

A Study of Flexible Human Resource Management and Firm Innovativeness

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ABSTRACT

The relationship between flexible HRM, innovative work behaviors and firm innovativeness. We developed a theoretical framework which links the constructs together. innovative work behaviors, flexible HRM along with its 3 sub-dimensions (Hr practices flexibility, Employee skill flexibility and Employee behavioral flexibility) and firm innovativeness along with its 3 subdimensions (Product innovation, Process innovation and administrative innovation) are interlinked. Using the sample of 153 collected from the top and middle managers of high technology companies, the data was analyzed whose findings proved that flexible HRM positively impacts innovative work behaviors. Further, innovative work behaviors positively impacts firm innovativeness.

1. INTRODUCTION

The digital era and the knowledge economy have significantly transformed the corporate landscape (Chen & Li, 2015). Organizations are now confronted with intense competition within a dynamic, uncertain, and complex environment (Sanz-Valle & Jiménez-Jiménez, 2005). To secure a competitive edge and ensure survival, companies rely heavily on their capacity to adapt and respond to environmental changes, as well as their flexibility and capability to introduce new ideas and products (Jiang, Wang & Zhao, 2012; Beugelsdijk, 2008; Mumford, 2000; Chen & Huang, 2009).

A company that embraces creative and innovative strategies must cultivate a workforce characterized by entrepreneurial and innovative behaviors. Therefore, it is crucial to thoroughly understand the factors that drive individuals to behave innovatively in the workplace and how organizations can foster such behaviors (Eenink, 2012).

Human resource management is considered to be deeply integrated into business strategies to effectively facilitate innovation (Kozlowski, 1987). An emerging area of interest within human resource management is flexible human resource management, which allows organizations to adapt to the evolving, uncertain, and diverse demands of both internal and external environments (Wright & Boswell, 2002; Kumara & Pradhan, 2014). Flexible human resource management is regarded as a vital component of organizational flexibility, as it aligns employee attributes (skills, abilities, characteristics, and behaviors) with changing environmental conditions (Ngo & Loi, 2008).

In essence, flexible human resource management offers flexible structures, employment modes, incentive and training plans, and encourages workers to learn and apply new and useful information from their environment (Chen & Li, 2015). Furthermore, by emphasizing the improvement of employee skills, motivation, talents, and opportunities, flexible human resource management (FHM) fosters creative work behavior.

Companies that want to innovate must have innovative work practices because their people are the main source of innovation and their actions are what drive these organizations' success (Abstein & Spieth, 2014). According to Puikene (2016), these actions are seen as an essential part of change management since they help firms innovate and gain a competitive advantage. Even though many business executives now understand how crucial innovation and creativity are to long-term company success, a sizable portion persist in using conventional innovation techniques, which frequently result in failures and produce gains that are insufficient to offset their costs (Molino et al., 2013).

It is still unclear how human resource management might promote creativity. Just 20% of HR professionals actively participate in corporate innovation processes, according to the HR InnovAsian report (2014). This figure demonstrates how organizations are not fully aware of how important human resources are to fostering creativity. Furthermore, there is a strong correlation between innovative work behaviors displayed by people and innovative performance of firms (Farr & Ford, 1990; De Jong & Den Hartog, 2010). However, businesses frequently discover that their capacity to promote such behaviors is constrained by a lack of knowledge on effective motivation.

The role of human resource management in innovation has received a lot of scholarly attention (Karlsson, 2013; Zhou et al., 2013; Jiang, Wang & Zhao, 2012), and some empirical research has been done on the topic (Jimenez & Valle, 2008; Li, Zhao & Liu, 2006). However, there is still a lack of information regarding which HR practices specifically encourage innovation in businesses. Additionally, the few studies that have been done on flexible HR policies (e.g., Kumara & Pradhan, 2014; Ngo & Loi, 2008; Chang et al., 2012) frequently ignore employee behavior, which may be a key factor in fostering innovation.

LITERATURE REVIEW

Strategic Human Resource Management (SHRM) is characterized as "the pattern of planned HR deployments and activities intended to enable an organization to achieve its goals" (Wright & McMahan, 1992: 298). The discipline has increasingly highlighted the significance of examining how "systems" or "bundles" of HR practices collectively assist organizations in reaching strategic objectives, rather than concentrating solely on individual HR practices. An HR system is defined as a set of HR practices that are designed to be internally coherent and mutually reinforcing to achieve overarching outcomes (Lepak et al., 2006: 221). Theoretically, these systems of HR practices are believed to influence performance-related results (Delery, 1998; Wright & Boswell, 2002). Current research offers initial meta-analytic evidence suggesting that HR systems are generally more closely associated with performance than isolated HR practices (Combs et al., 2006). Nonetheless, the mechanisms through which this collective effect operates remain somewhat ambiguous. While it is posited that all practices within a system aim to support a common goal (e.g., Jiang, Lepak, Han, et al., 2012), the specific nature of this overarching goal, the conceptualization of HR systems, and the contributions of individual practices to this goal are not always clearly defined.

Various conceptual frameworks for HR systems have been proposed, including high-performance (e.g., Huselid, 1995), commitment (e.g., Arthur, 1994), and involvement (e.g., Guthrie, 2001). Some researchers employ broad terms such as HR system or HR bundle without specifying a primary strategic emphasis, while others investigate specific HR systems that target areas such as customer service or teamwork (Jackson et al., 2014). Within HR systems, different levels can be identified: HR policies articulate an organization's declared intentions regarding the implementation of HR practices, whereas HR practices

denote the actual activities carried out (Becker & Gerhart, 1996; Wright & Boswell, 2002). Techniques refer to the methods employed within these practices, such as the use of assessment centers in the selection process. Additionally, HR systems can be organized by considering broader frameworks.

OBJECTIVES OF THE STUDY:

The objective of the study is to assess the effects of high-performance human resource management practices on organizational performance, with innovation serving as a mediating variable. The research framework was constructed by synthesizing concepts from high-performance human resource management theory, innovation, and organizational performance.

SCOPE OF THE STUDY:

This study investigates the connection between Flexible Human Resource Management, innovative work behaviors, and organizational innovativeness. We have established a theoretical framework that integrates these concepts.

RESEARCH METHODOLOGY

The study explores the connection between flexible human resource management, innovative work behaviors, and organizational innovativeness. We have established a theoretical framework that integrates these concepts.

RESULTS AND ANALYSIS

Flexible Human Resource Management (HRM) is integral to strategic HRM, functioning as an internal capability within organizations and a vital component for securing a sustained competitive edge (Kozica & Kaiser, 2012). The notion of flexible HRM investigates how effectively organizations can rapidly adjust to environmental changes (Chen & Li, 2015). First articulated in 1995, Sanchez characterizes flexible HRM as the organization's capacity to extend its capabilities to redefine product strategies, reorganize resource chains, and appropriately redeploy those resources. Expanding on Sanchez's framework, Snell, Youndt, and Wright (1996) assert that flexible HRM seeks to improve the adaptability of employee skills, behaviors, and functions in response to shifting environmental demands. This methodology includes a range of HRM strategies that shape employee psychology, direct their behaviors, and align individual objectives with the overarching goals of the organization (Sanchez, 2011).

Chen and Li (2015) pointed out notable differences between Traditional Human Resource Management (HRM) and Flexible Human Resource Management (fHRM). They observed that while traditional HRM focuses on the overall effectiveness and efficiency of the organization, fHRM emphasizes enhancing the organization's capacity for innovation, competitiveness, and dynamic adaptability. The primary impetus for organizations to implement fHRM is their desire to maintain competitiveness in a swiftly evolving environment (Kozica & Kaiser, 2012).

Wright and Snell (1998) delineated three specific sub-dimensions of flexible HRM: employee behavior flexibility, employee skill flexibility, and HR practice flexibility. Employee skill flexibility refers to the organization's ability to utilize employees' skills across various contexts and to reassign them promptly (Wright & Snell, 1998). This concept entails creating an environment that promotes diverse skill development and enhances employees' adaptability to undertake a variety of tasks in different situations.

Table 1: Number of companies and sample drawn from sectors

Sectors	Number of companies	Sample
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iT	4	44
Telecommunication	3	26
Home appliance	3	40
manufacturing & textile	3	34
Services	1	9
Total	14	153

Additionally, the descriptive statistics provided an overview of the frequencies related to gender, job designation, and years of experience among the respondents. The sample comprised 120 males and 33 females. In terms of managerial levels, there were 119 individuals classified as middle managers and 34 as top managers. Regarding experience, 98 respondents reported having between 3 to 10 years of experience, 45 had between 11 to 15 years, and 10 respondents possessed more than 15 years of experience.

Table 2: inter dimension correlation and descriptive statistics of FHrm, iWB and firm innovativeness (N=153)

	mean	SD	1	2	3	4	5	6	7	8
1-FHrm	3.46	.55								
2-Employee skill flexibility	3.41	.68	.847**							
3-Employee behavioral flexibility	3.53	.66	.791**	.479**						
4-Hr practices flexibility	3.43	.65	.841**	.611**	.481**					
5-iWB	3.55	1.08	.374**	.339**	.307**	.481**				
6-Firm innovativeness	3.38	.62	.623**	.531**	.528**	.483**	.352**			
7-Product innovativeness	3.42	.70	.594**	.512**	.498**	.462**	.287**	.791**		
8-Process innovativeness	3.31	.78	.484**	.415**	.420**	.364**	.328**	.827**	.455**	

9- Administrative innovativeness	3.40	.76	.469**	.375**	.393**	.375**	.255**	.854**	.534**	.568**
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Table 2 illustrates that innovative work behavior exhibits the highest mean score, while process innovativeness records the lowest mean. The data indicates a significant correlation between Flexible Human Resource Management (HRM) and innovative work behaviors ($r = .374, p < .01$). Additionally, Flexible HRM demonstrates a strong association with firm innovativeness ($r = .623, p < .01$). Moreover, there is a significant relationship between innovative work behavior and firm innovativeness as well ($r = .352, p < .01$). The table further details the positive and significant relationships among all sub-dimensions of the variables.

The regression analysis conducted to assess the impact and validate the hypotheses is summarized in Table 3. Prior to executing the regression analysis, the necessary assumptions were verified and deemed acceptable. The Shapiro-Wilk Normality test yielded a residual value ($p = .051$), confirming the normality of the data. To investigate potential multicollinearity issues, multiple regression analysis was performed, revealing Variance Inflation Factor (VIF) values below 2, which is well within the acceptable threshold, as values should generally be under 10 (Belsley, Kuh, & Welsch, 1980). Furthermore, the autocorrelation value fell within an acceptable range, with the Durbin-Watson statistic recorded at 1.638, indicating proximity to the ideal value of 2.

Table 3 shows the results of regression analysis of first 3 hypotheses.

Table 3: regression analysis for hypothesis testing (N=153)

Hypotheses	Linkages in model	R2	β value	t value	Sig
H1	FHrm ® iWB	.140	.736	4.95	.000
H2	iWB ® innovativeness	.124	.201	4.61	.000
H3	FHrm ® innovativeness	.388	.699	9.77	.000

As illustrated in Table 3, the initial regression analysis was conducted with flexible human resource management (FHrm) as the independent variable and innovative work behavior (iWB) as the dependent variable. The findings ($\beta = .736, p < .001$) demonstrate a positive and significant effect of FHrm on iWB, thereby supporting our first hypothesis: H1: Flexible human resource management is positively related to innovative work behaviors.

Subsequently, a second regression analysis was executed with iWB as the independent variable and firm innovativeness as the dependent variable. The results ($\beta = .201, p < .001$) indicate that innovative work behavior has a positive and significant influence on firm innovativeness, thus validating our second hypothesis: H2: Innovative work behaviors are positively related to firm innovativeness.

Finally, we conducted a regression analysis with FHrm as the independent variable and firm innovativeness as the dependent variable. The analysis yielded results ($\beta = .699, p < .001$) that confirm a positive and significant relationship between flexible human resource management and firm innovativeness, thereby substantiating our third hypothesis: H3: Flexible human resource management is positively related to firm innovativeness.

FINDINGS AND CONCLUSIONS :

Several important conclusions have been drawn from the study of the relationship between Flexible HRM, Innovative Work Behavior (IWB), and Firm Innovativeness:

Flexible HRM's Effect on IWB Empowerment and Autonomy Employees feel more empowered and autonomous when flexible HRM practices, such as remote work choices and flexible scheduling, are used. Their inclination to participate in Innovative Work Behavior (IWB), which includes tasks like ideation, advocacy, and execution, is favorably correlated with this increased autonomy.

Supportive Environment: Employees benefit from flexible HRM efforts that foster a supportive environment, such as continuous training and decentralized decision-making procedures. They feel more comfortable taking chances and experimenting with new concepts in this setting.

Motivation and Job happiness: Increasing job happiness is facilitated by implementing flexible work schedules.

Several significant findings are drawn from the study of flexible human resource management (HRM) and how it affects firm innovativeness through innovative work behavior (IWB):

Flexible HRM Is Essential for Innovation: Innovative business strategies are greatly aided by flexible HR policies. Organizations can cultivate an innovative culture by providing workers with increased autonomy, continual learning opportunities, and a work atmosphere that encourages creative risk-taking. Higher levels of process and product innovation follow from this.

Innovative Work as a Mediator by IWB One important mediating factor is behavior. It serves as a link between adaptable HRM procedures and the real creative results at the corporate level. Employees that participate in IWB directly support the creation, dissemination, and application of creative ideas.

The effects of particular flexible HRM practices (such as job rotation, telecommuting, or performance-based compensation) on various forms of innovation (such as radical versus gradual innovation) could be investigated in more detail.

Future studies could examine the function of leadership philosophies and how they contribute to the development of a creative workplace culture.

The way that the relationship between flexible HRM, IWB, and company innovativeness changes over time and in various industry contexts could be investigated through longitudinal studies. In summary, with Innovative Work Behavior acting as the vital connection between the two, a flexible approach to human resource management is not only a question of employee convenience but also a strategic lever for promoting innovation at the company level.

CONCLUSIONS :

Our study sought to explore the relationships among innovative work practices, company innovativeness, and flexible human resource management (HRM). By connecting flexible HRM with creative work practices among employees, this study expands on the theoretical frameworks developed by other researchers (Wright & Snell, 1998; Bhattacharya & Gibson, 2005; Chang & Gong, 2013). We examined Flexible HRM from the perspectives of behavioral analysis, resource-based view, and dynamic capabilities.

All four of our hypotheses received strong support from the results of our investigation. We found that employees' innovative work behaviors are greatly improved by flexible HRM, which in turn leads to a greater level of corporate innovation. Furthermore, our findings demonstrated that the mediator successfully promotes the association between business innovativeness and flexible.

According to the data, flexible HRM has a favorable and substantial impact on creative work practices (research question 1 addressed, H1 validated). This implies that companies can improve their HRM flexibility by expanding and improving the abilities, functions, and behaviors of their workforce, which will allow them to adjust to shifting demands. Employees are therefore more capable of coming up with, promoting, and putting into practice fresh, original, and worthwhile ideas. Additionally, as our results show a positive and significant impact of innovative work behaviors on firm innovativeness (H2 verified, research question 2 met), which is consistent with earlier study (De Jong & Den Hartog, 2010), innovation is dependent upon these innovative work behaviors. Therefore, it can be said that when workers demonstrate innovative behaviors at work, the company is better equipped to act creatively both inside and outside the company. This allows them to efficiently improve their administrative tasks, streamline their operations, and launch new goods on schedule. Additionally, the study's findings show that flexible HRM has a favorable and substantial impact on...

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