Towards an HRM model of innovative work behavior enhancement: a moderated mediation analysis

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Small and Medium-sized Enterprises (SMEs)

SMEs in the Netherlands represent 99% of all enterprises; 68% of the employment (European Commission, 2011).

SMEs have an enormous potential for innovation (Hallberg, 2000; Roth, 2011).

Role of SMEs stands in stark contrast to the limited understanding of HRM activity within them (see, for instance, Hornsby & Kuratko, 2003; Van der Heijden, 2011).
Previous study and current study

Previous study established the predictive validity of employability on innovative work behavior within the context of SMEs.

Innovative work behavior depends on knowledge, skills, and expertise (Leonard & Sensiper, 1998; Youndt, Snell, Dean, & Lepak, 1996), hence representing employees’ employability (Stoffers & Van der Heijden, 2009; 2014).

The employability management paradox

This study focuses on the potential advantages of employability (resource-based view of the firm). Employability contributes to innovation, so it boosts value to the organization.

Suitable (HRM) predictor variables were identified (Stoffers & Van der Heijden, 2009):

Variables used in this study:
- LMX (Leader-Member Exchange);
- OCB (Organizational Citizenship Behavior);
- Employability;
- Perceived organizational politics;
- Innovative work behavior;
Aim of this study

To test empirically and to validate an employability mediation model, a model of encompassing relationships among important HRM variables that predict employability. Employability, in its turn, was assumed to be a mediator between LMX and OCB, on the one hand, and innovative work behavior, on the other hand.

Figure 1. An HRM Model of Innovative Work Behavior Enhancement
Note: H4a and H4b are mediation hypotheses

Aim of this study

The predictor variables LMX and OCB may influence innovative work behavior directly and indirectly through employability.

In this model, we will also investigate the moderating effect of organizational politics on the relationship between employability and innovative work behavior.

Figure 1. An HRM Model of Innovative Work Behavior Enhancement
Note: H4a and H4b are mediation hypotheses
5 Hypotheses

-Hypothesis 1a: LMX correlates positively with innovative work behavior.
-Hypothesis 1b: OCB correlates positively with innovative work behavior.
-Hypotheses 2a and 2b: LMX / OCB correlate positively with employability.
-Hypothesis 3: Employability correlates positively with innovative work behavior.
-Hypotheses 4a and 4b: Employability (partially) mediates the relationship between LMX / OCB and innovative work behavior.
-Hypothesis 5: Organizational politics negatively moderate the relationship between employability and innovative work behavior.

5 Hypotheses, a few examples

Employees are eager to contribute in an innovative way, far more than their official roles and job descriptions prescribe; this behavior improves individual development -knowledge, skills, and expertise- (George & Jones, 1997).

Hypothesis 1b: OCB correlates positively with innovative work behavior.
5 Hypotheses, a few examples

Organizational politics interfere with regular organizational processes and may harm innovation at the individual level (Shoham et al., 2012).

Hypothesis 5: Organizational politics negatively moderate the relationship between employability and innovative work behavior.

Methods

Multi-source approach (self- and supervisor-ratings), validity of self-ratings appears to be greater when employees are aware that ratings are also be given by their supervisors (Mabe & West, 1982).


Final sample consisted of 487 pairs (of employees and their immediate supervisors) working in 151 SMEs.
Structural Equation Modeling (SEM)

SEM analyses were carried out using the AMOS software package (Arbuckle, 2006).

Confirmatory Factor Analysis (CFA).

Results of the CFA suggested both convergent and discriminant validity.

Model Tests

We tested a baseline model and modified subsequent models based on previous results (Jöreskog, 1993).

Five different models were tested indicating measures of model parsimony (including a partially mediated model and a the fully mediated model).

Study was built upon both alternative modeling and model generation techniques (Marsh, Wen, & Hau, 2004, 2006).
Model Tests

Baseline Model (Model 1)

Employability and Innovative Work Behavior (Model 2)

Partially Mediated Model (Model 3)

Fully Mediated Model (Model 4)

Moderated Model (Model 5)
Results

LMX and OCB both correlated positively with employability, and employability, in its turn, was positively associated with innovative work behavior.

All relationships in the fully mediated model were significant and more favorable in comparison with the partially mediated model.

Consequently, employability appeared to be a construct fully mediating the relationship between LMX and OCB, on the one hand, and innovative work behavior, on the other hand.

Perceived organizational politics negatively moderated the relationship between employability and innovative work behavior.
Conclusion

The benefits of maintaining close relationships between an employee and his or her supervisor (LMX), and individual development due to employees’ discretionary, voluntary behavior (OCB) have an indirect effect on innovative work behavior, through the positive effects on workers’ employability.

Employees should be aware of the dysfunctional effect of perceived organizational politics.

The employability management paradox

There are advantages, employability contributes to innovation, so it boosts value to the organization.

Also a potential disadvantage of employability enhancement: it makes an organization’s –innovative- employee more valuable to competitors; a potential downside?!