

**T.C.
ISTANBUL AYDIN UNIVERSITY
INSTITUTE OF SOCIAL SCIENCES**



**INCREASING THE ORGANIZATIONAL PERFORMANCE WITH
FLEXIBLE AND SUSTAINABLE HUMAN RESOURCE MANAGEMENT
FOR INNOVATIVE ORGANIZATIONS "A CASE STUDY"**

**MBA THESIS
HALAMOHAMMAD EID ALLOUZI**

Department of Business (English)

Business Administration Program

Thesis Advisor: Prof. Dr. Akin MARSAP

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İSTANBUL AYDIN ÜNİVERSİTESİ
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FOREWORD

First, I thank Allah the Almighty, for what I am now, and what I achieved until now. Then I would like to thank my family especially my parents, the ones who supported me all the time and helped me finish this level of education, I would also like to thank them for their patience and compassion. I would also like to thank my thesis supervisor Prof. Dr. Akin Marsap, the one who helped me a lot, with his useful comments and information, for he is the one who inspired me to love human resource management and write my thesis about it. I also thank my both German thesis supervisors, Prof. Dr. Antje Britta Mörstedt, she is really kind and helpful and I learned a lot from her once I went for Erasmus program in Germany, she also helped me conduct my study in Germany and she guided me to write this scientific work, and kind Prof. Dr. Stephan Weiblzahl, from whom I learned a lot when I needed a guide while doing my statistical analysis. I really thank them for their effort and help for me to finish this thesis successfully. I would like to thank my beloved family, especially my parents who raised me up to be a better educated lady, and who are always there for me when I am in need. I wish to thank my close friends who helped whenever I asked them for help, and they inspired me during my study, I'm really speechless by the way they encouraged me to finish this degree successfully.

Finally, I dedicate this thesis to those wonderful people in my life with pride.

August, 2019

Hala Mohammad EID ALLOUZI

DEDICATION

I dedicate this thesis to my beloved family, especially my parents.

Researcher
Hala Allouzi



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ABBREVIATIONS

CEO	: Chief Executive Officer
CSR	: Corporate Social Responsibility (business ethics)
HRM	: Human Resource Management
i. e.	: That is to say
PRP	: Performance Related Pay
SD	: Sales and Distribution
SHRM	: Strategic Human Resource Management or Sustainable Human ResourceManagement
SPSS	: Statistics Software
TBL	: Triple Bottom Line

INCREASING THE ORGANIZATIONAL PERFORMANCE USING FLEXIBLE AND SUSTAINABLE HUMAN RESOURCE MANAGEMENT FOR INNOVATIVE ORGANIZATIONS “A CASE STUDY”

ABSTRACT

This study aims to investigate the role of sustainability, flexibility, and HRM Practices in increasing the organizational performance for all the innovative organizations in the business world, why it is important to implement such concepts nowadays, and why does it really matter to take into consideration the importance of these concept in order to achieve the organizational goals and therefore a huge competitive advantage. After reading many theoretical studies and collecting data from different organization in Germany, the researcher realized that dealing with these concepts needs highly professional employees and managers because combining flexibility and sustainability in HRM practices is something really difficult, but the reward or the result will deserve all this hard work, because sustainability and flexibility and HRM practices can give a huge push for organizations to be on the top and it helps them to be more innovative, which is the only way for being successful in this digital era. In fact, in order to make this happen, everyone in the organization has the full responsibility to make this happen, employees, managers, top managers, and everyone working in the organization should work really hard in increasing the organizational performance of the association, and this can happen after gaining employees engagement and loyalty after applying both flexibility and sustainability in applying HRM practices. After testing the hypotheses of this study, it was shown that HRM practices have a positive impact on organizational performance by a significant value. Also, sustainability has a positive impact on the organizational performance, but flexibility has a negative impact on organization performance, and finally innovation has a high and meaningful positive impact on organization performance. So, these results show that these variables are really important for organizations to improve their performance and these variables have a huge impact on the organization to be more competitive and gain an advantage, which is really important to survive in today’s business world.

Keywords: *Flexibility, HRM Practices, Innovation, Sustainability, Organizational Performance*

YENİLİKÇİ ORGANİZASYONLAR İÇİN ESNEK VE SÜRDÜRÜLEBİLİR İNSAN KAYNAĞI KULLANARAK ORGANİZASYON PERFORMANSININ ARTIRILMASI “BİR VAKA ÇALIŞMASI”

ÖZET

Bu çalışma İş dünyasında tüm yenilikçi organizasyonlar için organizasyon performansını artırmada sürdürülebilirlik, esneklik ve İnsan Kaynakları Yönetiminin rolünü, bugünlerde bu kavramları uygulamanın niçin önemli olduğunu ve organizasyon hedeflerini gerçekleştirmek ve böylece devasa rekabet avantajı elde etmek için bu kavramların önemini dikkate almanın niçin gerçekten önemli olduğunu araştırmayı amaçlamaktadır. Birçok teorik çalışmayı okuduktan ve Almanya’da farklı organizasyonlardan veri topladıktan sonra araştırmacı bu kavramlarla ilgilenmenin İKY uygulamalarında esneklik ve sürdürülebilirliği birleştirmek gerçekten zor bir şey olduğu için oldukça profesyonel çalışanlar ve yöneticiler gerektirdiğini fakat ödül veya sonucun tüm bu zorlu çalışmaya layık olduğun çünkü sürdürülebilirlik ve esneklik ve İKY uygulamaları organizasyonlar için en tepede olmak için büyük hamle yaptırabildiği ve dijital çağda başarılı olmanın tek yolu olan daha yenilikçi olmalarına yardımcı olduğunun farkına varmıştır. Aslında bunu gerçekleştirmek için organizasyon içindeki herkes bunu gerçekleştirmek için tam sorumludur; çalışanlar, yöneticiler, üst yöneticiler ve organizasyonda çalışan herkesin kuruluşun organizasyon performansının artırılmasında gerçekten çok çalışması gerekir ve bu İKY uygulamalarını uygulamada esneklik ve sürdürülebilirliğin her ikisini uyguladıktan sonra çalışanların taahhüt ve sadakatini kazandıktan sonra gerçekleşebilir. Bu çalışmanın hipotezini test ettikten sonra İKY uygulamalarının organizasyon performansında anlamlı değerde bir olumlu etkisi olduğu gösterilmiştir. Aynı zamanda sürdürülebilirlik organizasyon performansı üzerinde olumlu bir etkisi vardır fakat esnekliğin organizasyon performansında olumsuz bir etkisi vardır ve son olarak yeniliğin organizasyon performansında yüksek ve anlamlı olumlu etkisi vardır. böylece, bu sonuçlar bu değişkenlerin performansını iyileştirmek isteyen organizasyonlar için gerçekten önemli olduğunu ve bu değişkenlerin organizasyon üzerinde bugünün iş dünyasında hayatta kalmak için gerçekten önemli olan e daha rekabetçi olmak ve bir avantaj elde etmek için devasa etkisi olduğunu göstermiştir.

* İKY: İnsan Kaynakları Yönetimi

Anahtar Kelimeler: Esneklik, HRM eğitimleri, Yenilik, Sürdürülebilirlik, Düzenli Performanslar.

CHAPTER ONE: INTRODUCTION

The concept of **sustainability** was established and found in the past 3 decades, since that time it became the base and the backbone of every business in this world (Kramar, 2014: 1070). In addition to that, organizations nowadays have more concern about the importance of different kind of objectives such as: social, ethical, and finally the ecological ones, that's why they started setting new objects and in order to do so they started promoting and implementing more innovative sustainable strategies (Chams& Garcia-blandon, 2019: 109). In fact, improvement in the business world cannot be done without the sustainable development. Actually, it is part of different scientific topics, that's why studies about this concept are increasing day by day. Furthermore, debates about sustainable management started in the 19th century in different European countries just like Germany, Switzerland, and Australia (Macke & Genari, 2019: 806-807). Additionally, the relationship between sustainability and HRM is really strong and they complete each other which create more innovativeness in the company, in which sustainability will make the human resource management process more sustainable, while HRM role is promoting the sustainable HRM practices in the organization (Macke & Genari, 2019: 807). Moreover, the concept of HRM itself refers to human resource; in fact, this subject became one of the most important subjects in the field of management (Ehnert et al., 2015: 3). We can define it as the "adoption of HRM strategies and practices that enable the achievement of financial, social, and ecological goals, with an impact inside and outside the organization and over a long-term horizon while controlling the unintended side effects and negative feedback' (Ehnert et. al., 2015:3). Or we can define it as the "development that meets the needs of the present without compromising the ability of future generation to meet their own needs" (Brundtland, 1987: 15).

Also, it is known as developing and emerging human resource strategies and practices to achieve the organization goals. These goals include the achievement of financial, social, and ecological goals for a long term. When researchers study this

concept, they found it goes beyond economical and environmental sustainability, it is also about other aspects just like; employee developments, health, well-being, justice, and full participation (Wikhamn, 2019: 103).

Moreover, firms and companies started including sustainability-directed activities in their policies, strategies, and rules. In addition to that, they started to publish a yearly sustainability reports to manage the human resource responsibility.

Actually, sustainability has become the (buzzword) of both the academic and the business world, in fact it is one of the “burning issues” of the 21th century. Even though, the history and the evaluation of this concept might seem unimportant, it could help marketers and managers to predict the future trends and flaws that may appear.

We can highlight the main objectives behind HRM sustainability by 3 points:

- Increasing the productivity of employees.
- In order to enhance the employee’s responsibility, they have to use participatory management rules, policies, and a professional business plan.
- Building a long-life relationship internally and externally.

In order to enhance sustainability in human resource management in different approaches, the manager should work on boosting and reinforcing the employability, promoting the individual responsibility, and securing a harmonious work life balance. In fact, the measurement of sustainable HRM focuses on the fact that individuals and the company are equal partners: on the one hand, the satisfaction of individuals needs to be promoted and on the other hand keeping the competitiveness of a company should be supported by sustainable HRM.

So, sustainability is one of the aspects that help an organization to engage in the social responsibility or what is known as CSR (Wikhamn, 2019: 3). This concept refers to a group of activities that is improved by HRM in order to manage people properly and apply it in the organization to perfectly achieve the organization’s goals, these activities secure the individual learning, development, and well-being.

On the other hand, **innovation** “is defined as the development (or the adaptation) and implementation of an idea, which is useful and new to the organization at the time of adoption” (Damanpour and Gopalakrishnan, 2001: 47). According to (Innovation

Nation, 2007:9) it was explained that “innovation appears when two different bodies of knowledge, perspectives, and disciplines are brought together.”

Innovation is the main catalyst for companies nowadays, because it has a positive impact on their economic survival and growth. Innovation includes showing new products and services that improve the financial performance and the reputation of the company (Storey and Easingwood, 1998:335-336). Actually, there is a positive link between innovation behavior and the company reputation. Innovation also has a positive impact on satisfaction, preference, firms, the productivity of employees, service quality, and market share and value.

Again, innovation means creativity, economic growth, and the recreation of values in the organization. Innovation is the improvement of existing or new products and services, the marketing tool, the organization strategic plan, or any other business practice (Eurostat, and OECD, 2005: 46-49). So, whenever the innovation concept comes that involves; product, process, marketing, and organization. Haneda & Ito (2018: 195) classified innovation output into two different types: 1. Product innovation, which means the success of introducing new innovative products; and 2. Process innovation, which means the success of introducing improved products. Moreover, this study shows that implementing more than one management or HRM practices can increase the level of innovativeness in any company.

Wikhamn (2019: 104) classified innovation into 3 major concepts; first comes the **Product Innovation** which is improving the characteristics or the intended uses of an existing or new product or service and the introduction of it. Then comes the **Process Innovation** in which there is an implementation of the delivery method. The author one mentioned is the **Marketing Innovation** in which there is development and improvement in the marketing strategy or in the product design, packaging, or placement of the product. Finally, comes the Organizational Innovation which is the improving process of business practices in the organization, the work place, or the external relations of the firm.

In fact, there is a huge relationship between innovation and customer satisfaction, the interaction between employees and customers is really crucial to achieve success in the firm. It is really important to come through customer satisfaction while applying innovation for several reasons; first it is an important indicator for the non-financial performance. Second, it shows the place of the firm or business in customers mind.

Third, customer satisfaction is not part of the company financial report, in fact, heavy investment negatively affects the financial indicators in the innovation process. Of course, improvements should not affect customer satisfaction negatively, that is why an organization should help innovation to cope up with reality.

Furthermore, it is not necessary that the relationship is direct and positive between innovation and customer satisfaction, for example, the service quality between innovation and the financial performance of the organization.

In fact, Haneda & Ito (2018: 196) explained the fact that there is a strong relationship between having different types of employees according to their ages, education, experiences, and knowledge will enhance the innovation performance of a company since it is a cooperation process, although some scholars find that age has a negative effect on the product innovation process, but he found a positive effect of gender and education on product innovation process.

Also, applying high-performance human resource practices affect positively on employee commitments, which positively affects the organizational innovation. so again, innovation is all about change, improvement, implementation, development, and re-skilling which can be applied on HRM practices, employees, and opportunities such as improvements in the employees of the individual performance by applying highly HRM practices, the organization will get so many advantages in return, such as commitment, high quality skills, adaptability, all of which an organization can get by applying employee training and satisfaction.

Moreover, the innovation customer satisfaction varies depending on the sustainability of HRM in any organization, which enriches the employee well-being, learning and competence development which is known as a strategy that is used to enrich or empower employees (J. Sun, 2016: 586). It is used to support them in their work-role and help them to perform and do their jobs properly.

In addition to that, innovation and employees are the main reasons behind improving the performance of the firm; this is what is well known as "*Capabilities*" the role of strategic management in adapting, reconfiguring in and out capabilities, skills, resources to match the organizational requirement of any changing environment (Teece et al, 1997: 515).

As a matter of fact, the relationship between the innovation behavior and the organizational performance is very challenging which every company face nowadays. Some reports show that the innovation-performance relationship depends on different factors; one of them is implementing HRM policies and practices (Wikhamn, 2019: 102).

Some researchers show the huge effect of the subdimensions of HRM on employee job satisfaction, innovation, and productivity. That means there is a strong relationship between HRM policies and employee functioning. In other words, applying HRM practices perfectly will lead to higher job satisfaction, it will satisfy the internal and the external demand as well, and in return it will relieve employees' stress which will make their productivity better (Ogbonnaya& Messersmith, 2018: 1).

It is an important factor, in fact it is the main reason, for a firm to be successful, and we can say innovation is the main base for new projects and ventures. It can help companies survive among competitors. Furthermore, if companies want to be innovative, they should invest in human resource through training employees so they can think and act innovatively, after that they will reveal their positive capabilities, and they can achieve the company's objectives, that is why every organization should develop the positive capabilities and motivate both leaders and followers.

The 3rd important factor is "Flexibility". The word "Flexible" has been used in different situations according to the oxford dictionary, we can define it as something which is able to change according to different situations. Some authors define flexibility as a measurement tool, others connect the term flexibility with performance, some of them define it as a term which interferes with the process of design, and others link it with costs, because it plays a huge role in saving money in the future (Magalhaes et.al., 2016:365).

As for the importance of **flexibility** in innovative organizations and companies, "Researchers have investigated the effects of telework and flexible work schedule on the people involved as well as on organizational performance" (Coenen & A.A.Kok, 2014: 564).

In fact, flexibility and sustainability is really important for organizations to be in the top between competitors which is something really important nowadays, actually it is the key point of their management especially in this digital era.

21st century requires organizations to be more competitive and to be like that they have to implement some flexibility practices in their portfolio, which in return will encourage and motivate employees to take part and participate in multiple job skills, so they can perfectly face the new business environment we are living in nowadays. The nature or the environment of today's work place is more complex than before, because it is the age of globalization, technology liberalization, and so on, that is why any organization should develop itself more and more so it can survive with this competitive environment. In other words, today's workplace requirements and demands are more energetic, and it needs different skills in order to be able to face and succeed in the global competition. In return, achieving goals and targets will be done successfully in a short time. This field has recently been an important issue in human resource management, because it allows organization to implement, adopt, and change skills and requirements quickly for the external environment. Moreover, implementing flexibility practices in organizations will give employees freedom to think, act, share their opinions and develop their skills and work really hard to achieve the organizational targets and goals perfectly. So again, flexibility is all about how fast an organization can adapt new practices and take actions according to the different demands of the working environment. Human resource flexibility helps achieving a competitive high-ranking working performance. Moreover, there is something called organizations citizenship and employees who are interested in this concept are working very hard to achieve the strategic goals of the organization. Furthermore, they are trying their level best to create and develop innovative ideas to achieve the ultimate organizational innovation (Kumari & Pradhan, 2014: 43- 44).

Therefore, Guest et.al. (2000: 2-3) published his framework describing the root of HRM, he presented it as a new strategy to personnel management, and he focused on HRM outcomes just like commitment, quality, and flexibility. The possible achievements after getting these outcomes include high job performance, low turnover, high cost effectiveness, and low absence and so on.

Or as Saeed, R. et al (2013:1548) described it as a group of systems, practices, and strategies that has the huge ability to affect employee's performance in an

organization and therefore the overall organizational performance to be more innovative and sustainable. It was explained in previous researches that using effective HR practices can improve the productivity of employees then decrease the turnover percentages, which in return will improve the organizational performance of the organization, therefore increasing in the average of sales and the profit of the firm. In order to do so, companies should mix and integrate HR policies with the business strategy of the company. In this way achieving their organizational goals will be more essential and successful (Zehir, C. et al, 2016: 372-373).

It is also important to focus on another essential aspect here which is HRM policies and practice. These policies have a positive and strong impact on customer satisfaction, service quality, and the company performance, because for customer experience human interaction in service delivery is really important (Khan et al., 2011: 3).

In fact, if a company wants to improve the organizational performance and be more efficient and innovative and more competitive, the first thing they should start with is focusing on organizing and improving HRM practices that are used in that firm whether the firm is huge or small. In spite of the organizational environment, no matter what the conditions are, they should first focus on improving the HRM practices in that firm, because if they are improved in an efficient way it will affect the output of the company (Saeed, R. et al, 2013: 1549).

HRM plays a huge role in improving the organizational performance, it actually has implications on how companies should treat their employees, and this is what we call individual and collective human sustainability. In addition to that, it shows that HR managers have the full responsibility of providing the organization with the best employees to provide better services and improve the financial performance; they are also responsible for providing a full safe decent work environment for employees where their personal development is not ignored. These policies includes (fairness, lack of discrimination, diversity, learning and development), these are the backbone in a social sustainability and responsibility of an organization.

1.1 The Study Problem Statement

With the increasing competition of the market, there is a huge need for a quick and rapid change in markets in order to gain a competitive advantage. To do this, organizations need to start focusing on sustainability, flexibility, and HRM practices which will increase the organizational performance in return. This can be achieved by simply identifying the most suitable measures to increase the organizational performance. The main problem of this research is: **“Does sustainable and flexible HRM impact innovative organizations performance?”**

This research will analyze and consider, in terms of innovative organizational performance, the role of sustainability, flexibility, and HRM practices in increasing the organizational performance of German innovative organizations. Organizational performance will be evaluated according to different terms; some of which are innovation, rapid adaptation, customer satisfaction, and so on. This will help the researcher recommend new ways in which organizations can develop their overall performance, help them to be more innovative, and to achieve their goals successfully.

1.2 The Study Questions and Hypotheses

1.2.1 Research hypothesis

H1: HRM Practices have a positive impact on the organizational performance to be more innovative.

H2: Sustainability has a positive Impact on the organizational performance.

H3: Flexibility has a positive and meaningful impact on organization performance.

H4: Innovation has a positive impact on organization performance.

1.2.2 Research questions

- What policies do HR professionals need to increase organization performance?
- To what extent flexibility play a role in HRM practices for the development of organizational performance?
- How to apply sustainable, flexible factors of HRM in different companies to be more innovative and improve their organizational performance to be in the top among other competitors

1.3 The Study Model

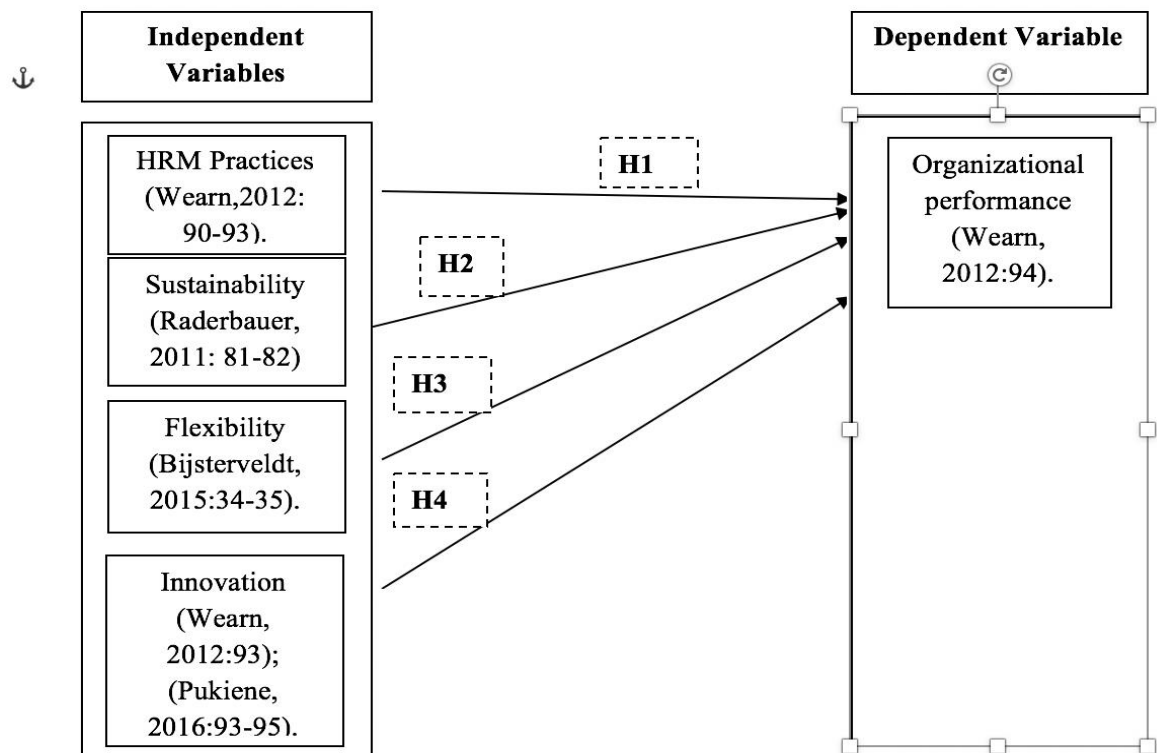


Figure 1.1: The Study Model Articulated by the researcher (2019)

1.3.1 The study importance

Actually, sustainability became a mantra of nowadays business life, it can be explained as a synonym for “long-term”, “solid-strong”, “systematic”, “permanent” concepts (Esfahani et al., 2017:3). As explained before, investing these principles and applying them with the usage of human resource practices in any firm or organization especially for the small businesses, will help them achieve their objectives to be a successful innovative company among their competitors. In addition, it will help the organization to permanence and continuance, which is something really hard nowadays, because all human beings are living in a digital era and everything will be done through using the internet or by using computers.

In addition to that, the research will study the function of sustainability and flexibility in improving the overall performance and help organizations to be more innovative, which relates to introducing new products, services, production methods, and procedures.

“These practices positively affect organization performance by decreasing absenteeism, decreasing turnover intentions, and improving productivity when workers are given more autonomy and flexibility, they will be less taunted with stress, boredom, fatigue, or work-life conflict” (Coenen & A.v. kok,2014: 564- 565).

This will happen by applying the extensive trainings for both directors and workers, working hard on this will improve the general performance of the company and will help to create a strong presence for the organization in the competitor market, that’s why this crucial subject is tackled in this thesis.

CHAPTER TWO: LITERATURE REVIEW

This chapter will briefly discuss the theoretical part of this research, which will include 3 sections; **Human Resource Management** and its practices, **Flexibility**, and **Sustainability**. And then move on to discuss the impact of these variables on increasing the organizational performance for innovative organizations. Later on, the study presents previous studies and some related work to clear the idea about these variables

2.1 Section one: Human Resource Management and its practices

Today, in business world, global competition is the main concern for CEOs, managers, and researchers, because of that, in the last two decades, researchers focused on human resource management (HRM) practices considering some other concepts such as **sustainability** and **flexibility** to increase the organizational performance in order to be more innovative and achieve its strategic goals and targets. Moreover, as the human capital is the fundamental part of any firm, focusing on it will successfully achieve the organizational goals.

According to Saeed, R. et al, (2013: 1549) Human resource management in previous decades has been known as “management of personnel” and then they changed it into human resource management because “management of personnel concept only focusing on employee’s management, while “human resource management” focuses on the human resource management practices on any company, focuses on the management of the overall company.

Over decades scholars suggested a lot of different human resource practices to implement in order to make the organizational performance more effective and developed, and they can get to know the efficiency of these practices by observing and monitoring the organizational commitment of employees (Ahmad & Schroeder, 2003: 20, 26).

Human resource management is “the process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns.” (Dessler, 2013: 4). Or it can be defined as the activities the company use while recruiting, developing, and managing its employees. Moreover, it is the most important part of the organization, because through it the company can survive and be a huge talent in global economy, they have to work really hard to develop and manage the competence and practices of human resource management. In the recent decades, management comes to the conclusion that people are the main differentiations of any business, not the assets of any business, not the assets of any firm, human resource departments give value to the assets of any company. In addition to considering different methods and techniques to increase the employee’s efforts which will definitely improve the organizational performance of any firm (Alshaikhly, 2017: 16-17).

For example, Pfeffer (1998: 96) discovered 7 different HRM practices that can boost the organizational performance of any association such as: selective hiring, training programs, job security, organization of work, performance appraisal, compensation programs, and sharing information, (Ahmad & Schroeder, 2003: 20).

HRM polices are one of the most important reasons in creating a strong and efficient workforce, in any organization it can create employee’s satisfaction and commitment to the organization. Therefore, it is an efficient key to overcome and face challenges of today’s changing environment (Alshaikhly, 2017:17).

Moreover, Jayaram et al. (1999: 1) also examined human resource management practices with its different dimensions and its impact on enhancing the organizational performance. This study grouped these dimensions into five aspects, in which four of them are connected with some specific manufacturing competitive scopes such as: quality, flexibility, cost, and time. Furthermore, in this study Jayaram et al. (1999: 3) discovered the huge impact of human resource practices on improving the organizational performance.

In addition to that, Cho et al. (2006: 262) examined the relationship between HRM practices and the organizational performance by turnover rates, and the result was companies which are implementing these practices are facing less rates of turnover.

In this study, sustainability and flexibility will be examined on how these concepts and their practices can increase the organizational performance of innovative companies, which will also increase the productivity after improving HRM practices.

In fact, the origins of HRM go to the past. It started in the industrial revolution. People in the past used to share or divide work between them. Tasks were distributed according to their abilities and skills (AlShaikhly, 2017: 27), but the evolution of HRM system was in the 1800s in the industrial revolution. As Armstrong (2009: 8) stated the aim of human resource management change according to people's goals and targets. He also focused on the fact that "HRM strategies aim to support programs for improving organizational effectiveness by developing policies in such area as knowledge management, talent management, and generally creating "a great place to work". So again, human resource basically means "The people an organization employs to carry out various jobs, tasks, and functions in exchange for wages and other rewards". Human resource policies of a firm is a main part of it, which is considered as the company's competitive advantage in the market place because it cannot be traded or sold. We can also define it as a group of theories that study the development of organizations and how people should be treated, which will be reflecting the improvement of the organization (Alshaikhly,2017:27- 28).

He also defined it as how the working environment should be managed. It is the process of selecting, training and rewarding the employees. HRM practices can be defined as "Organizational activities directed at managing the pool of human resource and ensuring that the resources are employed towards the fulfillment of organizational goals" (Tiwari& Saxena, 2012: 671).

Alshaikhly (2017: 29-30) grouped these activities in categories, recruitment, selection, training, development, motivation, and maintenance. All these are the responsibilities of every top management in every company these are the activities they should do, just like recruiting, interviewing, selection, and training. A lot of studies had shown that these practices as a system, or individually, strongly affect the employees. Therefore, the organizational performance will positively affect the overall outcomes.

For example, Paul & Anantharaman (2004:77) implied that HRM practices have a significant effect on the organizational commitment which in return will strongly affect the organizational performance of any organization. Applying human resource

practices can perfectly lead to great outcomes through developing the performance and increasing the commitment and the satisfaction of the employees. Actually, it can improve the performance through the positive impact on the employees' behavior, motivation, satisfaction, and finally their commitment to the organization, which will improve their productivity in return (Alsaikly, 2017: 30).

A lot of studies showed that for companies to gain the competitive advantage they should focus on SHRM (strategic human resource management) which is the combination between the business needed strategies and the HRM policies in any organization to improve the overall organizational performance of any association. Moreover, McMahan (1992: 298) defined SHRM as “the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals.”

Furthermore, so many researchers defined strategic human resource management as a group of activities and tasks that work to manage the workforce. As a set of activities and practices that develop the work environment and the staff of the firm, in return it will affect positively on the organizational effectiveness, that is defines as the firm's strategic goals. Moreover, applying the SHRM perfectly will positively affect the workforce which is strongly oriented with the performance of the company, and these practices includes selective staffing, intensive training, and incentives which will encourage the labor force to be more productive, in return the company will achieve its strategic goals successfully.

2.1.1 Selective hiring (planning and recruitment)

As Armstrong (2006: 20) stated in his book that human resource management is all about employees who are working in the organization, managers should be careful while choosing the staff because they will affect the performance of the company that is why managers should be really careful while recruiting and try to select high quality standards, because in this way they will perform their duties perfectly.

In fact, since companies realized that employees are the most important asset in any company in the business world, they started to take into consideration to develop policies and procedures that can administer them to be more professional (Aguta, 2017: 252).

Planning in human resource management is the attachment between the firm and the overall strategy. Moreover, the strategic plan in the company shows that the HR management of the entire process on how to catch, recruit, and train the workforce of the company. This strategic plan should be clear and it should include the activities human resource department have to do such as, recruitment, training, and improving or developing of the staff of the organization (Joudeh, 2010: 48). These plans are necessary for HR managers to do correctly and to be more precise in taking decisions which will lead to the success of the company.

We can define recruiting as the process of choosing employees according to their skills, qualifications, and abilities, following some rules that the organization has in choosing its workforce. Furthermore, these rules differ from one organization to another according to its strategic plan in achieving its goals. Moreover, while recruiting every organization seeks to attract employees according to their appropriate skills, which will help the organization to meet its goals to fit its targets regarding to the economic development.

(Alshaikhly, 2017: 32) explained that recruiting and selecting employees is a two-way process; that means “the individual is selecting the employer and the employer is selecting the individual. It is a process where job seekers and those willing to give out jobs meet. It is a practice that involves activities of getting the right person at the right place at the right time. Recruitment and selection in an organization always come with some form of investment”.

Saeed, R. et al. (2013: 1550), explained the fact that if any organization wants to improve their organizational performance, they should do two steps: First, they have to improve and train personnel hired in the organization and hire more expertise employees in the company. Second, they can give extensive training programs for the existing workers which will be less expenses from the first option.

Planning can be defined as the procedure when the strategic plan of an organization is linked with human resources needs, to make sure that the staff of the organization is efficient, competent, and talented and qualified enough to achieve the organization’s mission and goals. Through planning the organization can achieve growth and survival for the long term, plus making sure of their staff if they are sufficient enough i.e. to make sure to recruit the right person in the right position in the right time.

Planning should be done once a year; it should be more than a chart in which it will clearly show the future responsibilities and the future shape of the organization. It should actually include the changing of values, attitude, and the structure of staffing which will make human resource management more valuable and more efficient. This strategy should be competitive and have a long-term imputation. In fact, the environment of the workforce and how they work is crucial way, because it can influence HR activities and practices.

In order to recruit in an effective way, the manager should do job analysis, which includes both job specification and job description that should include (duties, title, work environment and hazards). Moreover, job specification should include the qualification that job needs such as; skills, education, experience ...etc. (Alshaikhly, 2017: 33).

2.1.2 Compensation

Saeed, R. et al. (2013:1550) defined it as giving incentives for employees in several ways. For example, stocks, rewards, bonuses, and so on. Compensation is also known as incentive pay or variable pay. it is an important element to get employees satisfaction which leads to commitment; therefore, their productivity will increase at work. Actually, to achieve sustainability and competitive advantage in any organization, compensation is one of the most important practices in HR for any organization. To achieve employee satisfaction and commitment, there are different types of compensation including *performance compensation* and *profit-related compensation*. (Alshaikhly, 2017: 34), Therefore, trust in the management of the organization through compensation programs, employees will perform their jobs efficiently, and in return the goals of the organization will be achieved successfully.

A lot of studies showed that no matter what the organization size is, its construction, or manufacturing, employee satisfaction and commitment is really important to achieve sustainability and innovation. For that reason, a lot of studies stated that incentives and compensations is one of the most important inspiration for the workforce of the company to motivate employees to be more productive and more creative in the same time the organizational performance will increase and the company will be more innovative (Aguta, 2017: 252; Bilal & Raja, 2011: 907-913).

A lot of scholars stated that there is a positive relation between incentives and employee's attitudes and productivity. Performance incentives can lead employees to work really hard and intensively. Furthermore, compensation is a very important element to maintain employees' motivation and commitment to their organization. Moreover, it gives them the motivation to learn and develop themselves which will increase their productivity in return the overall organizational performance will increase.

2.1.3 Training programs

In fact, Delaney and Huselid (1994: 949) found a strong relationship between HRM practices such as training and selecting (recruiting) and the organizational performance. Furthermore, the aim behind training programs is increasing the abilities and the performance and the productivity of the workforce. Moreover, there are different types of training programs such as; safety training, promotional training, job training, and so on (Alshaikhly, 2017: 36).

Moreover, training programs is really important for employees and managers to cope with changes in different aspects such as; technology development, changes in consumer demand, increasing the number of competitors and so on. So, training programs is really important to increase job satisfaction for employees and increase their knowledge and develop their skills in a better way, which in return will increase the organizational performance as well (Aguta, 2017: 252).

Training programs are important in a sense of increasing and enhancing employee's skills and improve their capabilities, it is important for current and future workforce; it is something more important than education i.e. in education people can only get theories, knowledge but not experience, through training they can get experience about the real business life which is more important than knowledge education by itself cannot work alone to be more professional, employees should take some training programs to enhance their knowledge.

A really strong relationship was found between training and the overall organizational performance depending on training type, methodologies, the time spent in these programs, and the level of effectiveness. Training and development of employee's skills, knowledge, and experience is an important step to be under consideration for every company, it should be continuous process for the current and

future skills, knowledge, experience of employees, but it is a costly way to implement in order to achieve the company goals and improve the overall organizational performance (Saeed, R. et al, 2013: 1551).

2.1.4 Performance appraisal

According to Dessler (2013, 284), performance appraisal or evaluation means “Performance appraisal means evaluating an employee’s current and/or past performance relative to his or her performance standards”. Researchers looked at performance appraisal as a measurement tool. Actually, measuring the performance of employees has been developed since the past 40 years. Evaluating employees is one of the important biases to keep the company strong and overcome other competitors. Employee’s performance can be measured by using several ways such as scale format, reducing tests, rater bias, and scale development and so on.

Performance appraisal can be defined as evaluating individual and team work performance and finding more proper and accurate ways to fill the missing parts in employees’ skills and abilities. It is a process to improve the individual and the organization in the same time; it can be done by setting goals and plans to follow in order to increase the overall organizational performance, or by using different HR practices and strategies to develop both the workforce and the organizational performance at the same time.

As a matter of fact, evaluating employees’ performance is really important; because performance changes from time to time that is why managers and companies use measurement tools such as; merit rating; it is a wooden cube that has different colors which represent different degrees of employees working and performance situation, when the performance change, the color change (Alshaikhly, 2017: 38). Moreover, the only one who is responsible for evaluating performance is line managers who follow procedures designed by HR department. Evaluating performance will affect positively on employees’ level of commitment, therefore employee’s satisfaction. Furthermore, treating employees equally and fairly has a positive impact on employees’ satisfaction and commitment, which in return will show highly efficient outcomes in the organizational level.

So again, the main purpose of performance appraisal is increasing the organizational performance by the effort of its employees or achieving a huge record of strategic

organizational goals by the employees of the organization, so every organization should have an annual report which evaluate the performance of the employees how they are working and if they need to have some training courses to develop their abilities and skills, behaviors, attitudes, or the way of thinking (Aguta, 2017: 252).

In addition to that, one of the most important approaches in performance appraisal process between line managers and employees is conversation, feedback after every single process in appraising procedure, it is really important and it should be exchanged between the two sides with coaching and training whenever it is needed.

2.1.5 Job security

Job security can be defined as insuring employees of keeping their place at work, and not losing their jobs which is something really important for every employee to feel safe, it is the guarantee for every employee and it will give them more confidence which will let them perform their jobs in a better way in return, and their satisfaction, loyalty, and engagement will increase. Job security, is one of the most important motivational factors in any company, which leads it to be more successful or to be a failure, i.e. lack of job security in a company will not give them the feeling of security and trust, because they will feel any time that they will be layoff from their work (Gallup, 2018: 1-2).

- 1. Layoff:** A company can make a standard rule for layoff other than seniority, and this will make the company retain the most efficient workers, which will keep the company successful and achieve its strategic goals. Or we can say by establishing these kinds of layoff policies, employees will act smarter and try their level best by working really hard to keep a position for them in the company. Therefore, the company will be left up with a very strong workforce who will help it to achieve success and innovation.
- 2. Retention Bonuses:** One of the ways that job security can do as a huge factor which participates in creating motivation for employees is job retention, i.e. a bonus or a gift as a sign for thanking employees for the service they gave to the firm, it will give them the security feeling that they will have a bright future with the company. In a matter of fact, the cost of rewarding an employee is less expensive than recruiting or hiring new staff and gives them extensive training

programs. Whenever you appreciate your old employees, they will be more loyal to the company they are working in more than the new ones.

3. Salary: companies should not freeze or delay employees' wages otherwise they will start thinking to go somewhere else where they can earn what they deserve.

4. Limits: So many employees are changing their jobs several times, because they did not feel comfortable or this is not what they were expecting or thinking of, that's why they are changing their jobs. Moreover, they should be ready to any restriction in their company any time because it might affect their ability to take care of their families; in that time the company owners will keep finding ways for the company to survive with cooperation with its employees (Gallup, 2018: 2).

Job security is a main interest for workers. Job contracts which include both "**Explicit Seniority**" and "**Implicit Commitment**", these are the only two ways contracts might take. In addition to that, there are more provisions in which there are discussed between firms and companies in private contracts, such as mandatory severance pays and regulations on part-time work. For example, in 1988, the United States asked firms to provide 60 days in advance before lay off workers and it includes 50 or more workers. In the other hand, the province of British Columbia push through a rules or regulations called "**The Job Protection Acts**", which gives the workers 12 to 16 weeks' notice before leaving the company and it includes 50-300 workers. Some provinces have advanced mandatory notice for both individual and team workers. Moreover, job security has an indirect effect on labor market flexibility and on job-finding rates for not working. Governments can influence the job matching process by making regulations recruiting hiring, or separation. Furthermore, one of the main reasons behind the importance of having job security is that, it is affected by some kind of market failure which is provided by private contracts that is why maintaining a job security is very important nowadays. In this case, we can lower the job-failure rate for not working people, which in return will increase the "duration of unemployment spells (Hogan & Ragan, 1995:174-175).

Fu et al., (2017:1) explained that having a management system with polices and jobs security will definitely give a sustainable outcome and efficient performance from the employee's side which will increase the competitive advantage in the same time.

As a matter of fact, any human being, any worker once they have a stable job and a stable monthly income their productivity and loyalty will increase in the same time; it is an important motivator for employees to feel safe and comfortable at work.

2.1.6 Social activities and sports

Leisure time is always important for employees; because they are human beings, and making them work 24/7 will make their productivity less, it will make them feel sick of working, because work is routine, so they need change, something that can renew their energy just like social activities and sports. Leisure time is very important for employees in any organization, because it will foster their wellbeing which in return will reduce the cost for hiring and recruiting new employees (Scherrer et al., 2010:1).

Actually, leisure time is important for employees because it eases their stress from working all the time, it will push the firm into a huge development. Moreover, every employee's goal is to make the firm in the top between competitors and they are working on their organizations to be more developed and innovative. This can be achieved by having talented employees, more competent staff; managers should always keep in their mind how to get the best of their employees or how to boost them to make them more productive. They should keep working on motivating them, which, in return, will positively affect the growth of the company, which in the same time, will increase their innovation and productivity. As Coach (2017: 1) stated, keeping employees motivated can be considered a very important asset for any company; because they are the backbone of it, the base of it. In fact, any firm cannot achieve its goals without their employees.

Leisure time is important for many reasons; it is important for motivation and increasing the productivity of employees, it will break the social barriers between the employees, it will make them one team, work together, share information together and it will increase the corporation spirit between them which will make them one family, and they work together for the benefit of their organization. So, it will foster the social interaction between employees. Moreover, organizations should know the importance of maintaining employees' health; it is there benefit to keep them in a very good health because it is also good for their business. For example, The Eastman Chemical Company in the US gained huge sales and profits after the

implementation of different leisure and health programs, which includes employee's wellbeing. Any workplace should implement and invest a healthy life style for their employees, because it will bring benefits for their business. Employees spend most of their time at work, so it is important for companies to organize different leisure activities for employees. Furthermore, the work place should facilitate health programs such as, eating healthy food, preventing smoking, and organize different sport activities programs like camping trips, marathon races, and so on. For example, in Australia %29 of the people there, participate in sports and physical activities more than twice a week (Scherrer et al, 2010:1-2). A company can do different activities such as vacations, trips, and physical activities, which foster employee's well-being. This will affect their behaviors and their sense of responsibility, or they can celebrate their birthdays and so on. These activities will strengthen the social ties between employees. It is really important to make employees happy and satisfied. This happiness can be achieved by strengthening the relationship between co-workers and supervisors (Scherrer et al., 2010: 10-11).

2.1.7 Sharing information

Now we are living in 21st century, the decade of information and the success of any business heavily relies on sharing information between individuals in any organization. Every single piece of information should be shared between employees regardless on the type of that information; it might be about clients, or about a new contract that is about to be signed with a new customer or client, every member in the organization should be ready to share, receive, and respond quickly and efficiently to that information. If managers find that any information is stuck in a place in that organization that means there is a gap in that organization, and it is missing a lot of opportunity for growth (Swan, 2015: 1).

Moreover, every organization should determine the extent of the shared information among people in the same organization through demonstrating different domains connectivity within any organization. For any organization seeking the secret key for being competitive, information sharing is the answer. That is why working on this issue is increasing nowadays, for it can achieve more competitive advantage and increase company profitability and growth by comparing their overall performance with their competitors. Moreover, sharing information will make the company and people in that company receive and react quickly according to any sudden

environmental change, because it will help managers to take the appropriate decisions regarding different aspects in the company (Hatala & Lutta, 2005:6-7).

2.1.8 The organization of work

Organization of work is all about downsizing staff members, compulsory overtime, pushing employees for more production and it's all about intensive training and multi-tasking functions. It is the control of employees and tasks performed, who perform the job and how. It is the process of delivering a service of producing a product, and it is also defined as reorganizing the work either by innovation in communication or information devices. Organization of work has many aspects such as the speed of work, work load, number of staffs doing and performing these tasks, working days and hours, job description, qualification needed to perform this job, responsibilities required for these tasks, and the training programs needed to perform these tasks (AFI-CIO, 2006: 1-2).

The main goal behind the organization of work is changing and restructuring the organization by the top management in order to achieve the strategic goal of the company and make it more competitive and innovative.

2.1.9 HRM objectives and functions

Table 2.1: Adopted from Agarwal (2015:4)

Retail HRM Objectives and Functions	
HRM Objectives	Functions
1. Societal Objectives	1. Legal and ethical compliance 2. Satisfying society's needs and wants 3. Harmony among union-management relations
2. Organizational Objectives	1. Human resource planning 2. Employees relations 3. Recruitment, selection, training of retail employees 4. Performance management 5. Compensation and benefits

	6. Managerial relations
3. Functional Objectives	1. Performance management 2. Compensation and benefits 3. Labour relations 4. Managerial relations
5. Personal Objectives	1. Training and development 2. Performance management 3. Compensation and benefits

2.1.10 HRM advantages and disadvantages

According to Sandoval (2018: 1) HRM advantages and disadvantages are:

Advantages:

- Increasing production.
- Reducing risks and liability.
- Loss hazards and workplace accidents.
- Decreasing settlements paid off.
- Having a strong relationship with clients and customers.
- Gaining employees trust and commitment.
- Increasing both customers and employee's satisfaction.
- Achieving the company goals and attitudes successfully and efficiently.
- Gaining a high profit amount and increasing sales.

The Disadvantages are:

- It's all about new rules and policies, they should know how to response quickly, suddenly, and anytime otherwise the situation of the company will be really bad.
- HR managers are the escape goats; if any mistake happens in the organization, everybody will blame HR managers, because they are the ones who are responsible for taking decisions.
- All workers in HR department should participate in the decision-making process, otherwise commitment and communication will be lost or there will be a gab in that organization.

2.1.11 Main requirement and skills for essential and successful HRM

The following are the main point needed for a successful HRM:

- Organizing is very important in HR department.
- Negotiations among people in the same organization.
- Quick responses and always keeping themselves up to date.
- Having problem solving skills and the ability to act in crisis or management conflicts.
- The importance of communication between team members to build a strong management system in the organization.
- Being a multi-task person to achieve the goals perfectly and in a professional way.

2.2 Section Two: Flexibility

Nowadays the number of studies and articles are increasing about flexibility theory. Applying it in organizations nowadays is also something really important for many reasons, which is talked by this study later on. Moreover, applying flexibility in the workforce environment is something really important nowadays because there is a huge number of organizations in the marketplace, that means competitiveness between these organizations is increasing day by day and being in the top between them is something mostly difficult, for that reason implementing flexible practices is something really important.

Some of the flexibility practices that organizations are using nowadays are using the modern technology or techniques while working, because we are living in the age of globalization and using technology is a must to be more sustainable and innovative. Using emails and video conferencing is, for example, something really useful, because employees now are able to work at any time or any place whenever they want, these techniques increase employees' satisfaction and trust and it will develop their productivity which is something really important to achieve commitment. Therefore, it will help achieving an increase in the overall organizational performance. Implementing flexibility practices at work will improve the level of satisfaction by helping employees to perfectly deal with the heaviness of work and in the same time they can do their social and family responsibilities in the same time, in

this case they will be able to control their duties at work and their personal schedule (Huinink, 2012: 7).

Furthermore, there is a really important concept that new firms and entrepreneurs have to start to take care of and that is the *strategic flexibility*, which means the ability for new firms to deal actively and efficiently with the changes in the internal and external demand, because nowadays we are living in a competitive environment as mentioned before so being strategically flexible is something really important for them in order to survive and achieve a significant overall growth for these firms, so their main goal is to be free and independent. Moreover, they can increase their strategic flexibility by focusing on three aspects; human, social, and the financial aspect which is the most sensitive aspect to increase the innovativeness and the competitiveness of the firm (Brinckmann, et.al, 2019: 154).

2.2.1 The theory of flexibility

Human resource flexibility can be referred to the nature of multi-talented employees who can change their personality according to the demand of the environment around them by learning, and experience, it also refers to the ability of the organization to develop and organize the human resource system and practices to cope up with the internal and external environment and to be more competitive and more innovative, in such a condition employees who get the advantage of flexible work will be more involved with the organization, which in return will increase the organizational performance in an effective way. There will also be improvements in skills, abilities, capabilities, and knowledge for the future time (Kumari & Pradhan, 2014: 44).

Riva et al. (2019: 128-129) discussed that having flexible working hours or what is also known as (FWH) is really important in every organization, which can be defined as the freedom for employees to determine when to start and finish their daily work according to their ability and demand, but it should also take into consideration some other factors such as; economic, social, and cultural factors, in which these factors will help to shape human resource management practices and policies in these organizations.

According to (Kumari & Pradhan, 2014: 45) there are three sub dimensions for human resource flexibility:

1. **Skill Flexibility:** This is the option which can be given to the workers who can make use of their abilities. In this case it has two attributes:
 - Resource flexibility and the number of potential alternatives and substitutes where the employee skills can use.
 - How quickly people with different skills can be reorganized. In other words, it refers to how quickly an employee can adopt new skills given by their organization.
2. **Behavior Flexibility:** It refers to the ability of employees to adjust to new circumstances which totally contradict with the routine working base, i.e. to what extent their behavioral characteristics can adapt and cope up with a change in a specific demand or situation.
3. **Human Resource Practice Flexibility:** This is how productively, rapidly, quickly a human resource department can adjust and deal with the new human resources practices, in other words it means to what extent or how quickly an organization is able to adopt the new alternatives or the new practices, how much they are effective in implementing these alternatives i.e. new practices in which they are different than the current ones employed by the organization (Kumari & Pradhan, 2014: 45-46).

It is really important, nowadays, for any organization to come through this issue, it is an effective way to increase production. It is also a way to gain employee commitment and satisfaction. In addition to that, it increases the sense of competition in the firm (Huinink, 2012: 9). Moreover, flexibility can simply be defined as the ability of HRM to help the organization or develop its ability to effectively change the demand either from its environment or from within the organization itself (Janssen, 2012: 4). As a matter of fact, if any organization wants to be innovative, sustainable, and competitive, it is really important to build solid human resource policies and system, they can do that by implementing so many factors, one of which is flexibility. Actually, applying flexibility practices in the organizational management and environment will push and motivate employees within the organization to be more agile and smarter in both busy and free time. Furthermore, applying flexibility will improve their ability to respond more quickly to unpredictable daily changes, after applying HR flexible practices, organizations can use the final results to draw conclusion for their own flexible personnel practices.

Moreover, managers can plan for more objective goals or do a base change, and it will help them to take decisions using these flexible practices (Janssen, 2012: 3-4).

4. Types of flexibility will be explained in the next sections according to Rohrbaugh (1988:1):

Competing Values Framework Organizational Effectiveness

By Quinn Rohrbaugh, 1988:

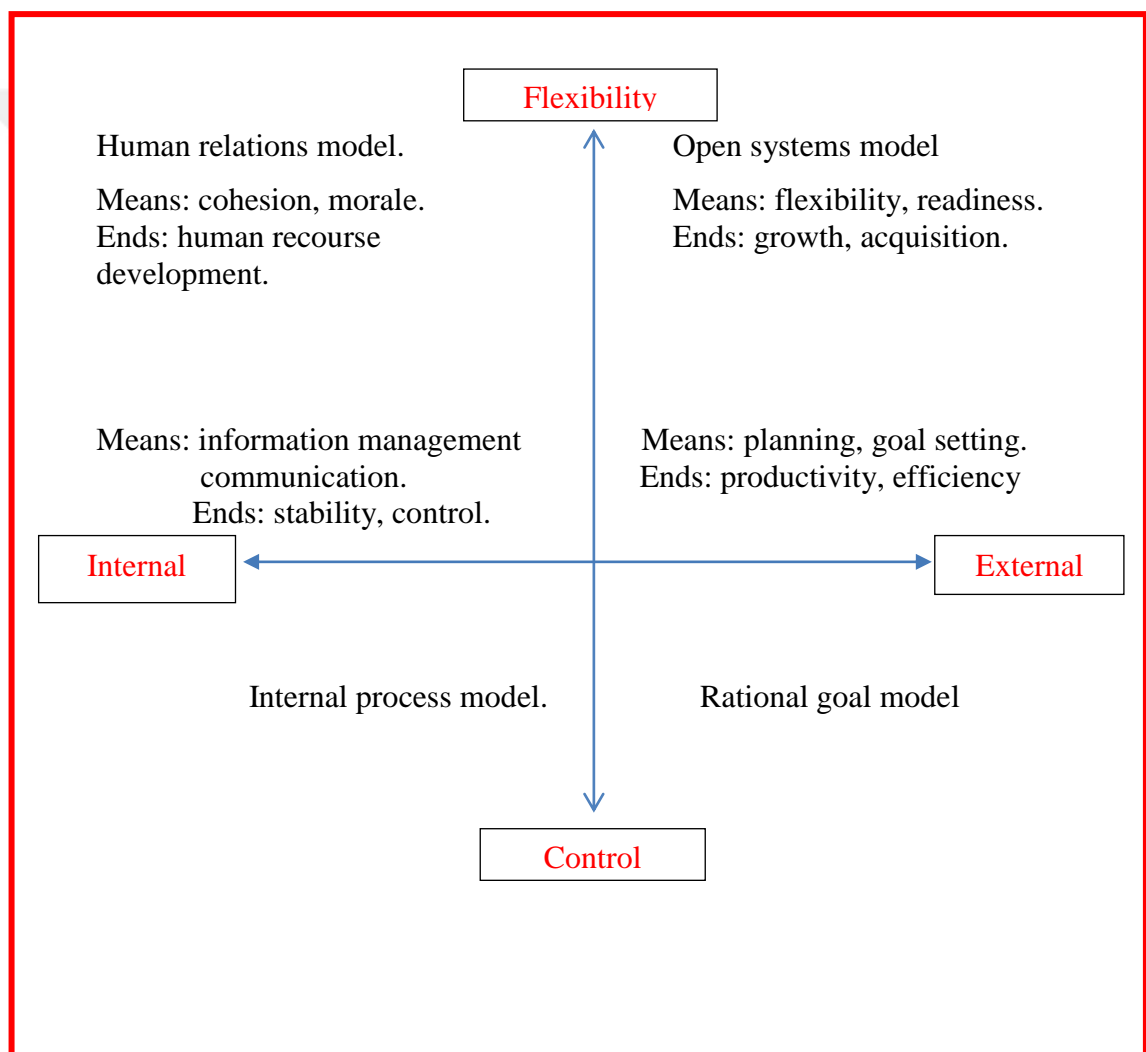


Figure 2.1: Rohrbaugh, 1988: 1-2

According to Quinn’s model, each quadrant represents four major models of organization and management theory using the theory of flexibility, its forms and practices are:

1. **Human Relation Model:** it is the emphasis on using flexibility internally which strain cohesion, morale, and the development of human resources as a criterion for effectiveness.
2. **Open System Model:** it is the emphasis on using flexibility externally which will strain readiness and growth, resource acquisition, using the external support.
3. **Rational Goal Model:** it focuses on the control and the external focus, by making planning, goal setting, and productivity more effective and more unique.
4. **Internal Process Model:** it focuses on the control and internal focus, by emphasizing on role of communication, information management, stability, and control.

2.2.2 HR flexibility practices

Table 2.2: Janssen (2012: 9); Keller & Seifert (2005: 308).

	Internal	External
Numerical	Working time accounts, working time adjustments, introduced to secure jobs	Hiring and firing, temporary agency workers, fixed term employment
Functional	Further training, work organization	Providing jobs skills suited to the external labor market
Temporal Wage	Petty employment/mini jobs, part-time jobs clauses allowing divergence from collective agreements, alliances for jobs, petty employment/ mini jobs, performance-related pay	Wage cost. subsidies

When internal flexibility is well organized, there is no need for external flexibility. Moreover, internal flexibility is all about requiring a number of workers if there is a loss in the staff in temporary situation such as maternity or illness, so if they organize internal flexibility there is no need for external flexibility (Janssen, 2012: 9).

2.2.3 Conclusion and effects

To wrap up, human resource flexibility is very important for so many reasons; it can maximize the company innovative performance. Moreover, it is an essential tool for developing the organizational performance and effectiveness. Furthermore, it can reduce job stress, increase role overload, work family conflict. In addition to that, it has a positive effect on the financial performance of the firm. Moreover, it is really important for keeping the organizations survive as long as they can (Kumari & Pradhan, 2014: 50).

2.3 Section 3: Sustainability

Sustainability is an interesting debate; it is actually a universal concern. Moreover, sustainability focuses on the role of business organizations and the role of human resource management, and the consequences of what people do at work also matters in sustainability (Spooner & Kaire, 2010: 70).

Organizations have taken into consideration the importance of social responsibility to achieve an effective sustainable development and performance. In fact, it is more important than the financial profit, which will definitely lead to commitment and increase the overall organizational sustainability and innovation. To achieve the sustainable development in any organization they should take care of their employees' health and well education, they should take care of improving their skills and experiences in order to be more unique and more talented to perform their jobs in an effective way, that is why they established four Ps : “people, prosperity, peace, and partnership”, this is how they can achieve the sustainable innovative advantage (Chams & Garcia-blandon, 2019: 109).

Moreover, it was described as “an Agenda of the people, by the people, and for the people - and this will ensure its success” (United Nations, General Assembly, 2015: 12). That is why people are the most important factor in achieving sustainability and innovation for the company, therefore the competitive advantage of the company.

“sustainability” concept is fundamental and a base for every organization nowadays, which can be achieved by HRM practices which is most valuable and an important asset for every firm to achieve a high level of sustainability. This concept has been influenced by three groups ecologists, strategists, and what is called the “Brundtland

commission” or the United Nation’s World Commission on Environment and Development. In 1718 ecologists referred to sustainability as the production of wood. In 1970, this concept was concerned with the overused of natural resources. Later on, business strategists turn their main concern on economical sustainability, which is related to the competitive advantage for every organization (Mazur, 2015: 7).

Moreover, human desire for sustainability and the nature of work that people should undertake are of the most important concerns in sustainability. Until now HRM and sustainability do not differentiate between HRM and job domains of labor relationship. Whereas, HRM process focuses on recruitment, planning, selection, training, compensation, and so on, task domain, on the other hand, refers to what people are doing on their jobs, what people are doing on their jobs, what are their duties, responsibilities at work (Spooner & Kaire, 2010: 71). Both concepts are very important for sustainability, but they are different they are not the same.

2.3.1 Definition of sustainability

In this research, the researcher will examine five variables and their impact on increasing the organizational performance for innovative organizations, and one of these variables is sustainability.

Although sustainability is the scholars’ main interest nowadays, but the meaning of this concept is still not totally clear. It is still vague until now, and there is ambiguity in this concept. As it was described in Spooner & Kaire (2010: 72) that sustainability has two parts; the first one is, “human sustainability” which refers to the fulfillment, responding, achieving, and developing of the human needs. The second one is “ecological sustainability” and this concept refers to the renewal or update of the biosphere. Furthermore, it can also described as “the transformation of human consciousness that human beings and the ecosystem are interconnected”, but in the business area some researchers think that sustainability has three distinctions, not only two, they refer to it as (TBL) or the “triple bottom line” which can be defined as facilitating the comprehension of both social and environmental achievements in a way that is easy to be understood in the business mind.

2.3.2 The emergence of sustainable HRM

Due to the organizational and social change that business world face in the last two decades, there is a huge shift in their effectiveness and strategic goals that should be designed by HRM department.

The way the world is changing make the HR department face these changes according to different criteria and trends such as demographics, technology, globalization and the competitiveness. Some researches declared that according to these trends HRM practices need to be more sustainable. However, sustainable HRM as concept is still not clear, vague, for all of scholars, but it is known as the ability and opportunity of HR to prove its strategic position in different organizations (Rompa, 2011: 13).

For any organization to be more sustainable they should mix both SHRM and the SDs to be more innovative and achieve the competitive advantage, because SHRM focuses on combining the strategical goals of the organization with maintaining a balance between the business growth, while SDs mainly work on implementing HR sustainable practices in both categories operational and managerial, in which operational focuses on planning and implementing, with taking into consideration the policy of the company, whereas, managerial refers to the support of top-management in empowering the work force, training them and implementing a flexible efficient system to manage them and create a team spirit between them (Chams & Garcia-blandon, 2019: 110). Therefore, Daily and Huang (2011:5) focus on the fact that HRM and top-management of any company should focus on “Trainings, interactive skills, team building, benchmarking, and brainstorming” in this way they can achieve the competitive advantage and therefore the long survival of the company.

2.3.3 Topics related to sustainable HRM

Scholars mainly focus on implementing sustainability on several topics, several aspects such as; economics, social, and environmental aspects then they are trying to mix it them with HR practices .Whereas, companies demand of future employees explained as the future requirements skills and competencies needed from employees for the long-term according to the globalization in today’s business environment, every organization wants its employees to behave in a sustainable way with more responsible manners. Secondly, the good treatment of employees, as they deserve to

be treated in a good way, because there is a lot of internal pressure, a lot of stress in the working environment in every organization just like increasing in employee's turnover, less commitment and loyalty, dissatisfaction, and increase in working pressure and in the stress level in the same time. Third, there is the engagement of employees in CSR practices, and that means the organizations ability in hiring the most capable and talented employees and treat them really good, and in return employees will be more loyal and use their talent and full ability to achieve a competitive advantage for the firm. Furthermore, employees are the ones who are responsible for implementing the willingness to corporate in the company or it can be said that their willingness to participate in delivering and achieving more advantages and benefits for the business, society, and environment all in one, and all this can be achieved by collaborating in CSR practices (Rompa, 2011:14-15).

J. Macke & D. Genari (2019: 812), explained in a model of how SHRM works, and it works as follows:

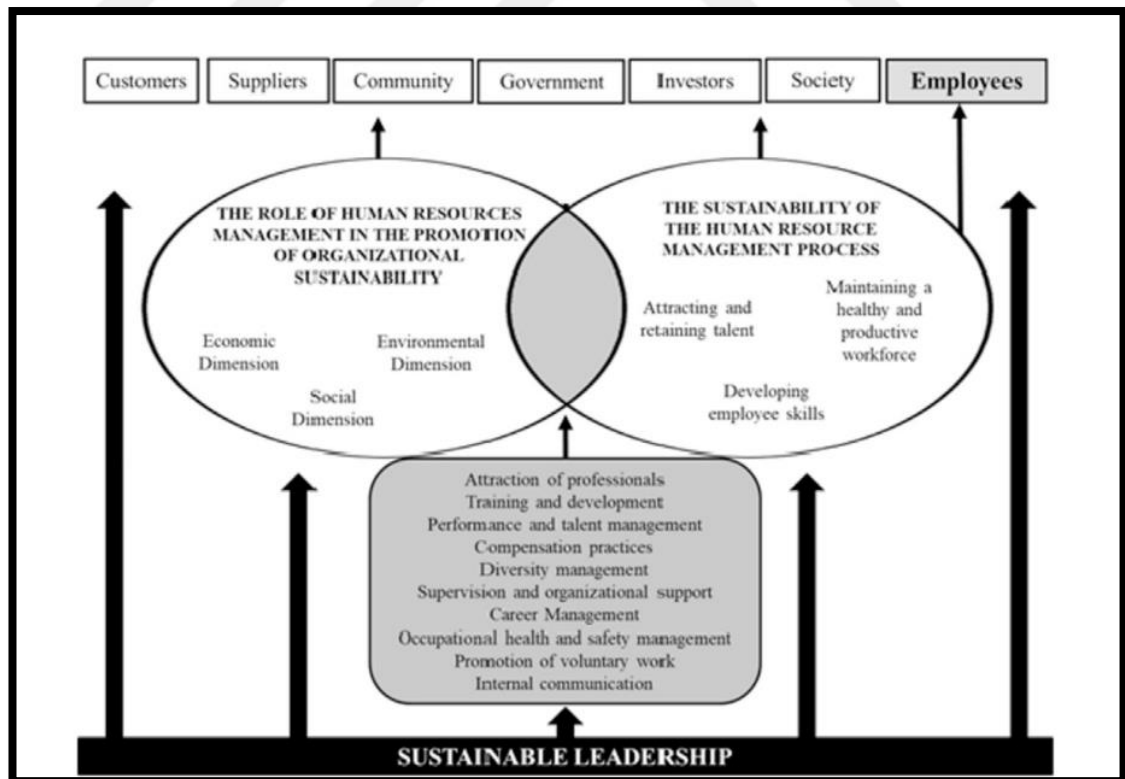


Figure 2.2: J. Macke & D. Genari, 2019: 812

This model presents three important aspects:

- Leadership is the most important factor in achieving stakeholders' expectations.
- It has the HRM practices that boost the organizational sustainability and sustainability concept in HRM practices.
- The key that stakeholders come out with especially in this frame.

2.3.4 De Prins model of four approaches to sustainable HRM

According to Rompa (2011:16), sustainable HRM focuses on employing and making use of the workforce within the firm, in which there is a clear relationship between the strategic policies of the organization and its environment. In addition to that, they should work on their vision to make it life lasting, and the key for that is CSR policy.

De Prins (2011) made a holistic model that focus on four approaches to explain SHRM. In this model the main focus is on Human workforce within any firm in this world where it can find an explicit relationship between strategic policies and its environment (Mazar, 2015: 8).

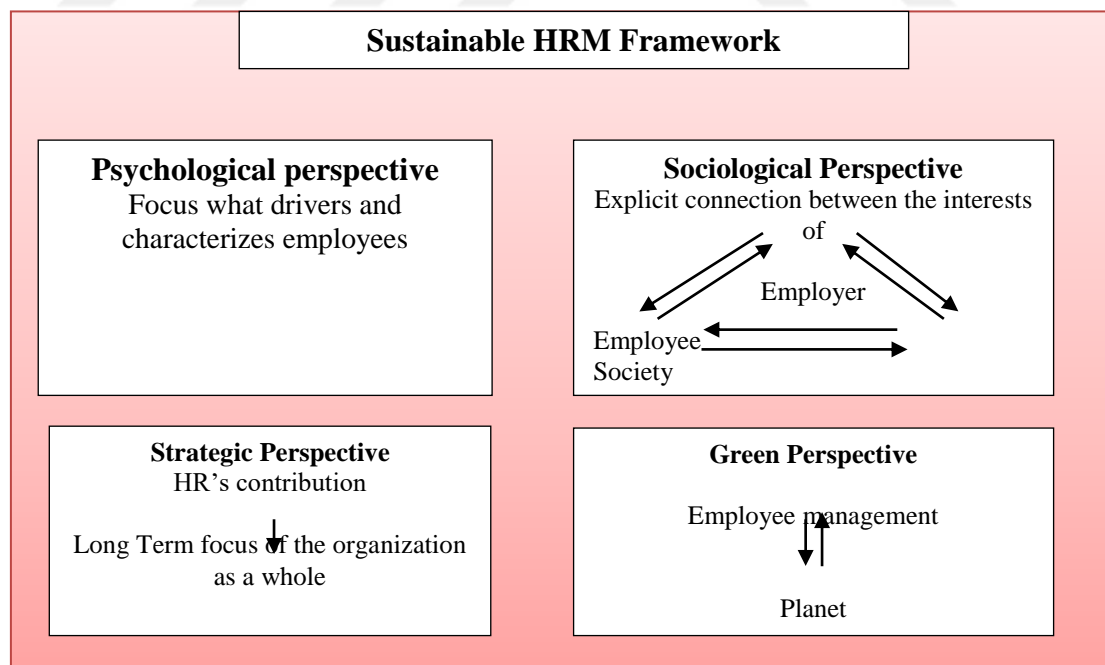


Figure 2.3: Mazur, 2015: 8

De Prins model has four approaches for sustainable HRM which are; sociological, psychological, strategic, and green HRM. The sociological approach aims to make

the HRM practices more socialized and focused on making it long termed and continuous, which is something really important in this perspective. Furthermore, employees and society are related to each other, for example, health, the engaged policies, and so on. The psychological approach describes what topics employees find important. Moreover, making employees the center of the competitive advantage in any organization, which is something really more important than the financial and technological capital, because they have enough knowledge, experience, and their abilities and talents are being shaped by the organization which will make the firm or help it to have more sustainable competitive advantage. The basic theme of this approach focuses on self-development employability and work balance. On the other hand, De Prins used Ehnert's (2009: 74) definition of sustainable HRM that "The pattern of planned or emerging HR deployments and activities intended to enable a balance of organizational goal achievement and reproduction of the human resource base over a long-lasting calendar time and to control the negative impact on the human resource base". Furthermore, it means HR policies work on the organizational goals more than gaining profits. Whereas, the fourth approach is green HRM, in which the management and the employees relate the component of the planets to the triple bottom line. Moreover, it describes the green behavior as being more competent, through developing trainings in sustainability awareness (Rompa, 2011:16 -17). So, making organizations more sustainable can be considered a great move for any firm.

2.3.5 Conclusion

To sum up, human resource department plays a huge and a significant role in mainstreaming and enhancing the sustainability in all organizations. Moreover, using such concepts, like diversity management and work balance, will easily and successfully achieve the strategic goals of any organization. These management improvements include several practices such as; working hours and location flexibility, increasing in working balance, and the development of management skills in any organization. All these developments have a positive impact on recruitment, turnover, satisfaction, commitment, and productivity of employees, so every organization before implementing any practice should make sure that it positively affects both parties, employees and company.

In order to evaluate the percentage of change after applying these practices, companies can use six parameters, according to Mazar (2015: 11-12):

- Management training and the process of buy-in.
- How these programs are connected to employees.
- The management control.
- Corporate culture.
- Human resource policies and employee control.
- Self-management; it is the most important thing that employees should control themselves and they should be more responsible according to their role in maintaining work life balance.

2.4 Section 4: Innovation

Innovation has been well-known as the central basis of the economic development in the market place and the organizational growth in any company. Nowadays, the most effective motivator for companies to be more innovative is competition, so for an association to be more competitive it should take care of its level of innovativeness from both sides theoretical and empirical. Moreover, for a company to be more innovative, they should focus on both the market structure and the business environment, not only this but also the formal and the informal structure of the company (Haneda & Ito, 2018: 194).

If a company wants to increase the organizational performance in an efficient way they need to focus on innovation because so many studies showed that there is a strong relationship between innovation and high organizational performance. It has a huge impact on the organizational performance as Lumpkin and Dess (1996: 142) mentioned in their study, that innovation has the “willingness to support creativity and experimentation in introducing new products/services, and novelty, technological leadership and R&D in developing new processes”. Companies nowadays force themselves to be more innovative, because the first stage to be more competitive and unique is producing unique products and services to the market, which in return will have a high percentage of sales and therefore the company will gain a high profit, which means a high financial performance (Zehir, C. et al, 2016: 374).

According to Haneda & Ito (2018: 194), there are several types of organizations that need to be considered while implementing and improving the innovation of a company: 1. The incentive system of the company; 2. The company's ability of managing the indirect effect of knowledge; and 3. The chosen organizational structure of the firm. Moreover, they should focus on the management practices implemented on the firm such as; the role of employees and training programs for the entire workers in the organization.

According to Teece (1996: 194-197) formal and informal structure of any organization is very important in implementing innovation process, and he classifies the firm's main requirements for innovation process into: 1. Participating in research projects with other organizations; 2. Cooperation between business units; 3. Taking into consideration all types of doubts; and 4. using human resource management norms and practices and apply them on the employees of the company.

The ability to successfully and quickly move into new business models is an important key for implementing sustainable competitive advantage. Therefore, improving the sustainable performance of any organization. Nowadays, companies find it really difficult to reach and achieve their sustainable targets and goals, because the technological advances are gradually increasing towards sustainability. It is highly expected that making innovation movement in the business model of every organization will bring a higher return than products (Geissdoerfer, Vladimirova & Evans, 2018: 401,402).

2.4.1 Sustainable business models

It is known as “an architecture of the product, service and information flows, including a description of the various business actors and their roles, a description of the potential benefits for the various business actors; a description of the sources of revenues” (Timmers, 1998: 4). It is also known as “The heuristic logic that connects technical potential with the realization of economic value’ (Chesbrough and Rosenbloom, 2002: 529).

2.4.2 Business model innovation

The purpose behind this model is to make an investigation on how to transform plans and strategies from one business to another (Geissdoerfer, Vladimirova & Evans, 2018: 404).

According to (Geissdoerfer, Vladimirova & Evans, 2018: 405-407) there are four types of business innovation:

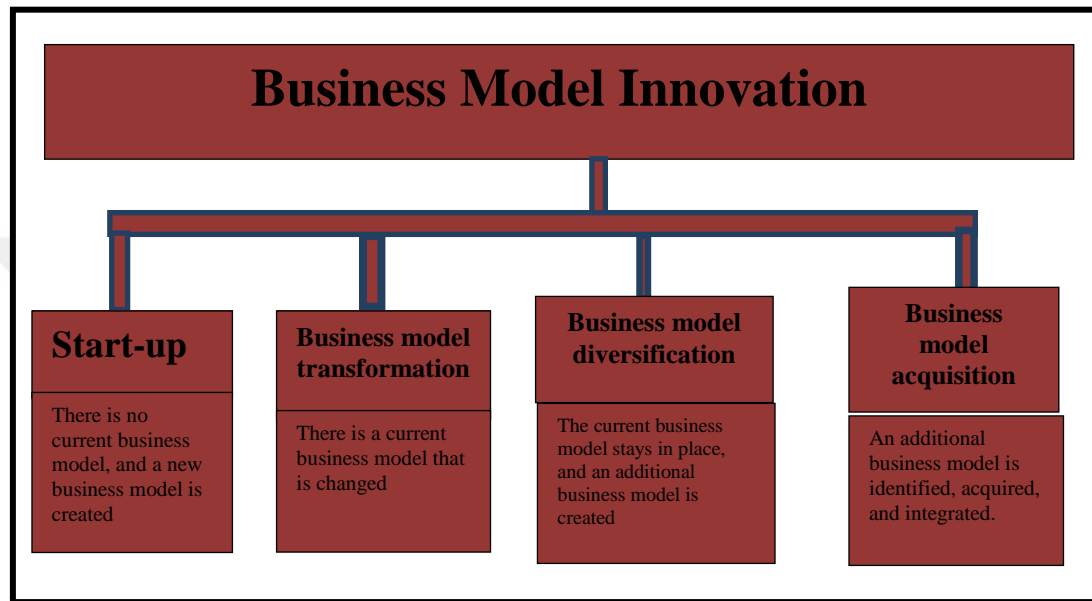


Figure 2.4: M. Geissdoerfer et al./Journal of Cleaner Production 198(2018):401-416.

Selected business model innovation definitions according to (Geissfoerfer et al.,2018: 406):

Table 2.4: Geissfoerfer et al., 2018: 406

Source	Definition
Mitchel and Coles, 2004	“By business model innovation, we mean business model replacements that provide product or service offerings to customers and end users that were not previously available. We also refer to the process of developing these novel replacements as business model innovation.” (p.17)
Labbe and Mazet, 2005	“A business model innovation changes one or more dimensions of a business model (which are perceived by the authors as product-market combination, the architecture of the value

	creation, and the revenue model) so that a novel configuration of the elements is created and implemented.” (pp. 897 f.)
Osterwalder and Pigneur, 2005	“Specifying a set of business model elements and building blocks, as well as their relationships to one another [...] a business model designer [...] can experiment with these blocks and create completely new business models, limited only by imagination and the pieces supplied.” (p.24)

2.4.3 Sustainable business model innovation

Sustainable business model innovation appeared recently, it is really new because it has been seen as a recreation, improvement, transportation, and redesigning of the business model of any organization to be more innovative, and thus, more sustainable.

Any transformation or process in the business model is called as a sustainable business model innovation or a business model innovation for sustainability, when the main goals are:

- Sustainable development in the working environment.
- Making the strategic change.
- Setting goals for a long-term.
- Adopting solutions for issues that enhance sustainability. (Geissdoerfer, Vladimirova & Evans, 2018: 406).

Sustainable business model definitions according to (Geissdoerfer, Vladimirova & Evan, 2018: 407):

Table 2.5: Geissdoerfer, Vladimirova & Evans, 2018: 407

Source	Definition
Boons and Ludeke-Freund, 2013	Sustainable business model innovation is understood as the adaption of the business model to overcome barriers within the company and its environment to market sustainable process, product, or service innovations. (P.13)
Loorbach and	Sustainable business model innovation describes businesses’

Wijsman, 2013	“searching for ways to deal with unpredictable [...] wider societal changes and sustainability issues.” (p.20)
Bocken et al., 2014	“Business model innovations for sustainability as defined as: Innovations that create significant positive and/or significantly reduced negative impacts for the environment and/or society, through changes in the way the organization and its value-network create, deliver value and capture value (i.e. create economic value) or change their value propositions.” (p.44)

2.4.4 Conclusion

Applying these kinds of sustainable business models can give the chance for companies to be more innovative by mapping and focusing on the necessary changes and activities they have to implement, the challenges they may face, and the tools that are available to start implementing these models and its strategies. In this way, the individual management tool will be developed and merged into more comprehensive synergetic toolboxes.

Moreover, this way will guide the managers for challenges that these models will definitely yield societal implications. Actually, it aims to higher development to more sustainable and more successful start-ups for any organization. Furthermore, this will allow more effective sustainable solutions and technologies in the business organizations. It will also increase the customer benefit, and the economic growth at the same time. In return, developing more social and economic value in every organization will lead them to work on the organization goals and in the same time everyone in the organization will be comfortable and happy.

2.5 Section Five: Organizational Performance

As a matter of fact, it is really hard to define the concept of performance. However, it can be defined in the context of a company performance or the association performance (Guest, 1997: 266). It is really important to realize that the organizational performance differs from the overall outcomes; it is actually wider than “outcomes”. To be more precise, organizational performance doesn’t only focus on job satisfaction, work environment and so on, it focuses on the overall

performance of the organization, the entire business unit and the financial performance as well. Furthermore, organizational performance can be divided into two categories: lower and higher-level performance (Kortekaas, 2007: 8-9).

Firm performance always relates to the ability of a company to achieve its own goals and increase their overall performance involving both the financial and non- financial measures. In which financial such as: the market share, the quality of products and services, the percentage of profit, employees and customer satisfaction and effectiveness. On the other hand, how much it is eager and motivate employees to work and be more productive in order to participate in developing the performance of their company, because this effectiveness can be achieved by the help of more talented and highly skilled employees which in return will help the organization to gain a competitive advantage (Zehir, C. et al, 2016: 375).

Organizational performance is always evaluated with the financial measures such as the profit per share and the return on investments. Moreover, the organizational effectiveness can also be measure by the consequences of the way managers can manage and organize their work and the people who work there. This concept has a central position in private and public organization. Moreover, the main concern for organizations nowadays is to focus on productivity, efficiency and the total quality in general. Furthermore, the organizational efficiency is so much related to the organizations' financial facet such as return on investments, total sales and the profit per share. Although, there are different facets other than the financial ones just like the people working in the organization, plans and procedures they use to achieve their goals and the environment in that organization (Morin & Audebrand, 2014:1-2).

2.5.1 Components of the organizational effectiveness

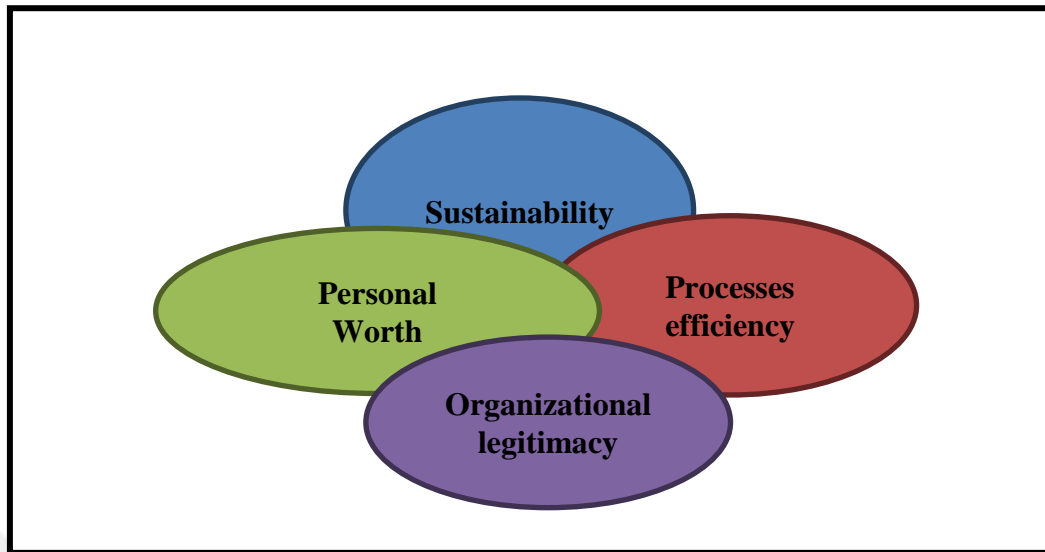


Figure 2.5: The Organizational Effectiveness Model

Source:(Morin & Audebrand, 2014: 11)

Organizational effectiveness according to Morin & Audebrand (2014: 10) can be defined with four different components: ecological, systemic, social, and technical. For example, the first component which is systemic has a different concept which is *sustainability of the organization* i.e. the organization's growth and stability through securing the quality of goods and services, and the safe keeping procedure of financial resources. This level can be evaluated by the quality of goods and services, satisfaction of (shareholders, customers, suppliers and creditors), and finally by the organizational competitiveness. Then comes the social component or what is called as *the worth of the personnel* which means the people working in the organization. This component can be evaluated by five criteria: organizational climate, employee commitment, performance, personnel health, and safety. On the other hand, when talking about the technical component or what is well known as *processes efficiency*, this component refers to the proper use of technologies in the area of the operation system, and it can be evaluated by three criteria: productivity of both the organization and its employees, resource economy, and total profitability.

Finally, the last component comes, which is the ecological or what is called as *the legitimacy of the organization*, which explains the position of the association in its

environment based on the evaluation of the community and the government and different interest groups. This component can be defined by three standards: respect of the rules and regulations, social responsibility, and environmental responsibility.

2.5.2 The relationship between HRM and organizational performance

The relationship between HRM and the organizational performance according to F, Kortekaas (2007: 18):

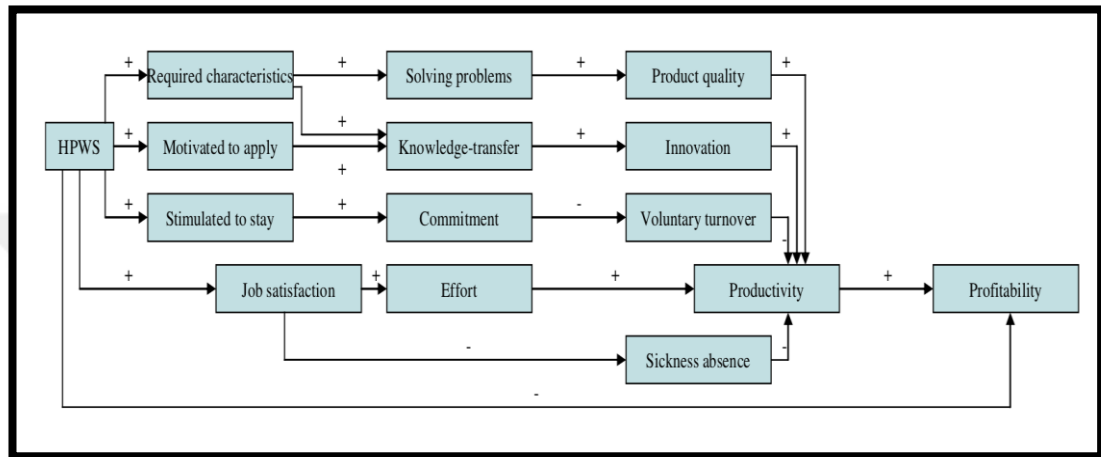


Figure 2.6: F, Kortekaas, 2007: 18

This model explains the relationship between HRM and the highest level of organizational performance; it is actually positive and strong, mediating some different outcomes and a direct relationship between the high performance and profitability (F, Kortekaas, 2007: 18)

As can be seen, every organization has a determination and is managed to be achieved successfully. The company will survive as long as managers guarantee the products and services and the satisfaction of the central stakeholders. In other words, they confirm the existence of the association as long as they empower the people and the environment around at the same time. Managers should not only be concerned with financial performance, because it is a short-term perspective that can harm the organization and the stakeholders in the same time, that's why they should also take care of the social factor, their circle should be wide, not vicious like the short term perspective which leads in the end to the breakdown of the association. So, managers should give attention to other standards such as health and safety of employees, social responsibility, commitment, and so on (Morin & Audebrand, 2014: 11).

2.5.3 Conclusion

To sum up, the definition must expose both the complex and paradoxical nature of the organizational performance efficiency, it should understand a huge diversity of performance standards. Moreover, the evaluation principles should be suitable to the association, and these measures should be easy and cheap and at the same time they should be valid and reliable. As a conclusion, if one association increases the collection of performance measurement, it is likely that its managers and employees are going to be effectual in several aspects (Morin & Audebrand, 2014: 12).



CHAPTER THREE: METHODOLOGY

3.1 Study Methodology

The overall theme of this thesis is identifying and analyzing the importance of sustainability, flexibility, and HRM practices in improving the organizational performance for innovative companies in order to be more competitive and efficient in this digital era. This chapter will present the methods, the procedures, the study population, and its sample. Then, the design of the study model and explain the study tool, and the way of data collection. After that it discusses the validation of the questionnaire and the reliability analysis applied. In the final section, it discusses the statistical treatment used to analyze the collected data.

This study utilizes the quantitative methodology through investigating the related prior studies, and by using a questionnaire presented to the unit of analysis. The technique validity is examined by a panel of academic referees whose field of specialty is connected to the subject of the study. The questionnaire consists of six sections which are: the demographic section that aims to collect some demographic data about the research respondents, HRM application section, sustainable section, flexibility section, innovation section, and organizational performance section.

Furthermore, the study followed the descriptive analytical approach which tested the hypotheses and answered the research questions after conducting the planned data collection process. The study depended on using the statistical package for the social sciences (SPSS) to analyze the data collected by a questionnaire, which is considered the primary sources, while secondary sources are textbooks, journals and periodicals, theses and dissertations, reports, and websites.

3.2 Population and Sample

The study conducted a field study on the domain, which consists of different innovative companies in Germany. The study population consists of three levels; low-level, mid-level, and high-level employees, and managers at these companies,

depending on who was available at the time of distributing the questionnaires and who was willing to fill it out.

3.3 Data Collection Tools

The suitable tools were chosen perfectly to match the hypothesis and the study model, and finally to answer the study questions. A questionnaire is designed to achieve the targets and the goals of this study.

The variables in the questionnaire are as follow:

1.The first section: The personal information (Demographic Characteristics) of the population or the target group is defined with (8) characteristics which are (Gender, age, marital status, education level, job title, department, employees experience in their company, and finally their monthly income in Euro).

2.The second section: this one consists of one dependent variable and four independent variables, and it is divided as follows:

- **Section (A):** An independent variable (Human Resource Practices), this section is measured through 8 dimensions which are (Incentive compensation, organization of work, training, information sharing, selective hiring, job security, performance evaluation, and social activities and sports). Moreover, this section is adopted from Wearn (2012: 90-93).
- **Section (B):** An independent variable (Innovation), which is adopted from Wearn (2012: 93) & Pukiene (2016: 93-95). Moreover, it is based on the Likert Scale of five degrees, in which number five equals strong agreement and number one equals strong disagreement.
- **Section (C):** a dependent variable (The Organizational Performance), which is adopted by Wearn (2012: 94). It is rated by seven questions using the five Likert-type Scale. The target group were asked to rate their associations' performance over the past three years. They were requested to rank each of the sentences by marking [X] where applicable.

Therefore, it was measured as follows:

- “1” Decreased more than 20 percent.
- “2” Decreased 1-20 percent.

- “3” Unchanged/ Status- quo.
- “4” Increased 1-20 percent.
- “5” Increased more than 20 percent.

Table 3.1: Likert Scale used to measure organizational performance over the past 3 years adopted from Wearn, 2012: 47

Decreased more than 20 Percent	Decreased 1-20 Percent	Unchanged/ Status-quo	Increased 1-20 percent	Increased more than 20 percent
1	2	3	4	5

- **Section (D):** An independent variable (Sustainability) which is adopted from (Raderbauer, 2011: 81-82). Furthermore, it consists of two sections, the first one is sustainability practices and the second one is the main reasons for implementing sustainable business practices, which is again rated by using the five points Likert- Scale.
- **Section (E):** Another independent variable (Flexibility), which is adopted by Bijsterveldt (2015: 34-35). This section was rated by two sections; one is by giving simple “yes” or “no” statements, and the second section which consist of five statements were rated by using five-point Likert Scale.

3.4 Data Collection Instrument

The questionnaire is attached in the appendix section.

3.5 The Approach of the Study

The approach of this study is used to know to what extent sustainable flexible HRM practices can develop the organizational performance of innovative organizations, and make it more efficient by using a quantitative data collection tool, this tool collected numerical data to get information about other companies and the world in general for several reasons:

- To perfectly explain variables.
- Test them and examine the relationships between them.

- To make the cause-and-effect relation between these variables.

Moreover, this research consists of two sections, theoretical and practical. In the theoretical part, the study depends on previous studies. On the other hand, the study relied on the analytical methods for the practical section.

To analyze data and test hypothesis and answer the research questions the researcher used the following methods:

- 1. The primary data:** it is collected by using a questionnaire. The questionnaire is designed on google drive and distributed by sending the link to employees to test the high, mid, and low-levels in every organization in Germany.
- 2. The secondary data:** it includes books, articles, websites, journals and everything related to the subject of this research to build the theoretical frame of this research.

3.6 The Pilot Study

It is an important stage in the questionnaire process, it is to make sure that the questionnaire is not ambiguous and it is clear enough to make the respondents understand it easily without any complications and making sure that they will give appropriate responses. Getting answers from respondents is not only thing that matters, but making sure that they interpret the questions in way that support the goals of this research or in a way in line with intended purpose of the study. As Finn et al. (2000: 102) have explained and illustrated that “The results of pre- testing can be annoying, but can make the difference between an instrument yielding data or not, or giving meaningful or useless data”.

In a matter of fact, the purpose of the pilot study is to minimize the gap between the variables constructs in this research, and to make sure that the independent variables were chosen in this study have a huge impact on organizational performance of innovative companies. Furthermore, the pilot study was used as a tool for selecting the appropriate sustainable and flexible HRM practices that have never explained in the literature review section of this study.

3.7 Statistical Treatment

The collected data from the questionnaire was analyzed using different statistical tools and techniques to be more accurate and precise in giving the results and therefore which will lead to more reliable recommendations. The data collected from the questionnaire was measured and analyzed by using “SPSS Ver. 23”.

Statistical techniques and methods have been used in general are as follow:

- A mean value.
- Standard deviation.
- Variance.

This classification will minimize the data and make it easier to analyze and test the reliability of the internal consistency by using Cronbach’s Alpha (α), which measures the correlations between different variables in this study. This technique is usually used when Likert Scale has been used in the questionnaire to make sure this scale is reliable and accurate enough.

Alpha test shows values between (0) and (1), where (1) means a perfect correlation between variables, and (0) means there is no correlation available.

Furthermore, the researcher used more appropriate and suitable research methods to give more accurate results such as:

- **Statistical Descriptive Methods:**

1. Frequency and percentages.
2. Mean value to know the level of responses to test and study variables.
3. Standard deviation to know the spacing degree about the mean value.
4. Normality test to see if the data is normally distributed or not.

- - **Inference Statistical Methods such as:**

1. Cronbach’s alpha: to know the correlations between variables and the internal consistency.
2. The study used the simple regression to measure the impact of flexible and sustainable HRM in increasing the organization performance of innovative organizations in Germany.

3. Correlation: to know the relationship between variables and test the study hypothesizes

3.8 Validity and Reliability of the Questionnaire

3.8.1 Validity analysis

It is a very important process to test the accuracy of the data collected, every survey and questionnaire or any data collection instrument used in any research or study must be tested before conducting the study or proceeding it. This pre-testing is important in order to know the percentage of errors the used data collection tools have, or to what extent these instruments are accurate, that's why the researcher used "SPSS Ver.23" to test and analyze the data collected and find the validity of it.

3.8.2 Reliability analysis

Reliability test is a test to know to what extent these tools give a precise and consistent outcome through testing the internal consistency (Shurbhi, 2017: 1), by using the Cronbach's Alpha scale to prove that these methods are the most appropriate for this study and to ensure that these data have less errors or error free.

Whereas the Cronbach's Alpha reliability values according to (Tavakol and Dennick, 2011:53) are as follow:

- $\alpha \geq 0.9$ "Very high reliability"
- $0.8 \leq \alpha < 0.9$ "reliable, or good"
- $0.7 \leq \alpha < 0.8$ "acceptable"
- $\alpha < 0.7$ "not reliable; very poor"

- Comparison chart between Reliability and Validity according Surbhi (2017: 1-2):

Table 3.2: Surbhi, 2017: 1-2

Basis for Comparison	Comparison Chart	
	Validity	Reliability
Meaning	Validity implies the extent to which the research instrument measures, what it is intended to measure.	Reliability refers to the degree to which scale produces consistent results, when repeated measurements are made.
Instrument	A valid instrument is always reliable.	A reliable instrument need not be a valid instrument.
Related to Value Assessment	Accuracy More Difficult	Precision Comparatively less. Easy

CHAPTER FOUR: RESULTS AND HYPOTHESES TESTING

4.1 Introduction

This chapter presents and discusses the findings of the analysis based on the data acquired from the field. The study used Statistical Package for social sciences (SPSS) version 23 to conduct the statistical analysis. The chapter further more collects the data from the respondents and uses pilot analysis to test the questionnaire. The researcher also uses descriptive analysis to describe and explain the demographics of the respondents that provided the data under the questionnaire usage. The study is based on the topic of the study of increasing the Organizational Performance by Using Human Resource Practices, Sustainability, Flexibility, and Innovation for German organizations. The study employs the use of frequency and percentage for demography information and some responses on yes and no descriptive statistics, there were also preliminary assumption of regression test to test for the normality of data before conducting simple linear regression, multiple regression and correlation analysis and the interpretation of the results based on the study hypothesis.

4.2 Reasons for Applying Sustainable and Flexible HRM in Different Innovative Companies in Germany.

After conducting data from different German organizations and talking to different levels of employees, the study noticed that sustainability and flexibility are deeply ingrained in HRM system of German organizations for so many reasons; one of them is respecting the nature of German culture and European culture in General, they have to be flexible with employees because European countries are well known for being democratic and they give their employees the freedom to act and perform their jobs in a creative way, and creativity is the key of success for every organization in the business world. Moreover, it is a stereotype that is well known about German people they are serious, straight forward, frank, workaholic, organizable, delicate in action, and highly accurate in appointments. In addition to that, they are

implementing HRM practices in a sustainable way in the same time. For example, part of them are offering part time jobs for trainers and students to help them build their working experience and in return help them to take responsibility toward themselves, their families and their society in the same time. Furthermore, they are having to many holidays and social activities like parties, dinner or lunch, trips to release the working environment stress, which will help them to renew their energy to work and perform their work duties in an efficient way. Some companies, are offering incentives for hard working companies just like offering fully funded scholarships to their employees to help them continue their education and in the same time they will increase their knowledge, skills and experience which in return will increase the organizational performance. They are always analyzing their business plans and working on it to be for the long term which is a part of being sustainable, and they are aiming to reach the ultimate growth between their competitors in the market, they are sharing their plans, financial reports and profits with their workers, co-workers and investors in the same time which will help to build a strong relationship and loyalty between the both parts which will help increasing the organizational performance and help it to be more innovative. Moreover, they are strict in their working rules and procedures that's why they are highly punctual. In the same time, they are respecting the employee's private life responsibilities that's why they are offering a paid maternity leave and special leave day care which is a part of being highly flexible. That's why German organizations are always successful and they have a good positive reputation and image in the market place.

4.3 The Study Results

4.3.1 Data collection

250 respondents who returned the questionnaires that was provided for data collection. The questionnaire was divided into demographic information and sections A on human resource practices, section B on innovation, section C on organization performance, section five on sustainability practices and finally section E on flexibility of working in the organization.

4.4 Reliability Tests

In order to determine the consistency and have stable items in the research instrument, the study uses Cronbach's Alpha values. In general, determination the values are within 0.7 and above implying that the questionnaire has a high reliability from the study. These means the instrument is fit for further data collection or further investigation and analysis according to Nunnaly (1978: 245). The test for the reliability of the questionnaires provided a Cronbach's Alpha coefficients as provided below. 4.1

Table 4.1: Reliability of the Study

Variable	Cronbach' Alpha
Human resource Practices	.873
Innovation	.756
Organization Performance	.821
Sustainability Practice	.892
Flexible working	.742

4.5 Demography of Respondents

This part presents the background information of the respondents who participated in the study. The purpose of this background information was to find out the characteristics of the respondents and show the distribution of respondents in the study in terms of gender, age, academic qualifications, marital status, experience, department and income of the respondents. This provides an assessment of the information about respondents to provide an explanation about the study.

Table 4.2: Demography of the Respondents

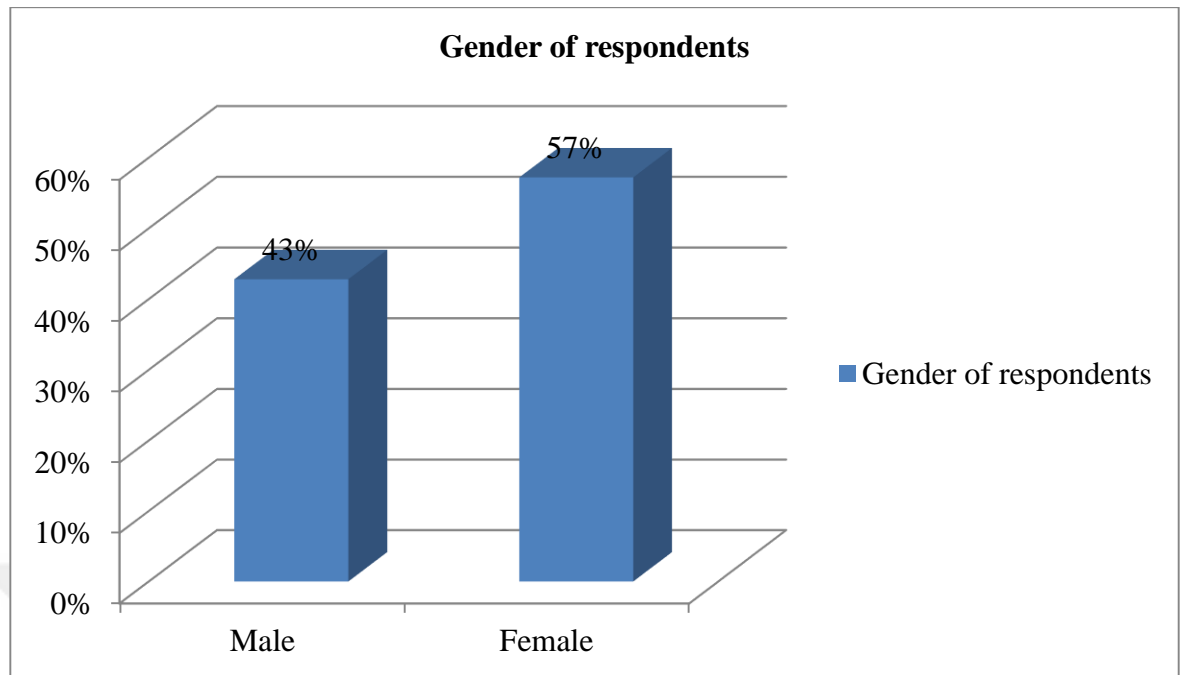
Respondents	Frequency (F)	Percentage (%)
Gender		
Male	107	42.8
Female	143	57.2
Total	250	100
Age		
20-30	113	45.2
30-40	107	42.8
40-50	28	11.2

Table 4.2 (con.): Demography of the Respondents

Respondents	Frequency (F)	Percentage (%)
50 and above	2	.8
Total	250	100.0
Marital status		
Single	144	57.6
married	106	42.4
Total	250	100.0
Education Level		
High school or diploma	14	5.6
BSCO	104	41.6
Master or higher	123	49.2
Phd	9	3.6
Total	250	100.0
Job Title		
Head of section	41	16.4
Supervisor	56	22.4
Administrative officer	134	53.6
Technician	19	7.6
Total	250	100.0
Administrative/ Customer care	85	34.0
Financial	55	22.0
Technical	26	10.4
Engineering	57	22.8
HR Department	27	10.8
Total	250	100.0
Experience		
Less than 5 years	109	43.6
5-10 years	114	45.6
10-15 years	27	10.8
Total	250	100.0
Income		
Less than 3000 Euros	71	28.4
More than 5000 Euros	59	23.6
In between	120	48.0
Total	250	100.0

Source: Field Data, 2019

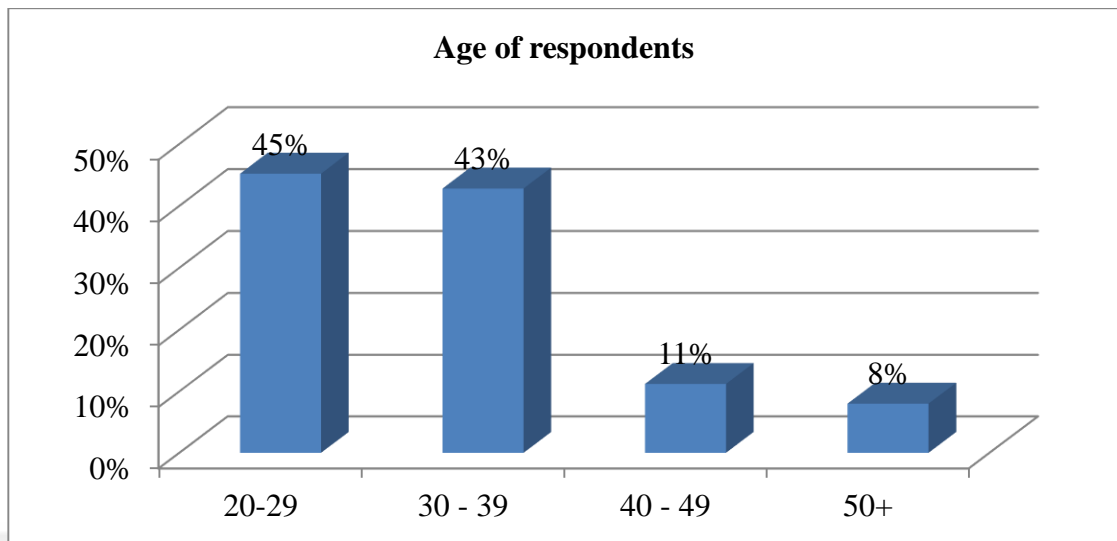
Figure 1: Graph showing gender of respondents



Source: Field Data, 2019

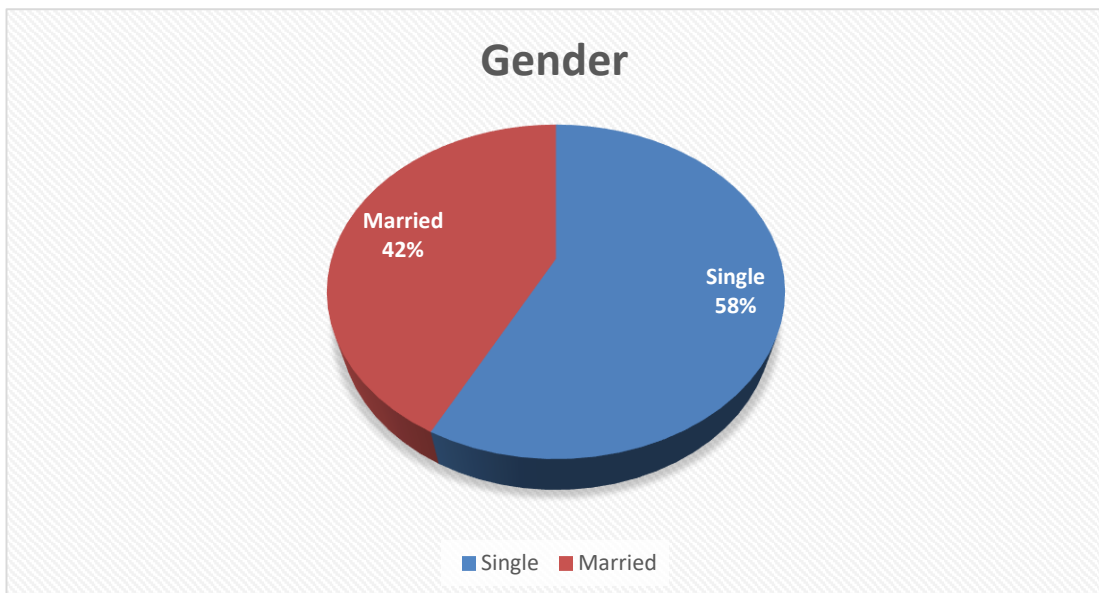
The study findings on the gender of the respondents reveal that the majority of the respondents were female with (57.2%) of the respondents, the males were (42.8%) of the respondents. The results reveal that though the female dominated the study both genders provided the data, it further implies that data was collected from respondents across the gender, the findings can't be doubted on gender grounds.

Figure 2: Graph showing age group of respondents



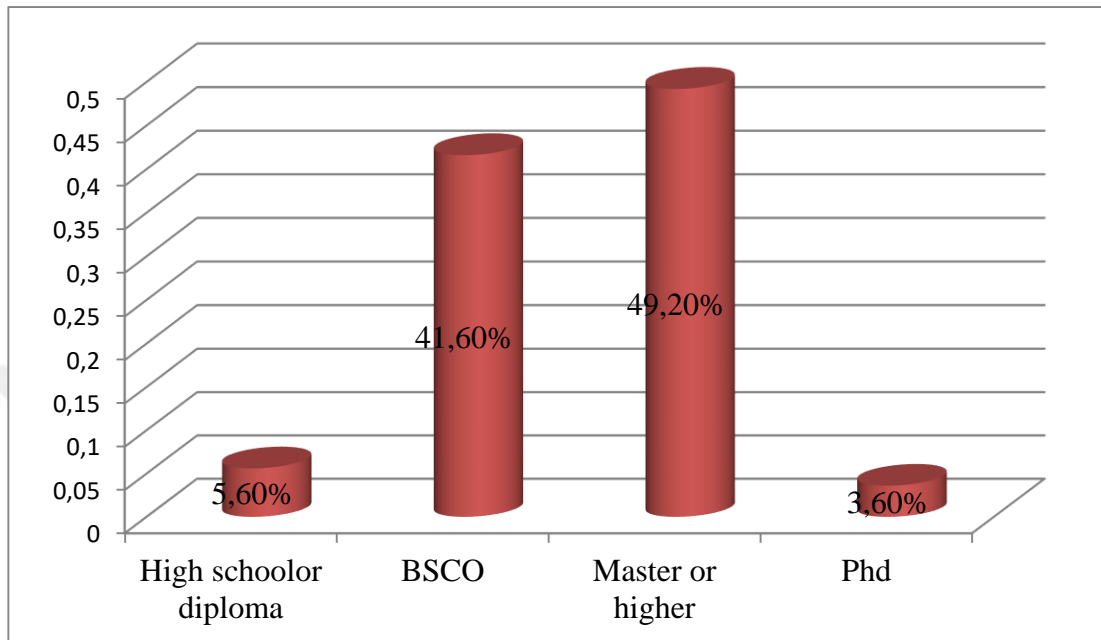
Concerning the age of the respondents, the majority of respondents were in the age of 30-40 with 42.8% while that of 20-30 were 45.2%, those in the 40-50 years were 11.2% and finally that of 50 and above years were 8%. The results indicate that the majority of the respondents were youthful hence have active memories to understand the organization occurrences.

Figure 3: Pie-chart showing the marital status of respondents



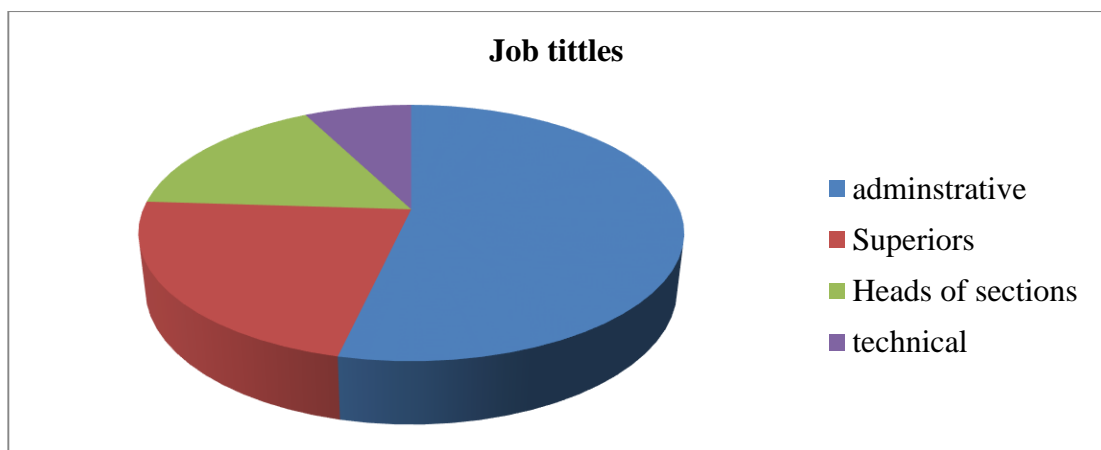
On the marital status, the majority of respondents were single constituting 57.6% of the respondents while the married were 42.4% of the respondents. The study results indicate that the majority of the respondents were single.

Figure 4: Graph showing the education of respondents



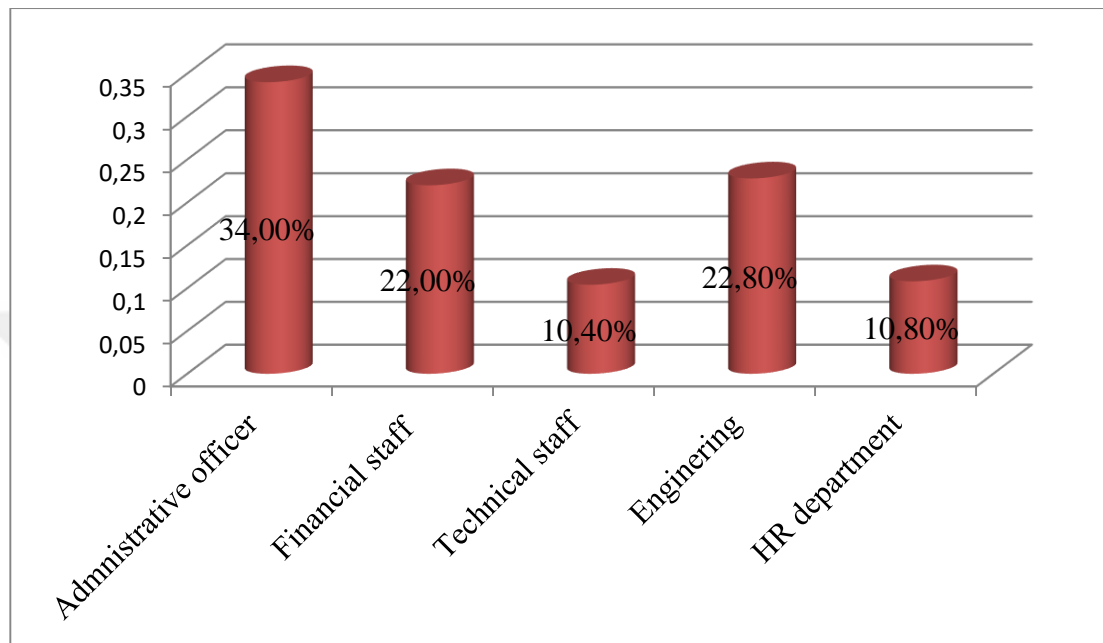
On the education of the respondents, the majority of respondents were holding Bachelor’s degree with 41.6% of the respondents while master or higher level had 49.2% while high school or diploma were 5.6% and those of PhD were 3.6%. The study results are collected from the educated respondents, the data is therefore not doubted on the grounds of education since the majority has some kind of a degree and above.

Figure 5: graph Showing titles of respondents



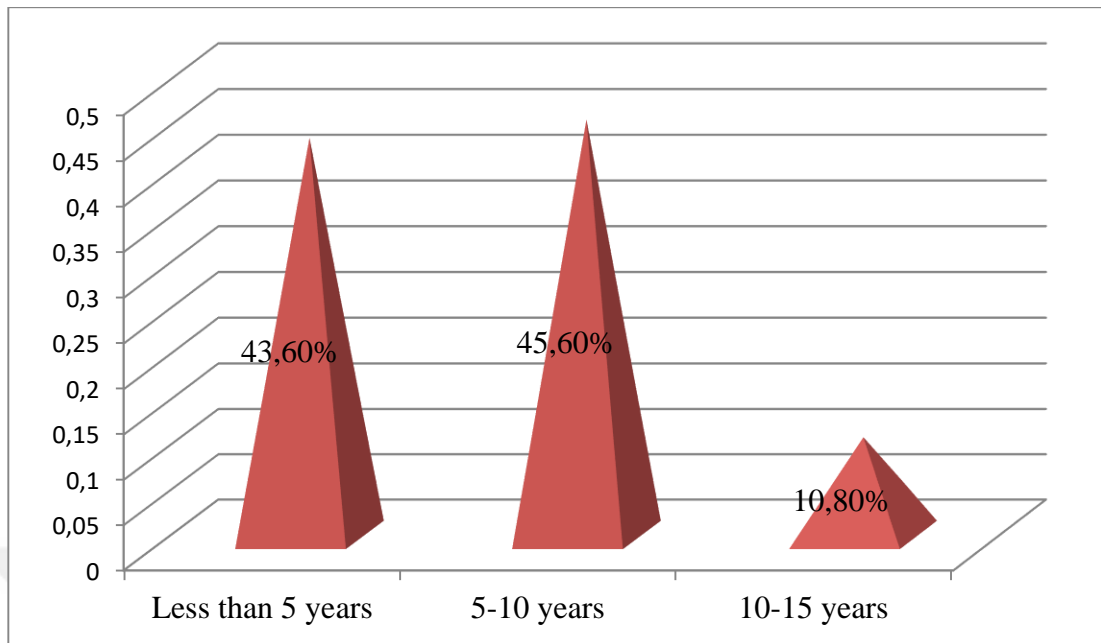
The study results concerning the job titles of the respondents, the majority was administrative officers who constituted 53.6% while those of supervisors were 22.4% and heads of sections were 16.4% while technicians were 7.6% of the respondents. The study findings reveal that the data collected was from responsible people.

Figure 6: Graph showing the department of respondents



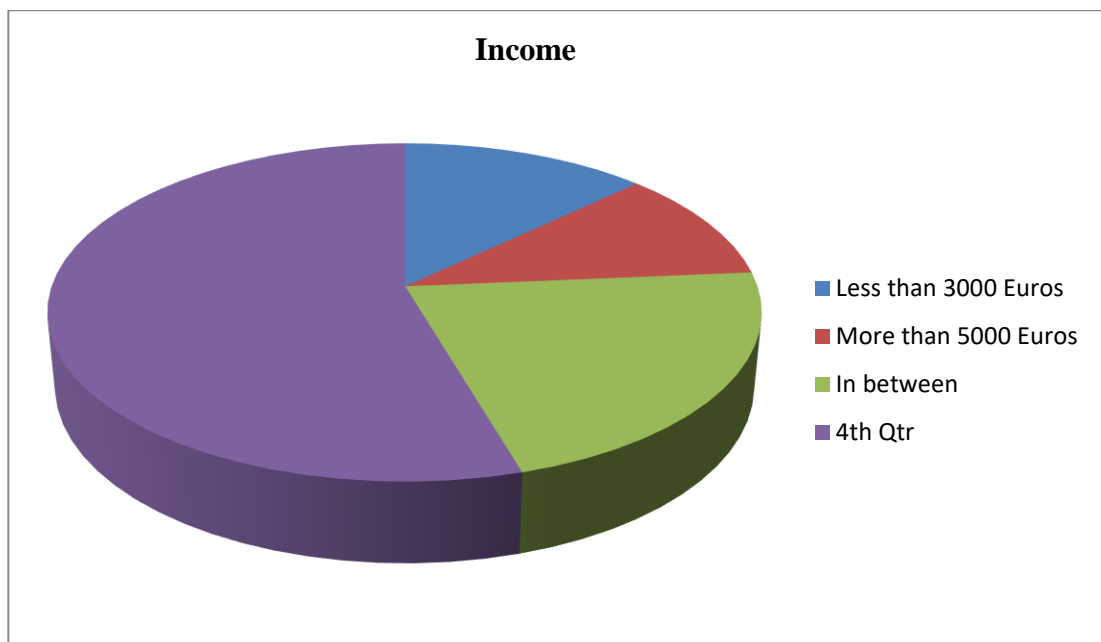
The study results from the field showed that the majority of the respondents were administrative staffs who were 34% of the respondents while the financial department had 22%, the technical department was 10.4% while engineering had 22.8% of the respondents, HR department were 10.8% of the respondents. The results showed that many people were from the departments of the organizations.

Figure 7: Showing working experience of respondents



Concerning the experience of the respondents, the study results indicate that the majority of the respondents were 5-10 years with 45.6% while less than 5 years had 43.6% of the respondents were those of 10-15 years and were 10.8% of the respondents. The study reveals that many respondents had been working for over 5 years in the organization hence have an understanding of the study.

Figure 8: Earnings of respondents



The study results concerning the income reveal that the majority of the respondents were in between 3000-5000 Euros earnings having 48% respondents, and those of less than 3000 Euros were 28.4% of the respondents, and finally that of more than 5000 Euros were 23.6% of the respondents.

4.6 Descriptive Statistics on Variables

4.6.1 Descriptive statistics on human resource practices

Table 4.3: Descriptive Statistics on Human Resource Practices

	N	Mean	Std. Dev	interpretation
Incentive Compensation				
In my company, sharing the performance gains with employees is an activity.	250	3.900	.654	Good
In my company, sharing a portion of the profits with employees is an activity.	250	3.764	.809	Good
In my company, sharing of ownership is an activity.	250	3.788	.790	Good
In my company, granting performance bonuses to employees (according to the annual performance) is an activity.	250	3.964	.729	Good
Training				
In my company, the use of specific training to make employees more responsive to the requirements of their positions (e.g. specialist courses) is an activity.	250	3.888	.773	Good
In my company, the use of training programs to make employees more responsive to future needs of the company (e.g. leadership or continue training) is an activity.	250	3.964	.756	Good
Selective Hiring				
In my company, the use of external recruitment is an activity	249	3.903	.771	Good
In my company, the use of structured test in order to properly assess the candidates (skills, competencies, personality) is an activity	250	3.924	.769	Good
In my company, the use of structured interviews to assess correctly the selected candidates (skills, competencies, personality) is an activity	250	3.948	.706	Good
Performance Evaluation				
In my company, the periodic evaluation employees' performance based on measurable objectives is an activity.	250	3.948	.706	Good
In my company, the periodic evaluation of employees on the basis of observable behavior is	250	3.932	.811	Good

an activity.				
Organisation of work				
In my company, the involvement of employees in teamwork is an activity.	250	3.856	.793	Good
In my company, regular consultation with employees through various committees is an activity.	249	3.967	.739	Good

Table 4.3 (con.): Descriptive Statistics on Human Resource Practices

	N	Mean	Std. Dev	interpretation
In my company, the resolution of problems with project teams driven by employees is an activity.	249	3.875	.816	Good
In my company, job rotation is an activity.	250	3.868	.701	Good
Information Sharing				
In my company, sharing information with employees on the strategic decisions of the company is an activity.	250	3.868	.701	Good
In my company, sharing information with employees on the financial position of the company is an activity.	249	3.916	.793	Good
In my company, sharing information with employees on new products and services offered by the company is an activity.	250	3.980	.736	Good
In my company. Sharing information with employees on the company's competitor is an activity.	250	3.928	.746	Good
Job security				
In my company, commitment to protect jobs of workers, in spite of all the predictable changes, is an activity	250	3.924	.780	Good
Social Activities and sports				
In my company, holding social activities (eg. Teambuilding activities, dinner party, new year party, etc) is an activity.	250	3.976	.770	Good
In my company, offering opportunities for employees to attend various social events (tickets to parties or cinema, admission to exhibitions, etc) is an activity.	250	3.968	.759	Good
In my company, promoting and providing opportunities for sport activity (Providing gift or benefits for the winner of sports activities, organizing sports game for employees such as football or basketball, etc) is an activity.	250	3.932	.830	Good
Human Resource Practices	250	3.909	.514	Good

Source: Field Data, 2019

Mean range	Respondent	Interpretation
4.22- 5.00	Strongly agree	Very Good
3.42 - 4.22	Agree	Good
2.62 – 3.41	Not Sure	Fair
1.81 - 2.61	Disagree	Poor
1.00 - 1.80	Strongly disagree	Very Poor

The descriptive data regarding the state of human resource practices in the companies of the study, the results indicate that the overall rating based on the mean for the 23 items of human resource practices were overall good, though some of them seemed in need of the improved. The data for the study reveals that the descriptive statistics of the human resource practices is overall good.

4.6.2 Descriptive statistics on sustainability practices in the organization

Table 4.4: Descriptive Statistics on Sustainability Practices in the Organization

Responses	N	Mean	Std. Deviation	Interpretation
Develop business plans to ensure long-term profitability and financial viability of the business.	250	3.996	.533	Good
Strive for business growth through product innovation and quality.	250	3.992	.755	Good
Have a long-term commitment to all our employees and encourage their personal and professional development through trainings, career planning, equal promotion opportunities, etc.	250	3.976	.652	Good
Value our staff through pay levels, employment benefits and rewards over the legal minimum requirements.	250	4.056	.714	Good
Our company has a formal policy about its sustainable business practices.	250	4.020	.661	Good
We have clearly defined indicators and strategies for our sustainable business practices.	250	3.964	.729	Good
We regularly monitor our sustainable business practices.	250	3.988	.685	Good
We regularly report our sustainable business performance to our employees.	250	3.996	.697	Good
We regularly report our sustainable	250	4.036	.701	Good

business performance to external stakeholders, such as guests, investors, community.				
We strive to develop strategies to improve our sustainable business performance.	250	3.988	.630	Good
Sustainability Practice	250	4.001	.472	Good

Source: Field Data, 2019

The study results based on the data collected reveal that the sustainability practices in the organisations had the mean of 4.00. interpreted as good meaning that the sustainability practices in the organisations exist, though weaknesses in the number of sustainability still can be redeveloped based on the standard deviation of .472 that indicate a low deviance from the average to the overall statistics.

4.6.3 Reasons for implementing sustainable business practices

Table 4.5: Descriptive Statistics on Reasons for Implementation of Business Practices

Response	N	Mean	Std. Deviation
Reasons for implementing sustainable business practices			
Reduction of costs.	250	3.8720	.59416
Enhancing reputation and image of the company.	250	4.0360	.55492
Increase in customer satisfaction, awareness and demand.	250	4.0640	.63681
Increase in employee job satisfaction.	249	3.9679	.58799
Improvement of the relationship with the local community business or Corporation philosophy.	250	4.0200	.56291

Source: Field Data, 2019

The study results indicate that the main reason for implementing sustainable business practices are increase in customer satisfaction, awareness and demand with 4.064, enhancing reputation and image of the company was second with 4.0360, while improvement of the relationship with the local community business or corporation philosophy was 3rd with 4.0200 mean followed with increase in employee job satisfaction at 3.9679 and finally reduction of costs at 3.8720.

4.6.3 Descriptive statistics on innovations

4.6.3.1 Have you ever had of innovation

Table 4.6: Whether respondents had ever had of innovation

Responses	Frequency	Percent
Yes	247	98.8
No	3	1.2
Total	250	100.0

Source: Field Data, 2019

The results on whether respondents have ever had about innovation, the results indicate that 98.8% of the respondents agreed that they had ever had about innovation. This means that innovation is a clearly known concept that the people had ever had about with only 1.2% disagreement registered.

4.6.3.2 Whether innovation is good

Table 4.7: Whether innovation is good

Responses	Frequency	Percent
Yes	250	100.0

Source: Field Data, 2019

The study results reveal that all respondents 100% of the respondents agreed that the innovation is good. The results imply that all the study respondents recognize that innovation is very good and fundamental, its fundamental that they conduct innovation on the daily scale of operations.

4.6.3.3 Statistics on innovation

Table 4.8: Descriptive Statistics on Innovation

	N	Mean	Std. Deviation	Interpretation
Degree of Innovation				
In my company, the development of innovation projects is a practice. (For projects, we mean the in-house innovation: implementing a new process, establishing new quality standards, etc. Also, innovation in external presentation and development of new prod	250	3.996	.611	Well implemented
My company opts for a more proactive strategy than a reactive strategy i.e. it does not react, it acts.	250	3.928	.813	Well implemented
Role of employee on innovation				
I am creating ideas for difficult issues.	250	3.892	.640	Well implemented
I am searching out new working methods, techniques or instruments.	250	3.944	.591	Well implemented
I am mobilizing support for innovative ideas.	250	3.884	.626	Well implemented
I am acquiring approval for innovative ideas.	250	3.928	.610	Well implemented
I am making important organizational members enthusiastic for innovative ideas.	250	4.012	.597	Well implemented
I am transforming innovative ideas into useful applications.	250	3.924	.619	Well Implemented
I am introducing innovative ideas into the work environment in a systematic way.	250	3.904	.600	Well Implemented
I am evaluating the utility if innovative ideas.	250	3.872	.639	Well Implemented
Innovation	250	3.928	.409	Well Implemented

Source: Field Data, 2019

Mean range	Respondent	Interpretation
4.22- 5.00	Strongly agree	Highly Implemented
3.42 - 4.22	Agree	Well implemented
2.62 – 3.41	Not Sure	Moderately Implemented
1.81 - 2.61	Disagree	Lowly implemented
1.00 - 1.80	Strongly disagree	Very low implementation

The study findings on the level of innovation reveal that innovation in the study organisations is well implemented. The mean responses were 3.928 and the standard deviation is of .409 low implying that the state of implementation of innovation in the organisations was above average. Based on these one argued that the degree of implementation of innovation needs to be much more driven for a higher performance.

4.6.4 Descriptive statistics on organization performance

Table 4.9: Descriptive Statistics on organizational performance

Responses	N	Mean	Std. Dev	Interpretation
Overall sales growth	250	3.916	.591	Good
Overall market share	250	3.928	.690	Good
Returns on investments	250	3.992	.658	Good
Achievement on business objectives	250	3.992	.664	Good
Achievement on employee satisfaction	250	4.008	.658	Good
Achievement on customer satisfaction	250	4.032	.651	Good
Overall performance	250	4.100	.628	Good
Organization Performance	250	3.995	.478	Good

Source: Field Data, 2019

The study results indicate that the overall organisation performance of the organisations was good at 3.994, SD=.478 interpreted as good. The study findings are based on the individual results for the information collected from the respondents. The data imply that the attained reveal a good performance of the organizations.

4.6.4.1 Flexible working condition in organizations

Table 4.10: Flexible working condition in your organization

		Part-time work.	
		Frequency	Percent
Valid	Yes	92	36.8
	No	158	63.2

Table 4.10 (con.): Flexible working condition in your organization

Flexible working schedule.			
		Frequency	Percent
Valid	Yes	193	77.2
	No	57	22.8
Working from home.			
		Frequency	Percent
Valid	Yes	102	40.8
	No	148	59.2
Paid maternity leave.			
		Frequency	Percent
Valid	Yes	226	90.4
	No	24	9.6
Special leave day care.			
		Frequency	Percent
Valid	Yes	228	91.2
	No	22	8.8
		Total	250
			100.0

Source: Field Data, 2019

In regard to the flexible working condition in the organization, concerning part time work, the majority of the respondents disagreed 63.2% while the minority agreed with 36.8% of the respondents who disagreed meaning that part time work is not much in the organizations.

Concerning the flexible working schedule, the majority of the respondents 77.2% contend that there is flexible schedule of work while 22.8% disagreed with the presence of a flexible work schedule.

Concerning the state of working from home, the majority of respondents disagreed with working from home 59.2% while 40.8% agreed that they work from home. The results indicate that working from home was limited.

Concerning the state of paid maternity leave, the results indicate that 90.4% agreed with the paid leave of maternity while 9.6% disagreed with having paid maternity leave. The results imply that the respondents agree with the provision of paid maternity leave.

The study results concerning the special leave day care reveal that 91.2% of the respondents agreed while 8.8% of the respondents agreed with the provision of special leave days.

4.6.4.2 Flexible working condition

Table 4.11: Descriptive Statistics flexible working condition

Responses	N	Mean	Std. Dev	Interpretation
My leader allows employees to influence important decisions.	250	3.896	.598	Satisfactory
My leader is able to make others enthusiastic about his/her plans.	250	3.960	.505	Satisfactory
My leader shows that he/she is convinced about his/her ideals, vision and values.	250	3.964	.532	Satisfactory
My leader gives employees the feeling that they are working on an important mission/ assignment.	250	3.944	.578	Satisfactory
My leader is willing to invest in the well-being of fellow human beings.	250	3.852	.625	Satisfactory
Flexible Working	250	3.923	.424	Satisfactory

Source: Field Data, 2019

Mean range	Respondent	Interpretation
4.22- 5.00	Strongly agree	Very satisfactory
3.42 - 4.22	Agree	Satisfactory
2.62 – 3.41	Not Sure	fairly satisfactory
1.81 - 2.61	Disagree	Unsatisfactory
1.00 - 1.80	Strongly disagree	Very Unsatisfactory

The study findings on the state of flexible working conditions in the organizations reveal that the majority of the respondents agreed that there exist flexible working conditions in the organizations, the state of values indicated by the mean of 3.923, a low standard deviation of .424 interpreted as satisfactory. The results imply that the working conditions of the organizations are very flexible.

4.7 Normality Tests

Table 4.12: Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Human Resource Practices	.128	250	.000	.916	250	.000
Innovation	.165	250	.000	.908	250	.000

Table 4.12 (con.): Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Organisation Performance	.148	250	.000	.951	250	.000
Sustainability Practice	.145	250	.000	.956	250	.000
Flexible Working	.268	250	.000	.889	250	.000

a. Lilliefors Significance Correction

Source: Field Data, 2019

The study results from the presentation according to Kolmogorov-Smirnov test the normality for the variables are all below 0.05, meaning that the data presented is not normally distributed. On the same context, the assessment of the Shapiro Wilk shows the values of significant at above 0.05. The Shapiro test is not normal when the values are below 0.05 level of significance. In this case therefore based on both tests one argues that the data is not normally distributed.

4.8 Linearity Plots

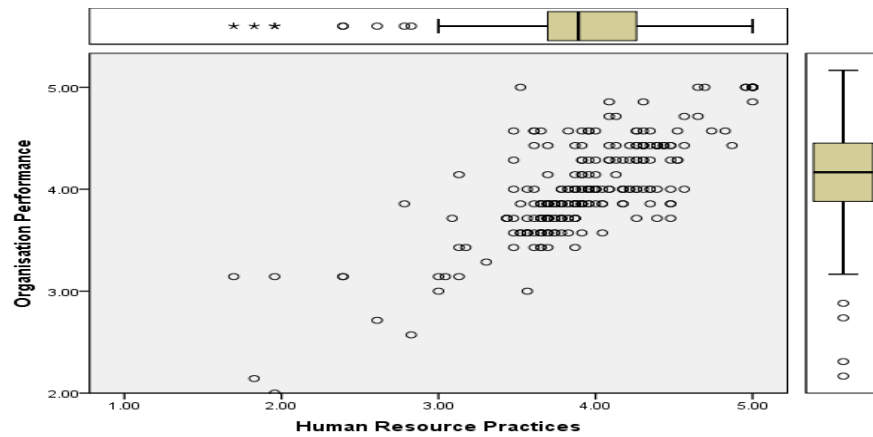


Figure 4.1: Linearity Plot Human Resource Practices on Organizational Performance

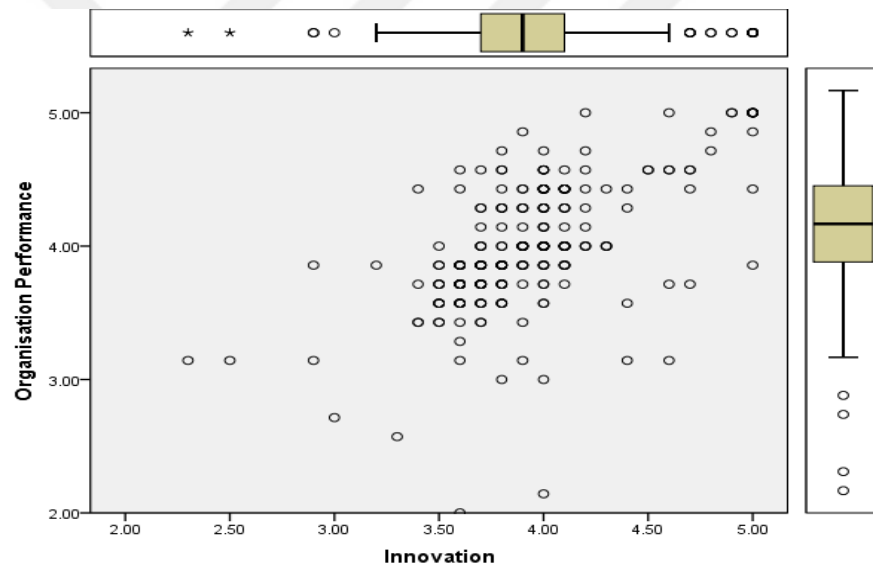


Figure 4.2: Linearity Plot of Human Resource Practices on Organizational Performance

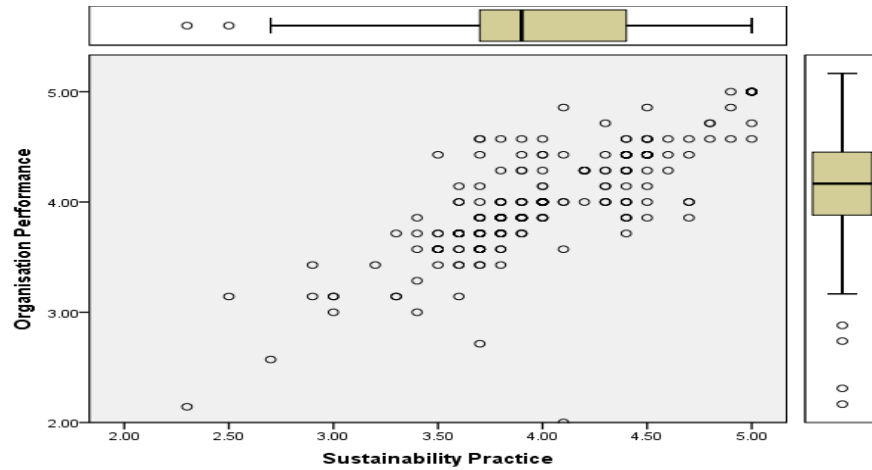


Figure 4.3: Linearity Plot Sustainability Practice on Organizational Performance

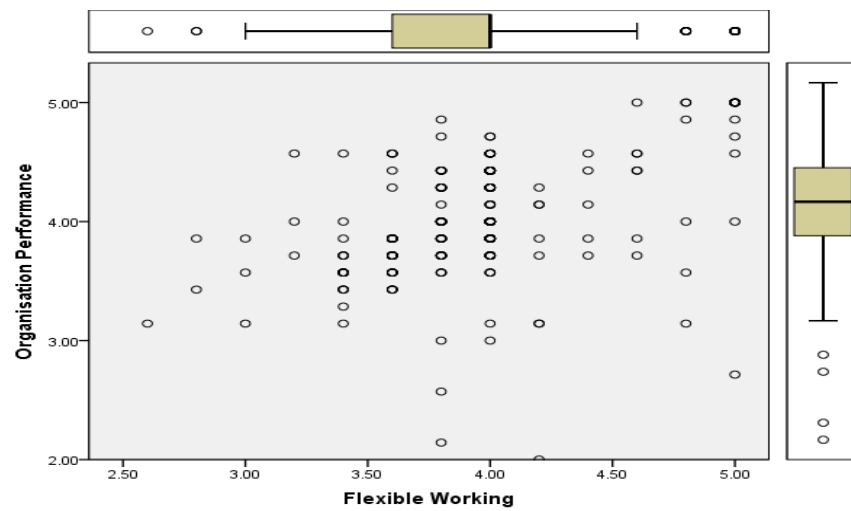


Figure 4.4: Linearity Plot Flexibility on Organizational Performance

The results presented in the graph reveal that the Linearity of the data is detected, given the graphical distributions of data. The graphs provide that the distributions are an indication of linearity of the data, hence the assumption is met that data is Linear.

4.9 Correlation Analysis

Table 4.13: Correlation analysis

			Correlations
			Organization Performance
Spearman's rho	Human Resource Practices	Correlation Coefficient	.713**
		Sig. (1-tailed)	.000
		N	250
		<hr/>	
	Innovation	Correlation Coefficient	.625**
		Sig. (1-tailed)	.000
		N	250
		<hr/>	
	Sustainability Practice	Correlation Coefficient	.802**
		Sig. (1-tailed)	.000
		N	250
		<hr/>	
	Flexible working schedule.	Correlation Coefficient	-.249**
		Sig. (1-tailed)	.000
		N	250

** . Correlation is significant at the 0.01 level (1-tailed).

Source: Field Data, 2019

The study focus was on determining whether the HRM Practices have a positive impact on the organizational performance to be more innovative. Sustainability has a positive Impact on the organizational performance, flexibility has positive and meaningful impact on organization performance and innovation has a positive impact on organization performance. To test the hypothesis based on correlation analysis, the researcher provided the correlation tests under spearman correlation analysis based on assessing the degree of correlation

As for the first hypothesis, HRM Practices have a positive impact on the organizational performance to be more innovative, the significant value attained was indicated by Sig=0.000, R=.713. The results indicate that HRM practices have a positive impact on organization performance. The hypothesis is adopted and hence accepted that HRM practices have a positive impact on organizations performance.

As for the second hypothesis, stated as sustainability, it has a positive Impact on the organizational performance, the significant value attained was indicated by Sig=0.000, R=.802. The results indicate that sustainability have a positive impact on organization performance. The hypothesis is adopted and hence accepted that sustainability has a positive impact on organizations performance.

The third hypothesis that stated flexibility has positive and meaningful impact on organization performance, correlation analysis reveals that the Sig=0.000, R= -.249. The results indicate that flexibility have a negative impact on organization performance. The hypothesis is not adopted and hence not accepted that flexibility have a positive and significant impact on organizations performance.

On the fourth hypothesis that stated that innovation has a positive impact on organization performance, through correlation analysis reveal that the Sig=0.000, R=.625. The results indicate that innovation have a positive impact on organization performance. The hypothesis is adopted and hence accepted that innovations have a positive and significant impact on organizations performance.

4.10 Linear Regression Analysis

In this regression analysis, the researcher had a task of establishing the individual aspects of HRM practices, sustainability, flexibility and innovation on organization performance of German organizations and establishes the one that has a highest effect on the dependent variable. Several authors contend to the same understanding, according to Cravetter &Wallnau (2005), regression is a statistical assessment technique that are used to establish the line of best fit for the set of data.

4.10.1 HRM practices have a positive impact on the organizational performance

Table 4.14: Regression analysis on HRM practices and organization performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.777 ^a	.604	.602	.30155

a. Predictors: (Constant), Human Resource Practices

Table 4.14 (con.): Regression analysis on HRM practices and organization performance

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.341	1	34.341	377.656	.000 ^b
	Residual	22.551	248	.091		
	Total	56.893	249			

a. Dependent Variable: Organisation Performance

b. Predictors: (Constant), Human Resource Practices

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.173	.146		8.012	.000
	Human Resource Practices	.722	.037	.777	19.433	.000

a. Dependent Variable: Organisation Performance

Source: Field Data, 2019

Results in the table above regarding the effect of HRM practices on organization performance, the results reveal that the R value is .777, this implies that Human resource activities lead to organization performance by 77.7%. The presence of the error estimate reveals that .30155 reveal the closer scatter of data.

The ANOVA table reveal that there was a significant effect of HRM practices on organization performance. The results are justified by the Sig value of 0.000 which is below the level of significance of 0.05. Meaning that HRM practices have a high effect on organization performance.

Concerning the coefficients the study reveal that both coefficients of significance are below the level of significance on HRM practices and organisation performance were at .000. The results imply that there is a significant impact of HRM practices on organisation performance, the researcher adopts the null hypothesis and concludes that there was a significant effect of HRM practices on organization performance.

$$Y_1 = 1.173 + .722HRP$$

The first equation of Y1 reveal that the equation reveals that holding human resource practices at zero the performance of the organization will be at 1.173, a unit in human resource practices will lead to an increase performance by .722

4.10.2 Sustainability has a positive Impact on the organizational performance

Table 4.15: Regression on sustainability on organization performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.803 ^a	.645	.644	.28533		
a. Predictors: (Constant), Sustainability Practice						
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.702	1	36.702	450.791	.000 ^b
	Residual	20.191	248	.081		
	Total	56.893	249			
a. Dependent Variable: Organisation Performance						
b. Predictors: (Constant), Sustainability Practice						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.747	.154		4.846	.000
	Sustainability Practice	.812	.038	.803	21.232	.000

a. Dependent Variable: Organization Performance

Source: Field Data, 2019

Results in table above regarding the effect of sustainability on organization performance, the results reveal that the R value was .803, this imply that

sustainability lead to organization performance by 80.3%. The presence of the error estimate reveal that .28533 reveal the closer scatter of data.

The ANOVA table reveal that there was a significant effect of sustainability on organization performance. The results are justified by the Sig value of 0.000 which is below the level of significance of 0.05. Meaning that sustainability has a high positive effect on organization performance.

Concerning the coefficients the study reveal that both coefficients of significance are below the level of significance of sustainability and organisation performance were at .000. The results imply that there is a significant impact of sustainability on organisation performance, the researcher adopts the hypothesis and concludes that there was a significant positive effect of sustainability on organization performance.

$$Y_2 = .747 + .812 SP$$

On equation Y2, holding sustainable practices at zero the performance of the organizations will be at .747, a unit change in the sustainable practices of the organization will lead to increase in organization performance by .812

4.10.3 Impact of flexible working on organization performance

Table 4.16: Regression on flexible working on organization performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.461 ^a	.213	.210	.42494

a. Predictors: (Constant), Flexible Working

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.110	1	12.110	67.066	.000 ^b
	Residual	44.782	248	.181		
	Total	56.893	249			

a. Dependent Variable: Organization Performance

b. Predictors: (Constant), Flexible Working

Model		Coefficients ^a			t	Sig.
		Unstandardized		Standardized		
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	1.955	.251		7.800	.000
	Flexible	.520	.064	.461	8.189	.000
	Working					

a. Dependent Variable: Organization Performance

Results in table above regarding the effect of flexible working on organization performance, the results reveal that the R value was .461, this imply that flexibility lead to organization performance by 46.1%. The presence of the error estimate reveal that .42494 reveal the closer scatter of data.

The ANOVA table reveal that there was a significant effect of flexible working on organization performance. The results are justified by the Sig value of 0.000 which is below the level of significance of 0.05. Meaning that flexible working has a high positive effect on organization performance.

Concerning the coefficients the study reveal that both coefficients of significance are below the level of significance of flexibility and organization performance were at .000. The results imply that there is a significant impact of flexibility on organization performance, the researcher adopts the hypothesis and concludes that there was a significant positive effect of sustainability on organization performance.

$$Y_3 = 1.955 + .520 \text{ FW}$$

Furthermore, the results reveal that keeping flexible working at zero, the performance of the organization will be at 1.955, therefore a unit change in flexible working will lead to increase in the performance of the organization by .520.

4.10.4 Impact of innovation on organization performance

Table 4.17: Regression on innovation on organization performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.615 ^a	.378	.376	.37765		
a. Predictors: (Constant), Innovation						
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.523	1	21.523	150.906	.000 ^b
	Residual	35.370	248	.143		
	Total	56.893	249			
a. Dependent Variable: Organization Performance						
b. Predictors: (Constant), Innovation						
Coefficients ^a						
Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.172	.231		5.073	.000
	Innovation	.719	.059	.615	12.284	.000
a. Dependent Variable: Organization Performance						

Source: Field Data, 2019

Results in table 4.17 regarding the effect of innovation on organization performance, the results reveal that the R value was .615, this imply that innovation lead to organization performance by 61.5%. The presence of the error estimate reveal that .37765 reveal the closer scatter of data.

The ANOVA table reveal that there was a significant effect of innovation on organization performance. The results are justified by the Sig value of 0.000 which is below the level of significance of 0.05. Meaning that innovation has a high positive effect on organization performance.

Concerning the coefficients the study reveal that both coefficients of significance are below the level of significance on Innovation and organisation performance were at .000. The results imply that there is a significant impact of innovation on organisation performance, the researcher adopts the hypothesis and concludes that there was a significant positive effect of innovations on organization performance.

$$Y_4 = 1.172 + .719 \text{ Innovation}$$

On innovation, the study findings reveal that the performance of the organization will be at 1.172 for the organization, when innovation is kept constant and a unit change in innovation for the organization will lead to increase in the performance of the organization by .719.

4.11 Multiple Regression Analysis

Table 4.18: Human resource practices, sustainability, flexible working and innovation on organization performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.843 ^a	.711	.707	.25892

a. Predictors: (Constant), Innovation, Human Resource Practices, Flexible Working, Sustainability Practice

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.468	4	10.117	150.906	.000 ^b
	Residual	16.425	245	.067		
	Total	56.893	249			

a. Dependent Variable: Organization Performance

b. Predictors: (Constant), Innovation, Human Resource Practices, Flexible Working, Sustainability Practice

Model		Coefficients ^a		Standardized Coefficients Beta	t	Sig.
		Unstandardized Coefficients B	Std. Error			
1	(Constant)	.441	.174		2.544	.012
	Human Resource Practices	.346	.051	.372	6.763	.000
	Sustainability Practice	.478	.058	.473	8.184	.000
	Flexible Working	-.032	.055	-.028	-.581	.562
	Innovation	.106	.066	.091	1.613	.108

a. Dependent Variable: Organization Performance

Source: Field Data, 2019

The effect for all four independent variables on organization was computed to be at an R Squared coefficient of 0.843. It meant that the variables accounted for 84.3% of the variation in organization performance could be explained by four variables belonging to Human resource practices, sustainability practices, flexible working and innovations. This denotes a high rate of influence that the variables have on organization performance. The ANOVA section also offers collaborating evidence to support the fact that there is a significant amount of influence. The p value for the test was established at 0.000 for human resource practices and sustainable practices which were below 0.05. The implication was that two variables combined had a significant influence on organization performance. The study findings imply that the factors of flexible working had a negative effect on performance and innovations had a positive effect on organization performance.

$$Y_5 = .441 + .346 \text{ HRP} + .478 \text{ SP} - .032 \text{ FW} + .106 \text{ Innovation}$$

The regression equations present the effect between the variables (independent and dependent variables). Finally on the multiple regression were the overall variables were determined to estimate the effect that the independent variables have on the organization performance, the equation reveal that keeping Human resource practices, sustainable practices, flexible working conditions and innovation at a constant, the performance of the organizations will be .441 in this case human resource lead to an increase of performance by 346, while sustainable performance contribute to performance by .478 while flexible working will reduce performance by 032 and Innovation will lead to the increase in performance of the organization by 106.

CHAPTER FIVE: DISCUSSION

The aim behind this research is to explore and investigate the huge impact of sustainability and flexibility and implementing them in HR practices which will help the innovative organizations to improve their overall organizational performance and be more innovative and productive. After collecting data from different German innovative organizations and after analyzing all the variables and their impact on increasing the organizational performance using a precise technique which is SPSS, which can give the most accurate and precise results because it is built on rules and formulas that's why it is trustworthy in giving results.

After seeing the findings and understand them carefully, and after testing the study hypothesizes, it was shown that these variables which are; sustainability, flexibility, HRM practices and finally innovation have a positive impact on increasing the organizational performance and all the hypothesis suggested before got a positive result after finding the correlation coefficient value for them and all of them were accepted with different positive effect on increasing and developing the organizational performance for different innovative associations in Germany.

After investigation, it was clear and obvious that all the organizations are completely aware of the huge importance of Sustainability, flexibility, and HR practices and their huge impact on developing the overall organizational performance. Moreover, all the organizations are working on implementing these practices trying to survive among other competitors in the market domestically and internationally.

So after making deep researches both theoretically and practically it was shown that it is a must for companies to implement sustainability and flexibility and take a huge attention in improving their HR practices as well because it is well known that HR practices are the backbone of every organization if they apply sustainability and flexibility on them and make a balance between them, it will positively affect their working force, employees and managers working in the same organization, it will help them to achieve all their goals and the organizational performance will be more

efficient, and it will give them a huge competitive advantage between other competitors.

So now after making investigations and studying the topic from different aspects the researcher is able to answer the research questions raised before which were;

1. What policies do HR professionals need to increase organizational performance?

After conducting the data needed the research notices that the results imply that HR policies has a significant impact on organizational performance, these are the policies that every HR department in any company should use in order to gain employee's satisfaction and engagement such as;

- Sitting a management plan with goals and objectives.
- Performance evaluation or appraisal.
- Incentives (Such as gifts, profits and so on), which helps in gaining employees commitment and engagement, which is an important factor to increase the organizational performance of any association
- The organization of work or the "Quality of work".
- Engaging employees in each decision or plan the management is about to do and allow them to share their personal opinion. In a matter of fact, this practice can be considered as a flexible practice and it is really important to let employees feel the responsibility to participate in taking decisions in the company or let them have the responsibility to work on fixing the flaws and improving the company image.
- Although flexibility is important but there must be management control internally and externally.
- offering training programs for employees to improve their skills and help them to perform their jobs in a better way.

2. To what extent flexibility play a huge role in HRM practices for the development of organizational performance?

As a matter of fact, flexibility have a significant and a positive role in improving the organizational performance and managers can involve it in HRM practices in several ways, such as offering part time jobs, give them the freedom to work some time at home, and give them holidays to enjoy and release their stress or maybe give them

the enough time to take care of their personal responsibility such as taking care of their families, or allow them to share their own opinion when it comes to decision making process. Moreover, arranging different entertaining activities such as; sports, trips, parties, will help to release the stress and it will renew their energy to work which will make them more productive not chained will allow them to think in a creative way, but again in the same time companies should not be too much flexible they should be in between not too much strict not too much easy going because employees are human beings once they see that there are no rules, no regulation they will not be serious in working, so the best solution is to be in between.

3. How to apply sustainable flexible factors of HRM management in different companies to be more innovative and improve their organizational performance to be in the top among other competitors?!

Sustainability and flexibility can be applied by making an effective strategic business plan with sustainable goals that keep the company survive for a long time, even the company goals should be for the long term. In other words, in setting the organizational goals the main focus should be or increasing the business growth. In addition to that, they should focus on maintaining a long-term commitment with their employees by encouraging their professional development and by giving them rewards and incentives. Moreover, every company should have a clear sustainable policy and they must share it with everyone in the organization, above that every company must provide a yearly report for the overall organizational performance and share it with everyone such as; employees, investors, stakeholders and so on.

Moreover, if we want to make a comparison between what the researcher concludes in this study with other related studies it would be as follow;

First, Veth et al., (2017: 26- 27) stated that the continuous developing of HRM practices with employability will give a positive increase in the development of work engagement of employees by offering and implementing an aimed HRM practices. Whereas, in this study after conducting the data it was shown that this fact is true with an increase of both employees and customers satisfaction which is an important base of increasing organizational performance in return it will give a flawless outcome.

Second,(Zaugg, Blum & Thom, 2001: 25) think that companies should focus on increasing the implementation of sustainable practices internally and externally from different dimension which will increase the company competitiveness which is the base of being successful nowadays, and in a matter of fact, the researcher agrees with this point that “Sustainability” is the base for having the competitive advantage for the “long term” which is the main idea behind sustainability.

Third, comes flexibility; Wisley (2017:39) Thinks that flexibility practices such as “flexible working hours” are really important in every organization, in order to gain a high employees engagement and therefore, they will feel that they are valued and appreciated for the work they have done, but the researcher point of view is that yes some flexible practices are necessary for employees such as maternity leave, which is compulsory for females who need it, or by giving employees the chance to share their opinions regarding decision in their company, which will make them more motivated and creative, but for having a flexible working hours in the organization from the researcher point of view is not important because nobody will be serious and nobody will come on time, managers should be strict in this issue to give a better performance.

Forth, Lakho and Tagar (2017: 302) think “that product, process and organizational innovation have a positive impact on organizational performance’. This is what was shown in the result that being unique among competitors is something really important nowadays to gain consumers loyalty and demand. Moreover, innovation Is important for employees as well it will help them to cope up with daily changes really fact and in an effective way, it will help them to act and respond really fast according to these changes internally and externally.

Finally, which is the organizational performance. (Jerome, 2013: 1290) explained that organizational performance is really important to achieve the companies goals and attributes because it have so many advantages that helps any organization to gain a sustainable business success such as; “profits; market value, market share, increase in sales, productivity, product and service quality, gaining customer satisfaction, development of products and services and increasing in future investments. In a matter of fact, the researcher agrees with that because it was obvious and clear after conducting the data needed to reach this fact and be surer about it.

CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS

6.1 The Study Conclusion

The objective of this study is to investigate whether sustainability, flexibility, HRM practices and innovation have a positive impact in developing the organizational performance and make it more efficient and more innovative or not. As mentioned before the study raised four hypothesizes to test whether these variable have a significant positive impact on increasing the organizational performance for companies and help it to be more innovative, and after testing the hypothesizes all the results was below 0.5 which means all of the variables have a significant impact on increasing the organizational performance and make it more effective, all the hypothesizes were accepted. As a matter of fact, after making researches and conducting the needed data, the researcher noticed that all the organizations in Germany are working on implementing the practices all of them together perfectly as it was shown in the results section all four variable's practices were well implemented because they will give different benefits for them such as; what the researcher asked in the questionnaire about the benefits of sustainable business practices which were implemented from Raderbauer (2011: 81-82) ; “reduction of cost; enhancing reputation and image of the company; increasing in customer satisfaction, awareness and demand; increase in employee job satisfaction and finally it will make improvements of the relationship with the local community business- or Corporation philosophy”. In addition to that the researcher explained some of the benefits behind implementing HRM practices effectively such as what Armstrong (2012: 5) Mentioned in his book; HRM practices are encouraging and helping the organizations to achieve their goals successfully in a short time; and it helps in creating a friendly long-term relationships internally (between managers and employees) and externally (between the organization and customers, investors, stakeholders and so on). Moreover, HRM practices keeps training employees to develop their abilities and skills to make sure of having a talented, creative work

force inside the organization which will help them to perform their duties in a creative way.

Furthermore, the researcher adopted some questions to evaluate the organizational performance of the company from Wearn (2012:94), to see whether implementing these practices increase the organizational performance or vice versa and after making the data analysis it was obviously shown that there was a development in the organizational performance through different aspects such as; increasing in overall sales growth, increasing in the overall market share and on the same time return on investments. Furthermore, there was a huge development of increasing both employee and customers satisfaction, in return there was a huge development in the overall company performance, that's why all organizations are working really hard to implement these crucial and important practices that give them the competitive advantage to survive for the long-term between competitor.

6.2 The Study Recommendations

Based on previous analysis, discussion and conclusion the researcher is suggesting a list of recommendations that might help organizations to be more increase their performance and be more innovative:

- The study suggests that HR management should be more flexible to cope up with any changes in the business world.
- They should improve the HR system and dimensions to better deal with sustainable and flexible practices.
- Companies should not be too much flexible neither too much strict, they must be in between in the middle they should have some sort of flexibility in the same time they should have control internally and externally.
- They should keep giving annual reports for the organizational performance financially and functionally and try to fix the flaws and make it in a better form every year.
- They should keep providing professional training programs for employees to encourage them to give their best in performing their duties. Above that, companies

should bring some international trainees to share their experience and knowledge with employees, which will develop employee's skills in the same time.

-Companies should keep focusing on building a long-term professional business plan with a unique vision and mission.

- Managers should be so friendly with employees and keep encouraging them to share their suggestions and opinions about different aspects in the company; this will let employees more comfortable and more confident.

-They should mix technology in the process of management to cope up with the daily changes in this digital era.

-Companies should keep comparing with competitors and keep developing themselves.

- They should take care of their image and reputation because it is something really important to keep a long-term employee and customer engagement and loyalty which is the base for successful companies nowadays.

6.3. Limitations

Due to the limited nature of this research only (250 respondents), the questionnaire cannot convey or generalize whatever results was noticed on the entire German innovative companies because 250 respondents do not represent the entire country, it is just a sample to test the hypothesizes given earlier in this study nothing more or less. Furthermore, it will not be able to convey or address all the aspects, practices and problems that are related to the variables of this research.

This research is like any other research, it depends on whatever information the respondents give, but we cannot trust them fully, because nobody will give a bad image about their own company some of them will present the falsely image of their organization, they will always try to make their image looks perfect no matter what but others might give the correct information we cannot generalize, it depends on the respondent himself. On the other hand, the researcher faced another problem while conducting the data which was the language barrier, because not all Germans know English, neither the researcher knows German so it took too much time to collect the data needed and in the same time the researcher couldn't reach a large number of respondents only 250 because of this language barrier. Furthermore, the researcher faced a problem to explain the main goal behind this study, because it is hard to understand the combination between the variables and the exact meaning of it, it needs a professional people to whom you can trust to gather information about this topic.

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APPENDICES

Appendix 1: The Questionnaire

Appendix 2: Ethics Approval Form

Appendix 3: Mediation Analysis Output



Istanbul Aydın University
The graduate School (Institute) of Social Science
Business Administration Department



Dear Employees,

This questionnaire is a research tool designed to complete the requirements of MBA degree successfully, after defending a thesis which its title is: **“Increasing the Organizational Performance with Flexible and Sustainable Human Resource Management for Innovative Organizations “A Case Study”**. I hope that I will get the required data for my study after filling out the questionnaire by putting (X) in the answer area that you will choose. Above that, all the collected data will be only used for research purposes.

Thank you for your cooperation

Researcher
Hala Allouzi

Appendix 1: The Questionnaire

Demographic: personal information

Gender: <ul style="list-style-type: none"> <input type="radio"/> Male <input type="radio"/> Female 	Age: <ul style="list-style-type: none"> <input type="radio"/> 20-less than 30 years <input type="radio"/> 30- less than 40 years <input type="radio"/> 40-less than 50 years <input type="radio"/> 50 years and above
Marital Status: <ul style="list-style-type: none"> <input type="radio"/> Single <input type="radio"/> Married 	Education Level: <ul style="list-style-type: none"> <input type="radio"/> High school or diploma <input type="radio"/> BSC <input type="radio"/> Master or high diploma <input type="radio"/> PhD
Job Title: <ul style="list-style-type: none"> <input type="radio"/> Head of section <input type="radio"/> Supervisor <input type="radio"/> Administrative officer <input type="radio"/> Technician 	Department: <ul style="list-style-type: none"> <input type="radio"/> Administrative/ Customer care <input type="radio"/> Financial <input type="radio"/> Technical <input type="radio"/> Engineering <input type="radio"/> HR Department
Experience at This Company: <ul style="list-style-type: none"> <input type="radio"/> Less than 5 years <input type="radio"/> 5- Less than 10 years <input type="radio"/> 10-Less than 15 years <input type="radio"/> 15 years and above 	Income: <ul style="list-style-type: none"> <input type="radio"/> Less than 3000 Euro <input type="radio"/> More than 5000 Euro <input type="radio"/> In between

Second Part:

This section contains the study variable dependent and independent. Please answer each question according to your knowledge and experience by putting (X) according to your own perception about the implementation of each variable at your company.

Question 1: Have you ever heard about innovation? Yes No	Question 2: Do you think innovation is good for your company? Yes No
--	--

Not at all implemented	←	Moderately Implemented	→	Strongly Implemented
1	2	3	4	5

Section A: Questionnaire for Human Resource Practices

Incentive Compensation	1	2	3	4	5	Organization of Work	1	2	3	4	5
1. In my company, sharing the performance gains with employees is an activity.						12. In my company, the involvement of employees in teamwork is an activity.					
2. In my company, sharing a portion of the profits with employees is an activity.						13. In my company, regular consultation with employees through various committees is an activity.					
3. In my company, sharing of ownership is an activity.						14. In my company, the resolution of problems with project teams driven by employees is an activity.					
4. In my company, granting performance bonuses to employees (according to the annual performance) is an activity.						15. In my company, job rotation is an activity.					
Training:	1	2	3	4	5	Information Sharing	1	2	3	4	5
5. In my company, the use of specific training to make employees more responsive to the requirements of their positions (e.g. specialist courses) is an activity.						16. In my company, sharing information with employees on the strategic decisions of the company is an activity.					
6. In my company, the use of training programs to make employees more responsive to future needs of the company (e.g. leadership or continue training) is an activity.						17. In my company, sharing information with employees on the financial position of the company is an activity.					
Selective hiring:	1	2	3	4	5	18. In my company, sharing information with employees on new products and services offered by the company is an activity.					
7. In my company, the use of external recruitment is an activity.						19. In my company. Sharing information with employees on the company's competitor is an activity.					
8. In my company, the use of structured test in order to properly assess the candidates (skills,						Job Security	1	2	3	4	5

competencies, personality) is an activity.											
9. In my company, the use of structured interviews to assess correctly the selected candidates (skills, competencies, personality) is an activity.						20. In my company, commitment to protect jobs of workers, in spite of all the predictable changes, is an activity					
Performance Evaluation:	1	2	3	4	5	Social Activities and Sports	1	2	3	4	5
10. In my company, the periodic evaluation employees' performance based on measurable objectives is an activity.						21. In my company, holding social activities (eg. Teambuilding activities, dinner party, new year party, etc)is an activity.					
11. In my company, the periodic evaluation of employees on the basis of observable behavior is an activity.						22. In my company, offering opportunities for employees to attend various social events (tickets to parties or cinema, admission to exhibitions, etc) is an activity.					
						23. In my company, promoting and providing opportunities for sport activity (Providing gift or benefits for the winner of sports activities, organizing sports game for employees such as football or basketball, etc) is an activity.					

Section B: Questionnaire for the Company's Position of Innovation

The Degree of Innovation	1	2	3	4	5
1. In my company, the development of innovation projects is a practice. (For projects, we mean the in-house innovation: implementing a new process, establishing new quality standards, etc. Also, innovation in external presentation and development of new products).					
2. My company opts for a more proactive strategy than a reactive strategy i.e. it does not react, it acts.					
Employees' Role in Enhancing Innovation	Strongly agree	Agree	Neither agree Neither Disagree	Disagree	Strongly Disagree
3. I am creating ideas for difficult issues.					
4. I am searching out new working methods, techniques or instruments.					
5. I am mobilizing support for innovative ideas.					
6. I am acquiring approval for innovative ideas.					
7. I am making important organizational members enthusiastic for innovative ideas.					
8. I am transforming innovative ideas into useful applications.					
9. I am introducing innovative ideas into the work environment in a systematic way.					
10. I am evaluating the utility if innovative ideas.					

Section C: Questionnaire for the Organizational Performance (Self- Evaluation)

Note: the following statement relate to your company’s performance for the past (3) years.

Please rate each statement accordingly by marking (X) where applicable

- “1” Decreased more than 20%
- “2” Decreased 1-20%
- “3” Unchanged/ status quo
- “4” Increased 1-20%
- “5” Increased more than 20%

1. Company Performance	1	2	3	4	5
1.1. Overall sales growth					
1.2. Overall market share					
1.3. Returns on investments					
1.4. Achievement on business objectives					
1.5. Achievement on employee satisfaction					
1.6. Achievement on customer satisfaction					
1.7. Overall performance					

Section D: Sustainable Business Practice in Your Company.

Sustainability Practices	1	2	3	4	5
1. Develop business plans to ensure long-term profitability and financial viability of the business.					
2. Strive for business growth through product innovation and quality.					
3. Have a long-term commitment to all our employees and encourage their personal and professional development through trainings, career planning, equal promotion opportunities, etc.					
4. Value our staff through pay levels, employment benefits and rewards over the legal minimum requirements.					
5. Our company has a formal policy about its sustainable business practices.					
6. We have clearly defined indicators and strategies for our sustainable business practices.					
7. We regularly monitor our sustainable business practices.					
8. We regularly report our sustainable business performance to our employees.					
9. We regularly report our sustainable business performance to external stakeholders, such as guests, investors, community.					
10. We strive to develop strategies to improve our sustainable business performance.					

Benefits of sustainable business practices

The main reason for implementing sustainable business practices are:

	Strongly agree	Agree	Neither agree Neither Disagree	Disagree	Strongly Disagree
1. Reduction of costs.					
2. Enhancing reputation and image of the company.					
3. Increase in customer satisfaction, awareness and demand.					
4. Increase in employee job satisfaction.					
5. Improvement of the relationship with the local community business – or Corporation philosophy.					

Section E: Answer the following statements regarding the flexible working condition in your organization:

	Yes	No
1. Part-time work.		
2. Flexible working schedule.		
3. Working from home.		
4. Paid maternity leave.		
5. Special leave day care.		

Answer the following statements:

	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree
1. My leader allows employees to influence important decisions.					
2. My leader is able to make others enthusiastic about his/her plans.					
3. My leader shows that he/she is convinced about his/her ideals, vision and values.					
4. My leader gives employees the feeling that they are working on an important mission/ assignment.					
5. My leader is willing to invest in the well-being of fellow human beings.					

*****Thank you for your time and cooperation*****

Appendix 2: Ethics Approval Form

Evrak Tarih ve Sayısı: 25/01/2019-488



T.C.
İSTANBUL AYDIN ÜNİVERSİTESİ REKTÖRLÜĞÜ
Sosyal Bilimler Enstitüsü Müdürlüğü

Sayı : 88083623-044-488
Konu : Hala Mohammad Eid ALLOUZI Etik
Onay Hk.

25/01/2019

Sayın Hala Mohammad Eid ALLOUZI

Tez çalışmanızda kullanmak üzere yapmayı talep ettiğiniz anketiniz İstanbul Aydın Üniversitesi Etik Komisyonu'nun 15.01.2019 tarihli ve 2019/01 sayılı kararıyla uygun bulunmuştur.

Bilgilerinize rica ederim.

Dr. Öğr. Üyesi Hüseyin KAZAN
Müdür Yardımcısı

Evrakı Doğrulamak İçin : <https://evrakdogrula.aydin.edu.tr/en/Vision.Dogrula/BelgeDogrulama.aspx?V=BEA5JJIN>

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Elektronik Ağ:<http://www.aydin.edu.tr/>

Bilgi için: NESLİHAN KUBAL
Unvanı: Enstitü Sekreteri



Appendix 3: Mediation Analysis Output

1. Reliability of the Study

Variable	Cronbach' Alpha
Human resource Practices	.873
Innovation	.756
Organization Performance	.821
Sustainability Practice	.892
Flexible working	.742

2. Demography of the Respondents

Respondents	Frequency (F)	Percentage (%)
Gender		
Male	107	42.8
Female	143	57.2
Total	250	100
Age		
20-30	113	45.2
30-40	107	42.8
40-50	28	11.2
50 and above	2	.8
Total	250	100.0
Marital status		
Single	144	57.6
married	106	42.4
Total	250	100.0
Education Level		
High school or diploma	14	5.6
BSCO	104	41.6
Master or higher	123	49.2
Phd	9	3.6
Total	250	100.0
Job Title		
Head of section	41	16.4
Supervisor	56	22.4
Administrative officer	134	53.6
Technician	19	7.6
Total	250	100.0
Administrative/ Customer care	85	34.0
Financial	55	22.0
Technical	26	10.4
Engineering	57	22.8
HR Department	27	10.8

Total	250	100.0
Experience		
Less than 5 years	109	43.6
5-10 years	114	45.6
10-15 years	27	10.8
Total	250	100.0
Income		
Less than 3000 Euros	71	28.4
More than 5000 Euros	59	23.6
In between	120	48.0
Total	250	100.0

3. Descriptive Statistics on Human Resource Practices

	N	Mean	Std. Dev	interpretation
Incentive Compensation				
In my company, sharing the performance gains with employees is an activity.	250	3.900	.654	Good
In my company, sharing a portion of the profits with employees is an activity.	250	3.764	.809	Good
In my company, sharing of ownership is an activity.	250	3.788	.790	Good
In my company, granting performance bonuses to employees (according to the annual performance) is an activity.	250	3.964	.729	Good
Training				
In my company, the use of specific training to make employees more responsive to the requirements of their positions (e.g. specialist courses) is an activity.	250	3.888	.773	Good
In my company, the use of training programs to make employees more responsive to future needs of the company (e.g. leadership or continue training) is an activity.	250	3.964	.756	Good
Selective Hiring				
In my company, the use of external recruitment is an activity	249	3.903	.771	Good
In my company, the use of structured test in order to properly assess the candidates (skills, competencies, personality) is an activity	250	3.924	.769	Good
In my company, the use of structured interviews to assess correctly the selected candidates (skills, competencies, personality) is an activity	250	3.948	.706	Good
Performance Evaluation				
In my company, the periodic evaluation	250	3.948	.706	Good

employees' performance based on measurable objectives is an activity.				
In my company, the periodic evaluation of employees on the basis of observable behavior is an activity.	250	3.932	.811	Good
Organisation of work				
In my company, the involvement of employees in teamwork is an activity.	250	3.856	.793	Good
In my company, regular consultation with employees through various committees is an activity.	249	3.967	.739	Good
In my company, the resolution of problems with project teams driven by employees is an activity.	249	3.875	.816	Good
In my company, job rotation is an activity.	250	3.868	.701	Good
Information Sharing				
In my company, sharing information with employees on the strategic decisions of the company is an activity.	250	3.868	.701	Good
In my company, sharing information with employees on the financial position of the company is an activity.	249	3.916	.793	Good
In my company, sharing information with employees on new products and services offered by the company is an activity.	250	3.980	.736	Good
In my company. Sharing information with employees on the company's competitor is an activity.	250	3.928	.746	Good
Job security				
In my company, commitment to protect jobs of workers, in spite of all the predictable changes, is an activity	250	3.924	.780	Good
Social Activities and sports				
In my company, holding social activities (eg. Teambuilding activities, dinner party, new year party, etc) is an activity.	250	3.976	.770	Good
In my company, offering opportunities for employees to attend various social events (tickets to parties or cinema, admission to exhibitions, etc) is an activity.	250	3.968	.759	Good
In my company, promoting and providing opportunities for sport activity (Providing gift or benefits for the winner of sports activities, organizing sports game for employees such as football or basketball, etc) is an activity.	250	3.932	.830	Good

Human Resource Practices	250	3.909	.514	Good
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4.Descriptive Statistics on Sustainability Practices in the Organization

Responses	N	Mean	Std. Deviation	Interpretation
Develop business plans to ensure long-term profitability and financial viability of the business.	250	3.996	.533	Good
Strive for business growth through product innovation and quality.	250	3.992	.755	Good
Have a long-term commitment to all our employees and encourage their personal and professional development through trainings, career planning, equal promotion opportunities, etc.	250	3.976	.652	Good
Value our staff through pay levels, employment benefits and rewards over the legal minimum requirements.	250	4.056	.714	Good
Our company has a formal policy about its sustainable business practices.	250	4.020	.661	Good
We have clearly defined indicators and strategies for our sustainable business practices.	250	3.964	.729	Good
We regularly monitor our sustainable business practices.	250	3.988	.685	Good
We regularly report our sustainable business performance to our employees.	250	3.996	.697	Good
We regularly report our sustainable business performance to external stakeholders, such as guests, investors, community.	250	4.036	.701	Good
We strive to develop strategies to improve our sustainable business performance.	250	3.988	.630	Good
Sustainability Practice	250	4.001	.472	Good

5.Descriptive Statistics on Reasons for Implementation of Business Practices

Response	N	Mean	Std. Deviation
Reasons for implementing sustainable business practices			
Reduction of costs.	250	3.8720	.59416
Enhancing reputation and image of the company.	250	4.0360	.55492
Increase in customer satisfaction, awareness and demand.	250	4.0640	.63681
Increase in employee job satisfaction.	249	3.9679	.58799
Improvement of the relationship with the local community business or Corporation philosophy.	250	4.0200	.56291

6.Whether respondents had ever had of innovation

Responses	Frequency	Percent
Yes	247	98.8
No	3	1.2
Total	250	100.0

7. Whether innovation is good

Responses	Frequency	Percent
Yes	250	100.0

8. Descriptive Statistics on Innovation

	N	Mean	Std. Deviation	Interpretation
Degree of Innovation				
In my company, the development of innovation projects is a practice. (For projects, we mean the in-house innovation: implementing a new process, establishing new quality standards, etc. Also, innovation in external presentation and development of new prod	250	3.996	.611	Well implemented
My company opts for a more proactive strategy than a reactive strategy i.e. it does not react, it acts.	250	3.928	.813	Well implemented
Role of employee on innovation				
I am creating ideas for difficult issues.	250	3.892	.640	Well implemented
I am searching out new working	250	3.944	.591	Well

methods, techniques or instruments.					implemented
I am mobilizing support for innovative ideas.	250	3.884	.626		Well implemented
I am acquiring approval for innovative ideas.	250	3.928	.610		Well implemented
I am making important organizational members enthusiastic for innovative ideas.	250	4.012	.597		Well implemented
I am transforming innovative ideas into useful applications.	250	3.924	.619		Well Implemented
I am introducing innovative ideas into the work environment in a systematic way.	250	3.904	.600		Well Implemented
I am evaluating the utility if innovative ideas.	250	3.872	.639		Well Implemented
Innovation	250	3.928	.409		Well Implemented

9. Descriptive Statistics on organizational performance

Responses	N	Mean	Std. Dev	Interpretation
Overall sales growth	250	3.916	.591	Good
Overall market share	250	3.928	.690	Good
Returns on investments	250	3.992	.658	Good
Achievement on business objectives	250	3.992	.664	Good
Achievement on employee satisfaction	250	4.008	.658	Good
Achievement on customer satisfaction	250	4.032	.651	Good
Overall performance	250	4.100	.628	Good
Organization Performance	250	3.995	.478	Good

10. Flexible working condition in your organization

		Part-time work.	
		Frequency	Percent
Valid	Yes	92	36.8
	No	158	63.2
Valid	Yes	193	77.2
	No	57	22.8
		Working from home.	
		Frequency	Percent
Valid	Yes	102	40.8
	No	148	59.2

		Paid maternity leave.	
		Frequency	Percent
Valid	Yes	226	90.4
	No	24	9.6
		Special leave day care.	
		Frequency	Percent
Valid	Yes	228	91.2
	No	22	8.8
	Total	250	100.0

11. Descriptive Statistics flexible working condition

Responses	N	Mean	Std. Dev	Interpretation
My leader allows employees to influence important decisions.	250	3.896	.598	Satisfactory
My leader is able to make others enthusiastic about his/her plans.	250	3.960	.505	Satisfactory
My leader shows that he/she is convinced about his/her ideals, vision and values.	250	3.964	.532	Satisfactory
My leader gives employees the feeling that they are working on an important mission/ assignment.	250	3.944	.578	Satisfactory
My leader is willing to invest in the well-being of fellow human beings.	250	3.852	.625	Satisfactory
Flexible Working	250	3.923	.424	Satisfactory

12. Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Human Resource Practices	.128	250	.000	.916	250	.000
Innovation	.165	250	.000	.908	250	.000

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Organization Performance	.148	250	.000	.951	250	.000
Sustainability Practice	.145	250	.000	.956	250	.000
Flexible Working	.268	250	.000	.889	250	.000

13. Linearity Plots

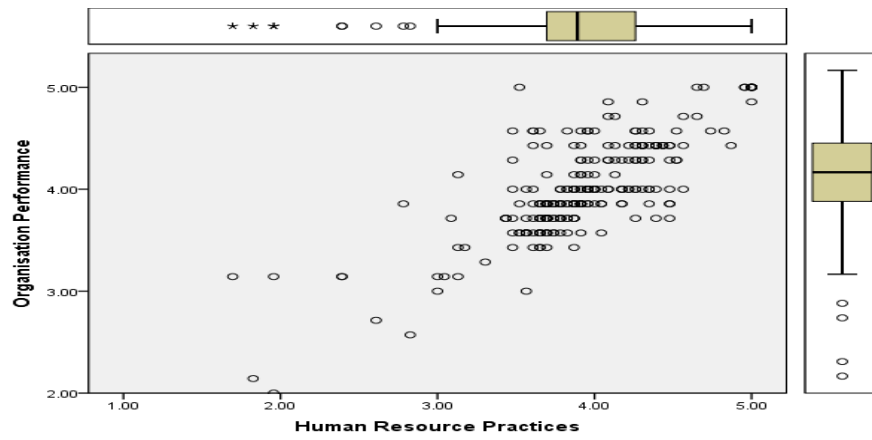


Figure 4.1: Linearity Plot Human Resource Practices on Organizational Performance

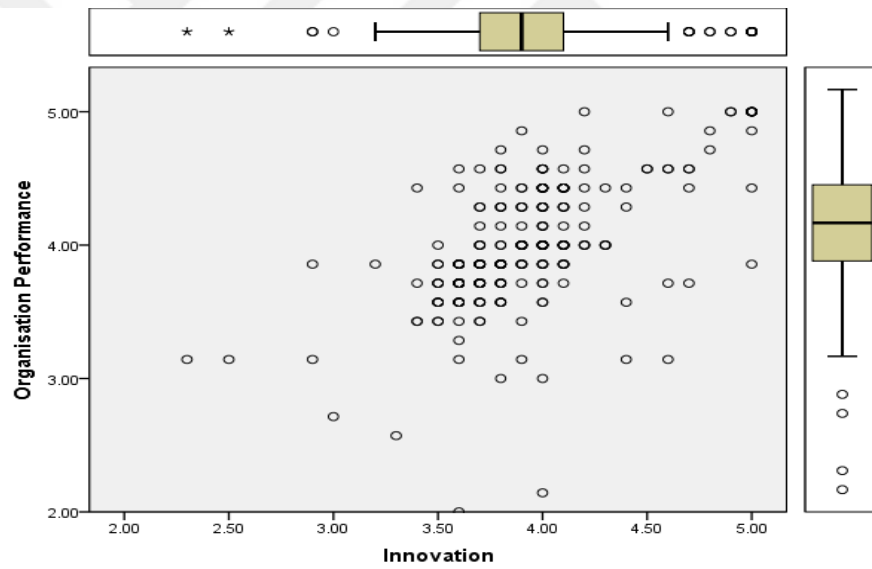


Figure 4.2: Linearity Plot of Human Resource Practices on Organizational Performance

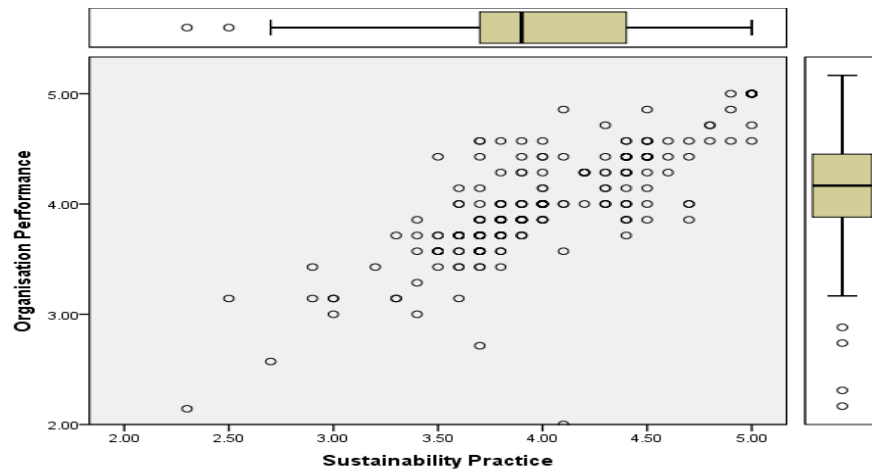


Figure 4.3: Linearity Plot Sustainability Practice on Organizational Performance

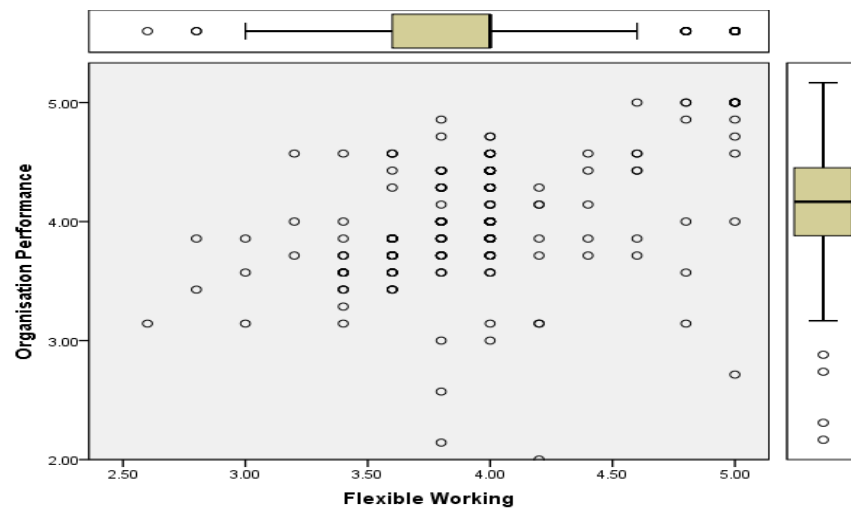


Figure 4.4: Linearity Plot Flexibility on Organizational Performance

14. Correlation analysis

			Correlations
			Organization Performance
Spearman's rho	Human Resource Practices	Correlation Coefficient	.713**
		Sig. (1-tailed)	.000
		N	250
	Innovation	Correlation Coefficient	.625**
		Sig. (1-tailed)	.000
		N	250
	Sustainability Practice	Correlation Coefficient	.802**
		Sig. (1-tailed)	.000

	N	250
Flexible working schedule.	Correlation Coefficient	-.249**
	Sig. (1-tailed)	.000
	N	250

** . Correlation is significant at the 0.01 level (1-tailed).

15. Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.777 ^a	.604	.602	.30155

a. Predictors: (Constant), Human Resource Practices

16. Regression analysis on HRM practices and organization performance

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.341	1	34.341	377.656	.000 ^b
	Residual	22.551	248	.091		
	Total	56.893	249			

a. Dependent Variable: Organization Performance

b. Predictors: (Constant), Human Resource Practices

Coefficients						
Model		Unstandardized Coefficients	Standardized Coefficients	t	Sig.	
		B	Std. Error	Beta		
1	(Constant)	1.173	.146		8.012	.000
	Human Resource Practices	.722	.037	.777	19.433	.000

a. Dependent Variable: Organization Performance

17. Regression on sustainability on organization performance

Model Summary				
Model	R	R Square	Adjusted R	Std. Error of the Estimate

Square					
1		.803 ^a	.645	.644	.28533

a. Predictors: (Constant), Sustainability Practice

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.702	1	36.702	450.791	.000 ^b
	Residual	20.191	248	.081		
	Total	56.893	249			

a. Dependent Variable: Organization Performance

b. Predictors: (Constant), Sustainability Practice

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.747	.154		4.846	.000
	Sustainability Practice	.812	.038	.803	21.232	.000

a. Dependent Variable: Organization Performance

18. Regression on sustainability on organization performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.803 ^a	.645	.644	.28533

a. Predictors: (Constant), Sustainability Practice

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.702	1	36.702	450.791	.000 ^b
	Residual	20.191	248	.081		
	Total	56.893	249			

a. Dependent Variable: Organization Performance

b. Predictors: (Constant), Sustainability Practice

Model		Coefficients ^a				
		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	.747	.154		4.846	.000
	Sustainability Practice	.812	.038	.803	21.232	.000

a. Dependent Variable: Organization Performance

19. Regression on flexible working on organization performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.461 ^a	.213	.210	.42494

a. Predictors: (Constant), Flexible Working

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.110	1	12.110	67.066	.000 ^b
	Residual	44.782	248	.181		
	Total	56.893	249			

a. Dependent Variable: Organization Performance

b. Predictors: (Constant), Flexible Working

Model		Coefficients ^a				
		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	1.955	.251		7.800	.000
	Flexible Working	.520	.064	.461	8.189	.000

a. Dependent Variable: Organization Performance

20. Regression on innovation on organization performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.615 ^a	.378	.376	.37765		
a. Predictors: (Constant), Innovation						
ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.523	1	21.523	150.906	.000 ^b
	Residual	35.370	248	.143		
	Total	56.893	249			
a. Dependent Variable: Organization Performance						
b. Predictors: (Constant), Innovation						
Coefficients^a						
Model		Unstandardized Coefficients	Standardized Coefficients	t	Sig.	
		B	Std. Error	Beta		
1	(Constant)	1.172	.231		5.073	.000
	Innovation	.719	.059	.615	12.284	.000
a. Dependent Variable: Organization Performance						

21. Human resource practices, sustainability, flexible working and innovation on organization performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.843 ^a	.711	.707	.25892		
a. Predictors: (Constant), Innovation, Human Resource Practices, Flexible Working, Sustainability Practice						
ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.468	4	10.117	150.906	.000 ^b
	Residual	16.425	245	.067		
	Total	56.893	249			
a. Dependent Variable: Organisation Performance						
b. Predictors: (Constant), Innovation, Human Resource Practices, Flexible Working, Sustainability						

Practice

Model		Coefficients ^a		Standardized Coefficients Beta	t	Sig.
		Unstandardized Coefficients				
		B	Std. Error			
1	(Constant)	.441	.174		2.544	.012
	Human Resource Practices	.346	.051	.372	6.763	.000
	Sustainability Practice	.478	.058	.473	8.184	.000
	Flexible Working	-.032	.055	-.028	-.581	.562
	Innovation	.106	.066	.091	1.613	.108

a. Dependent Variable: Organisation Performance



RESUME

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