

Critical Success Factors of High Performance Work System (HPWS) Practices: Findings from Malaysian SMEs

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[https://doi.org/10.35609/gcbssproceeding.2020.11\(162\)](https://doi.org/10.35609/gcbssproceeding.2020.11(162))

ABSTRACT

Innovation plays a major role and is a crucial component of the organization's growth. Creativity and innovation have become increasingly popular as key contributors to firm success in the last few decades or so. The incoming technology of Industrial Revolution 4.0 forced many companies to be innovative to compete in technological era. However, many SMEs are not ready and less innovative. Furthermore, there is lack of research focus on HPWS implementation amongst SMEs indicates that further research must be conducted along these lines. Therefore, this study aim to investigate the effect of high performance work system (HPWS) towards innovative work behaviour of employees in small and medium enterprises. This study used quantitative approach to identify the critical success factor of high performance work systems (HPWS) in Malaysian small and medium enterprises (SME) manufacturing industry. This study used descriptive analysis to analyze the data. Five-point Likert scales items ranging from (1-strongly disagree, 5 – strongly agree) employed for measuring the HPWS. Therefore, the total of 81 items survey questions were adapted to obtain the respondents for SME manufacturing industry. Reliability analysis shows that all the HPWS dimensions have very good reliability with Cronbach's alpha value range from 0.884 to 0.976. According to Tang et al (2014), Cronbach's alpha range between 0.70 and 0.80 considered as good reliability whereby 0.80 and 0.90 considered as very good reliability. Result also showed that selective staffing has the highest mean score followed by employee participation, which are 3.951 and 3.833 respectively. This proved that selective staffing is most important critical success factor in the HPWS implementation for Malaysian SME manufacturing industry.

Keywords: high performance work system, work engagement, innovative work behaviour, small and medium enterprise.