MEDIATING ROLE OF PSYCHOLOGICAL CONTRACT BREACH TOWARDS THE IMPACT OF HIGH-PERFORMANCE WORK SYSTEM ON EMPLOYEES’ PERFORMANCE

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Abstract: The High-Performance Work System (HPWS) is leading phenomenon that offers compact package of different human resource practices. The HPWS is important and effective for all organizations in modern competitive situations. This system allows organizations including the higher education institutions to get the desired performance over a compact system to attain the desired short-term tasks and long-term objectives. The HPWS helps in defining the parameters that are dynamic in attaining the desired performance in the institutions. The employees’ performance is the most effective phenomenon leading to the employees’ actual potential and efforts towards task achievement. The existing literature offered different factors that may interrupt the linkages between HPWS and employees’ performance. In this connection, psychological contract breach has been researched as mediator in different contexts which is still missing phenomenon in higher educational context. For this purpose, this study aimed to examine the above-mention relationship in educational sector by collecting and analyzing the data obtained through structured questionnaire from teaching faculty (sample from population) hailing from southern region HEIs in KP, Pakistan. The results provide significant information in deciding relationships among the results thereby offering certain policy implications to policy makers and recommendations to the future researchers.

Keywords: High-Performance Work System, Employees’ Performance & Psychological Contract Breach

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Introduction
In modern era, the organizations remained more competitive due to dynamic environmental and technological changes that forced the organizations to take certain quality measures to maintain their survival and to sustain their competitiveness (Huang, Ma & Meng, 2012). In this situation, the educational institutions are much exposed to these dynamic changes that created overwhelming scenario for the academic institution to establish their standing and ranking (Walker & Boni, 2014). The same is the situation in the higher education institutions where rivalry is more devastating due to establishment of various private higher institutions (Graham & Antony, 2017). The higher education institution (HEIs), in prevailing situations are facing numerous problems related to the application of advanced technologies, diversity in stakeholders’ demands and adaptability of the advanced strategies and systems force the higher institutions to revisit their existing policies and systems and to introduce new systems in the institutions. The high-performance work system is gradually established as the active system for managing the performance of the organizations (Demirbag, Collings, Mellahi & Wood, 2014). It has been widely researched in higher education context and recommended as the effective system for the performance management in the institutions.

The higher-performance work system is inclusive package of different human resources’ practices that ensures the effective “human resource management practices” in institutions (Oladapo & Onyeaso, 2013). It is amalgamation of diverse dynamic practices that comprises recruitment and selection, extensive training, incentive compensation, information-sharing, employees’ involvement and the performance evaluation aligned that need to be aligned with institutional long-term objectives (Wallner & Menrad, 2012). The HPWS theme is to improve institutional and employees’ performance together with developing the attitude, competence, loyalty motivation and commitment of the employees. The HPWS ensures high involvement, high commitment management, work practices, people management and the high-performance management practices. The performance is the main theme behind “high-performance work system” that is mainly used to augment the performances of employees. The employees’ performance is main factor which support the institutions in achieving its objectives and desired standing in the prolonged manners (Riaz & Mahmood, 2017). In this connection, employees’ motivation towards performance is weighty attribute for institutions that can be possible over HPWS that contribute in inspiring employees toward respectable performances (Mahmood, Khurshid & Muhammad, 2016).

The employees’ performances are supportive for institutions in attaining their strategic goals however, it may be influences whenever employees lose their mutual agreements to achieve the tasks. The psychological contract denotes the mutual agreement between institution and employee about the exchange of certain transactional behavior. The psychological contract denotes to the application of certain imperative practices like the performance appraisal, recruitment, compensation, training and important parameters related to desired outcomes (Jawad, Malik, Pracha & Malik, 2017). However, the variation in these
contracts/exchanges leads to the psychological contract breach which is the destructive phenomenon for the institutions while chasing their strategic objectives (Zhao, Wayne, Glibkowski & Bravo, 2007). The institutional practices and actions intended for shaping and managing the professional bond that is involved in defining psychological contracts. The psychological contract connects the institution and employees in the transactional relationship aimed to prolong the association between employees and institution (Nadeem, Riaz & Danish, 2019), however, the deviations from the already agreed contract consequently led to psychological contract breach which is the main theme of current research study.

Problem Statement
The “high-performance work system” is vital for the organizations in prioritizing their work values and standards leading to higher performance that is required to achieve the strategic values and desired objectives. The HPWS is widely researched in higher educational context thereby recommending its reliability for the higher institutions. Therefore, this study aimed at probing the relationships between employees’ performance and high-performance work system in higher educational background. The study further aimed at examining mediating role of psychological contract breach as mediator in connecting the “high-performance work system” and employees’ performance in higher educational setting.

Objectives of Study
✓ To examine the role of high-performance work system”, employees’ performance and psychological contract breach in the context under considerations.
✓ To examine association among high-performance work system”, employees’ performance and psychological contract breach.
✓ To examine mediating role of psychological contract breach in linking the employees’ performance and high-performance work system.

Hypothesis of study
✓ The study aimed at examining the association between the “high-performance work system”, employees’ performance and psychological contract breach (H1).
✓ The study aimed at exploring the psychological contract breach as mediating variable in linking the employees’ performance and high-performance work system (H3).

Literature Review
The high-performance work system is indispensable for almost all the organizations but its role is more important for academic institutions especially the higher education institutions since these institutions are performing the most important role in shaping the attitude of the students and preparing them for their professional lives (Cooper, Liu & Tarba, 2014). This system is more concerned with the development of employees and institutional performance as without the effective and efficient performances, the institutions may not attain their desired long-term objectives (Jawad, Malik, Pracha & Malik, 2017). In this situation, some important influential factors are responsible in effecting links between higher-performance work system and performance wherein most investigated factor is the psychological contract breach (Nadeem, Riaz & Danish, 2019), which is explored in different contexts but missed in the higher
Consequently, this study aims at examining missing gap concerning these variables in the educational context in developing countries particularly in Pakistan.

High-Performance Work-System

The higher education institutions, due to increased competition in every sphere, are facing various challenges about the technological advancement, teaching and learning services, the better enrolments, service delivery upgradation, structural development and performance management (Jawad, Malik, Pracha & Malik, 2017). The performance management is more important among all as institutions can meet all these challenges through better employees and institutional performances (Gupta & Singh, 2010). The effective execution of human resource management needs efficient system that combined the most desirable practices in a single package to improve the performance of institutions and to meet the demands of the stakeholders (Guthrie, Flood, Liu & MacCurtainc, 2009). The higher education institutions, with efficient HPWS, can expand the provision of effective teaching and learning activities supported by conducive environment, implement the advanced technologies by facilitating their stakeholders and develop their performance management to improve the institutional health.

The “high-performance work system” has been measured as a complete package of different effective human resource practices like the selection, training, compensation, engagement, empowerment and performance appraisal that aims at improving the performances of the employees leading to institutional success (Cooke, Cooper, Bartram, Wang & Mei, 2016). This system has been widely researched and thus recommended as the significant structure for the organizations in managing their core values related with different practices. The system mainly emphasis upon improving productivity, reducing costs, creating values for workforces and developing strategic plans for the concerned organization (Cooper, Liu & Tarba, 2014). The HPWS is effective for managing the performance of the employees and institution as this system offers different practices for effective and efficient implementation of strategic objectives of the organizations (Nadeem, Riaz & Danish, 2019). This system is also recommended by researchers for the educational institutions for managing their affairs more effectively.

Employees Performance

The foremost responsibility of the organizations is to augment the employees, behavior to inspire them towards the higher performances since the best performances are the significant success phenomenon for the organizations. The organizations have some expectations from the employees in achievement of organizational tasks and objectives that need the hard work and potential from employees to attain these tasks within the desired standards (Griffin, Neal & Neale, 2000). Likewise, performance is significant factor that is inclusively responsible for both the success and failure of the concerned organizations (Huang, Ma & Meng, 2012). The employees are the significant source of the organizations by which they can achieve their desired objectives thereby utilizing their skill and knowledge necessary for completion of desired tasks (Oladapo & Onyeaso, 2013). The employees through an effective system can be managed where their competencies may be utilized in the
affective manner to achieve the desired objectives.

In higher educational institutions, the employees are the leading source that helps concerned institutions in performing institutional activities and affairs more efficiently by considering the needs and potentials of the employees. The employees are concerned always about their professional status wherein it relates with their commitment and performance and thus the higher performances lead the employees towards better and desired status (Guthrie, Flood, Liu & MacCurtain, 2009). Consequently, the employees show their best performances not only for their personal need fulfillment but also for the sake of the institutional objectives (Gupta & Singh, 2010). Thus, the employees creative and innovative is vital for the higher education institutions to maintain their competitive position in education sector where there exist numerous competitors (Nadeem, Riaz & Danish, 2019) both from public and private sectors who perform the same responsibilities by performing learning and teaching activities that need performance at higher levels supported by strong psychological contract between employees and institution.

**Psychological Contract Breach**

The “psychological contract” is an agreement between the organizations and employees that denotes certain expectation in exchanges of some contribution and outcomes. The contract specifies the reciprocal and mutual interaction based upon some shared interests that both employees and organizations try to preserve at their ends (Kristian, & Braeckkan, 2012). However, any deviation whether desirable and undesirables leads towards breach in this psychological contract named as “psychological contract breach”. Psychological contract breach happens when the desired expectations are not met due to certain reasons and when their one party in contract deviate from the already agreed conditions (Jawad, Malik, Pracha & Malik, 2017). The psychological contract breach not only affects employees’ expectations but influence their performance and commitment undesirably (Zhao, Wayne, Glibkowski & Bravo, 2007). For the employees as well as for organization, in all respects, psychological contract breach is important keeping in view the demands and interests of the employees and organization.

In educational context, psychological contract breach is significant phenomenon as it has direct influence on the attitude and behavior of the employees. The higher institutions need the committed employees who show their efforts towards the achievement of institutional tasks by showing their hard work and this is only possible when the agreement between the employees and institution is natured and respected (Bal, Cooman & Mol, 2013). While, when employees or concerned institution deviate from this agreement then it not only affects the psychological bond but also influences performance of both employees and institution (Bal & Kooij, 2011). The management of institutions are needed to comprehend situation to make their employees empowered to take their decisions which is possible and ensured through the psychological contract (Balogun, Esan & Ezeugwu, 2017). Thus, psychological contract is vital for employees and institutions in meeting demands of both by considering and esteemed the mutual agreement for best resilience in the concerned institution.
**Theoretical Framework**

The theoretical framework helps in providing an understanding towards the entire process of research by highlighting the independent, mediating and depending variables wherein the relationships have been presented through different arrow from independent to dependent, from independent to mediator, from mediator to dependent and from demographic variables to independent, mediator and dependent variables which are aimed to examine through the statistical procedures.

Figure 2.1 Theoretical Framework

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**Materials and Methods**

The “high-performance work system” and its relationship with employees’ performance are the existing realities supported by psychological contract breach and employees’ resilience, which are aimed to further investigate in higher educational context, by applying statistical trials to offer new methodologies, new results and new information (Hughes & Sharrock, 1997). All these are prerequites of positivist philosophical approach, therefore, positivism will be the research philosophy applicable in this research study.

**Research Approach**

In social research, different approached have been suggested by scholars in order to access the population and sample of study prerequisite for conducting research studies (Zikmund, Babin, Carr & Griffin, 2010). The survey approach will be used in this study as survey enjoys excessive popularity in social research among the different methods for the data collection (Malhotra, Hall & Oppenheim, 2006). The surveys are helpful in providing the quick responses about the frameworks and results of the study.

**Population of Study**

The population of research studies comprises different individuals from different contexts based upon the nature of the study (Saunders, 2011). However, there are certain limitations concerning the population as entire population is not accessible and sometimes it becomes difficult to approach them therefore, the researchers mostly rely on the sample of population under investigation for the particular purposes. The population of study includes the faculty members from higher southern region educational institutions of KP, Pakistan.

**Sample Determination**

The sample has been drawn from the population of the study wherein the
population of the study comprised the faculty members from the universities in southern region of KP. The southern region comprises different districts wherein different universities are functional, and, population of universities comprises 902 faculty members. Therefore, the sample of 277 has been selected by using the statistical formula for the determination of sample size. Thus, 277 questionnaires were distributed and 233 were recollected.

Data Collection & Analysis Methods
Another important phase in research process is the data collection wherein two important sources have been recommended by social researchers comprises the secondary and primary data collection (Sekaran, 1999:61). The secondary data was collected from diverse online available and accessible sources in form of different research articles on high-performance work system, employees’ performance and psychological contract breach. The primary data was collected through adapted questionnaire and analyzed through statistical procedures like correlation, regression and mediation.

Instrument Design
In social research, based upon the requirements of survey approach, questionnaire method is appropriate to collect the views/opinion from the respondents (Presser & Krosnick, 2010). The “questionnaire has been adapted from previous research studies” like high-performance work system (Veldhoven & Meijman, 1994), the employees’ performance (Linda, Buuren & Beek, 2012), and the psychological contract breach (Nicole & Nouman, 2013). These questionnaires have been used in different context with different outcomes variables. The research variables will be measured through7-point Likert scale “questions ranging from strongly disagree to strongly” agree.

Data Analysis & Discussions
The data analysis is the process of answering the research questions (hypothesis) in order to reach the conclusion, wherein in discussion, the researchers need to compare commonalities and difference in current and existing research studies. Keeping in view the existing trends in research, this study also presented the results as obtained through statistical procedures and discuss these results in the light of existing research studies.

Table 1Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Performance Work System</td>
<td>233</td>
<td>3.27</td>
<td>6.91</td>
<td>5.9321</td>
<td>.60732</td>
</tr>
<tr>
<td>Employees Performance</td>
<td>233</td>
<td>3.10</td>
<td>5.10</td>
<td>4.3365</td>
<td>.49262</td>
</tr>
<tr>
<td>Psychological Contract Breach</td>
<td>233</td>
<td>2.00</td>
<td>6.60</td>
<td>2.9618</td>
<td>.74767</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>233</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The descriptive statistics helps in providing the information in describing research variables in terms of N (233), minimum and maximum responses rate concerning all the research variables of the study supported by means and standards deviation. In this connection, the above table provide the responses rate along with mean and standard deviation about high performance work system (minimum =
3.27, maximum = 6.91, mean = 5.9321 and standard deviation = .60732), the employees performance (maximum = 5.10, minimum = 3.10, mean = 4.3365 and standard deviation = .49262) and psychological contract breach (minimum = 2.00, maximum = 6.60, mean = 2.9618 and standard deviation = .74767). Consequently, the descriptive statistics offered sufficient information in describing the research variables of the study.

**H1:** The Association among Research Variables

<table>
<thead>
<tr>
<th>Tables 2 Correlation Analysis</th>
<th>HPWS</th>
<th>PCB</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Performance Work System</td>
<td>Pearson Correlation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td>Psychological Contract Breach</td>
<td>Pearson Correlation</td>
<td>-.473**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>Employees Performance</td>
<td>Pearson Correlation</td>
<td>.668**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>233</td>
</tr>
</tbody>
</table>

HPWS: High Performance Work System, PCB: Psychological Contract Breach

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

The H1 about association through correlation provide enough evidence about relationships (association) among the high-performance work system, psychological contract breach and employees performance. The correlation results confirmed the association as highlighted in the existing research studies about the relationships among research variables under study likewise association between employees’ performance and high-performance work system (R = .668 & P = .000), employee performance and psychological contract breach (R = -.356 & P = .000) and high-performance work system and psychological contract breach (R = -.473 & P = .000). Therefore, from the results, the H1 about association is partially accepted. The results of study have been validated through existing research studies wherein results are similar to some extent in different contexts (Suazo, 2009; Zhu & Zhou, 2013; Shi & Yong, 2014; Abela & Debono, 2019) based on the nature and context of research variables and their interrelationships.

**H2:** The Mediating Role of PCB in HPWS and Employees Performance

| Tables 3 Regression Analysis (Model Summary) (path a) |
| --- | --- | --- | --- | --- |
| Model | R | R Square | Adjusted R Square | Std. Error of Estimate |
| 1 | .473** | .224 | .220 | .66012 |

| Tables 4 Regression Analysis (ANOVA) (path a) |
| --- | --- | --- | --- | --- |
| Model | Sum Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 29,030 | 1 | 29,030 | 66.618 | .000p |
| Residual | 100,660 | 231 | .436 | | |
| Total | 129,690 | 232 | | | |
The $H_2$ was about the mediating role of psychological contract breach in connecting the high-performance work system and employees’ performance by applying Barren and Kenny (1986) model of mediation. The first path of mediation shows that high-performance work system is responsible to bring 22.4% variance (table 3) in psychological contract breach and thus showing the significant impact of high-performance work system on the psychological contract breach ($B = -582 \& P = .000$) (table 4 & 5). The other mediation paths (second, third and fourth) also provided significant information in deciding the mediating role of the psychological contract breach wherein in direct model, 43.6% variance in employees’ performance is due to high-performance work system while 57.7%
variance in employees’ performance is due to the high-performance work system and psychological contract breach (table 6).

Similarly, in direct relationships, the high-performance work system is significant predictor of employees’ performance (B = 499 & P = .000) while in indirect relationship, the high-performance work system becomes insignificant after inclusion of psychological contract breach as mediator (B = .388 & P = .064) (table 8). Above results show that psychological contract breach fully mediated the connection between high-performance work system and employees’ performance. Thus, from results, H2 is accepted. Different studies provide the commonalities and differences from different dimensions about the relationships among the research variables like high-performance work system, psychological contract breach and employees’ performance that to what extent these variables are affecting each other. The results have been validated through existing studies results (Bal, Lange, Jansen & Velde, 2008; Karatepe, 2012; Kuang, 2013; Zhu & Zhou, 2013; Lv & Xu, 2016; Akhtar, Nawaz & Shahid, 2016) which provide enough evidence about relationships among research variables under study in different context.

CONCLUSION

The study was aimed to examine the association between high-performance work system and employees’ performance in the higher educational context. The study was also aimed to examine mediating role of psychological contract breach in connecting high-performance work system and employees’ performance. The results of the study confirmed the positive and significant association amid high-performance work system and employee performance. The main theme behind is active and effective system of work performance that is operative behind the decent performances of employees. The results also show the significant impact of psychological contract breach on the employees’ performance. The reason behind is when the employees feel that their needs are not periodized as per the agreement then they have to show diminutive interest in their assigned tasks. The psychosocial contract breach fully mediated the linking between high-performance work system and employees’ performance. The main theme hind is the effectiveness of the performance effective system towards the employees’ performance on one hand, but on the other hand, the performance standards get influences in the presence of high-performance work system, however, due to the absence of psychological contract. When the employees’ feel that their desired priorities have not been considered accordingly then it will directly influence their efforts and potential in diverse manners.

Recommendations

✓ The high-performance work system is vital for the higher institutions as it enables the institutions to motivate their employees towards higher performances to think and act innovatively to complete their assigned tasks. Therefore, the institutions are required to put more efforts towards the implementation of high-performance work system in letters and spirit.

✓ The employees’ performance is critical for all organizations including HEIs thus, the institutions are required to put emphasis on
motivating the employees to show high efforts and potentials. In this connection, certain training programs are direly needed to comprehend the situation to ensure desired standards in order to meet objectives of the institutions.

✓ The psychological contract breach is an important phenomenon that is directly linked with emotional and psychological circumstances related with the employees. Thus, the institutions are required to put their efforts on fulfillment of mutual agreements between employees and institutions to motivate them towards higher performances to attain their desired standing.

REFERENCES


