

Walk or Talk? The Effect of High Performance Work System Strength on Organizational Effectiveness in Selected Banks in Sri Lanka

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Abstract

The purpose of this paper is to examine the implications of High Performance Work System (HPWS) strength for Organizational Effectiveness (OE) from the managerial perspective in the banking industry in Sri Lanka. The author used a case study approach for data collection with archival analysis of records and semi-structured interviews with the CEO, Head of HR, two board members and three focus groups (top, middle, and lower level managers across various functional areas) in each bank which altogether covers 44 key informants. The findings support the proposition that the importance of a strong commitment by all the managers across the managerial hierarchy to transmit relevant, consistent and valid Human Resource Management (HRM) messages and information across the organization leads to more effective organizational effectiveness. Case study informants reported links between HPWS strength and OE.

Key Words: High Performance Work Systems, High Performance Work System Strength, Organizational Effectiveness, Banking Industry, Sri Lanka

Introduction

In recent years, a substantial body of research has focused on the association between Human Resource (HR) practices and organizational performance. The intermediate linkages and processes through which the HRM system affects organizational performance have become a key concern in management studies over the past two decades (e.g., Boxall and Huo, 2019; Bowen and Ostroff, 2004; Delmotte, De Winne, and Sels, 2012; Guest, 2011). Bowen and Ostroff (2004) have criticized the one-sided focus on HRM content and argued that HRM processes should be taken into account. They argued that the contribution of HRM to organizational performance is determined not only by the choice of HR practices, but also by features of HRM processes. According to Bowen and Ostroff (2004), these HRM processes should send signals to employees that convince them to form a collective sense of what is expected. If HRM processes succeed in this objective, a strong HRM system is created, which facilitates the relationships between HR practices, employees' attitudes, and individual performance, and contributes to organizational performance. Following Bowen and Ostroff's (2004) path, Sanders, Dorenbosch, and Reuver (2008) examined whether individual perceptions of an HRM system - distinctiveness, consistency and consensus - and shared perceptions of HRM (climate strength) are positively related to affective commitment in the organization. Their findings showed that the perception of distinctiveness, consistency and climate strength, as expected are positively related to affective commitment. Li, Frenkel, and Sanders (2011) examined how employee perceptions of HRM system strength and organizational climate are associated with employees' work satisfaction, vigor, and intention to quit. The distinctiveness of an HRM system was found to be related to the three employee work attitudes and high climate strength increases both the positive relationship between consensus and work satisfaction, and the negative relationship between consensus and intention to quit. Delmotte et al (2012) also argued that the characteristics of HPWS might enhance insights in the HRM- organizational performance

relationship because it measures perceptions regarding the signals sent by HRM, which are antecedents of actual behavior of employees.

Recent studies suggest that the current theoretical challenge facing HRM scholars and practitioners has moved from establishing a link between HR practices and organizational performance to determining how that link is articulated (Boxall and Huo, 2019; Dayarathna, 2018; Delmotte et al., 2012; Stanton, Young, Bartram, and Leggat, 2010). In particular, it is important to understand how the HRM system is translated, understood and transmitted within and across the organizational hierarchy (e.g., senior management, middle management, line management and employees) and its contribution to the achievement of business goals and improved organizational performance (Becker and Huselid, 2006; Bowen and Ostroff, 2004; Cooray and Dayarathna, 2017; Macky and Boxall, 2007). When the HRM system is weak, individuals can create their own versions of HRM practices which will guide their behavior, resulting in larger variability in the outcomes. Further, due to the uncertainty created, employees will collectively create their own interpretation, which is different to what was intended by the management. Moreover, there is growing evidence that the role of middle and line management is also critical to the success of any HR strategy (Mayrhofer, Muller-Caman, Ledolter, Strunk, and Erten, 2004; Purcell and Hutchinson, 2007). The findings of Stanton et al (2010) suggested that the role of the CEO is crucial in providing HR legitimacy, leadership and resources that create a distinctive HR system, and in nurturing within group agreement and consensus among the senior executive team on the role of HR. In turn, senior managers need to translate consistent HR messages throughout the management hierarchy and provide lower level managers with the formal and informal direction, support and empowerment to operationalize HR strategy. However, according to Bowen and Ostroff (2004) and Stanton et al (2010), there is a dearth of literature on the interaction of the various levels of management and how this interaction translates into both the operationalization of HRM and the achievement of organizational goals through clear, consistent and relevant HRM messages.

Sri Lanka possesses a vibrant banking industry where banks of the country are categorized into two main segments namely licensed commercial banks and licensed specialized banks. The former segment consists of 26 banks while the latter segment consists of 6 banks (Central Bank of Sri Lanka, 2019). This study endeavours to answer the research problem of how HRM/HPWS is understood, interpreted and operationalized across the management hierarchy and examines the 'black box' of HPWSs-organizational performance relationship in selected banks in Sri Lanka. Hence, researching the implications of HPWS strength on OE from the managerial perspective in the banking industry in Sri Lanka is very important to the practitioners in HRM and to the academicians concerned with understanding the relative effectiveness of HPWS strength in the Sri Lankan context. Accordingly, data for this study were collected from two licensed commercial banks in Sri Lanka. This research used a case study approach for data collection with archival analysis of records and semi-structured interviews with the CEO, Head of HR, two board members and three focus groups (top, middle, and lower level managers across various functional areas) in each bank which altogether covers 44 key informants. The rationale behind the selection of licensed

commercial bank segment for this study is that it is the most prominent segment of banks in the country that accounts for a steady increase of assets from LKR 1,560,020 million in year 2006 to LKR 5,698,522 million by end of year 2015. Moreover the branch network of licensed commercial banks represents 2,884 branches in contrast to the branch network of license specialized banks that accounts for only 652 branches (Central Bank of Sri Lanka, 2015).

Literature Review

Over the past few years, there has been growing research interest in the competitive advantage associated with HPWSs (Boxall, 2012; Guthrie, Flood, Liu, and MacCurtain, 2009; Opatha, 2019). There is sufficient research implying that both individuals and organizations can enjoy positive benefits from HPWSs (e.g., Appelbaum, Bailey, Berg, and Kalleberg, 2001; Guthrie et al., 2009; Messersmith and Guthrie, 2010; Werner, 2011). However, the intermediate linkages and processes, through which HPWSs affect organizational performance, have challenged researchers to define and explain the 'black box' between HPWSs and organizational performance. More recently, Guest (2011) argued that more research is needed to understand the underlying processes and mechanisms involved in HPWSs effects. Looking inside the 'black box' of HRM-organizational performance relationship, Wright and Nishii (2004) developed the HR causal chain to study the set of linkages between HRM and organizational performance. The HR causal chain underlines some important facts about managers improving the HPWSs-organizational performance linkage (Boxall and Macky, 2007). Their HR causal chain has five steps, moving from (1) intended HR practices, leading to (2) actual HR practices, leading to (3) perceived HR practices, leading to (4) employee reactions, and leading finally to (5) organizational performance. As stated by Boxall, Ang, and Bartram (2011, p. 1508):

“This model underlines the fact that there can be major gaps between management intention and management action that are damaging to employee attitudes and behavior and ultimately to performance, a problem that can exist in any model of HRM, whatever the level of investment in pay, working conditions, and employee development.”

In order to better understand the 'black box', we need in-depth research studies which identify the psychological and organizational climates that management is trying to create in a particular context. This study unlocks the 'black box' of HRM-organizational performance relationship and shows a clear picture of how HRM practices or HPWSs happen to affect on organizational performance.

In accordance with the research findings, it is clear that the HPWSs produce positive outcomes in the Western economies (e.g., Bartram, Stanton, Leggat, Casimir, and Fraser, 2007; Fabling and Grimes, 2010; Harley, Allen, and Sargent, 2007; Liao, Toya, Lepak, and Hong, 2009; Nishii, Lepak, and Schneider, 2008; Wood and Menezes, 2011). However, there is still a debate on the HPWSs- organizational performance relationship due to some contradictory research findings (e.g., Macky and Boxall, 2008; Osterman, 2006; Wood and Menezes, 2011). As Guest (2011:3) stated, “there was insufficient evidence to explain why there was an association”. Boxall and Macky (2009, p. 11) suggested that:

“HPWS studies which constitute some kind of argument about context-free ‘best practice’ are fatally flawed. On the other hand, HPWS studies which start from an industry based analysis...are empirically grounded and much more conscious of the need to specify how work reforms are meant to affect employee attitudes and behaviour.”

Although some Asian countries were studied to link HPWSs to organizational performance (e.g., Casperze, 2006; Chow, 2005; Chow, Teo, and Chew, 2013; Chuang and Liao, 2010; Lawler, Chen, Wu, Bae, and Bai, 2011), most of those studies used the western high performance work practices or focused exclusively on foreign subsidiaries heavily influenced by their western counterparts. Compared to other countries in the Asian region, only a small number of studies have explored the impacts of HPWSs on organizational performance in Sri Lanka (Caspersz, 2006; Dayarathna, 2018; Wickramasinghe and Gamage, 2011). Furthermore, information on the operationalization of HPWSs in Sri Lanka is also limited. Wickramasinghe and Gamage (2011, p.517) have noted that:

“The picture is, however, unclear for Asian developing economies. Only a small number of empirical studies have explored employee involvement work practices... in Asian countries... Therefore, there is a need to explore employee involvement work practices... in different industrial sectors in different parts of the world. Such studies will provide useful information for practitioners and academics alike, and consequently, could be the basis for further research of both a qualitative and quantitative nature.”

As Dayarathna (2012) and Wickramasinghe and Gamage (2011) suggested, we need more research to explore the impacts of high performance work practices in Sri Lanka to understand the relative effectiveness of HPWSs in the Sri Lankan context due to the lack of empirical studies conducted on this discipline in the Sri Lankan context. The findings from the study will potentially facilitate future comparison of HPWSs and its impact on organizational performance in Asia as well as in the West. Researchers can contribute to the HPWSs literature when they help other researchers and managers to understand the applicability of different work systems in different contexts. Researchers can also add value through the analysis of ‘black box’ relationships between HPWSs and organizational performance (Boxall, 2012). This study addresses the both lines of analyses and attempts to contribute to the research literature by examining the ‘black box’ relationships between HPWS strength and OE and the relative effectiveness of HPWS in the Sri Lankan context.

Sri Lanka was one of the first developing countries to understand the importance of investing in HRM. As a result, it has a fairly well-developed HR base and has achieved human development outcomes more consistent with those of higher income countries (Chandrakumara and Budhwar, 2005). Both the Sri Lankan government and private sector organizations have recognized the importance of the role HRM plays in the nation’s growth and in achieving a sustainable competitive advantage in the global marketplace (Chandrakumara and Budhwar, 2005). However, the scarcity of research on HRM practices in Sri Lankan organizations limits the ability to see the big picture on the contribution of HR practices on organizational performance in the Sri Lankan context (Opatha, 2009; Wickramasinghe and Gamage, 2011). To date, there has been little discussion about how

HPWS is understood, interpreted, and operationalized in Sri Lankan organizations (e.g., Caspersz, 2006). Compared to other leading countries in the Asian region, only a small number of researchers have explored the impact of HPWS practices on organizational performance in Sri Lanka (Wickramasinghe and Gamage, 2011). The picture of the operationalization of HPWSs in Sri Lankan organizations is ambiguous because of the lack of research done on the relationship between HPWSs and organizational performance.

Methodology

This research is an empirical, exploratory study. A qualitative inquiry has been adopted through the use of case study method during the entire course of the study. As reported by Yin (1994 and 2009), case studies give us rich empirical evidence relating to a particular phenomenon that is based on a multiple data sources. As noted by Eisenhardt and Graebner (2007), case study research generates rich qualitative evidence. By adopting an in-depth, comparative case study method, this research investigated the impacts of HPWS strength on OE.

Case study evidence in this study was primarily based on direct one-on-one interviews and focus group interviews. However, multiple sources of evidence were used simultaneously (Creswell, 2009; Eisenhardt, 1989). The use of secondary sources such as written documents and records, annual reports and bank websites were taken into consideration. The data for this study was collected from the banking industry and the sample comprised two privately owned licensed commercial banks in Sri Lanka. The banking industry in Sri Lanka is an important part of the overall services industry and has expanded rapidly, both in terms of the volume of activity and the variety of services provided to the public (Central Bank of Sri Lanka, 2013 and 2015). The cases were chosen to replicate previous cases and extend emergent theory (Eisenhardt, 1989). HPWSs are likely in industry or organizations where firms have a clear interest in changing towards HR systems which increase the empowerment, skills and rewards of both production and service employees (Boxall and Macky, 2007). Therefore, the selection of the banking industry which uses HPWS practices is a valid reason to test this theoretical proposition which has not been tested in the Sri Lankan context. Moreover, banking industry has proven to be a good choice for HPWS study in previous studies (Bartel, 2004; Liao et al., 2009). In addition, the cases were selected from the banking industry to allow the researcher to control environmental variation. According to Eisenhardt (1989), selection of an appropriate population controls extraneous variation and helps to define the limits for generalizing research findings.

Two case studies were selected in order to avoid possible single-case bias and to gain better insights of all relevant issues. Further, case study strategy helped to capture the complexity and dynamism of high performance work practices and processes. This permitted the researcher to identify the reality of HPWSs operationalization in the banking industry in Sri Lanka. According to Stanton et al (2010) and Purcell and Hutchinson (2007), research conducted at the organizational level identifies complex connections and relationships between managers and employees that cast light on the reality of HRM operationalization and opens up new dimensions for investigation. Prior theories were employed to determine

the empirical case study outcomes and the existing literature helped in the interpretation of the results of the case studies (Eisenhardt, 1989).

In this study, the researcher utilized Bowen and Ostroff (2004) framework to analyze the HPWS strength and measured the participants' perception of the HPWS strength against nine features under three dimensions (distinctiveness, consistency of message and consensus) in each of the case study organizations. The researcher measured perceived OE in a broad way: organizational members' perceptions of the degree of overall success, labour productivity, innovativeness of the organization, financial performance included items on profitability, growth rate, and market share.

Analyzing data is the heart of case study research and also the most difficult part of the process. Unlike a survey, case studies utilize processes that spread data collection and analysis through the study (Eisenhardt and Graebner, 2007; Eisenhardt, 1989). Qualitative research relies on transforming information from reports and recordings into data in the form of written words. Hence, the researcher used thematic analysis, content analysis and narrative description tools to analyze the qualitative data of the research.

Results

HPWS Strength

The distinctiveness of the HPWS in case study 1 (Bank-A) was strong. In terms of consistency, instrumentality was good as the HPWS ensured adequate incentives for desired behaviors of employees. There were consistent HR messages because there was an organizational and HRM strategy which led to clear communication across the bank. The consistent HR messages fostered consensus among employees in Bank-A. Case study bank 2 (Bank-B) had HPWS that was highly visible and understandable because of the training given to managers and the effective team communication. The HPWS was seen to be legitimate because of the involvement of "HRM professionals" in the strategic planning process. The high levels of HRM training, the amount of support provided by the top management, the team concept and the link between desired behavior of the employees and outcomes would appear to suggest that HR practices in Bank-B were regarded as valid and instrumental. There appeared to be consensus across the management levels on the role and practices of HPWS in Bank-B. Overall consistency and consensus did not appear to be a major problem in Bank-B.

According to the findings, a strong high performance work system is characterized by high distinctiveness, consistency and consensus. A distinctive HPWS means that employees of the organization perceive visible, understandable and relevant HR practices which are managed by a high status, high credible HR function. Further, a HPWS needs to be perceived as consistent. HR policies and practices should be implemented as intended and need to be internally consistent. Top managers, line managers and HR people in an organization should be involved in the effective implementation of HR and consensus among these HR decision makers as this is needed to create a strong high performance work system. Based on the findings, the researcher argues that the key to creating a strong high performance work system or HRM system is to encourage all levels of managerial hierarchy to "sing the same

song” (Stanton et al., 2010). This requires high level leadership based on within group agreement that transmits relevant, consistent and valid HRM messages and information across the organization. Managers at all levels of the organization need to be provided with the relevant training that can enhance their dual responsibility as operational managers as well as people managers.

The Impact of HPWS Strength for Perceived OE

In general, respondents across all the case study sites strongly believed that HPWS strength did impact on OE. All the managers in the two case study sites reported that HPWS strength can contribute to OE by motivating employees to adopt desired attitudes and behaviors. HRM practices are one of the primary means to encourage employees to display appropriate role behaviors that contribute to organization success (Lepak, Liao, Chung, and Harden, 2006). When the HPWSs create a strong situation for the employees, individuals share a common interpretation of what behaviors are important, expected and rewarded. This strong climate in turn, collectively guides the behaviors of individuals toward the OE. The results of this study observed that the level of HR strength will have an effect on organizational climate and will therefore be a positive booster of OE. The findings of the current study are consistent with those of Bowen and Ostroff (2004) and also Delmotte et al (2012).

Discussion

Research problem of the study attempted to identify how high performance work systems are operationalized across the organizational hierarchy in selected banks in Sri Lanka. The researcher examined the distinctiveness, consistency and consensus of the transmission of HR messages in the two Sri Lankan case study banks.

Several interesting observations can be derived when strengths of HPWSs in Bank-A and Bank-B are compared. In the two case study banks, it was evident that the top management’s role, understanding and commitment to HR were crucial to creating a strong HR system. This finding is in line with those of Stanton et al (2010) who found that the key to creating a strong HR system requires high level leadership. The CEO bears a distinctive and significant role in HR to build a strong HR system for the organization. It was the CEO who gave HR legitimacy, provided leadership, committed resources and provided the links between organizational strategy and HR strategy. It was also the CEO who influenced intra and inter group agreement throughout the organizational hierarchy (Bowen and Ostroff, 2004; Stanton et al., 2010).

Bank-A clearly demonstrated intra-group agreement at the top level resulted generation of consistent messages across all managerial levels. Furthermore, it is important to empower managers to become involved in HRM decision making at all levels of the organizational hierarchy. The requirement to delegate some authority (e.g., reward power) to middle and lower level managers to link employee behaviors with their performance was visible in Bank-A. Provision of consistent, high-quality information to employees at the lower levels of the organization was considered as a challenging task in two case study banks. Bank-A tackled

this challenge by forming HR sub-committees to communicate the relevant information to lower-level employees.

Bank-B demonstrates the importance of developing the people management practices of managers. In Bank-B, all the managers highlighted the necessity of participative HR decision making in the bank. Most interestingly, they were given adequate support and training from HR. As stated by Stanton et al (2010), providing resources and support may also increase trust within the management hierarchy. The findings from this research suggests that employee participation, involvement and communications schemes can only be meaningful and effective if employees operate in a climate that is seen as supportive of open communication and utilizes principles of legitimacy, consistency and fairness (Bowen and Ostroff, 2004; Stanton et al., 2010). These two case studies confirm an inadequate strategic alignment between the corporate strategy and HR practices. It is also essential to consider an alignment of the employees' goals with the corporate and HRM strategies (Boudreau and Ramstad, 2005). This is achieved through the organization's capacity to obtain employee agreement with regard to organizational practices (e.g., HR practices, beliefs and organizational policies). In this sense, a key factor is the increased value employees attribute to HR practices and leadership (Pereira and Gomes, 2012). This increases the probability of developing an organizational climate that can achieve greater organizational performance.

The researcher argues that the key to creating a strong HRM system is to encourage all levels of managerial hierarchy to 'sing the same song' (Stanton et al., 2010). As suggested by Delmotte et al (2011) and Stanton et al (2010), this requires high-level leadership based on within-group agreement that communicates relevant, consistent and valid HRM messages and information across the organization. Managers at all levels of the organization need to be provided with the relevant training that can enhance their responsibility as people managers.

Researcher then inquired the implications of HPWS strength for perceived OE from the perspectives of top, middle, and lower level managers in the banking sector in Sri Lanka. All the participants in the two case study banks rejected the direct impact of HPWS strength on perceived OE-the degree of overall success, labor productivity, innovativeness of the organization and financial performance (profitability, growth rate, and market share) endorsing the findings on HRM and OP relationships (Guest, 2011). Instead of the traditional view that HRM practices directly affect OE, a more contemporary view has emerged claiming HRM practices influence firm resources such as the human capital of the firm, or employee attitudes and behaviors. It is these employee attributes that ultimately lead to OE (Bowen and Ostroff, 2004; Guest, 2011).

In Bank-A and Bank-B, there is less ambiguity with regard to the employees' perceptions of the strength of HPWS (Bowen and Ostroff, 2004). Due to this collective perception, employees will perform their activities with suitable behaviors which facilitate the emergence of strong organizational climate in these banks that ultimately lead to higher OE. The results confirm that HPWS strength has an impact on organizational climate and ultimately on OE in both Bank-A and Bank-B. These results conform with theoretical

propositions (e.g., Bowen and Ostroff, 2004) and empirical findings (e.g., Stanton et al., 2010).

In general, respondents across all the case studies strongly believed that HPWS strength did impact perceived OE. All the managers in the two case study sites endorsed the view that HPWS strength can contribute to perceived OE by motivating employees to adopt desired attitudes and behaviors. HRM practices are one of the primary means to encourage employees to display appropriate role behaviors that contribute to organization success (Lepak et al., 2006). Bowen and Ostroff (2004) argued that when the HRM system creates a strong situation for the employees, individuals share a common interpretation of what behaviors are important, expected and rewarded. According to their model, this strong climate in turn, collectively guides the behaviors of individuals toward more effective firm performance. The results of this study observed that the level of HR strength will have an effect on organizational climate and will therefore be a positive booster of organizational performance.

Implications of the Findings of the Study

This study examined the implications of HPWS strength for OE from the managerial perspective in the banking industry in Sri Lanka. Findings from this study have several important implications for theory and practice, particularly as they relate to managerial roles.

Contribution to Theory

The main contribution of this research was providing a theoretical foundation to explain how and why the HPWSs-organizational performance relationship occurs. Previous HPWS research has been criticised for not providing a precise framework for the specific mechanisms through which HR practices influence organizational performance (the 'black box' relationship) (Boxall, 2012). The researcher took the process approach to HPWS research to explain why and how HPWS is related to organizational performance and provided a more precise framework linking intended HR practices, actual HR practices and perceived HR practices. This is an important contribution in HPWS research and this research succeeds in doing so by examining how HPWS strength impacts on OE. The findings from this research also provide additional support for the work of Bowen and Ostroff (2004) and Nishii et al (2008) by examining HPWSs across various managerial levels in order to show how HPWSs are operationalized and experienced by managers. Findings of this study indicate that examining experiences of managers with HPWSs show that the psychological processes through formal practices have a significant influence on employee attitudes and behaviours. Overall, this research shows this is to be a useful approach to unlocking the 'black box' between HPWS and organizational performance.

There is limited research that has explored the applicability and implications of HPWSs in the services sector (Harley et al., 2007). It is commonly argued that occupational segmentation in services is a barrier to HPWSs. However, our analysis of data from the banking industry

indicates that HPWS strength has a positive impact on OE and the findings of this study suggest that HPWSs may be widely applicable in the services sector.

Contribution to Practice

This research argues that the key to creating a strong high performance work system is to encourage all levels of the managerial hierarchy to 'sing the same song'. There were consistent findings across the case studies concerning the importance of a strong commitment by senior leadership including functional heads. Further, it is important for all the managers in the managerial hierarchy to transmit relevant, consistent and valid HRM messages and information across the organization. Managers could enhance distinctiveness by introducing relevant high performance work practices which are visible for all the HR customers. Further, they could enhance consistency of message by introducing valid HPWS practices which are sending consistent messages toward employees. In addition, they could enhance consensus by introducing fairness in the high performance work practices and encouraging agreement among members of the HR community.

Limitations of the Study

The author recognizes that their reflections on various factors may have had some influence or effect on the results and conclusions of this study. Firstly, this research focused on two commercial banks in Sri Lanka. Because of this, drawing generalizations from the findings of the present study are limited to some extent. However, this can be further expanded into other banks. Secondly, almost all the one-on-one interviews and the focus group interviews were done on-site during work hours. It is possible that participants could have been distracted with thoughts about the work tasks they had to accomplish that day and also they might not have provided as full and frank answers as they could have. Thirdly, the study design has some limitations. For example, purposeful sampling of 44 participants for a case study could be deemed to be too small. However, since the researcher was looking for experienced bank employees, 44 participants represent a useful sample for in-depth interviews. Fourthly, the interviews could only report perceptions and perspectives on the subject being discussed and could be subject to distortion due to personal bias and recall error (Patton, 1990). To address this weakness several steps were undertaken. First, to increase the comfort of the interviewees, they were consulted with regards to the time and place of the interview. While interviews were generally conducted during office hours, some interviewees preferred before or after office hours to minimize distractions. Interviews were also conducted in interviewees' offices and meeting rooms in Sri Lanka. Before the interviews started the researcher explained the major points that would be discussed in order to increase memory recall and preparedness. Each interviewee was given a list of questions (interview protocols) and asked to read it before the interview. The researcher gave clarification if requested to do so. All the interviews were conducted in English.

Recommendations for Future Research on HPWS Research in Emerging Economies

Based on the discussion of the results, the implications of the study and the previously mentioned limitations of the study the researcher has developed the following recommendations for further research on HPWSs in *emerging economies*. Wright and Nishii's (2007) HR causal model shows that the HPWSs-organizational performance relationship can best be understood by examining intended, enacted and experienced HPWSs. This study contributed to this causal model by exploring the stages of this causal model. This research used case study analysis to identify the impact of HPWS strength on organizational effectiveness at the firm level. Due to the small sample size, generalization was not possible. Future research should extend this research by designing a multiple levels analysis (Bluhm, Harman, Lee, and Mitchell, 2011). Multi-level research necessitates sampling several organisations, groups within those organisations and individuals within those groups. Multiple sources of data will produce multiple perspectives on the topic and enhanced credibility. Likewise, multiple sites may enhance confidentiality. The analysis of the findings suggests that the introduction of HPWSs in the banking industry in Sri Lanka has led to some positive outcomes. However, there is a need to explore high performance work practices in different industrial sectors in Sri Lanka and also in other emerging economies to understand the relative effectiveness of HPWSs outside the advanced economies.

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