

## **Unraveling the Role of Employee Flexibility: A Mediator Between Transformational HR Management Practices and Job Performance"**

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### **ABSTRACT**

In a dynamic business world, change is unavoidable. Since the last decade, intense competition, change and transformation have been focused on the hospitality sector (Perry-Smith 2006). As a response to the importance of change, the current research aimed at investigating the linkage between employee job performance and perceived transformational human resource practices. Drawing on evidence-based theory, this study tested how transformational Human Resource practices affect employees' abilities to respond in ways that enhance their job performance. Based on the literature, the study proposed that transformational Human Resource practices lead to higher employee job performance, employee flexibility being the mediating factor. To test the proposed model, a multi-linear regression analysis was carried out on employees from the hospitality industry.

Study results indicated a significant relationship between transformative HRM practices and employee job performance. The study further verified the mediating role of employee flexibility between independent variable (transformative HR practices) and dependent variable (employee job performance). By investigating the relationship above, the study aims to contribute to the existing literature on change management by quantifying the perceived transformational human resource practices as a regressor of flexibility to adopt change and job performance of employees.

**Keywords- Transformative HRM practices, Organizational change, employee flexibility, employee performance, Hospitality Industry**

### **Introduction**

In a dynamic business world, change is unavoidable. Since last decade, intense competition, change and transformation has been focused on the hospitality sector (Perry-Smith 2006). To be competitive, it continuously looks for new opportunities, creates new procedures, and learns new things. In order to prepare their staff for success during a transition process, hospitality businesses use proactive measures (Tummers et al. 2015) Companies conduct in-depth studies of their resources and skills before deciding on any transformation initiatives. For organisational internal and external procedures, a dynamic business climate poses several difficulties. Without a purposeful and effective approach to change, organisations tend to stagnate, stumble, and frequently fail. According to a report by Beer and Nohria (2000)seventy five percent of reform initiatives fails.

The impact of HR strategies depends on how they are developed and put into practice. Emphasising on employee's stance, it is critical to note that rather than how HR policies were designed, their influence mostly depends on how people view and interprets them. The strategic HR decisions are expected to give guidance for enhancing employee performance in response to organisational transformation (Tummers et al. 2015). Strategic human resource management choices and practices are labelled as "transformative" actions to adopt and implement the change process (Ogilvie and Stork, 2003). Recently, the focus of Human resource management literature is shifting and emphasising on how businesses that promote employee involvement in HR activities based attracts more positive outcomes (Boudreau and Jesuthasan 2011; Rynes, Giluk, and Brown 2007). As a result, in the process of change, evidence based human resource practices are taken as essential transformative resources. We regard HR practices that are supported by evidence as being transformative. Scientific knowledge-based data, validated facts, feedbacks, and stakeholder concerns define evidence-based human resource practices. Boudreau and Jesuthasan (2011) proposed five principles for transformative human resource practices that are evidence-based and include segmentation, synergy, optimization, risk leverage and rationally driven analytics. In order to create a strategy for improving results, transformative HR practices combine data and scientific methodical thinking. So, the question is, do the change based transformative HR strategies and practices effect how well employees accomplish their tasks? How does job performance among employees result from perceived transformational HR practices? We put forth strong emphasis on the process aspect and describe how allegedly transformative HR practices affect employees job performance.

According to literature, employees' flexibility to change and agility have a good impact on their job performance (Solberg and Wong 2016). According to Berg, Wrzesniewski, and Dutton (2010) during a transformation process, flexibility enables proactive efforts to address work-related difficulties. Strategic initiatives have been used by organisations to cultivate their employees' mental models and flexibility in order to better prepare them for change (Barr, Stimpert, and Huff 1992; Francis 2003; Maheshwari and Vohra 2015). To offer new dimensions to the literature of employee behavioural capabilities process, we attempted to discover if employee flexibility act as mediator shared relationship between employee perception of transformational human resource practices and employee job performance.

### **Literature Review and Formulation of Hypothesis**

As Boudreau and Jesuthasan (2011) explained, transformational HRM practices are evidence-based HRM initiatives that aims at improving employee outcomes through changing employee behavioural capacities. These strategies use analytical and advanced system thinking to express corporate incentives that might influence employee behaviour. A more effective HR system fosters an environment where employees have a shared understanding of what's crucial & which actions are anticipated (Bowen and Ostroff 2004).

According to psychological theory, workforce comprehend organisational transformational HRM practices and adjust their conduct to conform to organisational standards. As a result, the process by which employees adjust to the organizationally required behaviours increases employee adaptivity and agility which promotes their job performance. Rousseau and Barends (2011) presented transformative human resource practices as, which help organisations make better decisions and perform better. They drew on the evidence-based approach. Our views are theoretically supported by the transformational learning theory, which also explains how and why perceived transformative HR practices affect job performance of employees. According to the transformational learning theory, what employees' expect, experience and their interpretation shape their psychological frames of reference and subsequent behaviour (Mezirow and Marsick 1978). Learning involves changing one's viewpoint and worldview in addition to merely gaining

new knowledge. Employee behaviour and job performance may be affected by how they perceive transformational HR procedures and decisions. As a result, we propose:

**H01: Transformative HRM practices are significantly related to job performance of employees.**

The ability to adapt and change behaviour in response to change is referred to as employee flexibility (Griffin, Neal, and Parker 2007). It supports the performance and work adjustment of the employee (Strauss et al. 2015). Employee flexibility aids in overcoming workplace difficulties through their proactive behaviour and organisational job design (Berg et al. 2010). It facilitates employee adjustment to organisational and job changes and improves worker productivity. Delaney and Huselid (1996) affirmed how HR procedures help to improve an employee's abilities, skills, and motivation. As a result, we also anticipate that how employees perceive transformative HR methods would affect their willingness to alter their behaviour in order to satisfy job performance standards. The degree to which a person's perception and transformative HR practices correspond will greatly affect how flexible they are. Thus, based on literature we propose:

**H02: Transformative HRM practices are significantly related to employee flexibility to adapt change.**

**H03: Employee flexibility serves as a mediator between employees perceived transformational HR practices and employee job performance.**

**Employee Flexibility to adapt and Employee Job Performance**

Performance is accelerated by a worker's capacity to adapt deliberate strategic actions of organisation. By aligning organisational expectations with individuals' talents, the organisational enticement, change oriented HR policies, and personal positive responses stimulate greater performance. Therefore, we anticipate that employee flexibility i.e., tolerance and adaptivity to practice change will have a favourable linkage with job performance of employee. According to Houghton and Yoho (2005), people perform better when they accept and adjust to their workplace. Therefore, it is possible to think of employee flexibility as a channel amidst individual's sense of organisational inducements, transformative human resource practices, and resulting behaviour or outcome in the form of performance. According to Leischnig and Kasper-Brauer (2015) people's perceptions are formed by their traits, conceived inducements, and adaptability. Adaptivity, according to Strauss et al. (2015) has a significant impact on employees deliberate behaviour. Thus, we propose:

**Research Methodology**

The study population comprised full-time employees from the hospitality industry, specifically from 4- and 5-star hotels, due to their high dependence on strategic HRM practices for maintaining service excellence. These employees are more likely to experience structured HR interventions, making them a suitable sample for analyzing the effects of transformational HRM practices on performance. The study employed Structural Equation Modeling (SEM) using AMOS to test the hypothesized relationships. SEM was chosen for its ability to assess complex interrelationships between latent variables and to validate the mediating role of employee flexibility. Model fitness was determined using CFI, GFI, TLI, SRMR, and CMIN/DF indices.

**Measurement tools:**

Transformative HRM practices construct was measured using a 9-item scale developed by Bodla and Ningyu (2017). Employee flexibility to adapt change was measured using a 5 item Likert scale developed by Griffin et al. (2007). Employee job performance construct was measured using Williams and Anderson's (1991), a 7-item scale.

**Analysis:**

To check the consistency and validation of the constructs used in study, Confirmatory factor analysis was used. To check goodness-of-fit of the proposed model value of measures such as CFI, goodness of fit index,  $\chi^2$  statistics, RMSEA and SRMR was compared to threshold limit so that decision to accept or reject the proposed model can be made. The conceptual model was tested through AMOS -SEM. Structural Equation Modelling (SEM) relates with the direct and indirect relationship among the variables. Our findings validated the proposed model fit and offered validity for testing correlations between the constructs.

**Table 1 Model fit summary**

Model fit Indices	Model Values	Criteria of a model good fit	Model fitness
CFI	.93	$\geq 0.90$	Yes
GFI	.897	$\geq 0.90$	Yes
TLI	.930	$\geq 0.90$	Yes
SRMR	0.051	$< 0.08$	Yes
CMIN/DF	2.545	Between 1 & 3	Yes
RMSEA	.056	$<0.08$	Yes

Further to check reliability of constructs used Cronbach's alpha was tested. Cronbach's alpha value of the variables was 0.792 for transformative HRM practices, 0.801 for employee job performance and for employee flexibility 0.739, all which outstripped the criteria recommended by Nunnally and Bernstein, (1994) as a cut-off of internal consistency coefficient (Cronbach's  $\alpha$ ) i.e., 0.70. The table below displays the variables' means, SD and intercorrelations.

**Table 2 Reliability Analysis of Constructs**

Construct	Cronbach's $\alpha$	No. of items
Transformative HRM Practices	.792	9
Employee Flexibility	0.801	5
Employee Job Performance	0.739	5

**Table 3 Descriptive Statistics of Study Variables**

	N	Mean	SD
Age	214	32.16	0.7133
Gender	214	4.0743	0.5823
Education	214	3.9778	0.5724
Designation	214	3.8354	0.5375
Work Experience	214	3.7403	0.6233
Transformative HRM Practices	214	3.89	0.4108
Employee Flexibility	214	4.03	0.3914

Employee Performance	Job 214	3.7722	.59527
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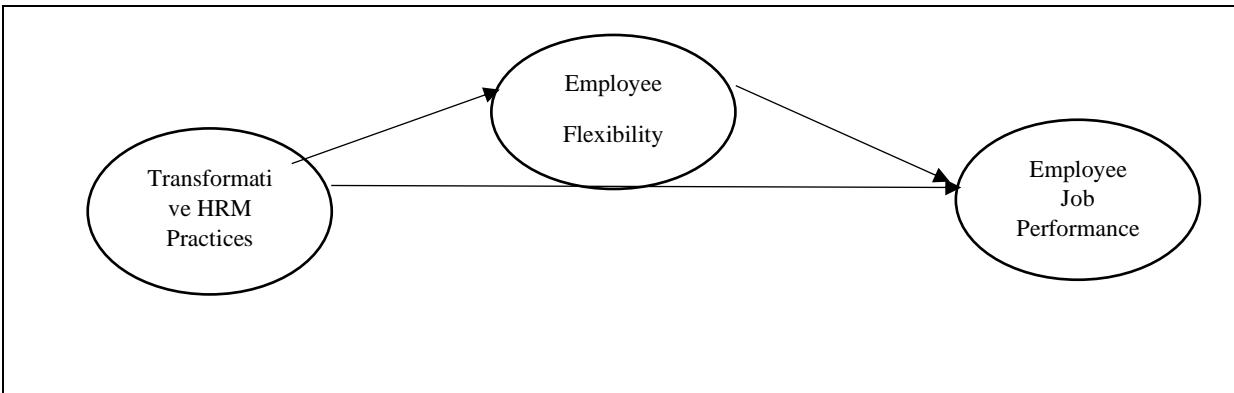
According to the table below, perceived transformative human resource practices showed a significant & positive correlation with employee job performance ( $\beta= 0.53$ ) & employee flexibility ( $\beta= 0.67$ , at  $p<0.01$ ). Additionally, data showed a strong correlation b/w employee job performance and flexibility ( $\beta= 0.79$  at  $p<0.01$ ). The relationship between the variables gave a practical support to the proposed hypotheses. Moreover, multiple linear regression was performed to test the impact of independent variable (IDV) on dependent variable (DV). We examined the potential connections while controlling for employee demographics.

**Table 4 Correlation Matrix of Key Variables**

	Age	Gender	Education	Designation	Work Experience	Transformative HRM Practices	Employee Flexibility
Age	1						
Gender	.33**	1					
Education	.14**	.24**	1				
Designation	.39***	.26**	.30**	1			
Work Experience	.46**	.16**	.19**	.41**	1		
Transformative HRM Practices	-0.42*	.23**	.53**	.40**	-0.23**	1	
Employee Flexibility	-0.34*	0.69**	0.54**	0.61**	-0.29**	0.67**	1
Employee Job Performance	-0.36*	0.16**	0.26**	0.17*	0.73**	0.53**	0.79**

The results of the correlation study showed that perceived transformational HR practises and employee flexibility had a negative association with the employee's work experience ( $r = 0.29$ ,  $p<0.01$ ) and employee flexibility ( $r = 0.23$ ,  $p<0.01$ ). Employee job performance, perceived transformational HR practices, and employee flexibility were all adversely linked with employee age ( $r = -0.36$ ,  $r = -0.42$ , and  $r = -0.29$ , at  $p<0.01$ , respectively). Higher-educated employees also tended to be more adaptable and willing to adopt transformative HRM practices. Study results confirmed that employee's job performance is positively correlated with perceived transformative human resource practices, as indicated in Table. The findings confirmed Hypothesis one and two. Work experience and employee job performance also showed a favourable and noteworthy association.

## Research Model



To determine whether mediation effect is full or partial, the Hayes, 2004 mediation analysis conditions were put to the test. Hayes (2004) outlined three steps for evaluation of mediational effect: firstly, direct relationship between predictor variable (IDV) and dependent variable (DV), secondly, a relationship between the predictor variable and mediating variable. Lastly, relationship between the predictor variable and the dependent via a mediator. Through the use of multiple regression analysis and the acceptance of hypothesis one and two, the 1<sup>st</sup> and 2<sup>nd</sup> condition were verified. Further, we built a mediation model to evaluate the third hypothesis, which is that employee flexibility mediates the association between transformational HRM practices and employee job performance. Using the Hayes Process Macro, the lower and upper-level confidence intervals were examined to see if they included zero values or not. If contains zero value then it implies that the variables analysed in the study do not have mediator role between dependent and independent variable. Thus, to support mediator role, the confidence interval value of Lower and upper-level confidence interval must be positive or negative to express mediating role. A positive value implies that the underling variable plays a positive and unidirectional role in the relationship between IDV and DV, otherwise the negative value shows that that the corresponding variable has a negative role. Results of the mediation model confirmed that employee flexibility fully mediated the connection between perceived transformational HRM practices and employee job performance ( $r=0.64$ , at  $p<0.001$ ).

**Table 5 Mediation Analysis Results**

Parameter	Estimate	Standard Error (SE)	t-value	df	95% Confidence Interval (CI)	p-value
A × B	0.746	0.139	5.36	212	(0.139, 0.910)	0.001

The significant positive interaction effect implies that the relationship between **A (Transformational HRM Practices)** and **B (Employee Flexibility)** plays a crucial role in enhancing **Employee Job Performance**. Organizations should focus on implementing HRM strategies that promote employee flexibility to maximize job performance.. The significance of the indirect path, A\*B, is indicated by the P value. we used a bootstrap estimation method to examine the indirect effect. With the 99 % confidence intervals with no zero (0.139 - 0.910), the extent of the difference in the indirect effect of perceived transformational human resource practices on employee job performance was  $r=0.436$ . We may state that employee job performance effect was 0.21 percent more likely to be related with perceived transformational HR approaches as mediated by employee adaptivity. P value being less than 0.05, supports study hypothesis 3, indicating that mediation effect exists.

## Discussion

We set out to investigate how perceived transformative HR strategies affect job performance in this study. The relationship between perceived transformative HRM practices and employee job performance was developed and empirically tested. This supports the theoretical justifications put forth by (Boudreau and Jesuthasan 2011) regarding the idea of transformative HRM practices. We prepared the groundwork for an empirical investigation of the concept of transformative HR practices and made a modest effort to operationalize it. Our modest but thorough examination and comprehension of the operationalization of perceived transformational HRM practices shed light on how transformational HR affects employee performance. Additionally, we contributed to the growing body of knowledge by establishing a relationship between perceived transformative HRM practices and employee job performance and mediational role of employees' flexibility to adapt the change. Study findings suggests that employees' positive perception of transformation intended HRM practices, fairly enhances their performance at job. As organisations are operating in vibrant environment, the need to be flexible with policies as well as employees' flexible attitude is the key to competitive advantage. Hospitality industry being highly sensitive and fully service-oriented industry needs employees who articulates change as a positive response, develops positive behaviour to change adaptivity.

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