObetween	.46	.12	3.61	.00
INO → PERbetween	.10	.06	1.56	.09
CR → PERbetween	.89	.25	1.84	.04
CR → INO → PER ( <b>H8</b> )	.05	.02	2.16	.03
Covariance				
HPWS Execution, HPWS Perception	.11	.02	5.19	.00
HPWS Perception, Trust in Management	.08	.02	4.54	.00
HPWS Perception, Trust in Supervisor	.09	.02	4.28	.00
Trust in Management, Trust in Supervisor	.06	.02	4.16	.00
Trust in Management, Psychological Safety	.03	.01	3.21	.00
Employee Creativity, Firm-innovation	.14	.03	4.57	.00
Innovation, Market Performance	.28	.05	5.78	.00

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Note: HPWS = high-performance work systems, TS = Trust in Supervisor; TM = Trust in Management; CR = Employee Creativity; PE = Psychological Empowerment.

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### **6.3.3 Summary**

In this section, the CFA results for the firm-level and individual level data were presented, and the descriptive statistics, internal consistency reliabilities and correlations of the study variables reported. I discussed multilevel path analyses and reported multilevel structural equation modelling results. At the firm level, the findings demonstrate that HPWS execution relates to firm-level innovation via the underlying mechanisms of collective human capital resource, climate for initiative and climate for psychological safety. In addition, environmental uncertainty moderates the effects of firm-level innovation on firm market performance. At the individual level, the findings suggest that trusts in management and supervisor act as mechanisms that mediate the relationship between HPWS perception and employee creativity. Also, psychological empowerment serves as a moderator linking trusts in management and supervisor to employee creativity. In this case, however, the relationship between trust and creativity is not moderated by psychological empowerment. At the cross level, the findings reveal that the linkage between HPWS execution and trusts in management and supervisor is partially mediated by HPWS perception. Similarly, the relationships between trusts in management and supervisor and firm-level innovation are partially mediated by employee creativity. And lastly, firm-level innovation partially mediates the link between employee creativity and firm market performance.

## 6.4 Discussion

The primary purpose of this study is to address the calls for further understanding the mechanisms through which HPWS influences performance-related outcomes. Therefore, I develop and test a multilevel model of how HPWS practices influence, at the firm-level, climates and human capital that foster firm innovation, and then market performance; at the individual-level, HPWS experiences impact trusts in management and supervisor that facilitate employee creativity, underpinned by the SDT, AMO theory and componential theory of creativity. Although management scholars have devoted more to investigating the mechanisms underlying the linkages between HPWS and performance-related outcomes via cross-level path analyses (Aryee et al., 2012; Jensen et al., 2013; Liao et al., 2009), this study is among a few to conduct such analyses. The study therefore responds to the call that the theorised cross-level impact of HPWS on employee outcomes is understudied (Takeuchi et al., 2009), thereby requiring further empirical investigations. At the firm level, the model starts with HPWS execution as it relates to firm-level innovation through mediating components of collective human capital resource, climate for imitative and climate for psychological safety. It then explores a boundary condition of environmental uncertainty linking firm-level innovation and market performance. At the individual level, the model commences with experienced HPWS as it links with employee creativity through the mediating role of trust in management and trust in supervisor. It then uncovers the relationship between employee perceptions of trusts in management and supervisor and employee creativity via the consideration of a potential boundary condition, psychological empowerment. The model then copes with the cross-level in order to further explore the mechanisms through which HPWS practices influence performance. As such, it begins with the indirect effects of HPWS execution on trusts in management and supervisor through the mediating role HPWS perception. It subsequently investigates the mediating role of employee creativity in the trusts in management and supervisor, and innovation linkage. The model closes with the relationship between employee creativity and market performance through the mediating role of firm-level innovation.

For Hypotheses 1a, 1b and 1c, I tested the relationship between HPWS and firm-level innovation through the mediating influence of collective human capital resource, climate for initiative and CPS. Although scholars have utilized different mediators to explore the indirect effects of HPWS on firm outcomes, our understanding of the mediating role of climate for initiative and CPS on such relationships is very limited. Based on strong theoretical reasons, it could be argued that the SDT is a powerful theory to account for the relationship between HPWS and innovation through such mediating mechanisms. The findings empirically provide support for such arguments and linkages. It is for this reason that empirical evidence demonstrates that some of the

organisational factors that are associated with performance-related outcomes generally and innovation in particular, can be explained by the SDT. For example, Niemiec and Ryan (2009) indicate that teachers' support of students' needs for autonomy, competence and relatedness can enhance students' learning, academic achievement and well-being. More importantly, Peng et al. (2013) argue that autonomy can drive individual creativity. However, to my knowledge, the usage of the SDT has been lacking in the sphere of the strategic HRM. Only one exception is the work by García-Chas et al. (2014) who used the SDT to explain the relationship between HPWS and intention to leave. This study therefore departs from this literature by linking collective human capital resource, climate for initiative, climate for psychological safety and firm innovation via the lens of the SDT. The study's theoretical contributions are therefore to extend the SDT framework by theorizing it as a firm-level theory to underpin the mechanisms underlying the relationships between HPWS and firm outcomes, and also providing insights into its sub-aspects of competence, autonomy and relatedness and by relating these aspects to collective human capital resource, climate for initiative and climate for psychological safety. The findings provide initial support for applying this theory to explain the relationship between HPWS and firm innovation, and also echo the supportive or creative work climate as a salient source of shaping creativity and innovation (Amabile et al., 1996; Freeman et al., 2002). The findings also offer an implication that 'the centrepiece of any change process in companies should be to increase climate factors such as psychological safety and initiative before larger changes and innovations are tackled (Baer & Frese, 2003: 63).

Intriguingly, the study's findings suggest that organisations aiming to achieve success need to commence with their organisational innovation, especially in today's constantly changing market environment. However, it is noteworthy that innovation is just a necessary condition but not sufficient to ensure organisational success. This is because the success of an organisation depends on different factors such as external environment, competition and opportunities. This is well aligned with the view that in order to survive and succeed in today's market turbulence, firms need to invest more effectively in innovations to harness the opportunities created by such a constantly changing market (Oke et al., 2012). Therefore, Hypothesis 2 suggesting that environmental uncertainty moderates the relationship between innovation and market performance was tested. The results support that this relationship is stronger when environmental uncertainty is high rather than low, and vice versa. This suggests that environmental uncertainty is a critical boundary condition linking innovation to market performance. However, this has been absent from this literature. This study therefore sharpens this literature and offers directions for future research.

With respect to hypotheses 3a and 3b, we postulated trusts in management and supervisor as mechanisms that mediate the relationship between HPWS perception and employee creativity.

Although strategic HRM scholars have called for examining new mediators to unveil the intermediate relationships between HPWS and performance, trusts in management and supervisor seem to have been understudied in this literature. To date, there have been a few studies investigating the relationships between HRM practices and trust or creativity (see Collins & Smith, 2006; Jiang et al., 2012a; Zacharatos et al., 2005). However, it is important to note that although trust and creativity are increasingly important constructs shaping employee attitudes and behaviours – being arguably key psychological mechanisms that underlie the HPWS-performance linkage, the aforementioned studies have not explored these constructs at their fullest potential. In particular, the studies only stop at examining trust and creativity separately as the outcomes of HRM practices. The current study goes beyond such studies by incorporating and positioning trust and creativity as serial mediators of the HPWS-performance nexus. Also of interest is that our study uses the AMO theory to channelise the HRM-trust relationship in response to a lack of theoretical lens in the strategic HRM field (see Beugelsdijk, 2008; Colbert, 2004; Guest 1997). This theory is arguably a relevant framework in the study because empirical evidence demonstrates that some of the organisational factors that are associated with performance-related outcomes can be explained by the AMO theory (see Paauwe, 2009). This study therefore departs from existing literature by linking organisational factors such as trust in management, trust in supervisor and employee creativity via the lens of such a theory. The findings provide initial support for applying this theory to explain the relationship between HPWS and employee creativity, and echo the HR environment features as a salient source of shaping employee creativity.

With respect to hypotheses 4a, 4b, I suggested the moderating influence of psychological empowerment on the relationship between trust in management, trust in supervisor and employee creativity. The effects of HPWS on employee psychological empowerment are now well established (e.g., Aryee et al., 2012), and psychological empowerment has become an enabler of employee creativity (e.g., Sun et al., 2012; Zhang & Bartol, 2010). However, the study's results demonstrated the insignificance on this linkage, and thus this hypothesis was not supported. A logical explanation could be that once employees perceive a certain level of trust in their immediate managers, psychological empowerment is no longer needed to drive employee creativity. Accordingly, scholars argue that psychological empowerment practices are 'nothing more than an illusion or the emperor's new clothes' (Ergeneli et al., 2007: 42). This argument is further supported by empirical evidence that there is no linkage between the type of trust and the self-determination aspect of psychological empowerment (Ergeneli, Ari, & Metin, 2007). Therefore, it is argued that perceptions of trust are considered enough for employees to feel intrinsically motivated and creatively enhanced to perform their work demands, thereby shaping employee creativity. Another possible explanation is that Vietnamese cultural heritage is deeply stemmed

from Confucius, thereby prioritizing collective units over self-interest (see Vo & Hannif, 2013; Quang & Vuong, 2002; Hofstede, 1980). Vietnamese employees therefore tend not to reveal their personal role in the workplace even though they significantly contribute to their organisational success. It is a Vietnamese belief that when an organisation achieves success, this success comes from their collective contributions. As such, trust in management rather than psychological empowerment is more highly accepted by Vietnamese employees.

Hypothesis 5 explored the cross-level influence of HPWS execution on employees' perceived HPWS. This proposition was tested in response to the recent calls that researchers should pay more attention to the role of employee perceptions of HPWS practices than to such actual practices themselves (e.g., Werner, 2011; Choi, 2014). It is for this reason that firms themselves do not 'perform'; it is employees of the firms that perform in ways that enable them to accomplish desirable performance output (Kozlowski & Klein, 2000; Liao et al., 2009). Following this logic, employee performance becomes a critical performance criterion for management research to measure the efficacy of work systems (Liao et al., 2009). As such, using employees' perceptions of HPWS practices yields critical implications for both theorists and HR practitioners because in order for perceived HR practices to influence the behaviours that enhance individual and firm performance, organisations should highly appreciate their employees' perceptions (Werner, 2011). This study confirms and expands this notion by providing empirical evidence that if properly implemented, HR practices will help employees feel satisfied with their firm's HR practices, thereby contributing to their positive attitudes and behaviours, and consequently to their creativity capability and service performance (see also Bowen & Ostroff, 2004). This is because HPWS is 'the result of an organisation's willingness to support its employees to work effectively in positive environments' (Lee, Lee, & Kang, 2012: 19).

For hypotheses 6a and 6b, I positioned HPWS perception as an intermediate mechanism that mediates the relationship between HPWS execution and trusts in management and supervisor. Although it is widely acknowledged that employees' views of HPWS are regarded as a salient channel by which researchers are able to assess the effects of HPWS on performance outcomes via employees' voice and experiences rather than the data provided by managers or HR professionals who design and implement HRM practices (see Choi, 2014), this study is among a few to employ such employees' experiences of HPWS as a mechanism linking HPWS practices and individual outcomes. By doing so, this study provides reliable empirical evidence to gain insights into the HPWS- performance linkage. More importantly, this study deviates from prior research by the AMO model to explain the relationship between HPWS perception and trust. We adopt this theory to serve two purposes: (1) to relate the central tenet of AMO to the strengths of HRM systems and/or the HR environment features derived from firms' appropriate HR practices in order to

influence employee ability, motivation and give them the opportunity so that they are able to contribute and perform best for the sake of the firm; (2) respond to the criticism that the SHRM field has lacked a solid theoretical base to explain the HRM-performance association (see Beugelsdijk, 2008; Guest, 1997; Michaelis et al., 2014).

Hypotheses 7a, 7b posited that employee creativity would mediate the connection between trusts in management and supervisor, and firm-level innovation. This is a uniquely proposed hypothesis in a way that it is a combination of the two important constructs, namely creativity and innovation. It is clear that this combination is based on a strong theoretical foundation that creativity is a first stage of the whole innovation process, and thus it is a must for organisational innovation. However, the linkage between creativity and innovation seems to be absent from the extant literature. Until recently, strategic HRM scholars have started to explore such a linkage underlying the relationships between HR practices and organisational performance. For example, Jiang et al. (2012a) employed a dataset obtained from 106 Chinese firms to examine the efficacy of HRM practices on innovation performance, and found that the HRM and firm innovation links are fully intervened by individual creativity. However, it is noteworthy that this study only used individual HR practices rather than HRM systems to predict employee creativity and firm innovation. The current study attempts to advance the existing literature by integrating HRM practices as a coherent system to influence employee trust in their leaders that fosters employee creativity which, in turn, drives organisational innovation. The findings empirically support this proposition, thereby shedding light on both the trust and creativity literatures.

With respect to hypothesis 8, the findings continue to reveal that innovation is a must for organisations to develop and succeed in today's competitive market environment. In order to innovate, organisations need to effectively invest in people factors and management. Firms that possess the highly qualified and creative human capital pool are more likely to succeed than those that do not. This is because employees need some kind of creativity to perform their job demands productively (see Shalley et al., 2000; Shalley et al., 2004). As such, employee creativity is an important outcome at the individual level, and when their creativity is aggregated to the firm-level, it will likely contribute to organisational innovation. This suggests that there is a close relationship among employee creativity, firm innovation and firm overall performance. I therefore hypothesize that firm-level innovation is a critical mechanism linking the relationship between innovation and market performance. The results provide empirical evidence for this relationship, and thus our underlying assumption is supported. I therefore conclude that employee creativity is an important prerequisite for organisations to achieve their strategic goals and higher innovation performance.

The aforementioned findings reflect that while HPWS can directly relate to market performance, HPWS can indirectly influence market performance through the underlying mechanisms of mediators as well as moderators. These findings are therefore in line with Beltrán-Martín et al.'s (2008) argument that the direct influence of HPWS on firm outcomes is reached due to the fact that there exist underlying mechanisms that HPWS have on firm performance. As such, recent scholars have paid closer attention to exploring the intermediate mechanisms through which HPWS affect organisational performance (Aryee et al., 2013; Jensen et al., 2013; Zhang & Morris, 2014). In particular, researchers tend to have focused more on the mediating effects at the individual level. Karatepe (2013), for instance, proposes work engagement as a mediator linking HPWS with job performance and extra-role customer service. Also of note is that Ko and Smith-Walter (2013) adopt work attitudes as a mediator examining the linkage between HRM activities and firm performance, among others. Further to this advancement, the current study posits and demonstrates the relevance of collective human capital, climate for initiative, climate for psychological safety as potential mediators, and environment uncertainty as an important moderator at the firm-level; trust in management and trust in supervisor as salient mediating components and psychological empowerment as a boundary condition at the individual-level; and HPWS perception, employee creativity and firm-level innovation as new mechanisms at the cross-level, linking HPWS execution to organisational outcomes. These findings are therefore expected to offer more insightful implications for both SHRM scholars and practitioners which I will discuss in more detail in chapter 8.

## **6.5 Conclusion**

This study certainly yields a number of strengths that make sense of the findings. First, it furthers the stream of SHRM research by developing and testing a multilevel model of how HPWS practices can influence the performance of both firm- and individual-level outcomes that are regularly called for further empirical demonstrations in order to fully unfold the chain of linkages between HR goals and performance outcomes (Boxall et al., 2011). This study therefore provides new insights into the existing strategic HRM literature. Second, to address the calls for collecting multiple raters of HPWS, this study obtains data from both managerial and employee views to measure the effects of HPWS on firm outcomes. This study therefore gains insights into the underlying mechanisms linking the adoption of HPWS and performance, and avoid the common method bias that results from gathering data from a single source (Wang & Verma, 2012). This study also contributes to the literature by examining the indirect effects of HPWS on organisational outcomes through important serial mediators of HPWS perception, trust in management, trust in supervisor, employee creativity and firm innovation in exploring the HPWS-performance linkages.

Also of interest is that the study is among a few to unveil the HPWS-performance relationship via the means of cross-level analyses that is constantly called by strategic HRM scholars to address methodological issues (see Liao & Chuang, 2004; Paauwe, 2009). Finally, this study is the first to explore the mechanisms through which HPWS influence organisational performance in a non-Western context, Vietnam, and thus the results shed some light in this literature.

In conclusion, this study provides empirical demonstrations on the efficacy of firms' HPWS practices fostering (1) collective human capital resource, climate for initiative and climate for psychological safety that lead to higher firm innovation performance, and thus subsequently firm market performance. At the firm level; and (2) employee trust in their leaders that nurtures and motivates employees to innovate in their work, and subsequently contributes to firm-level innovation. At the firm-level analyses, the results indicate that (i) the relationship between HPWS practices and firm innovation is partially mediated by collective human capital resource, climate for initiative and climate for psychological safety, respectively; and (ii) environmental uncertainty moderates the firm innovation and market performance linkage. At the individual level, the results reveal that (i) trusts in management and supervisor in turn mediate the HPWS – employee creativity relationship; (ii) psychological empowerment cannot act as a moderator that links trusts in management and supervisor, and employee creativity. At the across level, the results highlight the importance of the salient constructs, HPWS perception, creativity and innovation as meaningful serial mediators, to the relationships between HPWS practices and firm performance. Our findings suggest that in order for creativity and innovation to occur in organisations, employees should be optimally invested and supported by firms in order that they will trust more in their leaders to innovate and contribute to the success of their firm because employees believe that their leaders trust them to do so. Firms are also said to develop a work environment that facilitates employee perceptions of supportive organisational climate that is conducive for employees' intrinsic motivation and innovative behaviours so that they are willing to innovate at work. Following this logic, managers should pay more attention to capitalizing on features of the strong HRM system that is a 'linking mechanism that builds shared, collective perceptions, attitudes and behaviours among employees' (Paauwe & Boselie, 2005: 23). By doing so, employees are more likely to appropriately interpret and positively perceive HPWS practices within their organisations. To this end, employees are more motivated to trust in their leaders, thereby feeling the need to innovate in their work in order to contribute to their firm's overall performance and success as a positive response to their firm support and investment. Taken together, by investing in employees, organisations will benefit from their returned contributions, thereby leading to individual job performance and subsequent firm performance as a whole.

## CHAPTER 7: SUMMARY, IMPLICATIONS AND CONCLUSION

### 7.1 Introduction

There has witnessed a growing body of literature examining the underlying mechanisms/processes through which HPWS influences performance outcomes. Although such mechanisms have been both theoretically and empirically established, more research is needed in order to fully understand the HPWS-performance relationship. Accordingly, strategic HRM scholars have started to advance this field of research by adopting and extending theoretical lens, employing a multilevel perspective and testing new mediators and boundary conditions to better understand the relationship between HPWS and performance outcomes (e.g., Aryee et al., 2012; Jensen et al., 2013; Liao et al., 2009). However, the advancement of research in this field is still limited in terms of theory, methodology and field studies. To overcome these limitations, the current study uses the mixed methods approach, refines and extends relevant theoretical lens, and adopts a multilevel perspective to understand how and why HPWS influences firm performance outcomes.

As such, the study reported a mixed methods study (Phase 1 and Phase 2) that set out to investigate the phenomenon of the underlying mechanisms through which HPWS affects firm outcomes. Phase 1 examined the service managers' experiences and voices of the HPWS practices within their organisations. Phase 2 further extended, validated and tested the results of Phase 1 by developing and examining the multilevel model of the processes through which HPWS impacts the performance of researched firms.

In Phase 1 of the study, I qualitatively content-analyzed the managers' experiences of how HPWS practices are adopted and implemented within their organisations. For the purposes of the study, I analysed the data by grouping the results into different main themes, and in each main theme, I divided it into sub-themes.

In Phase 2 of the study, I draw on the self-determination framework and develop the mechanisms linking HPWS and innovation via the mediating components of collective human capital resource, climate for initiative and climate for psychological safety. I extend this theory by arguing that the proper implementation of HPWS helps build a climate for human capital resource and the supportive work environment characterised by higher levels of employee competence, autonomy and relatedness. Once these psychological needs are met, employees are more likely to increase their levels of human capital, climate for initiative and climate for psychological safety. The interaction of human capital and competence allows individuals to be more competent to perform their job demands because they are well trained, skilled, capable and motivated through

HR practices such as training, service discretion and information sharing. Likewise, the interaction of autonomy and climate for initiative enables employees to feel intrinsically motivated, thereby innovating in their work. Finally, the interaction of relatedness and climate for psychological safety helps employees feel psychologically safe to do their jobs on their own ways. When experiencing such perceptions, employees believe that their organisations value and enable them to make their own decisions to perform their jobs. Consequently, they are more likely to be intrinsically motivated, thereby becoming an important source of shaping their creativity capabilities. Therefore, appropriate HR practices such training, job design and teamwork are a key factor in linking employees' climate for human capital development to competence, climate for initiative to autonomy, and climate for psychological safety and relatedness. Such satisfied needs are likely to make employees feel more intrinsically motivated to innovate and contribute as expected returns to the firm's investment and care.

There is no doubt that the AMO theory is by far the most commonly used framework in the strategic HRM field (see Paauwe & Boselie, 2005; Paauwe, 2009). Despite its popularity, the AMO theory still has a lot of potential to make use of and explain the HPWS-performance relationship via new underlying mechanisms. On the basis of the underlying assumption that the strength of the HRM system signaling that employers aim to invest effectively in, value and support employees in order to make them to translate their efforts (characterized by the HRM process) into employee job performance, employees are more likely to positively perceive HRM practices, thereby trusting more in their leaders that facilitates employee innovative behaviours. Once these work innovative behaviours are shaped, employees will likely turn such behaviours into their job performance. In this regard, the AMO theory is relevant as a theoretical grounding in underpinning the HPWS-performance relationship in a way that effective HRM practices can increase employees' abilities, motivation, and the opportunities to contribute and perform at their fullest potential. As such, the current study uses the AMO theory to underlie the efficacy of HPWS practices on firm performance by exploring new mechanisms such as trusts in management and supervisor in the HPWS perception – employee creativity, psychological empowerment in the trusts in management and supervisor, and employee creativity linkage. The finding provides empirical support for this theoretical argument.

Lastly, the SHRM, creativity and innovation literatures, and insights of the CTC are incorporated in this study in order to develop the cross-level hypotheses. Relying on the CTC allows for exploring the impact of trusts in management and supervisor on firm-level innovation through the mediating role of employee creativity. This further confirms the view that the CTC is 'a useful heuristic device to theorise on the relationship between HR practices and innovation' (Beugelsdijk, 2008: 832). Importantly, the CTC is expanded to be used as both individual- and

firm-level theory in the study (see Amabile, 2012). The finding supports this argument with empirical demonstrations.

The purpose of this chapter is to provide insights into the key findings, contributions and implications of the study. I first summarize the key findings and then discuss their contributions, followed by the theoretical and practical implications. I finally acknowledge the limitations of the study that make sense of the findings in light of the same and then outline avenues for future research.

## **7.2 Summary of Key Findings**

### **7.2.1 *Qualitative Phase of the Study***

The first study reported the empirical findings, based on 17 face-to-face semi-structured interviews with Vietnamese managers with respect to their perceptions of HPWS implementation in their organisations. The interview protocol was deployed as a rough guide for the discussion, and the data were content analysed. The content analysis results demonstrated that the key findings included three themes: perceptions of HPWS practices within organisations, perceptions of creativity and innovation, and the HR practices and innovation link.

Specifically, the results indicate that nearly all managers perceived the existence of HPWS practices and the given definition conveyed some link with HR practices in their organisations. The interviewees helped to contextualize the construct of HPWS in the Vietnamese context and stated that the use of HPWS impacted employee performance, such as employee attitudes, behaviours, creativity and productivity. With respect to organisational performance, most of the firms experienced higher levels of performance in terms of firm growth, profit growth, market performance and firm innovation. This finding supports the quantitative findings from recent scholars (e.g., Guthrie et al., 2009; Liao et al., 2009). The evidence also established a linkage between HR practices and organisational innovation. The managers claimed that people or human capital are a critical contributor to organisational success because if the organisations invest more effectively in HR practices together with developing a supportive work environment, employees are likely to acquire necessary skills, knowledge and motivation to perform their work productively. Being effectively invested by the organisations can yield benefits for both employees and organisations such as employee productivity and creativity, and organisational innovation.

### **7.2.2 *Quantitative Phase of the Study***

The quantitative study was undertaken in order to further explore into the qualitative findings that (1) HPWS has been widespread and valued by Vietnamese service organisations, and (2) the HPWS-performance linkage generally, and the HPWS-innovation relationship in particular, have been established. In particular, the study developed and tested a multiple-level model of how HPWS practices influence firm performance channelised by both firm and individual outcomes, based on the SDT, the AMO theory and the CTC. At the firm level, the study drew on constructs of collective human capital development, climate for initiative, climate for psychological safety, firm-level innovation, and environment uncertainty to hypothesize mediation and moderation mechanisms linking HPWS to organisational performance. Rooted in the self-determination framework, I argue that the HR-related activities measured in this study are a key factor in facilitating collective human capital development, climate for initiative and climate for psychological safety with the interaction of the basic psychological needs for autonomy, competence and relatedness. The mediated model I proposed and tested emphasized the importance of a supportive organisational environment which enhances a human capital pool and organisational climate which, in turn, contributes to innovation. The results provide empirical support for this proposition. The study also examined the extent of environment uncertainty as a boundary condition that links firm innovation and firm market performance. Scholars especially highlight the importance of environment uncertainty as a contingency variable for a firm's growth (see Oke et al., 2012). This study further supports this argument with empirical evidence.

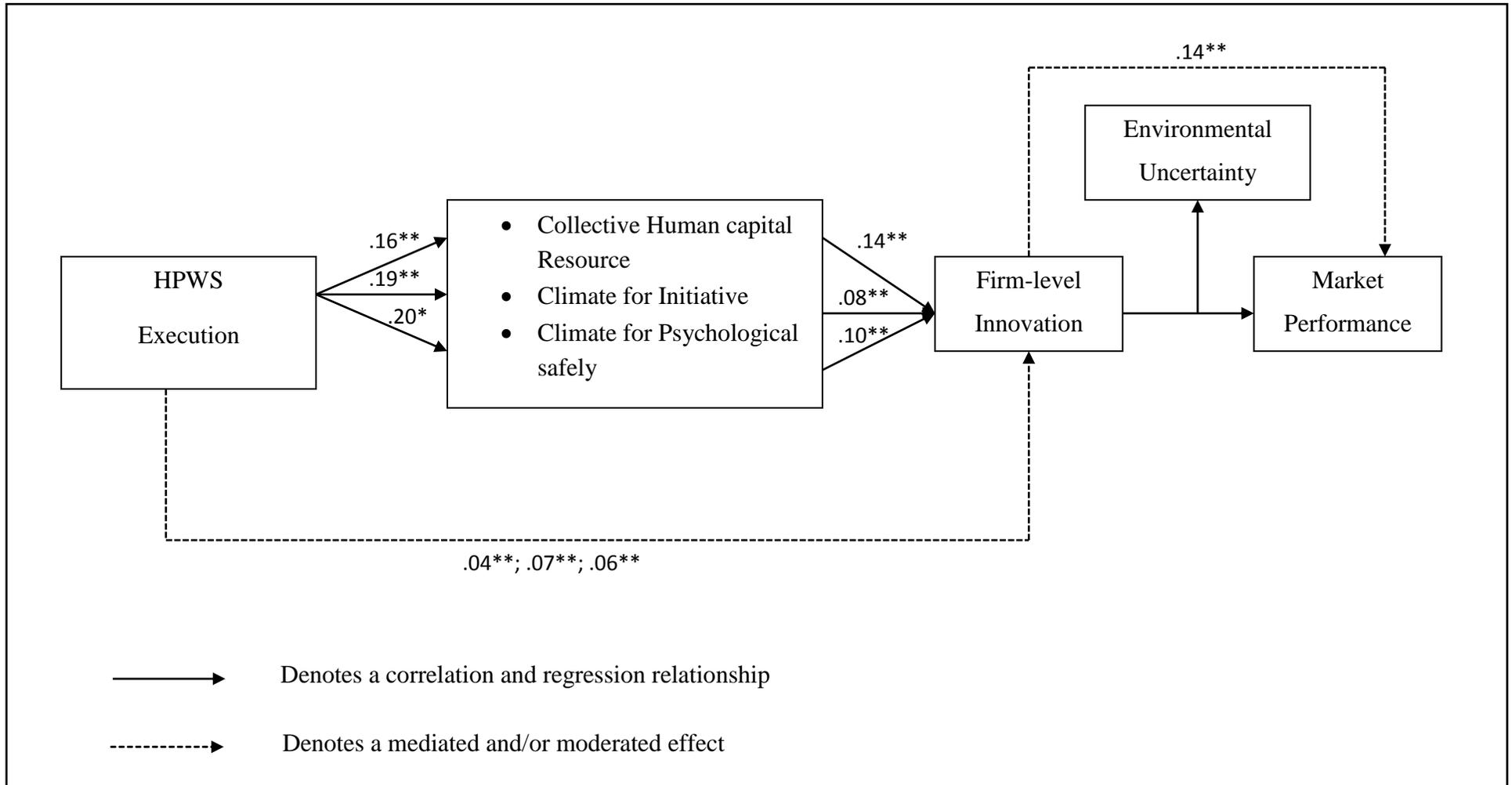
Relying on constructs of trust in management, trust in supervisor, psychological empowerment and employee creativity, I proposed mediation and moderation mechanisms relating HPWS perception to employee creativity at the individual level. Rooted in the AMO theory, I argue that the HR environment features (here I emphasise the importance of employees' perceptions of HR practices) are a central ingredient in encouraging employee trust in management and supervisor mediated through higher perceptions of organisational support which, subsequently influences employee creativity (see also Edwards, 2009). The finding also provided empirical support for this argument. Being fully aware that boundary conditions are considered as new mechanisms underlying the efficacy of HPWS and organisational performance, I included the extent of psychological empowerment interaction as an important mechanism linking trust and employee creativity. Although this hypothesis was not empirically supported, the finding makes sense of the relevant literature in that when employees perceive a certain level of trust in management and supervisor, they are more likely to establish a good bond with them, and believe that they are self-determined to decide what they should do for the sake of the organisation. To this end, trusting their leaders is enough for employees to decide what they think is the best for their job performance and also for the organisation. Therefore, I argue that when employees trust their

leaders, they do not necessarily acquire a level of psychological empowerment in order to develop their fullest potential at work.

At the cross level, I drew on constructs of HPWS perception, trust in management, trust in supervisor, employee creativity, branch-level innovation, market performance to hypothesize multilevel structural equation models. As the extant literature suggests that employees' perceptions of HPWS practices are more important than the practices themselves (Choi, 2014; Werner, 2011). When employees are happy and satisfied with the HR system, they will perceive that they are valued and taken care of by the organisation. This will encourage them to contribute to the organisation. By this logic, I argue that HPWS perception is an important channel that assesses the effects of HPWS on individual outcomes. I therefore hypothesize HPWS perception as a mechanism that mediates the relationship between HPWS execution and trust in management and supervisor. The finding provided empirical support for this hypothesis. Grounded in the CTC, I argue that employee creativity is an important prerequisite for firm innovation. I therefore treat employee creativity as a mediating component explaining the relationship between trusts in management and supervisor, and innovation. This proposition is supported with empirical demonstrations. Drawing upon insights from creativity theory underlying that creativity is the generation of new and novel ideas and usually occurs at the individual level, while innovation is the implementation of such ideas, and normally occurs at the organisational level (Amabile, 1996; Oldham & Cummings, 1996), I continue to gain insights into the firm innovation and market performance linkage by adopting constructs of employee creativity, innovation performance and market performance to develop the hypothesis. The finding also supported this hypothesis with empirical demonstrations.

In chapter 2, I presented the conceptual model. I am now in a position to confirm that the model is robustly supported with empirical demonstrations. Specifically, the majority of the hypotheses are supported except hypotheses 4a and 4b (see the details in Figures 7.1; 7.2; 7.3; and Table 7.1).

**FIGURE 7.1 – Firm-level Multilevel Path Analysis Results**



**FIGURE 7.2 – Individual-level Multilevel Path Analysis Results**

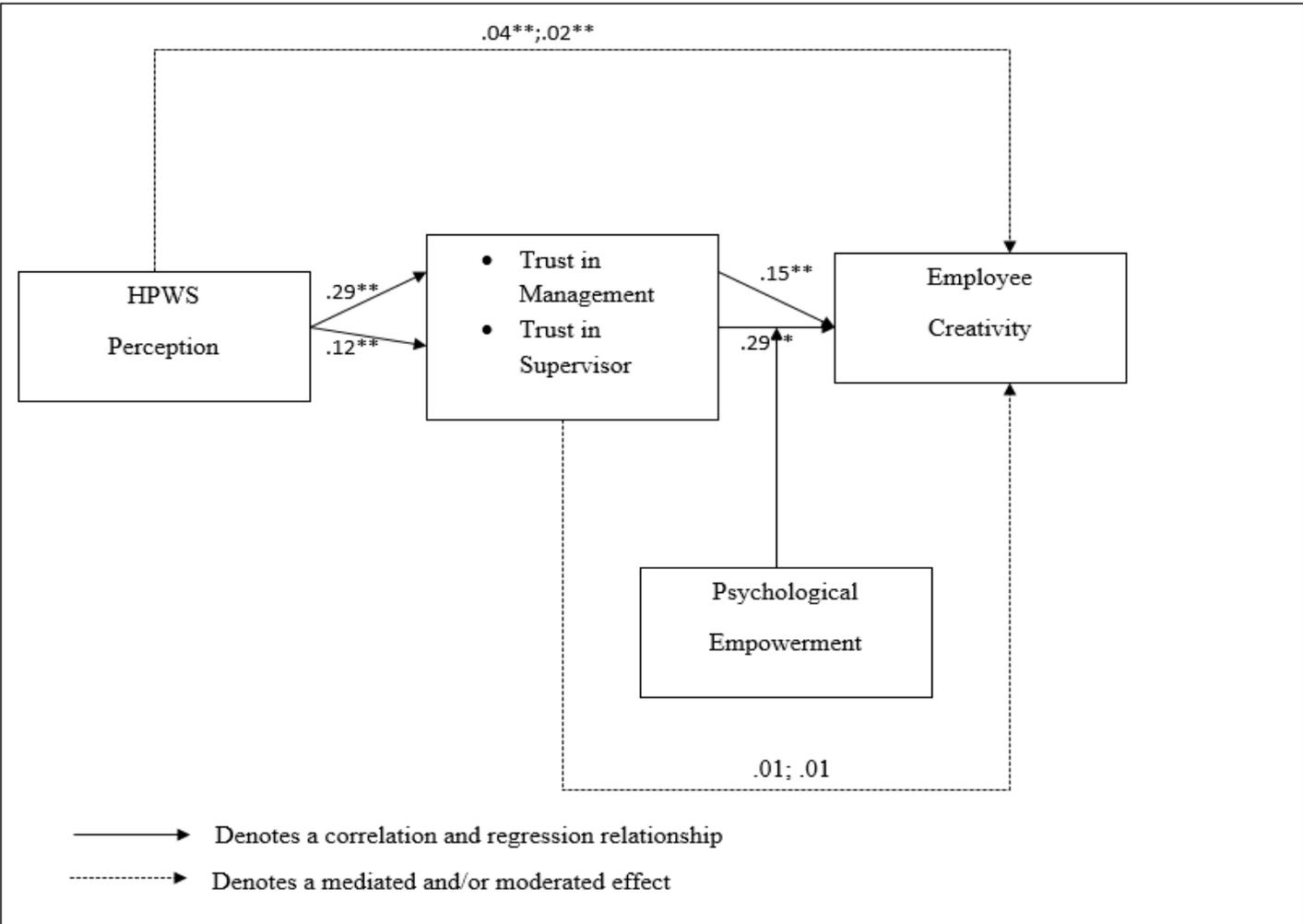
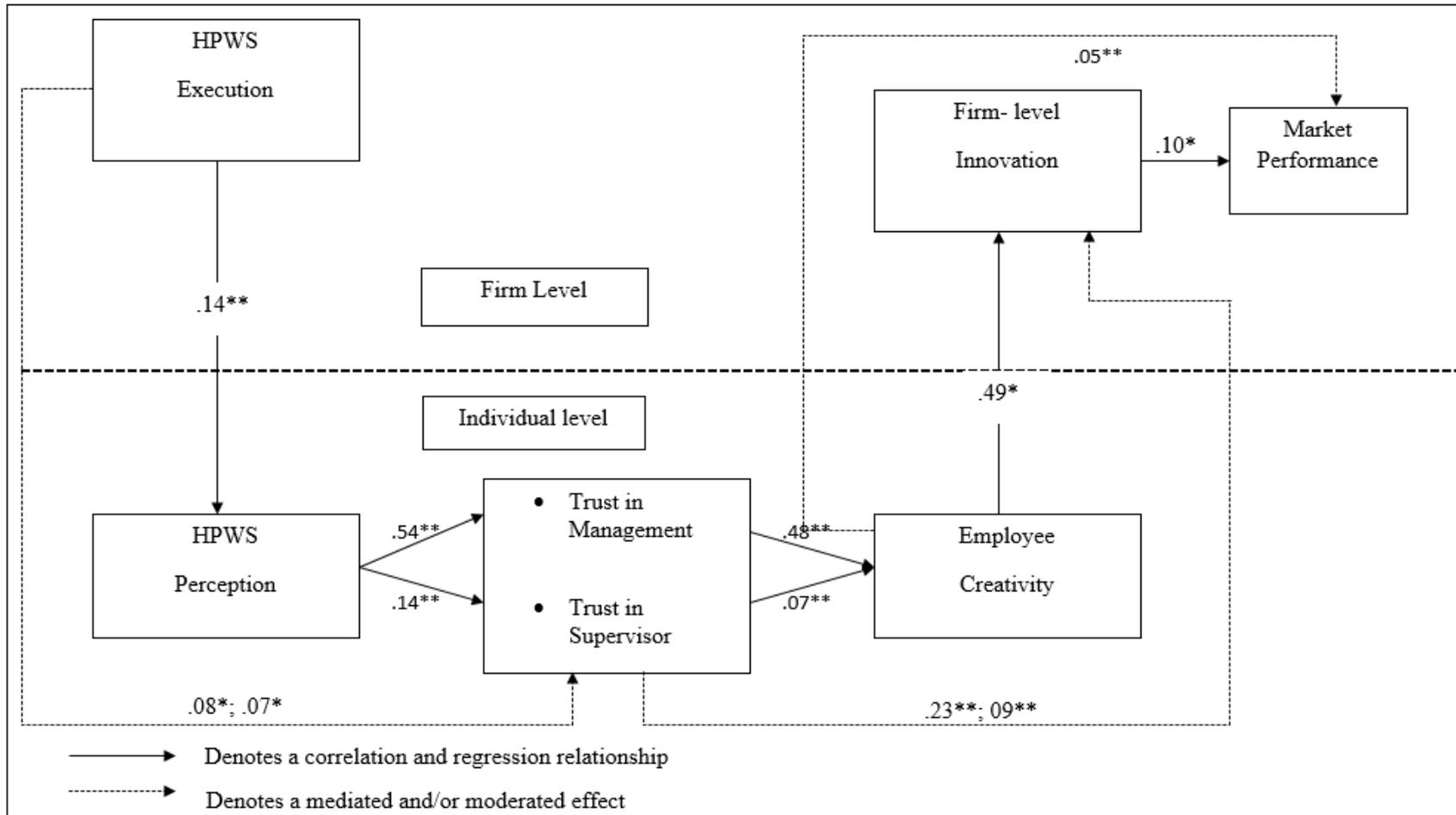


FIGURE 7.3 – Cross-level Multilevel Path Analysis Result



### Summary of the Hypotheses Testing

Hypothesis	Model	Expected Result	Empirical Finding	Supported /Not Supported
<i>Hypothesis 1a. Collective human capital resource will mediate the relationship between HPWS and firm innovation.</i>	Mediation	+	+	Supported
<i>Hypothesis 1b. The relationship between HPWS and employee creativity is mediated by climate for initiative.</i>	Mediation	+	+	Supported
<i>Hypothesis 1c. The relationship between HPWS execution and employee creativity is mediated by climate for psychological safety.</i>	Mediation	+	+	Supported
<i>Hypothesis 2. Environmental uncertainty will moderate the relationship between firm-level innovation and firm market performance. As environmental uncertainty increases, firm-level innovation will be more positively correlated with more firm market performance, and vice versa.</i>	Moderation	+	+	Supported
<i>Hypothesis 3a. Trust in management mediates the relationship between HPWS perception and employee creativity.</i>	Mediation	+	+	Supported

<i>Hypothesis 3b. Trust in supervisor mediates the relationship between HPWS execution and employee creativity.</i>	Mediation	+	+	Supported
<i>Hypothesis 4a. The relationship between trust in management and employee creativity is moderated by psychological empowerment such that as psychological empowerment decreases, trust in management will be correlated with higher levels of employee creativity.</i>	Moderation	+	-	Not Supported
<i>Hypothesis 4b. The relationship between trust in supervisor and employee creativity is moderated by psychological empowerment such that as psychological empowerment decreases, trust in supervisor will be correlated with higher levels of employee creativity.</i>	Moderation	+	-	Not Supported
<i>Hypothesis 5. HPWS execution will positively relate to HPWS perception.</i>	Direct	+	+	Supported
<i>Hypothesis 6a. The relationship between HPWS execution and trust in management is mediated by HPWS perception.</i>	Mediation	+	+	Supported
<i>Hypothesis 6b. The relationship between HPWS execution and trust in supervisor is mediated by HPWS perception.</i>	Mediation	+	+	Supported
<i>Hypothesis 7a. Employee creativity will mediate the relationship between trust in</i>	Mediation	+	+	Supported

<i>management and firm-level innovation.</i>				
<i>Hypothesis 7b. Employee creativity will mediate the relationship between trust in supervisor and firm-level innovation.</i>	Mediation	+		Supported
<i>Hypothesis 8. Firm-level innovation mediates the relationship between employee creativity and firm market performance.</i>	Mediation	+		Supported

### **7.3 Research Contributions and Implications**

This study contributes to the existing knowledge in terms of theory, methodology and practice.

#### **7.3.1 Theory**

The objective of the mixed methods design used in the current study is to fully answer the proposed research questions. In this regard, I further delve into this issue by focusing on the questions 5 and 6. As the research model is multilevel in nature, I identified and tested different mediators and moderators in order to further understanding the mechanisms underlying the relationship between HPWS and performance. At the firm level, for example, I positioned and tested collective human capital resource, climate for initiative and climate for psychological safety as mediating components channelising the HPWS – innovation relationship. By examining these mediators, the study responds to recent calls for research to explore human capital and organisational climates as mediators to understand the HPWS – performance relationship. My findings therefore extend prior research that did not test climate for initiative and climate for psychological safety as transmission pathways that explain such a relationship. Further to this, I identified and examined trust in management and trust in supervisor as mechanisms linking HPWS perception and employee creativity. In line with strategic scholars' view that we need to identify and investigate new mediators at the individual level in order to better understand the HPWS – performance relationship (e.g., Werner, 2011), my findings extend and advance prior research that did not test trust in management and trust in supervisor as mediators in the service sector. All the proposed hypotheses were positively and significantly supported, thereby partially answering the research question 5.

Also of interest is that I extend prior research on the strategic HRM and innovation by positioning and examining environmental uncertainty as a moderator in disentangling the influence of firm innovation on market performance. This study implies that appropriate HPWS practices are likely to foster 'an environment where employees can engage in a wider search, and they are free to think "outside the box," experiment, and take risks to generate products that are capable of achieving superior innovation performance' (Oke et al., 279). As a result, organisational innovation is likely to contribute to a firm's general performance outcomes. However, it is noteworthy that the extent to which firm innovation influences firm performance may vary and this relationship should be conditional. This is because the success of a firm depends on a market environment in which the firm is facing. The more turbulent and dynamic the market is, the more the firm is likely to 'invest their efforts in innovations to exploit the opportunities afforded by the changing market

environments to achieve superior performance' (Oke et al., 279). In support of this argument, my finding indicates that there is a positive relationship between firm innovation and market performance when environmental uncertainty is high compared to when it is low. This finding further supports and reinforces prior research that environmental uncertainty is an important boundary condition disentangling the influence of firm innovation on firm performance (Miller & Friesen, 1983; Oke et al., 2012). It also helps extend prior studies in the strategic HRM domain that did not investigate environmental uncertainty as a boundary condition to understand the HPWS – performance. The results therefore help address the research question 6.

Extant theory suggests that a single level perspective is not sufficient to explain and understand the relationship between HPWS and performance outcomes (e.g., Flinchbaugh et al., 2016; Jiang et al., 2013; Takeuchi et al., 2009). Coupled with this view, I theorised and adopted a multilevel perspective in order to examine the cross-level influence of individual mediators on firm performance outcomes. In particular, I identified and tested HPWS perception and employee creativity as important individual mediators that not only investigate the top-down effects of HPWS practices on individual-level outcomes but also examine the bottom-up effects of aggregate individual variables on organisational performance in order to demonstrate a full mediation process via individual performance outcomes (Jiang et al., 2013). My findings therefore contribute to the strategic HRM literature through highlighting the cross-level influence of individual mediators on firm outcomes. By testing the cross-level influence of HPWS perception and employee creativity on performance outcomes, I conclude that the research question 6 was fully addressed.

The study also contributes to the debate on why some theories are more advanced and appropriate than others to underpin the HPWS – performance relationships. In this study, I extend, refine and position the self-determination theory and the componential theory of creativity as firm-level perspectives to underpin such underlying mechanisms. For example, the SDT is argued and evidenced to be more advanced than other theoretical lens in terms of its applicability and extension. Its advancement lies in the fact that the study is the first to theorise and examine it as a both individual- and firm-level perspective to channelise the linkages between HPWS and organisational performance. It is noteworthy that prior scholars have mainly positioned the SDT as an individual-level theory for their theoretical framework (e.g., Deci & Ryan, 1985, 2011; Ryan & Deci, 2010). The findings of the study provide empirical evidence for this theorizing, thereby complementing a growing body of theoretical lens in the field of strategic HRM. By refining and extending such aforementioned theory, the study responds to the criticism that strategic HRM scholarship lacks a solid theoretical basis studying the HPWS-organisational performance relationships (see Beugelsdijk, 2008; Michaelis et al., 2010; Michaelis et al., 2014). It also helps

advance theoretical development in the strategic HRM field, thereby better articulating the HPWS – performance black box phenomenon (Hefferman & Dundon, 2016). Further to this, the study departs from the SHRM literature by integrating the SDT, the AMO theory and the CTC as the theoretical underpinning to develop the hypotheses, and utilizing a set of both individual and firm levels for data analysis. In doing so, this research is the first to incorporate such theories to uncover the linkages between HPWS and performance. The study therefore responds to the criticism that strategic HRM literature lacks a solid theoretical basis underpinning the underlying mechanisms through which the use of HPWS influences firm performance (see Beugelsdijk, 2008; Michaelis et al., 2010; Michaelis et al., 2014).

The study's findings suggest that fostering organisational innovation is one of the most important strategies that service organisations need to implement in order that they can provide the best service delivery for customers. Existing research on HPWS demonstrates that components of HPWS can contribute to employee creativity and organisational innovation (i.e., Jiang et al., 2012a; Messersmith & Guthrie, 2010). For example, scholars argue that information sharing is critical for shaping creativity (Sundgren et al., 2005). This is because if employees are favourably free to obtain and share information, and efficiently exchange different viewpoints (Freeman et al., 2002), this will become a potential source of creativity. At a broader level, a study conducted by Messersmith and Guthrie (2010) indicates that HPWS adoption relates to higher levels of product and firm innovation. Nevertheless, few studies have empirically examined whether the use of HPWS can enhance firm innovation. While this remains an unanswered question, this study provides evidence that HPWS is positively associated with firm-level innovation. For example, the study reveals that collective human capital resource, climate for initiative and climate for psychological safety mediate the link between HPWS and innovation such that organisations invest effectively in employees by executing HR practices such as innovation-led HR policy, training, job design and teamwork. In doing so, employees can perceive that their employers value them and their needs for competence and relatedness are satisfied. Once these needs are fulfilled, they are likely to feel psychologically safe and creatively enhanced. According to this logic, they are expected to be intrinsically motivated to experiment new ideas, and come up with new ways of resolving problems. As a result, employee effort is likely to contribute to firm innovation and market performance.

Also of note is that I incorporate sub-dimensions of HPWS as a system rather than individual dimensions in order to examine the effects of HPWS on performance-related outcomes. This approach expands the view that when implemented as a bundle, HPWS may gain more added value than when separately employed (Mittal, 2011). For example, some combination of HR practices, to the extent they are in alignment, can influence organisational outcomes more

positively than when applied as a single HR practice (Choi, 2014). This is well aligned with the view that ‘more is better’, and by implementing the system, it will universally result in improved performance (Chowhan, 2016: 113). Therefore, researchers have recently focused on HPWS as a system to explore its effects on organisational performance rather than a single HR practice (see, for example, Aryee et al., 2013, Choi, 2014; Jensen et al., 2013). My findings provide empirical evidence to support this view, thereby increasing our understanding of the systems view when investigating the HPWS-performance relationship (see Chowhan, 2016).

Interestingly, scholars theorise that creativity is the generation of new and novel ideas and usually occurs at the individual level, while innovation is the implementation of such ideas, and normally occurs at the organisational level (Amabile, 1996; Van de Ven, 1986). The study extends and deepens this literature by examining mediating effects of firm innovation on the employee creativity – market performance relationship. By doing so, the study offers an implication that firms in today’s constantly changing market environment are more likely to ‘invest their efforts in innovations to exploit the opportunities afforded by the changing market environments to achieve superior performance (Oke et al., 2012: 379). Therefore, innovative HR practices are deemed as a key to successfully exploiting the opportunities created by such environments (Oke et al., 2012). It is for this reason that utilizing innovative HR practices helps foster ‘an environment where employees can engage in a wider search, and they are free to think “outside the box,” experiment, and take risks to generate products that are capable of achieving superior innovation performance’ (Oke et al., 2012: 379). As such, I argue that innovation is vital in enabling organisations to develop and achieve higher performance. However, I note that in order for innovation to occur within an organisation, individual is key to assisting the organisation to achieve this goal. In other words, the heart of any change process in organisations should be to foster employee innovative behaviours before larger innovations are tackled. The organisation therefore should effectively invest in HR practices in order to create the work environment conducive for employee creativity.

Lastly, by collecting both interview and survey data from 56 firms in four service industries in Vietnam, I explored, explained and confirmed the underlying transmission pathways through which HPWS affects the performance of studied firms. The study provides empirical evidence of such mechanisms in Vietnam – an emerging economy in South East Asia. As Vietnamese organisations now pay more attention to management practices in general and HRM practices in particular, Vietnam provides a particularly meaningful context for this study for a couple of reasons. First, as a market-oriented and integrated economy, Vietnamese firms have embarked on an innovation-based model which entails the pursuit of a modern management path (see Murphy, 2002; Ramdani et al., 2014). As such, innovative HR practices are a key factor in

enhancing innovation performance. Second, firms are increasingly aware that people management is central to modern administration management practices (see Cabrera & Cabrera, 2005; Vo & Hannif, 2013). Hence, Vietnamese firms cannot waste their chance of adopting HR practices that have been effectively executed by their Western counterparts (see also Ramdani et al., 2014), thereby starting to try out such practices. In support of this argument, a meta-analysis study by Rabl, Jayasinghe, Gerhart, & Kühlmann (2014) demonstrates that the HPWS-performance effect size was more strongly positive in countries high on power distance and collectivism (e.g., China, Vietnam) than those low on such characteristics. To this end, Vietnam provides a representative sample of data that can be generalized across other emerging countries in Asia in general, and across South East Asian economies in particular.

### **7.3.2 Methodology**

My literature review of the work on HPWS demonstrates that the majority of publications have employed quantitative data to report the findings. Only a few exceptions have used case studies to do so (see, for example, Tregaskis et al., 2013). This fact leaves much unknown about the real results of quantitative research because there is no qualitative research for commentators to compare and validate with. Therefore, we argue that it is imperative that researchers pay more attention to undertaking qualitative studies in order to gradually narrow down research gaps in the SHRM. In doing so, researchers will be able to identify the strengths and weaknesses of each approach, thereby deciding to choose the right method for their own studies. This is because each method has its own upsides and downsides. Quantitative methods, for example, can allow researchers to interpret data in a more objective manner, while qualitative design can enable them to gain more in-depth data via respondents' perceptions and voices. In response, the current study moves out of the single research design and into the third research methods paradigm—a mixed methods approach. By doing so, the study not only gains insights into the perceptions and voices of Vietnamese service managers via a means of content analysis, but also validates these subjective views by testing the more objective ratings via the survey technique. The results of the study suggest that the mixed methods research is evidently construed as an appropriate approach that helps put together insights from employees' experiences of how HPWS practices are implemented and experienced with Vietnamese service firms by combining both qualitative and quantitative data. By being positioned within the pragmatic method, the study yields a more holistic picture of the efficacy of such HR practices on firm performance as the tenet of pragmatism speaks to the reality and influence of the inner world of people's experiences (Johnson & Onwuegbuzie, 2004). This is well aligned with the research questions and aims of the study that capture employees'

experiences, i.e., how employees shape their viewpoints and opinions about how HR practices are executed within their firms.

Specifically, the qualitative phase helped address the research questions 1 to 4 by qualitatively content-analysing a number of in-depth interviews generated by Vietnamese managers. The findings demonstrated that the use of HPWS influences both individual and firm performance outcomes. In addition to examining the effects of HPWS on firm performance, the qualitative phase also demonstrates the importance of some constructs, such as creativity and innovation, which can be used as important constructs to build the research model for the quantitative study. It is noteworthy that these variables become significant when scholars have called that more new mediating variables are needed to explore the relationship between HPWS and performance (see, for example, Werner, 2011). Importantly, the qualitative phase demonstrated the positive link between HPWS and organisational innovation – important empirical evidence for the quantitative phase to examine the HPWS – performance nexus. The quantitative phase then answered the questions 5 to 6 by testing the hypothesized conceptual model regarding the underlying mechanisms through which HPWS impacts performance outcomes. The results help extend, test, validate and confirm the results of the qualitative phase. By adopting the mixed methods approach, the study contributes to the literature engaged in attempts to deepen the understanding and effects of HPWS on organisational performance.

Also of note is that this study deviates from the existing analytical approach by adopting multilevel structural equation models. Our literature review indicates that the majority of prior research has employed multilevel modelling to deal with the hierarchical nature of the data and conduct cross-level path analyses (e.g., Aryee et al., 2012; Takeuchi et al., 2007). Despite the popularity, this traditional analytical technique has been criticized for such issues as bias, confidence interval coverage, complex analytical procedures, clustered data (e.g., Preacher, 2011; Preacher et al., 2011; Mehta & Neale, 2005). In view of the above, this study adopts structural equation modelling with Mplus in order to overcome several limitations of such traditional techniques (Preacher, 2011; Preacher et al., 2011; Preacher et al., 2010). Our findings confirm that this analytical method is a powerful tool for testing clustered data and conducting path analyses.

Finally, with research calling for multiple raters of HPWS, I collected the data of both managerial and employee views of HPWS. This expands the view that firms adopting HPWS need to ensure that employees' perceptions truly manifest the actual execution of HPWS as it can result in the behaviours that enhance both employee and firm performance (Werner, 2011). Therefore, individuals' views of HPWS utilisation within their organisations are regarded as a salient channel for researchers to assess the effects of HPWS on firm outcomes. Consequently, this study

contributes to the strategic HRM literature by highlighting the importance of employees' perceptions of HPWS practices pertaining to the effects of HPWS on firm performance (Jensen et al., 2013; Liao et al., 2009; Werner, 2011).

### **7.3.3 Practice**

My findings demonstrate that HPWS could be a source of competitive advantage for organisations if optimally implemented. This means that when organisations design and execute HPWS, they should pursue superior performance via the strategies to enhance positive behaviours rather than through a process of work intensification which may lead to negative responses for workers (Zhang, Di Fan, et al., 2013). In order to do this, management should utilize HR practices that could increase employee perceptions of a supportive working environment, psychological safety and trust between management and subordinates. With such positive consequences, employees are more likely to increase their creative performance, thereby working in a more creative manner, and then contributing to organisational innovation and success. This study is therefore viewed a starting point for Vietnamese managers generally, and HR managers in particular to utilize 'best practices' or innovative HRM practices as a win-win solution to contribute to their performance and success.

More specifically, the study identifies HPWS as important management practices to positively influence employee trust in management and trust in supervisor that lead to employee creativity. This finding not only deepens firm awareness of fostering employee perceptions of trust, but also provides a practical reference for firms to adopt and implement HPWS appropriately and effectively.

My findings also reveal that collective human capital resource, climate for initiative and climate for psychological safety can contribute to firm-level innovation. Therefore, service organisations should create climates for human capital development, initiative and psychological safety via features of the HR environment, thereby increasing innovation performance within the workplace. This implies that a supportive work environment may be an enabler or a source of firm innovation. In this sense, organisations are expected to implement HR practices such as innovation-led HR policy, training, information sharing and teamwork for employees to perceive that their needs for competence and relatedness are satisfied. Once these needs are fulfilled, they are likely to feel psychologically safe and creatively enhanced. Accordingly, they are likely to be intrinsically motivated to experiment new ideas, and come up with new ways to deal with service-related problems. In addition to the needs for competence and relatedness, organisations need to build a supportive climate that enables employees to increase their autonomy. This is because when

employees feel autonomous, they are more likely to be intrinsically motivated to deal with their work duties creatively, thereby becoming a salient source of shaping employee creativity. Therefore, firms need to highlight the importance of job design to increase employee autonomy and motivation. In a nutshell, our findings suggest that innovative organisations should make use of their capabilities for fostering collective human capital resource, climate for initiative and climate for psychological safety to satisfy employees' psychological needs and motivation, which subsequently encourage them to innovate and contribute to the success of the firm.

The results of the analysis also reveal that innovation plays a very critical role in the success of a firm. However, it should be highlighted that the role of employee effort to firm innovation must be taken into account since the fact demonstrates that employee creativity is a critical premise to organisational innovation (Amabile, 1996; Oldham & Cummings, 1996). Oldham and Cummings (1996) further support that creative performance are products, ideas, and so forth generated at the individual level, while that these products and ideas are successfully implemented at the organisational level. Hence, organisations must invest in employees in order that they will acquire all skills, knowledge and motivation, and work in an environment that can allow them to activate their creativity. This is because skills and knowledge represent capital as they help improve productivity (Snell & Dean, 1992), while motivation is one of the key factors to contribute to employee creativity. Consequently, they will repay firm investment by working harder and more creatively, thereby contributing to firm innovation and success. Therefore, managers are advised to bear this mind in order to achieve their success.

The evidence also demonstrates that although good HR practices themselves are critical to organisations, the way by which they are implemented at work is also important. Therefore, HR managers should concern this point when executing new or innovative HR activities. In particular, HR managers should be fully aware that not only do they have to adopt appropriate HR practices, but they also need to make use of the strength of the HRM system (Bowen & Ostroff, 2004) in order to send the message that the organisation values and supports employees in enabling them to perform their job demands. In other words, the efficacy of HR practices should demonstrate the positive perceptions of employees who are influenced by such perceptions. When employees realize that organisations value and invest effectively in them, they have the obligation to care about the organisation's success and performance. In short, if employees perceive the effectiveness of HPWS utilisation in the workplace, they are likely to respond to the positive outcomes by expanding their efforts for the sake of the organisation.

#### **7.4 Limitations and Future Research**

As with any research, this study is not without its potential limitations that should be treated with caution (Katou & Budhwar, 2007; Takeuchi et al., 2007). First, although the study employed the mixed methods approach to produce more in-depth data regarding the prevalence of HPWS implementation in the Vietnamese context, its sample only concentrated on the service industry that may restrict the generalizability of the findings. It is common sense that creativity and innovation are needed for all industries, especially in today's market turbulence and harsh competition. However, it is manufacturing organisations that may need more creativity capabilities from their employees in order to develop, innovate and introduce new products to the competitive market from the use of HPWS than their service counterparts. This is because manufacturing employees really need to have a higher level of creativity capability to deal with their job duties that requires a certain level of creativity such as architecture, design, automobiles. Future research should therefore pay more attention to the manufacturing sector or collect data from both the industries in order to explore employee creativity and organisational innovation from the use of HPWS.

Another noticeable concern of the study is its cross-sectional design that no causal inference may be made regarding the mechanisms between HPWS and organisational performance in this study (Aryee et al., 2012; Gong et al., 2010; McClean & Collins, 2011; Takeuchi et al., 2007), though the linkages will be grounded on previous theorizing (Chang & Chen, 2011; Sun et al., 2007; Takeuchi et al., 2007). Therefore, future research with a longitudinal design to explore the relationships between HPWS and firm performance would be needed. By doing so, "more clarity can be brought to the question over whether employee perceptions of HPWS change over time" (Jensen et al., 2013: 1717), with subsequent outcomes on trust in management, trust in supervisor, psychological safety and individual creativity.

Furthermore, in the qualitative study phase, I only adopted semi-structured interview design for data collecting that may limit the diversity of the data. For the qualitative data, scholars have employed different research designs such as semi-structured interview, structured interview and focus group. Moreover, I only collected data from a single source (managers, HR managers and/or CEO) that may lead to some common method variation. Future studies should therefore combine both semi-structured interviews and focus groups with the participants of both managers and their employees in order to provide insights into the actual utilisation of HPWS via the respondents' voices and experiences.

A final limitation of this study is that of adopting only subjective measures of employee creativity. This imperfection has been accepted from prior research (Aryee et al., 2012; McClean & Collins, 2011; Takeuchi et al., 2007) as it would be hard to compare objective measures of performance (McClean & Collins, 2011). In order to fill this limitation, future research should be able to employ both subjective and objective measures of employee creativity (Aryee et al., 2012) as to replicate and extend the findings this study (Takeuchi et al., 2007). For example, researchers may examine more objective measurements of employee creativity such as a number of new ideas an employee proposes; a number of effective solutions an employee offers, and etc.

Despite its potential limitations, this study certainly has a number of strengths that make sense of the findings. Firstly, the findings are based on two phases of the research which I collected both interview and survey data from 65 service firms in Vietnam – a newly emerging economy. The study therefore demonstrates its strengths in two ways. The first strength is that by combining two kinds of data, the study provides more valuable insights into the underlying mechanisms through which HPWS impacts firm outcomes. Also of note is that the study ensures the accuracy of the collected data by analysing the quantitative data in order to test and validate the qualitative phase. The second strength is that as an emerging market, Vietnam is a representative sample that can be generalised across different countries in Asia in general, and cross South East Asia in particular.

Secondly, the study benefits from the investigation of the conceptual model with a multilevel perspective. It is for this reason that recent scholars especially highlight the importance of a multilevel theoretical perspective in order to examine mediating mechanisms through which HPWS affects firm outcomes (e.g., Flinchbaugh et al., 2016; Jiang et al., 2013; Takeuchi et al., 2009). Despite its importance, there is a dearth of empirical research using a multilevel perspective to investigate the HPWS – performance relationship (see Flinchbaugh et al., 2016), and thus more multilevel theoretical research is needed. This study has therefore responded to this call by highlighting the importance of HPWS perception and employee creativity as important cross-level influence of individual mediators on firm performance. By doing so, my research question 5 was fully addressed.

A final important strength of the study is that multisource and multilevel data from 526 employees, 153 supervisors and 109 managers of 56 firms was collected. It is argued that by analysing data of different sources and levels, we can avoid common method bias (Podsakoff et al., 2013). As a result, the multisource and multilevel data can help researchers reach a closer representation of the true relationship between HPWS and performance. In this study, for example, in order to provide the accuracy of the data, I asked immediate supervisors to rate their employee

creativity. The reason why I asked supervisors to do this is that it is immediate supervisors who directly work and supervise their individual employees can provide the most exact and reliable data on their employees. This study therefore extends and advances prior research that did not collect data from multilevel and multisource (e.g., Jiang et al., 2012a; note that the authors asked employees to rate their creativity).

## **7.5 Conclusion**

With respect to organisations pursuing higher innovation performance, this study poses the questions as to what extent and how the utilisation of HPWS influences both individual- and firm-level outcomes, which in turn leads to overall firm performance. The findings imply that the HR practices themselves are not as important as how they are implemented, and how they are perceived by employees who directly perform their work tasks and demands, and their perceptions may affect their work attitudes and behaviours. The research literature demonstrates that individuals' attitudes and behaviours influence their motivation and labour productivity (Giannikis & Nikandrou, 2013; Takeuchi et al., 2009; Wu & Chaturvedi, 2009). In this study, features of the HR environment are argued to play a key role in creating a supportive work environment that encourages employees to perceive higher levels of climate for initiative, climate for psychological safety. When these perceived climates interact with the needs for autonomy, competence and relatedness, employees are likely to feel psychologically safe and creatively enhanced. Consequently, they are in an optimal position to innovate and contribute to the organisation as their return to their organisational support and investment. By the same logic, the findings also suggest that when individuals perceive high levels of the organisational support, they are more likely to place more trust in their managers and immediate supervisors. Trusting their leaders enables employees to believe that they are free and self-determined to decide what they should do for the highest productivity. This is considered as a key ingredient that shapes their creativity capability.

The current study also highlights the importance of boundary conditions in the relationships between HPWS and organisational performance. It is found that under higher levels of environmental uncertainty, the linkage between branch-level innovation and market performance is stronger, and vice versa. This finding significantly contributes to the existing literature in a way that environmental uncertainty, as a boundary condition, has been absent from the HPWS scholarship, and there is also a need to identify new moderators to further underline the mechanisms through which HPWS influences firm outcomes. This study therefore examines environmental uncertainty as a moderator linking such a relationship as a prompt response to this important issue. To further identify more new boundary conditions, I also tested the moderating

role of psychological empowerment in the trust in management and supervisor, and employee creativity relationship. Although the moderating role of psychological empowerment in the trust and employee creativity was not significantly supported, this finding suggests that trust rather than psychological empowerment is a central ingredient in linking HPWS and individual creativity. It is for this reason that once employees perceive certain levels of trust in management and trust in supervisor, such perceptions are good enough for them to believe that the organisation (here supervisors and managers act on behalf of the organisation) supports and gives them an opportunity to develop their fullest potential. They therefore feel obligated to repay their employers' care and support by working more creatively and productively in order to accomplish their job demands and contribute to their firm success and prosperity. As a result, employee effort and motivation to contribute gradually becomes an important source that shapes employee creativity. By this logic, it is argued that when employees trust their leaders, perceptions of psychological empowerment is no longer needed to motivate and enable them to innovate. However, I note that psychological empowerment still has the potential to become a salient mechanism that moderates the relationship between other antecedents and creative performance. Hence, future research may investigate the boundary condition of psychological empowerment with other predictor variables or continue to examine the same hypothesis in a different research context so identify if there is any difference in terms of research setting and research findings.

A review of the strategic HRM literature reflects that prior research has drawn on certain theoretical frameworks that underpin the underlying mechanisms through which HPWS affects firm performance. The fairly typical theories include resource-based view of the firm (Shen et al., 2014; Messersmith et al., 2011; Martin-Tapia et al., 2009); social exchange theory (Giannikis & Nikandrou, 2013; Braekkan, 2012; Jiang et al., 2012a); strategic HRM theory (Chang, 2015). However, these perspectives seem not to fully explain the HPWS and performance linkages. More importantly, scholars also assert that the strategic HRM literature has been criticized for its lack of theory (Beugelsdijk, 2008; Michaelis et al., 2014). Therefore, there is a need to identify new theoretical frameworks and advance such frameworks to provide comprehensive insights into the HPWS and performance mechanisms. Following this, I relied on the SDT, the AMO theory and the CTC to channelise the underlying mechanisms relating HPWS to performance-related outcomes. The findings demonstrate that these theories are relevant to act as mechanisms that underpin different corresponding hypotheses in the proposed multilevel model.

Finally, it is widely accepted that the use of HPWS is currently highly recognized as a strategic lever for organisations in producing their sustainable success by enhancing the human capital development (Messersmith & Guthrie, 2010) in order to transform it into organisational

assets. However, no research on the relationship between HPWS and firm outcomes has been explored in the context of Vietnam, thereby being a disadvantage for Vietnamese HRM practitioners and their performance outcomes. This research is an attempt to fill this knowledge gap, and thus extends the theoretical and empirical understanding of the linkage between HPWS and organisational performance. As such, this study adds a well-developed body of knowledge of HPWS literature to the context of developing countries like Vietnam, an area that has witnessed lots of calls for studies and investigation in the field of strategic HRM.

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## APPENDICES

### **Appendix 1: Qualitative Phase of the Study**

#### **Appendix 1.1. Interview Cover Letter in English**

**Title: Use of HPWS in your Firm**

**Dear Participant,**

**Thank you for your participation in the above-mentioned research. I am a PhD student at Work and Organisational Psychology Group, Aston University, UK. I am presently in the process of collecting data for my PhD thesis. My research topic is: ‘High Performance Work Systems and Organisational Performance: Evidence from Vietnam.’**

**If you agree to take part in this research, you will be asked to participate in a semi-structured interview. More specifically, you will be given a definition of the HPWS concept and ask to come up with real-life examples indicating the same. In the semi-structured interviews, I also would like to explore the actual adoption of HR practices in your organisation and the effects they have on implementing these practices.**

**We do not anticipate any risks from participating in this study (that is, not beyond those encountered in the course of everyday life). You should remember that during each of the discussions you will not have to answer any question(s) that you do not wish to answer.**

**Participation in this interview is voluntary, and you are free to withdraw your consent at any time. Further, you may ask questions about research procedures at any time and these questions will be answered. The interview should take about 15 to 20 minutes. Further questions can be directed to Professor Pawan Budhwar or me (at the address at the consent form).**

**The information you give us is confidential shall only be used for academic purposes. To protect your identity, participants will not be identified personally in any way. Although the interview will be recorded, all recordings will be destroyed as soon as they are transcribed. Until then, recordings will be kept under lock and key with only myself having access to them. In the event of publication of this research, no personally identifying information will be disclosed.**

**If you agree and are willing to participate, could you please sign the consent form, at the back of this page?**

**Thank you very much for your participation!**

**Hoa Do  
Doctoral Researcher**



<b>INTERVIEW SCHEDULE</b>				
<b>Key Themes for Discussion</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>	<b>Interview Length</b>

**Appendix 1.2. Interview Schedule**

**Appendix 1.3. Interview Protocol in English**

**HPWS Brief**

1. HPWS is defined as a system of HR practices designed to enhance employees’ skills, commitment, and productivity in such a way that employees become a source of sustainable competitive advantage.

2. How do you relate this definition to the HR practices practised in your firm?

3. Based on your understanding, how would you define HPWS?

(Transition to the next topic: \_\_\_\_\_)

**Your Experience of Enacted HPWS Practices**

4. Can you describe the HR practices currently implemented in your firm? What are these?

5. Are these HR practices consistent across the firms of your organisation? Why/Why not? (if they are consistent, how does the organisation ensure consistency; if there are not, why?)

6. Do you think HR practices (the ones you’ve just mentioned) have an effect on your organisation/firm performance? Why/why not?

7. In that sense, how would you define firm performance? i.e. what are the indicators used to measure firm performance in your organisation?

Firm level factors such as HPWS are also said to have an impact on the competitiveness and innovative capabilities of firms. It is also speculated that HPWS leads to employee creativity. In that sense,

8. Firstly, how do you define/understand innovation and creativity?

a) Is there a distinction between the two? Could you please explain? Provide examples

b) Accordingly, how does your organisation/firm measure innovation? i.e. what are the indicators for measuring innovativeness? Could you please explain? Provide examples

c) How are these different from creativity? Could you please explain? Provide examples

d) In that respect, could you also elaborate what HR practices if any are already in place in your organisation/firm to promote employee creativity?

9. And finally, do you think HR practices have an impact on firm innovation? Could you please explain? Provide examples?

**Appendix 1.4. CONSENT FORM in English**

**Please initial the boxes below to indicate consent**

1	I confirm that I have read and understand the information leaflet about the purpose of the study and the particular form of participation required. I have had the opportunity to consider the information, ask questions and have these answered satisfactorily.	
2	I understand that my participation is voluntary and that I am free to withdraw from the study at any time, without giving a reason.	
3	I agree to my responses being analysed for a PhD project, for publication of results in academic and practitioner journals.	
4	I agree to participate in the study titled: ‘High Performance Work Systems and Organisational Performance: Evidence from Vietnam’ conducted by the Work and Organisational Psychology Group at Aston Business School, Birmingham, B4 7ET, UK.	

Name of participant: -----

Date: -----

Signature: -----

Should you have any further questions relative to the research, please feel free to contact either me or my supervisor at the below given details.

<p><b>Supervisor Details:</b></p> <p>Professor Pawan Budhwar, PhD (Manchester)</p>	<p><b>Researcher Details</b></p> <p>Hoa Do</p>
--	--

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### Appendix 1. 5. Interview Cover Letter in Vietnamese

Gửi Anh (chị) tham gia nghiên cứu,

Cảm ơn Anh (chị) tham gia vào nghiên cứu nói trên. Tôi là nghiên cứu sinh tại Nhóm nghiên cứu Work and Organisational Psychology, Đại học Aston, Vương quốc Anh. Hiện nay tôi đang trong quá trình thu thập số liệu cho luận án tiến sĩ. Đề tài nghiên cứu của tôi là: "Mối quan hệ giữa HTLVHSC và hiệu quả thực hiện: Nghiên cứu đa cấp của ngành Dịch vụ Việt Nam

Để phục vụ cho nghiên cứu này, tôi kính mong Anh,(Chị) đồng ý tham gia một cuộc phỏng vấn. Cụ thể, Anh (Chị) sẽ được cung cấp một định nghĩa về HTLVHSC và yêu cầu đưa ra ví dụ thực tế cho thấy sự tương đồng. Trong quá trình phỏng vấn, tôi cũng muốn tìm hiểu việc áp dụng thực tế chính sách nhân sự ở doanh nghiệp của anh (chị) và những ảnh hưởng của những chính sách này đối với việc thực hiện các hoạt động của doanh nghiệp.

Tham gia vào cuộc phỏng vấn này, tôi cam kết rằng sẽ không ảnh hưởng đến đời sống hàng ngày của quý Anh (Chị). Cũng nên lưu ý trong quá trình phỏng vấn, Anh (Chị) sẽ không phải trả lời những câu hỏi mà Anh (Chị) không muốn trả lời.

Tham gia vào cuộc phỏng vấn này là tự nguyện, Anh (Chị) có thể rút khỏi cuộc phỏng vấn bất kỳ lúc nào. Ngoài ra, Anh (Chị) có thể đặt câu hỏi về các thủ tục nghiên cứu và sẽ được trả lời một cách thoải mái. Cuộc phỏng vấn sẽ kéo dài khoảng 15 đến 20 phút. Nếu có bất kỳ câu hỏi nào khác, xin Anh (Chị) vui lòng liên hệ trực tiếp với giáo sư hướng dẫn của tôi, Giáo sư Pawan Budhwar hoặc tôi (tại địa chỉ ở Giấy chấp thuận tham gia nghiên cứu).

Thông tin mà anh (chị) cung cấp cho chúng tôi sẽ được giữ bí mật, và chỉ được sử dụng cho mục đích học thuật. Cuộc phỏng vấn sẽ được ghi lại và lưu giữ bằng khoá, khoá chỉ riêng người nghiên cứu mới được tiếp cận. Bản ghi âm sẽ được hủy ngay sau khi được mã hoá. Trong trường hợp kết quả nghiên cứu được công bố, thông tin cá nhân sẽ không được tiết lộ.

Nếu anh (chị) đồng ý và sẵn sàng tham gia phỏng vấn, anh (chị) có thể vui lòng ký vào Giấy chấp thuận tham gia nghiên cứu ở mặt sau của trang này?

Xin chân thành cảm ơn anh (chị) đồng ý tham gia vào nghiên cứu này!

Hoa Do  
Doctoral Researcher

## Appendix 1.6. Interview Protocol in Vietnamese

### Kế hoạch Phỏng Vấn

#### **Giới thiệu tóm tắt về Hệ thống làm việc hiệu suất cao**

1. HTLVHSC là một hệ thống các chính sách nhân sự được thiết kế nhằm nâng cao kỹ năng nghề nghiệp, sự tận tâm, và năng suất lao động với mục đích để nhân viên trở thành một lợi thế cạnh tranh bền vững cho doanh nghiệp.

2. Theo Anh (Chị) định nghĩa này có mối liên hệ như thế nào với chính sách nhân sự đang được thực hiện ở doanh nghiệp của Anh (Chị)?

3. Dựa vào sự hiểu biết của mình, Anh (Chị) có thể đưa ra quan điểm về HTLVHSC?

(Chuyển sang chủ đề tiếp theo: \_\_\_\_\_)

#### **Kinh nghiệm của anh (chị) về thực tiễn thực hiện HTLVHSC**

4. Anh (chị) có thể mô tả các chính sách nhân sự đang thực hiện tại doanh nghiệp của mình? Đó là những chính sách gì?

5. Đó có phải là những chính sách nhân sự đồng bộ ở tất cả các doanh nghiệp của doanh nghiệp Anh (Chị)? Tại sao / Tại sao không? (nếu là đồng bộ, làm thế nào để doanh nghiệp đảm bảo sự đồng bộ đó, nếu không đồng bộ, tại sao?)

6. Anh (Chị) có cho rằng chính sách nhân sự (những chính sách mà Anh (Chị) vừa đề cập) có ảnh hưởng đến hiệu suất doanh nghiệp/doanh nghiệp của Anh (Chị) hay không? Tại sao / tại sao không?

7. Trên phương diện đó, Anh (Chị) có thể xác định hiệu suất của doanh nghiệp bằng cách nào? Ví dụ, chỉ số được sử dụng để đo lường hiệu suất hoạt động của các doanh nghiệp ở doanh nghiệp của anh (chị) là gì?

HTLVHSC là yếu tố ở cấp độ doanh nghiệp cũng được cho là có ảnh hưởng đến khả năng cạnh

tranh và khả năng sáng tạo của các doanh nghiệp. Chúng ta cũng có thể suy đoán rằng HTLVHSC còn tạo nên sự sáng tạo của nhân viên. Do đó,

8. Thứ nhất, Anh (Chị) xác định / hiểu như thế nào là đổi mới và sáng tạo?

a) Đổi mới và sáng tạo có sự khác nhau không? Anh (Chị) vui lòng giải thích rõ và cho ví dụ minh họa?

b) Theo đó, làm thế nào doanh nghiệp/chi nhánh của anh (chị) có thể đo lường được sự đổi mới? Ví dụ như, chỉ số đo lường sự đổi mới là gì? Anh (Chị) vui lòng giải thích rõ và cho ví dụ minh họa?

c) Những chỉ số này có gì khác so với những chỉ số đo lường sáng tạo? Anh (Chị) vui lòng giải thích rõ và cho ví dụ minh họa?

d) Trên phương diện đó, Anh (Chị) có thể chỉnh sửa những chính sách nhân sự sẵn có trong doanh nghiệp/ doanh nghiệp của anh (chị) để thúc đẩy sự sáng tạo của nhân viên không?

9. Cuối cùng, anh (chị) có nghĩ rằng chính sách nhân sự có ảnh hưởng đến sự đổi mới của doanh nghiệp không? Anh (Chị) vui lòng giải thích rõ và cho ví dụ minh họa?

### Appendix 1.7. GIẤY THỎA THUẬN THAM GIA NGHIÊN CỨU

**Xin Anh (chị) vui lòng tích vào các ô dưới đây để cho biết sự đồng ý của Anh (chị) tham gia vào nghiên cứu này**

1	Tôi xác nhận rằng tôi đã đọc và hiểu các tờ rơi thông tin về mục đích của nghiên cứu và hình thức tham gia cụ thể như yêu cầu. Tôi đã có cơ hội xem xét các thông tin, đặt câu hỏi và đã nhận được những câu trả lời thỏa đáng.	
2	Tôi hiểu rằng sự tham gia của tôi là tự nguyện và tôi có quyền rút khỏi nghiên cứu bất cứ lúc nào, mà không cần phải đưa ra lý do.	
3	Tôi đồng ý rằng câu trả lời của tôi sẽ được đưa ra phân tích cho luận án tiến sĩ, và công bố kết quả nghiên cứu trên các tạp chí khoa học.	
4	Tôi đồng ý tham gia nghiên cứu có tiêu đề: "Mối quan hệ giữa Hệ Thống Làm Việc Hiệu Suất Cao và Kết Quả Thực Hiện: Nghiên cứu Đa cấp của Ngành Dịch vụ Việt Nam" được thực hiện bởi Nhóm nghiên cứu Work and Organisational Psychology, Trường Kinh doanh Aston, Thành phố Birmingham, Mã bưu điện: 7ET B4, Vương quốc Anh.	

Tên người tham gia nghiên cứu: .....

Ngày: .....

Ký tên: .....

Nếu anh (chị) có bất kỳ câu hỏi nào liên quan đến nghiên cứu này, xin vui lòng liên hệ trực tiếp với tôi hoặc giáo sư hướng dẫn của tôi theo địa chỉ sau.

<b>Supervisor Details:</b>	<b>Researcher Details</b>
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### Appendix 1.8. Nội dung phỏng vấn

số.....

Ngày:.....

### Giới thiệu tóm tắt về Hệ thống làm việc hiệu suất cao

1. HTLVHSC là một hệ thống các chính sách sử dụng lực lượng lao động được thiết kế nhằm nâng cao kỹ năng nghề nghiệp, sự tận tâm, và năng suất lao động với mục đích để nhân viên trở thành một lợi thế cạnh tranh bền vững cho doanh nghiệp.

2. Theo Anh (Chị) định nghĩa này có mối liên hệ như thế nào với chính sách sử dụng lực lượng lao động đang được thực hiện ở doanh nghiệp của Anh (Chị)?

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3. Dựa vào sự hiểu biết của mình, Anh (Chị) có thể đưa ra quan điểm về HTLVHSC?

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(Chuyển sang chủ đề tiếp theo: \_\_\_\_\_)

**Kinh nghiệm của anh (chị) về thực tiễn thực hiện HTLVHSC**

4. Anh (chị) có thể mô tả các chính sách nhân sự đang thực hiện tại doanh nghiệp của mình? Đó là những chính sách gì?

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5. Những chính sách anh chị vừa kể trên có được áp dụng chung cho tất cả các doanh nghiệp của DN hay không? Tại sao / Tại sao không? (nếu là thống nhất, làm thế nào để doanh nghiệp đảm bảo được tính thống nhất đó, nếu không thống nhất, tại sao?)

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6. Những chính sách mà anh (chị) đang áp dụng có ảnh hưởng đến hiệu quả hoạt động của doanh nghiệp như thế nào?

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7. Trên phương diện đó, Anh (Chị) có thể xác định hiệu quả hoạt động của doanh nghiệp bằng cách nào? Ví dụ, chỉ số được sử dụng để đo lường hiệu quả hoạt động của doanh nghiệp ở doanh nghiệp của anh (chị) là gì?

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Ở cấp độ doanh nghiệp, HTLVHSC được cho là có ảnh hưởng đến lợi thế cạnh tranh và sức sáng tạo. Vậy nên nó có thể thúc đẩy sự sáng tạo của lực lượng lao động.

8. Thứ nhất, Anh (Chị) xác định / hiểu như thế nào là đổi mới và sáng tạo?

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a) Theo anh (chị) thì sáng tạo và đổi mới khác nhau như thế nào? Anh (Chị) vui lòng giải thích rõ và cho ví dụ minh họa?

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b) Theo đó, làm thế nào doanh nghiệp/chỉ nhánh của anh (chị) có thể đo lường được sự đổi mới? Ví dụ như, chỉ số đo lường sự đổi mới là gì? Anh (Chị) vui lòng giải thích rõ và cho ví dụ minh họa?

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c) Những chỉ số này có gì khác so với những chỉ số đo lường sáng tạo? Anh (Chị) vui lòng giải thích rõ và cho ví dụ minh họa?

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d) Trên phương diện đó, Anh (Chị) có thể chỉnh sửa những chính sách nhân sự sẵn có trong doanh nghiệp/ doanh nghiệp của anh (chị) để thúc đẩy sự sáng tạo của nhân viên không?

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9. Cuối cùng, theo Anh (Chị) thì cách thức sử dụng lực lượng lao động có ảnh hưởng đến sự đổi mới của DN như thế nào? Anh (Chị) vui lòng giải thích rõ và cho ví dụ minh họa?

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## **Appendix 2: Quantitative Phase of the Study**

### Appendix 2.1. Cover Letter

### Cover Letter

Dear Firm/HR Manager,

As a member of the management board of this firm, we should be grateful if you would please respond to the questions in this survey in connection with policies, practices and strategies management adopts to enhance employee performance.

We are conducting a research project that aims to examine the mechanisms through which High-Performance Work Systems (HPWS) influence the performance of Vietnamese service organisations. Specifically, it aims to explore the effects of an organisation's human resource policies and practices on employees' experience of work and their contributions to organisational performance.

When filling the questionnaire, please read each question carefully and give your response according to how you personally feel about it as a description of the way management policies, practices and strategies affect employees' performance. There are no RIGHT or WRONG answers. For the survey to be meaningful, we kindly ask you to answer all questions.

All data collected from the questionnaire will be treated in accordance with the ethics of behavioural science research. The information you provide is completely CONFIDENTIAL and will not be passed on to anyone outside the research team at Aston University.

Please return your completed questionnaire to the survey coordinator in your firm. Thank you very much for participating in this survey.

Yours Sincerely,

**Hoa Do**  
Doctoral Researcher



## Appendix 2.2. MANAGER SURVEY

### SECTION A: Survey

This section of the survey focuses on the management practices relevant to the **Employees of your firm**. Please indicate your responses by circling the number that best represents your firm.

<b>Innovation-Led Strategy</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
1	Management spends sufficient time and money supporting innovation	1	2	3	4	5
2	There is an emphasis on and a process for collaborating with and seeking ideas for innovation from external partners and strategic networks	1	2	3	4	5
3	Management takes a facilitative approach to innovation	1	2	3	4	5
4	We place emphasis on developing innovations through allocation of substantial financial resources	1	2	3	4	5
5	We devise long-term plans for our vision and development of innovation strategies	1	2	3	4	5
6	We emphasise the role of both management and employees in the implementation of our innovation strategy	1	2	3	4	5
<b>Innovation-Led HP Policy</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
7	Our human resource policies support a culture of innovation	1	2	3	4	5
8	Innovation is a key criterion in our recruitment and selection process	1	2	3	4	5
9	Innovation forms part of our training and development programmes	1	2	3	4	5
10	Clear innovation targets are set for all employees	1	2	3	4	5
<b>Training</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
11	The formal orientation programmes to new employees are helpful for them to perform their job.	1	2	3	4	5
12	Training programmes other than corporate-wide orientation programme are effective in teaching employees the skills they need in serving customers.	1	2	3	4	5
13	Our training programmes effectively prepare employees to provide high quality customer service.	1	2	3	4	5
14	Employees will normally go through training programmes to improve their customer service skills every few years.	1	2	3	4	5
15	Employees are adequately trained to handle the introduction of new products and services.	1	2	3	4	5
16	This firm assists employees to join the customer service training programme provided by the Headquarter.	1	2	3	4	5
<b>Information Sharing</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
17	The findings from employee surveys are communicated to employees of this firm.	1	2	3	4	5
18	The findings from customer surveys are communicated to employees of this firm.	1	2	3	4	5
19	All business memos of this firm are shared with employees.	1	2	3	4	5
20	Customers' suggestions for how to improve service quality are shared with employees.	1	2	3	4	5
21	Information about how well the firm is performing financially is shared with employees.	1	2	3	4	5
22	Complaints or negative comments about this firm's service from external customers are shared with employees.	1	2	3	4	5

23	Employees have the manuals and individual computer they need for the network systems they work with.	1	2	3	4	5
24	Employees have, or have access to, the product and policy information they need to do their work.	1	2	3	4	5
<b>Interdepartmental Service</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
25	Departments of this firm cooperate well with each other.	1	2	3	4	5
26	In this firm, employees in one department get the needed materials from other departments in a timely fashion.	1	2	3	4	5
<b>Teams and Participation</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
27	The development of work teams among employees is an important element of this firm's strategy.	1	2	3	4	5
28	This firm supports team development and training for employees.	1	2	3	4	5
29	This firm asks employees for their suggestions on how to improve customer service.	1	2	3	4	5
30	Decision-making by employees is encouraged in this firm.	1	2	3	4	5
<b>Service Discretion</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
31	Employees have the authority to resolve customer complaints on their own.	1	2	3	4	5
32	Employees have the discretion to customize the service offering to meet customer needs	1	2	3	4	5
33	Employees may use a wide variety of strategies to satisfy the customer.	1	2	3	4	5
34	Employees are encouraged to adapt their behaviours to the needs of the customer.	1	2	3	4	5
<b>Performance Appraisals:</b>						
To what extent does your firm evaluate the performance of employees based on the following factors? norms		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
35	A track record of the employees' courteous service to customers.	1	2	3	4	5
36	The ability of the employees to resolve customer complaints or service problems in an efficient manner.	1	2	3	4	5
37	The ability of the employees to innovatively deal with unique situations and/or meet customer needs.	1	2	3	4	5
38	The employees' commitment to customers.	1	2	3	4	5
39	The employees' adherence to the organisation's norms and good practices	1	2	3	4	5
40	The retention of existing customers and attraction of new customers	1	2	3	4	5
41	The amount of work completed according to the individual employee set targets	1	2	3	4	5
42	Teamwork, being an effective team player	1	2	3	4	5
<b>Pay</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
43	This firm pays above market wages to employee.	1	2	3	4	5
44	Employees' pay is tied to the quality of service they provide.	1	2	3	4	5
45	This firm's employees are entitled to the 13th month salary	1	2	3	4	5
46	Employees in this firm get additional payments or bonuses on public holidays [such as Victory Day, Independence Day]	1	2	3	4	5
<b>Job Design for Quality Work</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
47	Fostering involvement in decision-making of employees is an important element of the corporate strategy.	1	2	3	4	5
48	Many employees in this firm perform simple and repetitive tasks as part of their work.	1	2	3	4	5

49	Providing employees with high quality jobs (i.e., jobs that are challenging, fulfilling, etc.) is a priority in this firm.	1	2	3	4	5
50	Employees of this firm are given lots of opportunities to decide how to do their work.	1	2	3	4	5

This section of the survey focuses on the collective human capital to the **Employees of your firm**. Please rate the **level of your employee human capital** by circling the number that best represents your employees in this firm.

<b>II. Collective Human Capital</b>		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
51	Our firm employees are highly skilled	1	2	3	4	5
52	Our firm employees are widely considered the best in our industry	1	2	3	4	5
53	Our firm employees are creative and bright	1	2	3	4	5
54	Our firm employees are experts in their particular jobs and functions	1	2	3	4	5
55	Our firm employees develop new ideas and knowledge	1	2	3	4	5

This section of the survey focuses on your firm-level innovation. Please indicate **the degree of agreement or disagreement** with respect to the following statements. **In the past three years**, indicate whether the following have

<b>III. Firm-Level Innovation</b>		Totally Disagree			Moderately Agree			Totally Agree
56	Firm's emphasis on developing new products or services.	1	2	3	4	5	6	7
57	Rate of introduction of new products or services into the market.	1	2	3	4	5	6	7
58	Firm's spending on new product or service development activities.	1	2	3	4	5	6	7
59	Number of new products or services added by the firm and already on the market.	1	2	3	4	5	6	7
60	Number of new products or services that the firm has introduced for the first time on the market.	1	2	3	4	5	6	7
61	Investment in developing proprietary technologies.	1	2	3	4	5	6	7
62	Emphasis on creating proprietary technologies.	1	2	3	4	5	6	7
63	Firm's emphasis on technological innovation.	1	2	3	4	5	6	7
64	Firm's emphasis on pioneering technological developments in its industry.	1	2	3	4	5	6	7

This section of the survey focuses on the environmental uncertainty relative to your firm. Please indicate **the degree of agreement or disagreement** with respect to the following statements by circling the number that best represents

<b>IV. Environmental Uncertainty</b>		Very Strongly Disagree	Neutral			Very Strongly Agree		
65	Very dynamic and changing rapidly	1	2	3	4	5	6	7
66	Very rapidly expanding through the expansion of old markets and the emergence of new ones	1	2	3	4	5	6	7
67	Very stressful, exacting, hostile, hard to keep afloat	1	2	3	4	5	6	7
68	Actions of competitors have been highly unpredictable	1	2	3	4	5	6	7

This section of the survey focuses on **your firm market performance**. Compared to other firms that do the same kind of work, how would you compare the firm's performance **over the last three years** in terms of:

<b>V. Firm Market Performance</b>	Worse	Bad	Good	Much Better
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69	Marketing?	1	2	3	4
70	Growth in sales?	1	2	3	4
71	Profitability?	1	2	3	4
72	Market share?	1	2	3	4

**SECTION B: Firm Characteristics**

The statements below ascertain the characteristics of the firm. Please write in your response as appropriate.

1. The current estimated number of customer service employees in this firm?

----- employees

2. How many years has this company been in operation?

----- years

3. What does your firm belong to?

Public

Not public

4. In what service industry does your firm operate?

Banking

Telecommunication

Insurance

Pharmaceuticals

**SECTION C: Manager Information**

Please answer the following questions:

1. What is your gender?

Male

Female

2. What is your age?

----- years

3. How long have you been in the job?

----- year(s)

----- month(s)

4. How long have you worked for this firm?

----- year(s)

----- month(s)

**Your opinion is highly valued.**

**Thank you for spending time to assist with this study**

**END OF QUESTIONNAIRE**

## Appendix 2.3. Cover Letter for Supervisor



**Aston University**

**Aston Triangle  
Birmingham B4 7ET  
United Kingdom  
Tel +44 (0)1212043000  
www.abs.aston.ac.uk**

### **Cover Letter**

**Dear Supervisor,**

**As the immediate supervisor of a participant in this survey, we would be grateful if you would please respond to the questions in this survey relative to the creativity and service performance of this respondent.**

**The objective of this survey is to examine how employees' attitudes and behaviours at work, which influence their creativity and service performance. Specifically, it aims to examine the influence of organisation's human resource policies and practices on employees' experience and behaviours at work and ultimately their performance and quality of work life.**

**When filling the questionnaire, please read each question carefully and give your response according to how you personally feel about it as a description of this particular follower's work-related behaviours. There are no RIGHT or WRONG answers. For the survey to be meaningful, we kindly ask you to answer all questions.**

**The name of your follower who you will rate is written on the post-it paper in the next page. After completing the questionnaire, please remove the post-it paper and then put the questionnaire in the envelope provided.**

**All data collected from the questionnaire will be treated in accordance with the ethics of behavioural science research. The information you provide is completely CONFIDENTIAL and will not be passed on to anyone outside the research team at Aston University.**

**Please return your completed questionnaire to the survey coordinator in your firm. Thank you very much for participating in this survey.**

**Yours Sincerely,**

**Hoa Do  
Doctoral Researcher**



## SUPERVISOR SURVEY

This section of the survey focuses on the creative performance relevant to the **Employees of your firm**. Please answer the question **'To what extent do you think the following statement is characteristic?' by circling the number that best represents your employees in this firm.**

<b>I. Employee Creativity</b>		<b>Not at all Characte ristic</b>	<b>A Little Bit</b>	<b>Neutral</b>	<b>Charact eristic</b>	<b>Very Characteri stic</b>
1	Suggests new ways to achieve goals or objectives.	1	2	3	4	5
2	Comes up with new and practical ideas to improve performance.	1	2	3	4	5
3	Searches out new technologies, processes, techniques, and/or product ideas.	1	2	3	4	5
4	Suggests new ways to increase quality.	1	2	3	4	5
5	Is a good source of creative ideas?	1	2	3	4	5
6	Is not afraid to take risks.	1	2	3	4	5
7	Promotes and champions ideas to others.	1	2	3	4	5
8	Exhibits creativity on the job when given the opportunity to	1	2	3	4	5
9	Develops adequate plans and schedules for the implementation of new ideas.	1	2	3	4	5
10	Often has new and innovative ideas.	1	2	3	4	5
11	Comes up with creative solutions to problems.	1	2	3	4	5
12	Often has a fresh approach to problems.	1	2	3	4	5
13	Suggests new ways of performing work tasks.	1	2	3	4	5

### SECTION B: Supervisor Information

**Please answer the following questions:**

1. What is your gender?

Male

Female

2. What is your age?

----- years

3. How long have you been in the job?

----- year(s)

----- month(s)

4. How long have you worked for this firm?

----- year(s)

----- month(s)

**Your opinion is highly valued.**

**Thank you for spending time to assist with this study**

**END OF QUESTIONNAIRE**

Appendix 2.3. Cover Letter for Employee



**Aston University  
Aston Triangle  
Birmingham B4 7ET  
United Kingdom  
Tel +44 (0)1212043000  
www.abs.aston.ac.uk**

**Cover Letter**

**Dear Employee,**

**I am writing to kindly request your participation in the above survey by completing the attached questionnaire. Respondents were randomly selected from your organisation's workforce.**

**We are conducting a research project that aims to examine the mechanisms through which High-Performance Work Systems (HPWS) influence the performance of Vietnamese service organisations. Specifically, it aims to examine the influence of an organisation's human resource policies & practices on employees' perceptions of leadership, motivation, behaviours and ultimately, their quality of work life.**

**When filling the questionnaire, please read each question carefully and give your response according to how you personally feel about it. There are no RIGHT or WRONG answers. For the survey to be meaningful, we kindly ask you to answer all questions.**

**Your supervisor will also be asked to complete a survey on your behalf. All the responses will be analysed at Firm level and responses will be treated with anonymity.**

**All data collected from the questionnaire will be treated in accordance with the ethics of behavioural science research. The information you provide is completely CONFIDENTIAL and will not be passed on to anyone outside the research team at Aston University.**

**Please return your completed questionnaire to the survey coordinator in your firm. Thank you very much for participating in this survey.**

**Yours sincerely,**

**Hoa Do  
Doctoral Researcher**



## Appendix 2.4. EMPLOYEE SURVEY

### SECTION A: Survey

This section of the survey focuses on how you think **this firm** manages **employees who are like YOU**. Please indicate your responses by circling the number that best represents **YOUR** evaluation/experience.

<b>Training</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
1	The training programmes I went through in this firm effectively prepare me to provide high quality customer service.	1	2	3	4	5
2	The firm provides me sufficient training to handle the introduction of new products and services.	1	2	3	4	5
3	Employees in my job category normally go through training programmes every few years to improve our customer service skills.	1	2	3	4	5
4	The firm supports me to join the customer service training programme provided by the Headquarter.	1	2	3	4	5
5	I have a say in how much training I receive.	1	2	3	4	5
<b>Information Sharing</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
6	I have enough information to do my job well.	1	2	3	4	5
7	Customers' suggestions on how to improve service quality is shared with me.	1	2	3	4	5
8	Complaints or negative comments about this firm's service from external customers are shared with me.	1	2	3	4	5
9	I have the manuals and resource materials I need for the network systems I work with.	1	2	3	4	5
10	I have, or have access to, the product and policy information I need to do my work.	1	2	3	4	5
11	I am given enough information to understand my role in this firm.	1	2	3	4	5
<b>Interdepartmental Service</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
12	Employees in the other departments of this firm cooperate well with me to get my job done.	1	2	3	4	5
13	I get the needed materials for my job from other departments in a timely fashion.	1	2	3	4	5
<b>Teams and Participation</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
14	I feel I am really part of my work group.	1	2	3	4	5
15	If there is a decision to be made, everyone is involved in it.	1	2	3	4	5
16	My firm places a great deal of importance on team development for employees like me.	1	2	3	4	5
17	I feel in control of things that occur around me while at work.	1	2	3	4	5
18	Our managers ask our opinions about how to improve the customer service of this firm.	1	2	3	4	5
<b>Service Discretion</b>		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>

19	I have the authority to resolve customer complaints on my own.	1	2	3	4	5
20	I have the discretion to customize the service offering to meet customer needs	1	2	3	4	5
21	I may use a wide variety of strategies to satisfy the customer.	1	2	3	4	5
22	I am encouraged to adapt my behaviours to the needs of the customer.	1	2	3	4	5
<b>Performance Appraisals:</b>		<b>To a Very Small Extent</b>		<b>To a Moderate Extent</b>		<b>To a Great Extent</b>
To what extent does your firm evaluate your performance based on the following factors?						
23	A track record of your courteous service to customers.	1	2	3	4	5
24	Your ability to innovatively deal with unique situations and/or meet customer needs.	1	2	3	4	5
25	Your commitment to customers.	1	2	3	4	5
26	Your adherence to the organisation's norms and good practices	1	2	3	4	5
27	Your ability to retain existing customers and attract new customers	1	2	3	4	5
28	The amount of work completed according to your set targets	1	2	3	4	5
29	Teamwork, being an effective team player	1	2	3	4	5
<b>Pay</b>		<b>Strongly Disagree</b>		<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>
<b>Strongly Agree</b>						
30	Part of my compensation is based on how well I do on my job.	1	2	3	4	5
31	Part of my compensation is based on how well the firm is doing financially.	1	2	3	4	5
32	Our pay in this firm is higher than what competitors offer.	1	2	3	4	5
33	Part of my compensation is based on the company's corporate-wide performance.	1	2	3	4	5
34	I believe that I would be paid more fairly if I worked at another organisation.	1	2	3	4	5
35	My pay is tied to the quality of service I deliver to customers.	1	2	3	4	5
36	My compensation level is connected to the results of my working performance.	1	2	3	4	5
37	I am entitled to the 13th month salary in this firm	1	2	3	4	5
38	I get additional payments or bonuses on public holidays [such as Victory Day, Independence Day] in this firm	1	2	3	4	5
<b>Job Design for Quality Work</b>		<b>Strongly Disagree</b>		<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>
<b>Strongly Agree</b>						
39	My job is simple and quite repetitive.	1	2	3	4	5
40	I have lots of opportunities to decide how to do my work.	1	2	3	4	5
41	If a problem emerges with my work, I can take action to remedy it.	1	2	3	4	5
42	I often feel bored at work.	1	2	3	4	5

Next, the survey focuses on **your trust in management**. Please indicate your responses by circling the number that best represents your firm.

<b>III. Trust in Management</b>		<b>Very little</b>		<b>Very great</b>		
43	I trust management.	1	2	3	4	5
44	Management is sincere in their efforts to communicate with employees.	1	2	3	4	5
45	Management listens to employees' concerns.	1	2	3	4	5
46	Management keeps its commitments to employees.	1	2	3	4	5
47	Management is concerned about employees' well-being.	1	2	3	4	5
48	Those in management keep their word to employees.	1	2	3	4	5

Next, the survey focuses on **your trust in supervisor**. Please indicate your responses by circling the number that best represents your firm.

<b>IV. Trust in Supervisor</b>		<b>To a very small extent</b>		<b>To a moderate extent</b>		<b>To a very great extent</b>
49	I trust my immediate supervisor	1	2	3	4	5
50	I can tell my immediate supervisor when things are going wrong.	1	2	3	4	5
51	I am free to disagree with my immediate supervisor	1	2	3	4	5
52	My immediate supervisor keeps confidences	1	2	3	4	5
53	My immediate supervisor listens to me	1	2	3	4	5
54	My immediate supervisor is concerned about my personal well being	1	2	3	4	5
55	My immediate supervisor is sincere in his/her efforts to communicate with team members	1	2	3	4	5
56	My immediate supervisor speaks positively about subordinates in front of others	1	2	3	4	5
57	My immediate supervisor follows through with what he/she says	1	2	3	4	5
58	My immediate supervisor behaves in a consistent manner from day to day	1	2	3	4	5
59	My immediate supervisor keeps his/her commitments to team members	1	2	3	4	5
60	I feel connected to my immediate supervisor	1	2	3	4	5
61	My values are similar to the values of my immediate supervisor	1	2	3	4	5
62	My immediate supervisor avoids gossip	1	2	3	4	5

Next, the survey focuses on **your perceptions of climate for Initiative**. Using the following responses, please indicate the extent to which you agree or disagree that each statement currently describes you.

<b>VII. Climate for Initiative</b>		<b>Doesn't apply at all/no change at all</b>				<b>Entirely applies/a lot of change</b>
63	People in our firm actively attack problems.	1	2	3	4	5
64	Whenever something goes wrong, people in our firm search for a solution immediately.	1	2	3	4	5
65	Whenever there is a chance to get actively involved, people in our firm take it.	1	2	3	4	5
66	People in our firm take initiative immediately-more often than in other companies.	1	2	3	4	5
67	People in our firm use opportunities quickly in order to attain goals.	1	2	3	4	5
68	People in our firm usually do more than they are asked to do.	1	2	3	4	5
69	People in our firm are particularly good at realizing ideas.	1	2	3	4	5

Next, the survey focuses on **your perceptions of climate for psychological safety**. Using the following responses, please indicate the extent to which you agree or disagree that each statement currently describes you.

<b>VIII. Climate for Psychological Safety</b>		<b>Doesn't apply at all/no change at all</b>					<b>Entirely applies/a lot of change</b>
70	In our firm some employees are rejected for being different.	1	2	3	4	5	
71	When someone in our firm makes a mistake, it is often held against them.	1	2	3	4	5	
72	No one in our firm would deliberately act in a way that undermines others' efforts.	1	2	3	4	5	
73	It is difficult to ask others for help in our firm.	1	2	3	4	5	
74	In our firm one is free to take risks.	1	2	3	4	5	
75	The people in our firm value others' unique skills and talents.	1	2	3	4	5	
76	As an employee in our firm, one is able to bring up problems and tough issues.	1	2	3	4	5	

This section of the survey focuses on your psychological empowerment. Please indicate **the degree of agreement or disagreement** with respect to the following statements by circling the number that best represents your firm.

<b>IX. Psychological Empowerment</b>		<b>Very Strongly Disagree</b>	<b>Neutral</b>				<b>Very Strongly Agree</b>	
<b>Meaning Items</b>								
77	The work I do is very important to me	1	2	3	4	5	6	7
78	My job activities are personally meaningful to me	1	2	3	4	5	6	7
79	The work I do is meaningful to me	1	2	3	4	5	6	7
<b>Competence Items</b>								
80	I am confident about my ability to do my job	1	2	3	4	5	6	7
81	I am self-assured about my capabilities to perform my work activities	1	2	3	4	5	6	7
82	I have mastered the skills necessary for my job	1	2	3	4	5	6	7
<b>Self-determination Items</b>								
83	I have significant autonomy in determining how I do my job	1	2	3	4	5	6	7
84	I can decide on my own how to go about doing my work	1	2	3	4	5	6	7
85	I have considerable opportunity for independence and freedom in how I do my job	1	2	3	4	5	6	7
<b>Impact Items</b>								
86	My impact on what happens in my firm is large	1	2	3	4	5	6	7
87	I have a great deal of control over what happens in my firm	1	2	3	4	5	6	7
88	I have significant influence over what happens in my firm	1	2	3	4	5	6	7

## SECTION B: Employee Information

Please answer the following questions:

1. What is your gender?

Male

Female

2. What is your age?

----- years

3. How long have you been in the job?

----- year(s)

----- month(s)

4. How long have you worked for this firm?

----- year(s)

----- month(s)

**Your opinion is highly valued.  
Thank you for spending time to assist with this study**

**END OF QUESTIONNAIRE**

## Appendix 2.5. KHẢO SÁT DÀNH CHO BAN GIÁM ĐỐC

Số:.....

### KHẢO SÁT DÀNH CHO BAN GIÁM ĐỐC

#### PHẦN A: Khảo sát

Phần khảo sát này tập trung vào các hoạt động quản lý liên quan đến nhân viên tại chi nhánh của Quý vị. Xin vui lòng cho biết quan điểm của Quý vị bằng cách khoanh tròn vào một con số đại diện cho chi nhánh của Quý vị

<b>Chiến lược đổi mới</b>		<b>Rất không đồng ý</b>	<b>Không đồng ý</b>	<b>Không xác định</b>	<b>Đồng ý</b>	<b>Rất đồng ý</b>
1	Ban lãnh đạo dành đủ thời gian và tài chính để hỗ trợ quá trình đổi mới.	1	2	3	4	5
2	Chúng tôi nhấn mạnh vào quy trình phối hợp và tìm kiếm ý tưởng cho sự đổi mới từ các đối tác chiến lược bên ngoài.	1	2	3	4	5
3	Ban lãnh đạo tiến hành phương pháp tiếp cận có lợi cho quá trình đổi mới.	1	2	3	4	5
4	Chúng tôi đặt trọng tâm vào phát triển đổi mới thông qua việc phân bổ một nguồn tài chính đáng kể.	1	2	3	4	5
5	Chúng tôi có kế hoạch lâu dài về tầm nhìn và phát triển các chiến lược đổi mới.	1	2	3	4	5
6	Chúng tôi nhấn mạnh vào vai trò của cả cấp quản lý và nhân viên trong việc thực hiện chiến lược đổi mới.	1	2	3	4	5
<b>Chính sách đổi mới nguồn nhân lực</b>		<b>Rất không đồng ý</b>	<b>Không đồng ý</b>	<b>Không xác định</b>	<b>Đồng ý</b>	<b>Rất đồng ý</b>
7	Chính sách nguồn nhân lực của chúng tôi thúc đẩy văn hóa đổi mới.	1	2	3	4	5
8	Đổi mới là một tiêu chí quan trọng trong quá trình tuyển dụng và sử dụng nhân viên của chúng tôi.	1	2	3	4	5
9	Đổi mới là một phần của chương trình đào tạo và phát triển ở doanh nghiệp chúng tôi.	1	2	3	4	5
10	Các mục tiêu đổi mới được đề ra một cách rõ ràng cho tất cả nhân viên.	1	2	3	4	5
<b>Chính sách đào tạo</b>		<b>Rất không đồng ý</b>	<b>Không đồng ý</b>	<b>Không xác định</b>	<b>Đồng ý</b>	<b>Rất đồng ý</b>
11	Các chương trình định hướng cho nhân viên mới rất hữu ích cho việc thực hiện công việc.	1	2	3	4	5
12	Các chương trình đào tạo đã đang và sẽ trang bị hiệu quả cho nhân viên những kỹ năng cần thiết để phục vụ khách hàng.	1	2	3	4	5
13	Các chương trình đào tạo của chúng tôi chuẩn bị tốt cho nhân viên để họ có thể cung cấp dịch vụ chất lượng cao cho khách hàng.	1	2	3	4	5
14	Thông thường, mỗi nhân viên tham gia các chương trình đào tạo nâng cao kỹ năng phục vụ khách hàng vài năm một lần.	1	2	3	4	5
15	Nhân viên được trang bị đầy đủ kiến thức để xử lý việc giới thiệu các sản phẩm và dịch vụ mới.	1	2	3	4	5
16	Doanh nghiệp này tạo điều kiện nhân viên tham gia chương trình đào tạo dịch vụ khách hàng được tổ chức tại Trụ sở chính.	1	2	3	4	5
			<b>Không</b>	<b>Không</b>	<b>Đồng ý</b>	<b>Rất</b>

<b>Chia sẻ thông tin</b>		Rất không đồng ý	đồng ý	xác định	ý	đồng ý
17	Kết quả nghiên cứu từ việc tìm hiểu và khảo sát được truyền đạt đến nhân viên của doanh nghiệp này.	1	2	3	4	5
18	Kết quả nghiên cứu từ việc tìm hiểu và khảo sát khách hàng được truyền đạt đến nhân viên của doanh nghiệp này.	1	2	3	4	5
19	Tất cả các bản ghi nhớ kinh doanh của doanh nghiệp này được chia sẻ với nhân viên.	1	2	3	4	5
20	Đề xuất của khách hàng nhằm nâng cao chất lượng dịch vụ được chia sẻ với nhân viên.	1	2	3	4	5
21	Thông tin về tình hình hoạt động của doanh nghiệp được chia sẻ với nhân viên.	1	2	3	4	5
22	Những khiếu nại, hoặc nhận xét tiêu cực về dịch vụ của doanh nghiệp từ khách hàng bên ngoài được chia sẻ với nhân viên.	1	2	3	4	5
23	Nhân viên được cung cấp máy tính cá nhân và được hướng dẫn sử dụng hệ thống mạng mà họ làm việc.	1	2	3	4	5
24	Nhân viên có, hoặc có thể tiếp cận các sản phẩm và thông tin chính sách cần thiết để làm việc.	1	2	3	4	5
<b>Dịch vụ liên phòng ban</b>		Rất không đồng ý	Không đồng ý	Không xác định	Đồng ý	Rất đồng ý
25	Các phòng ban của doanh nghiệp này hợp tác rất ăn ý với nhau.	1	2	3	4	5
26	Ở doanh nghiệp này, nhân viên trong một bộ phận có được tài liệu cần thiết từ các bộ phận khác một cách kịp thời.	1	2	3	4	5
<b>Tham gia làm việc nhóm</b>		Rất không đồng ý	Không đồng ý	Không xác định	Đồng ý	Rất đồng ý
27	Khuyến khích nhân viên làm việc theo nhóm là một yếu tố quan trọng trong chiến lược của doanh nghiệp này.	1	2	3	4	5
28	Doanh nghiệp này đào tạo nhân viên kỹ năng làm việc theo nhóm.	1	2	3	4	5
29	Doanh nghiệp này yêu cầu nhân viên đưa ra các đề xuất để cải thiện dịch vụ khách hàng.	1	2	3	4	5
30	Doanh nghiệp này khuyến khích nhân viên tự đưa ra quyết định của mình.	1	2	3	4	5
<b>Quyết định dịch vụ</b>		Rất không đồng ý	Không đồng ý	Không xác định	Đồng ý	Rất đồng ý
31	Nhân viên có thẩm quyền giải quyết khiếu nại của khách hàng theo cách riêng của mình.	1	2	3	4	5
32	Nhân viên có quyền quyết định để điều chỉnh các dịch vụ của doanh nghiệp trong quyền hạn cho phép nhằm đáp ứng nhu cầu của khách hàng.	1	2	3	4	5
33	Nhân viên có thể áp dụng các chiến lược khác nhau để thoả mãn nhu cầu và mong muốn của khách hàng.	1	2	3	4	5
34	Nhân viên được khuyến khích thích ứng hành vi của mình với nhu cầu của khách hàng.	1	2	3	4	5
<b>Đánh giá hiệu suất</b>		Rất không đồng ý	Không đồng ý	Không xác định	Đồng ý	Rất đồng ý
Doanh nghiệp của Quý công ty đánh giá hiệu suất của nhân viên dựa theo các yếu tố sau đây ở mức độ nào?						
35	Hồ sơ theo dõi thái độ phục vụ của nhân viên đối với khách hàng.	1	2	3	4	5
36	Khả năng của nhân viên giải quyết khiếu nại của khách hàng hoặc các vấn đề liên quan đến dịch vụ một cách hiệu quả.	1	2	3	4	5

37	Khả năng của nhân viên giải quyết một cách sáng tạo các tình huống đặc biệt và/hoặc đáp ứng nhu cầu của khách hàng.	1	2	3	4	5
38	Sự tận tâm phục vụ của nhân viên với khách hàng.	1	2	3	4	5
39	Sự tuân thủ của nhân viên đối với các nội quy, quy chế của công ty.	1	2	3	4	5
40	Khả năng giữ chân khách hàng hiện có và thu hút thêm khách hàng mới.	1	2	3	4	5
41	Số lượng công việc hoàn thành theo định mức cá nhân.	1	2	3	4	5
42	Khả năng làm việc nhóm một cách hiệu quả.	1	2	3	4	5

<b>Chế độ tiền lương</b>		Rất không đồng ý	Không đồng ý	Không xác định	Đồng ý	Rất đồng ý
43	Công ty trả lương cho nhân viên cao hơn so với thị trường lao động.	1	2	3	4	5
44	Lương của nhân viên gắn với chất lượng dịch vụ mà họ cung cấp.	1	2	3	4	5
45	Nhân viên của doanh nghiệp này được hưởng lương tháng thứ 13.	1	2	3	4	5
46	Nhân viên của doanh nghiệp này được hưởng các khoản phụ cấp ngoài lương hoặc được thưởng vào các dịp lễ [như Ngày 30 tháng 4, Ngày 2 tháng 9].	1	2	3	4	5

<b>Thiết kế công việc cho hiệu quả cao</b>		Rất không đồng ý	Không đồng ý	Không xác định	Đồng ý	Rất đồng ý
47	Thúc đẩy nhân viên tham gia vào quá trình ra quyết định là một yếu tố quan trọng về chiến lược của doanh nghiệp.	1	2	3	4	5
48	Nhiều nhân viên ở doanh nghiệp này làm những việc đơn giản và lặp đi lặp lại như một phần của công việc.	1	2	3	4	5
49	Giao cho nhân viên những công việc chất lượng cao (ví dụ, công việc cần thử thách, công việc cần hoàn thành ngay, v.v.) được coi là ưu tiên ở doanh nghiệp này.	1	2	3	4	5
50	Nhân viên của doanh nghiệp này được tạo cơ hội để tự quyết định cách làm việc của mình.	1	2	3	4	5

Phần khảo sát này tập trung vào nguồn nhân lực đối với nhân viên của chi nhánh Quý vị. Xin vui lòng đánh giá mức độ nguồn nhân lực của Quý vị bằng cách khoanh tròn vào một con số đại diện cho nhân viên ở chi nhánh này nhất.

<b>II. Nguồn nhân lực</b>		Rất không đồng ý	Không đồng ý	Không xác định	Đồng ý	Rất đồng ý
51	Nhân viên ở doanh nghiệp này có tay nghề cao.	1	2	3	4	5
52	Nhân viên ở doanh nghiệp này là tập hợp của những người ưu tú nhất trong ngành.	1	2	3	4	5
53	Nhân viên ở doanh nghiệp này rất thông minh và sáng tạo.	1	2	3	4	5
54	Nhân viên ở doanh nghiệp này là chuyên gia trong từng công việc và chức năng cụ thể.	1	2	3	4	5
55	Nhân viên ở doanh nghiệp này luôn phát triển ý tưởng mới.	1	2	3	4	5

Phần khảo sát này tập trung vào sự đổi mới ở chi nhánh của Quý vị. Xin Quý vị vui lòng cho biết mức độ đồng ý hay không đồng ý liên quan đến các câu dưới đây. Trong ba năm qua, cho biết chi nhánh của Quý vị đổi mới nhanh chóng như

<b>III. Đổi mới ở doanh nghiệp</b>		Hoàn toàn không đồng ý			Đồng ý vừa phải		Hoàn toàn đồng ý	
56	Doanh nghiệp tập trung phát triển sản phẩm hoặc dịch vụ mới.	1	2	3	4	5	6	7

57	Tỷ lệ giới thiệu sản phẩm hoặc dịch vụ mới ra thị trường.	1	2	3	4	5	6	7
58	Chi tiêu của doanh nghiệp vào các hoạt động phát triển sản phẩm hoặc dịch vụ mới.	1	2	3	4	5	6	7
59	Số lượng sản phẩm hoặc dịch vụ mới được bổ sung bởi doanh nghiệp.	1	2	3	4	5	6	7
60	Số lượng sản phẩm hoặc dịch vụ mới mà doanh nghiệp giới thiệu lần đầu tiên ra thị trường.	1	2	3	4	5	6	7
61	Đầu tư phát triển công nghệ độc quyền	1	2	3	4	5	6	7
62	Tập trung vào việc tạo ra các công nghệ độc quyền.	1	2	3	4	5	6	7
63	Doanh nghiệp tập trung vào việc đổi mới công nghệ.	1	2	3	4	5	6	7
64	Doanh nghiệp tập trung phát triển công nghệ tiên phong trong ngành.	1	2	3	4	5	6	7

Phần khảo sát này tập trung vào những biến động bất thường của môi trường kinh doanh liên quan đến chi nhánh của Quý vị. Xin vui lòng cho biết mức độ đồng ý hay không đồng ý liên quan đến những câu sau đây bằng cách khoanh tròn

<b>IV. Những biến động bất thường của môi trường kinh doanh</b>		<b>Rất không đồng ý</b>			<b>Không xác định</b>			<b>Rất đồng ý</b>
65	Rất năng động và thay đổi nhanh chóng.	1	2	3	4	5	6	7
66	Sự xuất hiện nhanh chóng của thị trường mới cũng như sự mở rộng của thị trường cũ.	1	2	3	4	5	6	7
67	Rất căng thẳng, sôi động, thù địch và khó để duy trì sự thịnh vượng.	1	2	3	4	5	6	7
68	Hành động của các đối thủ cạnh tranh rất khó lường.	1	2	3	4	5	6	7

Phần này của cuộc điều tra tập trung vào hiệu quả về mặt thị trường ở chi nhánh của Quý vị. So với các chi nhánh khác kinh doanh cùng một lĩnh vực, làm thế nào Quý vị có thể so sánh hiệu quả của chi nhánh mình trong ba năm

<b>V. Hiệu quả về mặt thị trường</b>		<b>Tệ hơn</b>	<b>Tệ</b>	<b>Tốt</b>	<b>Tốt hơn nhiều</b>
69	Tiếp thị	1	2	3	4
70	Tăng trưởng về doanh số bán hàng	1	2	3	4
71	Lợi nhuận	1	2	3	4
72	Thị phần	1	2	3	4

## PHẦN B: Đặc điểm doanh nghiệp

Các câu dưới đây nhằm xác định các đặc tính của doanh nghiệp. Xin vui lòng viết câu trả lời của Quý vị cho phù hợp.

- Số lượng nhân viên làm dịch vụ khách hàng tính tại thời điểm hiện tại?  
----- nhân viên
- Công ty này đã đi vào hoạt động được bao nhiêu năm?  
----- năm
- Công ty của Quý vị thuộc loại doanh nghiệp gì?  
 Nhà nước  
 Tư nhân
- Công ty của Quý vị hoạt động ở ngành dịch vụ nào?  
 Ngân hàng

- Viễn thông
- Bảo hiểm
- Dược, vật tư y tế

## PHẦN C: Thông tin về người tham gia khảo sát

Xin vui lòng trả lời những câu hỏi sau:

1. Giới tính của Quý vị là gì?
  - Nam
  - Nữ
2. Quý vị bao nhiêu tuổi?  
----- Năm
3. Quý vị làm công việc này được bao lâu rồi?  
----- Năm  
----- Tháng
4. Quý vị làm việc cho doanh nghiệp này được bao lâu rồi?  
----- Năm  
----- Tháng

Appendix 2.6. **KHẢO SÁT DÀNH CHO TRƯỞNG NHÓM/TRƯỞNG PHÒNG/TRƯỞNG BỘ PHẬN**  
Số:.....

### KHẢO SÁT DÀNH CHO TRƯỞNG NHÓM/ TRƯỞNG PHÒNG/TRƯỞNG BỘ PHẬN

#### PHẦN A: Khảo sát

Phần khảo sát này tập trung vào tính sáng tạo của nhân viên ở chi nhánh Quý vị. Xin vui lòng trả lời câu hỏi “Ở mức độ nào Quý vị cho rằng những câu dưới đây là đặc trưng?” bằng cách khoanh tròn vào một con số đại diện cho nhân viên ở chi nhánh Quý vị nhất.

I. Tính sáng tạo trong mỗi nhân viên		Không có đặc trưng gì	Một ít đặc trưng	Không xác định	Đặc trưng	Rất đặc trưng
1	Đề xuất những cách thức mới để đạt được mục tiêu đề ra.	1	2	3	4	5
2	Đưa ra những ý tưởng mới và thiết thực để cải thiện hiệu suất làm việc.	1	2	3	4	5
3	Tìm kiếm công nghệ, quy trình, kỹ thuật mới, và/hoặc ý tưởng mới cho sản phẩm hoặc dịch vụ.	1	2	3	4	5
4	Đề xuất những cách thức mới để nâng cao chất lượng.	1	2	3	4	5
5	Khơi nguồn cho những ý tưởng sáng tạo.	1	2	3	4	5
6	Không sợ rủi ro.	1	2	3	4	5
7	Khuyến khích ý tưởng cho người khác.	1	2	3	4	5
8	Thể hiện khả năng sáng tạo trong công việc khi có cơ hội.	1	2	3	4	5
9	Xây dựng kế hoạch và lịch trình đầy đủ để thực hiện những ý tưởng sáng tạo.	1	2	3	4	5
10	Thường có những ý tưởng mới và sáng tạo.	1	2	3	4	5
11	Đưa ra các giải pháp sáng tạo để giải quyết vấn đề.	1	2	3	4	5
12	Thường tiếp cận vấn đề theo một cách mới.	1	2	3	4	5
13	Đề xuất những cách thức mới để thực hiện công việc.	1	2	3	4	5

**Xin vui lòng trả lời những câu hỏi sau:**

1. Giới tính của Quý vị là gì?  
 Nam  
 Nữ
2. Quý vị bao nhiêu tuổi?  
 ----- Năm
3. Quý vị làm công việc này được bao lâu rồi?  
 ----- Năm  
 ----- Tháng
4. Quý vị làm việc cho doanh nghiệp này được bao lâu rồi?  
 ----- Năm  
 ----- Tháng

**Chúng tôi đánh giá cao ý kiến của Quý vị.  
 Cảm ơn Quý vị đã dành thời gian tham gia nghiên cứu này**

**HẾT**

Số: .....

### KHẢO SÁT DÀNH CHO NHÂN VIÊN

#### PHẦN A: Khảo sát

Phần khảo sát này tập trung vào cảm nhận của Quý vị về cách quản lý nhân viên của chi nhánh. Xin vui lòng cho biết phản ứng của Quý vị bằng cách khoanh tròn vào một con số đại diện cho đánh giá của Quý vị nhất.

		Rất không đồng ý	Không đồng ý	Không xác định	Đồng ý	Rất đồng ý
<b>Chính sách đào tạo</b>						
1	Các chương trình đào tạo tôi đã tham gia ở doanh nghiệp này chuẩn bị tốt để tôi cung cấp dịch vụ chất lượng cao cho khách hàng.	1	2	3	4	5
2	Doanh nghiệp đã trang bị cho tôi đầy đủ kiến thức để xử lý việc giới thiệu sản phẩm và dịch vụ mới.	1	2	3	4	5
3	Nhân viên cùng làm công việc như tôi thường tham gia các chương trình đào tạo vài năm một lần để nâng cao kỹ năng phục vụ khách hàng.	1	2	3	4	5
4	Doanh nghiệp đã tạo điều kiện cho tôi tham gia các chương trình đào tạo phục vụ/chăm sóc khách hàng do trụ sở chính tổ chức.	1	2	3	4	5
5	Tôi có thể đề xuất về các khoá đào tạo mà tôi muốn tham gia.	1	2	3	4	5
<b>Chia sẻ thông tin</b>						
6	Tôi có đầy đủ thông tin để làm tốt công việc của mình.	1	2	3	4	5
7	Tôi được chia sẻ những đề nghị của khách hàng về giải pháp nhằm cải thiện chất lượng dịch vụ.	1	2	3	4	5
8	Tôi được chia sẻ những khiếu nại, ý kiến tiêu cực của khách hàng bên ngoài về dịch vụ của doanh nghiệp.	1	2	3	4	5
9	Tôi được cung cấp các tài liệu cần thiết và được hướng dẫn sử dụng hệ thống mạng mà tôi làm việc.	1	2	3	4	5

10	Tôi có, hoặc có thể truy cập, các sản phẩm và thông tin chính sách mà tôi cần để thực hiện công việc của mình.	1	2	3	4	5
11	Tôi được cung cấp đầy đủ thông tin để hiểu được vai trò của mình ở doanh nghiệp.	1	2	3	4	5
<b>Dịch vụ liên phòng ban</b>		Rất không đồng ý	Không đồng ý	Không xác định	Đồng ý	Rất đồng ý
12	Nhân viên ở các bộ phận khác của doanh nghiệp hợp tác tốt với tôi để tôi hoàn thành công việc của mình.	1	2	3	4	5
13	Tôi có được những tài liệu cần thiết cho công việc của mình từ các bộ phận khác một cách kịp thời.	1	2	3	4	5

<b>Tham gia làm việc nhóm</b>		Rất không đồng ý	Không đồng ý	Không xác định	Đồng ý	Rất đồng ý
14	Tôi cảm thấy mình thực sự là một phần của nhóm làm việc.	1	2	3	4	5
15	Nếu có một quyết định cần được thực hiện, tất cả mọi người đều cùng tham gia.	1	2	3	4	5
16	Doanh nghiệp của tôi rất coi trọng việc phát triển nhóm cho nhân viên.	1	2	3	4	5
17	Tôi cảm thấy có thể kiểm soát được mọi việc xảy ra xung quanh tôi tại nơi làm việc.	1	2	3	4	5
18	Ban giám đốc hỏi ý kiến của chúng tôi về cách cải thiện dịch vụ khách hàng tại doanh nghiệp này.	1	2	3	4	5

<b>Quyết định dịch vụ</b>		Rất không đồng ý	Không đồng ý	Không xác định	Đồng ý	Rất đồng ý
19	Tôi có thẩm quyền giải quyết khiếu nại của khách hàng theo cách riêng của mình.	1	2	3	4	5
20	Tôi có thể tự quyết định để điều chỉnh các dịch vụ của công ty trong quyền hạn cho phép nhằm đáp ứng các nhu cầu của khách hàng.	1	2	3	4	5
21	Tôi có thể áp dụng các chiến lược khác nhau để thoả mãn khách hàng.	1	2	3	4	5
22	Tôi được khuyến khích để thích ứng hành vi của mình với nhu cầu của khách hàng.	1	2	3	4	5

<b>Đánh giá hiệu suất</b>		Ở mức độ rất nhỏ	Ở mức độ vừa phải	Ở mức độ rất lớn		
Doanh nghiệp của Quý vị đánh giá hiệu suất làm việc của Quý vị dựa theo các yếu tố sau đây ở mức độ nào?						
23	Hồ sơ theo dõi thái độ phục vụ của Quý vị đối với khách hàng.	1	2	3	4	5
24	Khả năng của Quý vị giải quyết một cách sáng tạo các tình huống đặc biệt và/hoặc đáp ứng nhu cầu của khách hàng.	1	2	3	4	5
25	Sự tận tâm phục vụ của Quý vị đối với khách hàng.	1	2	3	4	5
26	Sự tuân thủ của Quý vị đối với các nội quy, quy chế của công ty.	1	2	3	4	5
27	Khả năng giữ chân khách hàng hiện có và thu hút thêm khách hàng mới.	1	2	3	4	5
28	Số lượng công việc hoàn thành theo định mức cá nhân.	1	2	3	4	5
29	Khả năng làm việc nhóm hiệu quả.	1	2	3	4	5

<b>Chính sách tiền lương</b>		Rất không đồng ý	Không đồng ý	Không xác định	Đồng ý	Rất đồng ý
30	Một phần thù lao của tôi dựa vào mức độ thực hiện công việc.	1	2	3	4	5
31	Một phần thù lao của tôi dựa vào mức độ hoạt động hiệu quả của doanh nghiệp.	1	2	3	4	5
32	Mức lương ở doanh nghiệp này cao hơn so với các đối thủ cạnh tranh chi trả.	1	2	3	4	5
33	Tôi tin rằng tôi sẽ được trả lương công bằng hơn nếu tôi làm việc cho một công ty khác.	1	2	3	4	5

34	Lương của tôi gắn liền với chất lượng dịch vụ mà tôi cung cấp cho khách hàng.	1	2	3	4	5
35	Mức thù lao của tôi gắn liền với kết quả làm việc của mình.	1	2	3	4	5
36	Tôi được hưởng lương tháng thứ 13 tại doanh nghiệp này.	1	2	3	4	5
37	Tôi được hưởng các khoản phụ cấp ngoài lương hoặc được thưởng vào các dịp lễ [như Ngày 30 tháng 4, Ngày 2 tháng 9].	1	2	3	4	5
<b>Thiết kế công việc cho hiệu quả cao</b>		<b>Rất không đồng ý</b>	<b>Không đồng ý</b>	<b>Không xác định</b>	<b>Đồng ý</b>	<b>Rất đồng ý</b>
38	Công việc của tôi rất đơn giản và thường lặp đi lặp lại.	1	2	3	4	5
39	Tôi có nhiều cơ hội để tự quyết định cách tiến hành công việc của mình.	1	2	3	4	5
40	Nếu một vấn đề nảy sinh với công việc, tôi có thể hành động để khắc phục.	1	2	3	4	5
41	Tôi có rất ít cơ hội để đưa ra đánh giá của riêng mình khi thực hiện công việc.	1	2	3	4	5
42	Tôi thường cảm thấy buồn chán trong công việc.	1	2	3	4	5

Tiếp theo, cuộc khảo sát tập trung vào sự tin tưởng của Quý vị vào Ban lãnh đạo. Xin vui lòng cho biết phản ứng của Quý vị bằng cách khoanh tròn vào một con số đại diện cho chi nhánh của Quý vị nhất.

<b>III. Niềm tin vào ban lãnh đạo</b>		<b>Rất ít</b>	<b>Vừa phải</b>	<b>Rất nhiều</b>		
43	Tôi tin tưởng vào ban lãnh đạo.	1	2	3	4	5
44	Ban lãnh đạo rất chân thành trong nỗ lực để giao tiếp với nhân viên.	1	2	3	4	5
45	Ban lãnh đạo lắng nghe tâm tư nguyện vọng của nhân viên.	1	2	3	4	5
46	Ban lãnh đạo giữ cam kết với nhân viên của mình.	1	2	3	4	5
47	Ban lãnh đạo quan tâm đến đời sống của nhân viên.	1	2	3	4	5
48	Các lãnh đạo giữ lời hứa với nhân viên.	1	2	3	4	5

Tiếp theo, cuộc khảo sát tập trung vào sự tin tưởng của Quý vị vào cấp quản lý trực tiếp. Xin vui lòng cho biết phản ứng của Quý vị bằng cách khoanh tròn vào một con số đại diện cho chi nhánh của Quý vị nhất.

<b>IV. Niềm tin vào tổ trưởng/trưởng bộ phận</b>		<b>Ở mức độ rất nhỏ</b>	<b>Ở mức độ vừa phải</b>	<b>Ở mức độ rất lớn</b>		
49	Tôi tin tưởng vào cấp trên/phụ trách của mình.	1	2	3	4	5
50	Tôi có thể báo cáo với cấp trên/phụ trách khi có sai sót.	1	2	3	4	5
51	Tôi có quyền không đồng ý với cấp trên/phụ trách của mình.	1	2	3	4	5
52	Cấp trên/Phụ trách của tôi luôn tự tin.	1	2	3	4	5
53	Cấp trên/Phụ trách của tôi luôn lắng nghe ý kiến của tôi.	1	2	3	4	5
54	Cấp trên/Phụ trách của tôi quan tâm đến đời sống cá nhân của	1	2	3	4	5

	tôi.					
55	Cấp trên/Phụ trách của tôi rất chân thành trong nỗ lực giao tiếp với các thành viên nhóm.	1	2	3	4	5
56	Cấp trên/Phụ trách của tôi nói tốt về cấp dưới trước mặt người khác.	1	2	3	4	5
57	Cấp trên/Phụ trách của tôi làm những gì mà mình nói.	1	2	3	4	5
58	Cấp trên/Phụ trách của tôi luôn cư xử một cách nhất quán.	1	2	3	4	5
59	Cấp trên/Phụ trách của tôi luôn giữ cam kết đối với các thành viên nhóm.	1	2	3	4	5
60	Tôi cảm thấy mình được gắn kết với cấp trên/phụ trách của mình.	1	2	3	4	5
61	Những giá trị của tôi cũng giống như những giá trị của cấp trên/phụ trách mình.	1	2	3	4	5
62	Cấp trên/Phụ trách của tôi tránh nói chuyện tào lao.	1	2	3	4	5

Tiếp theo, cuộc khảo sát tập trung vào cảm nhận của Quý vị về môi trường để sáng tạo. Xin vui lòng cho biết phản ứng của Quý vị bằng cách khoanh tròn vào một con số đại diện cho doanh nghiệp của Quý vị nhất.

<b>VII. Môi trường để sáng tạo</b>		<b>Không áp dụng gì cả/Không thay đổi gì cả</b>					<b>Hoàn toàn áp dụng/Thay đổi nhiều</b>
63	Nhân viên doanh nghiệp chủ động phản biện vấn đề.	1	2	3	4	5	
64	Bất cứ khi nào có vấn đề, nhân viên doanh nghiệp ngay lập tức tìm kiếm giải pháp.	1	2	3	4	5	
65	Nhân viên doanh nghiệp sẽ nắm lấy cơ hội tham gia một cách tích cực bất cứ khi nào có thể.	1	2	3	4	5	
66	Nhân viên ở doanh nghiệp này tích cực hơn các công ty khác.	1	2	3	4	5	
67	Nhân viên ở doanh nghiệp này nhanh chóng tận dụng cơ hội để đạt mục tiêu đề ra.	1	2	3	4	5	
68	Nhân viên ở doanh nghiệp này thường làm nhiều hơn là họ được yêu cầu làm.	1	2	3	4	5	
69	Nhân viên ở doanh nghiệp này đặc biệt giỏi phát hiện ý tưởng.	1	2	3	4	5	

Tiếp theo, khảo sát này tập trung vào cảm nhận của Quý vị về môi trường cho sự yên tâm về tâm lý. Xin vui lòng cho biết phản ứng của Quý vị bằng cách khoanh tròn vào một con số đại diện cho doanh nghiệp của Quý vị nhất.

<b>VIII. Môi trường cho sự yên tâm về tâm lý</b>		<b>Không áp dụng gì cả/Không thay đổi gì cả</b>					<b>Hoàn toàn áp dụng/Thay đổi nhiều</b>
70	Ở doanh nghiệp này, một số nhân viên có thể bị gây trở ngại nếu tiếp cận/Thực hiện công việc một cách quá khác biệt.	1	2	3	4	5	
71	Khi nhân viên ở doanh nghiệp mắc lỗi, họ thường bị soi mói bởi các đồng nghiệp.	1	2	3	4	5	
72	Không ai ở doanh nghiệp này cố tình hành động theo cách mà có thể ảnh hưởng nỗ lực của người khác.	1	2	3	4	5	
73	Rất khó để yêu cầu người khác giúp đỡ ở doanh nghiệp này.	1	2	3	4	5	
74	Mọi người chấp nhận rủi ro ở doanh nghiệp này.	1	2	3	4	5	
75	Mọi người ở doanh nghiệp này đánh giá cao các kỹ năng độc đáo và tài năng của người khác.	1	2	3	4	5	
76	Là nhân viên của doanh nghiệp, mọi người có thể nêu ra những khó khăn và bất cập của công ty.	1	2	3	4	5	

Phần khảo sát này tập trung vào cảm nhận của Quý vị về tâm lý trao quyền. Xin vui lòng cho biết phản ứng của Quý vị bằng cách khoanh tròn vào một con số đại diện cho doanh nghiệp của Quý vị nhất.

<b>IX. Khả năng tự quyết</b>		<b>Rất không đồng ý</b>		<b>Không xác định</b>		<b>Rất đồng ý</b>		
<b>Ý nghĩa của công việc</b>								
77	Công việc mà tôi làm rất quan trọng đối với tôi.	1	2	3	4	5	6	7
78	Các hoạt động công việc rất có ý nghĩa về mặt cá nhân đối với tôi	1	2	3	4	5	6	7
79	Công việc mà tôi làm rất có ý nghĩa đối với tôi.	1	2	3	4	5	6	7
<b>Khả năng làm việc</b>								
80	Tôi tin tưởng vào khả năng làm việc của mình.	1	2	3	4	5	6	7
81	Tôi tự tin về khả năng của mình để thực hiện các hoạt động công việc của mình.	1	2	3	4	5	6	7
82	Tôi làm chủ được các kỹ năng cần thiết cho công việc của mình.	1	2	3	4	5	6	7
<b>Khả năng tự quyết</b>								
83	Tôi có đủ quyền tự chủ để quyết định cách tiến hành công việc của mình.	1	2	3	4	5	6	7
84	Tôi có thể tự quyết định cách sẽ thực hiện công việc của mình.	1	2	3	4	5	6	7
85	Tôi có thể độc lập đưa ra cách tiến hành công việc của mình.	1	2	3	4	5	6	7
<b>Khả năng gây ảnh hưởng</b>								
86	Ảnh hưởng của tôi về những gì xảy ra ở doanh nghiệp là rất lớn.	1	2	3	4	5	6	7
87	Tôi có thể kiểm soát tốt những gì xảy ra ở doanh nghiệp.	1	2	3	4	5	6	7
88	Tôi có ảnh hưởng đáng kể về những gì xảy ra ở doanh nghiệp.	1	2	3	4	5	6	7

## **PHẦN B: Thông tin về người tham gia khảo sát**

Xin vui lòng trả lời những câu hỏi sau:

- Giới tính của Quý vị là gì?  
 Nam  
 Nữ
- Quý vị bao nhiêu tuổi?  
 ----- Năm
- Quý vị làm công việc này được bao lâu rồi?  
 ----- Năm  
 ----- Tháng
- Quý vị làm việc cho doanh nghiệp này được bao lâu rồi?  
 ----- Năm  
 ----- Tháng

**Chúng tôi đánh giá cao ý kiến của Quý vị.  
 Cảm ơn Quý vị đã dành thời gian tham gia nghiên cứu này**

**HẾT**