

Impact of High Performance Work System on Organizational Performance: A Study from Sri Lankan Cable Manufacturing Industry

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Abstract

Decades of empirical research have given rise to an innovative paradigm of performance excellence through the institutionalization of appropriate work performance models. There is a wealth of empirical and theoretical evidence for the positive impact of high performance work systems on employees' productivity and profitability, where high performance work systems are associated with key elements of performance excellence. Sri Lankan companies have begun to participate in high performance work systems as a performance enhancement tool and have launched the institutionalization of innovative work systems at work. Nonetheless, XYZ Cables PLC, one of the leading cable manufacturers in Sri Lanka, is concerned about the most difficult obstacles to reaching its heights and maintaining a competitive edge, resulting in higher production costs and lower employee engagement, leading to lower profitability due to dynamic market conditions and ineffective people management. Therefore, the main objective of this study was to evaluate the impact of the high performance work methodology on the firm performance of XYZ Cables PLC using the AMO model developed by Jiang, Lepak, Han, Hong, Kim, and Winkler (2012) to formalize a high performance work culture that enhances organizational performance through three layers that present employees' abilities, motivation and opportunities. A case study approach was utilized via quantitative and qualitative data analysis tools for a focused vision using a structured questionnaire and focused group discussions.

Key Words: Ability, High Performance Work System, Motivation, Opportunity, Organizational Performance

Background of the Study

The dynamic corporate context encourages organizations to concede a competitive ability over their competitors (Raiden, Dainty and Neale, 2006). As a result, organizations face strong competition due to changes occurring in the external environment which forces the management of companies to seek and explore novel ways of organizing work and employment (Senge, 2006). In this context, Huselid (1995) and McDuffie (1995) elucidated that a High Performance Work System (HPWS) enables capitalization of organizational assets to gain a competitive advantage with a combined high-performance Human Resources (HR) approach, given the achievement of synergy among High Performance Work Practices (HPWPs) (McDuffie, 1995) where “bundled high performance HR practices affect business performance beyond individual HR practices” (Boxall and Purcell, 2003, p.91).

Therefore, a HPWS becomes a set of interconnected HR practices, that improves and help deploy the Knowledge, Skills and Competencies (KSCs) of employees, trigger motivation and create an opportunity to involve for organizational advantage and stronger commitment to increase the productivity of an organization. Precedent research on HPWS and organizational performance demonstrates that HPWS is a key contributor of organizational success (Wholey, 1996; Huselid, 1995; Batt, 1995). However, disparate researchers emphasize the requirement of probing the association between HPWS and organizational performance to further underpin the application and approach of HPWSs in the business world (Jiang, Takeuchi and Lepak, 2013).

In recent years, despite the growth of the project market (government and construction projects) which is the main source of cash flow, XYZ Cables PLC has struggled to present its performance in the cable industry due to lower profits resulting from higher costs. They have also started to face the threat of Indian cable providers entering the tendering process of government projects with the lowest price with highest quality on board. Although XYZ Cables PLC is charged with sophisticated operations and technologies, its improvisation has brought a limited margin of cost reduction. Therefore, as a long-term solution, there is a need to develop a mechanism to reduce cost of production (COP), including overhead, by realigning human capital through a high performance work culture aimed at increasing organizational performance and regaining competitive advantage, as HPWSs have demonstrated improved financial and operational performance over the years.

In this context, it is therefore necessary to study how a high performing work culture can bring improvements to the organizational performance of XYZ Cables PLC, one of the leading cable manufacturers in Sri Lanka to gain and retain a sustainable competitive edge in the cable industry through marking people the flagship of the company.

Statement of the Problem

In today's intense economic environment, organizations are motivated by their competitive capacity and competitive edge (Lawrence and Lorsch, 2012). Therefore, to secure a competitive advantage and to be outsmart (Katou and Budhwar, 2010), organizations must strategically foresight and manage Human Resources (Wright,

Gardner, and Moynihan, 2003) as Human Resource Management (HRM) has proven its ability to gain an advantage in competition amidst market volatility (Guerrero and Barraud-Didier, 2004).

Wright and Gardner (2003, p.312) assert that “the human capital of an organization is a real source of competitive and comparative advantage”. In the fast-paced economy of globalization, both academics and professionals have identified human factors as key to the success of an organization (Wright and Kehoe, 2008). Schuler and Jackson (2004) described “human resources as accessible gifts and vitalities of an organization” (Schuler and Jackson, 2004, p.178) and human resources are a potential beneficiary for developing and understanding the vision, mission, strategy and goals, primarily organized as pillars of organizational performance.

Thus, in recent decades, scholars have tried to unravel the “black box” by “exploring the mechanisms underlying the link between HR systems and organizational performance” (Wright and Gardner, 2003, p.21). To corroborate the influence of HR on performance, academic experts argue that organizational performance is better reflected with reference to its revenue, profit and expense, and whether quantitative or qualitative, performance measures should reflect in financial terms (Kroon, Van De Voorde, and Timmers, 2013), and thence HR culminates consummation of organizational results.

From the second quarter of 2016, the cable industry of Sri Lanka experienced abnormal heights in raw material prices along with other operational expenses. The main raw material of cable manufacturing which is copper and aluminum rose to 50% and 40% respectively (London Metal Exchange Statistics, 2016). Despite similar impacts of the external trends on the three market leaders, compared to the other two leading cable companies, XYZ Cables PLC underwent a huge transition from 2017 in terms of decreased net profits which is witnessed in figures extracted from annual reports of the three leading cable companies as shown in Table 1.

Compared to the other two market leaders, net profits of XYZ Cables PLC have dropped by 3784% in 2018 whereas other cable companies have experienced net profit drops of 102% and 94% (Refer to Table 1). Therefore, it is evident that the economic downturn of the industry had an extensive negative impact on XYZ Cables PLC.

Table 1. Net Profit of Leading Cable Companies

Company	2018	%	2017	%	2016	%
1	496,726,000	-102	1,001,898,000	46	544,334,000	10
2	193,928,434	-94	376,437,913	-32	496,726,991	35
XYZ Cables PLC	6,171,382	-3784	239,671,384	27	175,921,562	-73

Source: Annual reports 2016, 2017 & 2018 of the three cable leaders

Moreover, the gross profit margin of XYZ Cables PLC has dropped from 23% to 16% in 2018 compared to the diminishing rate of gross profit margins of the other two companies which amounts to only a decline of 3% and 6% respectively (Refer to Table 2).

Table 2. Gross Profit Margin of Leading Cable Companies

Company	2018 Margin %	2017 Margin %	2016 Margin %
1	12	18	16
2	13	16	20
XYZ Cables PLC	16	23	22

Source: Annual reports 2016, 2017 & 2018 of the three cable leaders

As per Table 3 on expenses as a percentage of last financial year, compared to the two leading companies, it is evident that selling and distribution expenses of XYZ Cables PLC have increased exponentially by 31%, administrative expenses by 25% and net financial costs by 34% from 2016 to 2017.

Table 3. Expenses as a Percentage of Last Financial Year

	1			2			XYZ Cables PLC		
	2018 %	2017 %	2016 %	2018 %	2017 %	2016 %	2018 %	2017 %	2016 %
Selling & distribution expenses	5	5	3	2	61	14	12	22	-9
Administrative expenses	1	10	2	13	63	-31	-2	36	11
Net finance costs	120	-48	-156	38	-53	-11	20	30	-4

Source: Annual reports 2016, 2017 & 2018 of the three cable leaders

The cable industry is in a highly competitive market wherein every instance there is a chance of losing the market share due to benchmarking, imitating and accessing to rare resources. Thus, cable manufacturers must gain a competitive advantage which cannot be imitated, substituted and reached out by other competitors for their sustainability pinpointing XYZ Cables PLC the necessity of gaining a competitive advantage which cannot be imitated, substituted or reached out to by other companies in the industry.

Objectives of the Research

General Objective

To assess the impact of High Performance Work System on organizational performance of XYZ Cables PLC.

Specific Objectives

- To understand whether ability enhancing High Performance Work Practices, motivation enhancing High Performance Work Practices and opportunity enhancing High Performance Work Practices impact organizational performance of XYZ Cables PLC.
- To assess the overall impact of High Performance Work System on organizational performance of XYZ Cables PLC.
- To propose suggestions and recommendations to improve High Performance Work System and thereby organizational performance.

Literature Review

High Performance Work Systems

High Performance Work System, which is "a group of unique but interconnected HR practices or High Performance Work Practices (HPWPs) designed to enhance employees' skills, efforts and opportunities" (Takeuchi, Lepak, Wang, and Takeuchi, 2007, p. 9) for organizational and performance improvements to provide a sustainable competitive advantage (Chen, 2018). It is a "set of employee management skills that positively impact employee attitude, performance and motivation" (Sels, De Winne, Maes, Delmotte, Faems, and Forrier, 2006, p.41) and optimize employee Knowledge, Skills and Attitude (KSA) to improve employee performance. Thus, the conceptualization of HPWS is better defined based on an integrated and complimentary HR practices aimed at improving organizational performance.

In addition, organizations provide opportunities and resources through HPWS, which enhances the skills, attitude, motivation and behavior of employees (Kuvaas, 2008). In other words, HPWS facilitates the creation of an organizational environment that is consistent with an advanced employee value system (Boxall and Purcell, 2003). Guthrie, Flood, Liu, and MacCurtain, (2009), find that HPWS reduce the cost of labor and increase the productivity. According to human capital theory, HPWPs motivate KSAs from employees, resulting in greater organizational performance (Lepak and Snell 1999; Delery 1998). Boxall and Purcell (2003) invented that HPWS help improve employee performance and ultimately organizational performance in three ways; improving employee performance by enriching KSA of employees; give employees the opportunity to unlock their potential; increase employee motivation to make decisions. HPWS represents a "collaborative working relationship and encourages employees to contribute to their fullest potential by designing, adopting and carefully managing these systems" (Delaney and Goddard, 2002, p.403). In this theory, it creates highly active and motivated employees, which is expected to have a positive impact on performance decisions.

Researchers have found substantial evidence of empirical links between HPWPs and a variety of indicators of organizational performance (Wright and Kehoe, 2008), namely, employee performance (Guthrie, 2001b; Huselid, 1995), corporate citizenship behavior (Garg, 2015a), labor productivity (Garg, 2015b), competitive advantage (Wright and Gardner, 2000), quality improvement (Fan, Cui, Zhang, Zhu, Härtel, and Nyland, 2014), innovative work behaviors (Fu, 2013), financial performance (Guthrie, 2001a), employee involvement (Wright and Kehoe, 2008), climate empowerment (Garg, 2015a), employee motivation (Punia and Gag, 2012; Huselid 1995) and cost reduction (Selden and Sowa, 2015).

Although significant research has shown a link between HPWS and organizational performance, many commentators point to the ambiguity of the causal link. Problems have a fragile empirical basis and are important interpretations of performance measures that contribute to improving organizational performance (Kaufman, 2010). Recently, researchers have described HPWS and organizational performance by exploring the underlying mechanisms of the link between HR systems and the vague ideas discussed by the "black box" and the literature of HPWS (Boxall, Ang, and Bartram, 2011; Wright and

Gardner, 2003). However, the inconsistent results of the link between HPWS and organizational performance require further research to better understand the "black box" and the relationship between HPWS and organizational performance (Bal and De Lange, 2015). The HPWS paradigm is therefore not understood, controlled, or reasonably integrated in the empirical context. Also adding to the ambiguity, it is also reported that most HPWS research is conducted in developed countries, while the Sri Lankan context is poorly researched (Dayarathne, 2014).

However, additional efforts may be witnessed from the studies of Jayarathne and Shermila (2018), Saravanabawan (2017), Siriwardane and Silva (2013), Dayarathne (2014), Jayantha (2014), Cooray and Dayarathne (2017), Gamage (2013), Wernan (2016), Wickramasinghe and Liyanage (2013) and Iddagoda and Opatha (2018). Nevertheless, there is still an empirical gap, along with the need to conduct applied research on the impact of HPWS on organizational performance in the Sri Lankan context.

Bundling of High Performance Work Practices

There is a lack of similarity in the definition of HPWS and its components (Goddard, 1999). But Delaney and Goddard (2001) believe that high performance skills can be described as a combination of, "successors" or "flexible skills". In other words, they are known as sets of HR skills that lead to the importance of creativity and organizational excellence (Laurson and Foss, 2003). In addition, by integrating HPWPs in a complementary manner, they can generate greater benefits than the sum of their individual components (Becker and Huselid, 1999). This effect is known in various terms as "joint effect", "interactive effect", "correlation effect" and "complementary effect".

Innovative efforts to define appropriate sets have been dominated by early HPWS writings and are popular among those contributions that are more recent (Bello-Pintado, 2015). Although large-scale studies have attempted to examine the combined effects of various HPWPs, none of the researchers found a decisive mechanism for grouping skills.

However, the link between HPWPs and organizational performance has been suggested by different schools of thought: Universalist, Contingent, Structural, Mutual Benefit and Integrative (Delory and Doty, 1996). Universalist expectations promote a positive relationship between HPWPs and benefits, suggesting that HR practices benefit an organization regardless of its organizational value (Huselid, 1995). Mutual benefit scientists believe that complementary HR practices are useful for an organization than distinct HR practices (Way, 2002). Integrative scientists favor the vertical integration between HR practices, strategies, and organizational characteristics of the environment to get a competent advantage. In addition, the structured perspective indicates the vertical and horizontal differentiation of HR practices from internal and external compliance (Pfeffer, 1994).

Although various schools of thought have explored the field of HPWS, there is little agreement on HR practices that should be incorporated into an HPWS model or the integration of the HPWPs concept. Therefore, this study is an attempt to conceptualize and validate a HPWS for the cable industry in Sri Lanka based on employee awareness and understanding for improved business performance.

The "Black Box" Phenomenon

Although a significant amount and scope of development is apparent, how and why HPWS influences organizational outcomes, in particular performance remains elusive. The mysterious link largely known as the "black box phenomenon" is therefore the subject of debate in the literature due to the ambiguity of the factors bridging the link between HPWS and performance (Purcell, Kinnie, Hutchinson, Rayton, and Swart, 2003).

Despite extensive empirical research on HPWS, which generally yields positive results, understanding of HPWS remains a theoretical challenge in the field of research because there is little agreement on HPWS adaptation concepts. As Wood (1999) and Becker and Huselid (1998), there is disconnect between individual human resource practices in different studies. Some studies argue that the lack of conceptualization of HPWS hinders efforts to correlate its impact on organizational performance (Purcell and Kinnie, 2007), limiting researchers' ability to conduct self-assessments for research results (Boxall, 2012). On the other hand, researchers have emphasized the need to uncover the "black box" by examining the role of HPWS and organizational performance relationships. As a consequence, HPWS research requires well-structured and contextual components of HPWS to assess its impact on the performance of employees and organizations (Yanadori and Jaarsveld, 2014).

HPWS and Organizational Performance

The relationship between HPWS and business performance worldwide has been widely explored, in the 1990s as pioneering work (Delery, 1998a; Huselid, 1995; Arthur, 1994). Recent results from HPWS and business performance have shown that HR practices are positively associated with organizational performance measures (Wright and Kehoe, 2008), providing HR professionals and researchers a platform to encourage practical support through the use and adoption of HPWS, further focusing on accurate monitoring and management of employee performance.

Previous lines of research have contributed to the likely number of events that emphasize the link between HPWS and organizational performance. Many studies have described the positive effects of HPWS on various indicators of organizational performance. Implementing a set of specific performance improvement techniques is beneficial for all types of organizations (Boxall and Purcell, 2003). Likewise, HPWS creates an excellent organizational environment where employees feel competitive and willing to put more effort into achieving their goals to improve their performance (Katou and Budhwar, 2010). Therefore, the link between HPWS and organizational performance has been established through various conceptual approaches. These frameworks include: "Social Exchange Theory", "Resource Based Perspective", "Ability-Motivation-Opportunity Model", "Prospect Behavioral Theory", "Work Process Theory", "Resource Dependency Theory", "Human Capital Theory", "Strategic Management", etc. (Delaney and Huselid 1996; Guest 1997). Essentially, these theories link HPWPs to organizational and employee outcomes: "skills, knowledge, values, opportunities, performance, motivation, communication, participation, employee relationships, and resilience" (Obeidat, Masa, and Abdallah, 2014).

Successful HPWS can increase the value, personality, and inviolability of employees' knowledge and skills, resulting in competitive advantage and better financial performance, organizational performance, and employee performance. In addition, Hackman and Oldham (1980) found that effective work systems for a high performing culture, including training, evaluation and accountability, play a key role in improving employee and financial performance.

The accumulation of research in western countries shows that HPWS can highly improve organizational performance although the recent meta-analysis review shows that the link between HPWS and organizational performance varies across countries and regions. In the Middle East, although HPWS has a reasonable application in many organizations operating in the region, the effectiveness of this approach is poorly known, and it is unclear whether its application improves performance. But recent research has also focused on examining the general practices in HR and their impact on organizational performance (Darwish and Singh, 2013).

However, a study conducted in the Gulf of Arabia and Oman, aimed to test the relationship between highly engaged human resource practices and organizational performance. The study found that organizations can improve their performance by implementing these practices without having to consider unique ethnic cultures. Another study conducted in Algerian companies showed a positive correlation with the results for employees. But the study did not find the support needed to establish the positive link between HPWS and organizational performance in their culture. As a result, there is still a need to investigate further HPWS and performance links in various contextual diversities around the world.

Despite extensive theoretical research in the field of HPWS, there is still a paucity of knowledge in terms of its theoretical issues to be solved in the same which includes lack of common grounds for a widely accepted definition, identification of HPWSs embodying a more effective and efficient work system and the conceptualization of HPWS. Hence for HPWS to be studied and fully demonstrated it is important to explore the difference between individual and cumulative impact of HR practices on organizational performance (Garg and Punia, 2017). In addition, few scholars (such as Obeidat et al., 2010, Chang and Chen, 2011) suggested on exploring mediating effects of employee outcomes to reveal and unlock the “black box” which requires proper modeling of the HPWS.

Researchers' interest in conducting research on the relationship between HPWS and organizational performance has been inconclusive by conceptual difficulties (Purcell and Kinnie, 2007), which are considered as significant research barriers (Raita, 2017) and as described by a leading HPWS researcher Guest (1997, p.274): "It is only when we measure independent variables and dependencies, conceptual inconsistencies can be clearly understood from the various definitions of HPWSs”.

The researcher of this study therefore aims to contribute to unlocking the causal link between HPWS and organizational performance with the replication and validation of a conceptual model appropriate to the Sri Lankan context.

Ability-Motivation-Opportunity Model (AMO)

By examining the HPWS literature, it is clear that HPWS has been conceptualized in many ways, with some researchers identifying HPWS as a set of discrete and many HR practices with no clear link to which they have an individual perspective. However, others have suggested that individuals with unique HR skills cannot achieve better performance without focusing on their affiliation and complementary nature in supporting long-term success. Following this argument, HPWS is predicted as a series of reinforced and synergistic HR practices (Wright and Kehoe, 2008). However, which sets of HR practices should be brought to bear on one another's strengths and unresolved synergy to date is unclear (Jiang, Lepak, Han, Hong, Kim, and Winkler, 2012).

In an attempt to solve the problem, "HPWS is structured as a set of relevant and common dimensions, grouped into separate but relevant categories" (Jiang et al., 2012, p.11). However, the incorporation of HPWSs into the cutting categories is strongly supported. For example, Wright and Kehoe (2008) noted that the adoption and dissemination of HR practices across groups or categories, and their impact on different performance outcomes as a countermeasure, is more closely related to the impact of each result on different performance indicators that will provide better understanding. Adding to this, Jiang et al. (2012, p.12) stated that "HR dimensions are considered to be three interrelated but distinct elements of the HRM system using the AMO model incorporating ability, motivation and opportunity enhancing HR practices to instill a high performing culture". Although the classification used for the definition of HPWS is not justified, Jiang et al. (2012) conducted an extraordinary empirical study to clarify a conceptual framework using the AMO model to better reflect the HPWS components. Appelbaum, Bailey, Berg, and Kalleberg (2000) provided an initial basis for a more robust definition of HPWS through their AMO framework which was later adopted by Jiang et al. (2012).

The AMO framework was originally proposed by Bal and Lange (2015). According to Bal and Lange (2015), two components are needed to determine employee decision-making: employees must have the skills and motivation required and employees must participate (Appelbaum et al., 2000). Based on this model and later on the HPWS concept developed by Appelbaum, Bailey, Berg, and Kaleberg (Appelbaum et al. 2000), abbreviations work together to improve employee performance by specifying three elements: Ability (A) , Motivation to participate (M) and Opportunity (O). According to the AMO model, people execute their skills and motivations well, and the work environment gives them the opportunity to participate. According to Boxall and Purcell (2003) employees behave better when they are capable (ability); encouraged to do so (motivation); when their work environment helps them express their opinions (opportunity to participate).

It is theoretical to use the concept of HPWS as a model for the AMO framework (Jiang et al., 2012, 2013; Purcell and Kinnie, 2007), which helps to understand the strategic value of HPWS (Luna-Arocas and Camp, 2008). The HPWS concept of AMO has been used by empirical researchers since its inception in 2000 (Jiang et al., 2012), of which 104 empirical studies have been tested using the AMO framework till date. The use of the AMO framework is also confirmed by Paauwe (2009): "when we examine the relationship between HPWS and organizational performance, we see that there are general

fundamentals of it in the AMO Model” (Paauwe, 2009, p. 136). And Jiang et al. (2012) provide basic support for better conceptualization of HPWPs using the AMO model, which requires empirical verification of results based on their meta-analysis as limitations of the previous literature are the continued absence of empirical research to substantiate the AMO framework.

Although previous studies have shown a relationship between HPWS and organizational performance (Guthrie 2001; Huselid, 1995; Arthur 1994), despite these general conclusions, many studies have made the individual contribution of HPWS to AMO measures of organizational performance, and no studies have attempted to evaluate the pragmatic application of these three dimensions, in particular in Sri Lanka when it is fully validated in the Western world.

Hence the study by Jiang et al. (2012) on the proposed AMO model is used in the context of Sri Lanka, and the study aimed to identify the relationship between HPWS and organizational performance to bridge the gap of application and approach of AMO model in the Sri Lankan business context. Researcher also contributed to the literature by developing and testing a multidimensional model of the relationship between HPWS and organizational performance, based on the framework of AMO, and the study aims to validate the concept of AMO design at one of the cable manufacturers in Sri Lanka.

Therefore, the researcher adopted the operationalization of the AMO framework by Garcia and Thomas (2016), a deconstruction of the AMO model used for many years by various authors, compiled and validated by them as a universal model for HPWS (Choi, 2014). The general conclusion of the study is that the link between HPWS and organizational performance has been studied in different countries using different methods (Choi and Yoon, 2015). In fact, researchers have used a wide range of HR practices through various performance measures, different controls, uncertainties, and surveys. Therefore, although many studies have shown a positive impact on HPWS performance, it is overwhelming to generalize a perfect model to work in all contexts. For these reasons, as the study authors have suggested, although the AMO framework is a useful tool for exploring the relationship between HRM and performance, other factors should be considered to define a more comprehensive method. Therefore, the AMO framework does not appear to be a static model in recent years and has evolved in a series of experiments, and the researchers have shown potential improvements. As a result, Gracia and Thomas (2016) developed an integrated AMO model with the inclusion of indicators that have been tested and validated in recent years by researchers in their HPWS study and organizational performance. As such, the researcher believes that the adoption of a scientifically accredited, standardized and proven AMO operating plan generates and confirms the empirical knowledge gained in the HPWS literature.

According to the operationalization of the AMO model by Gracia and Thomas (2016), ability is defined as “an acquired or natural capacity” that allows a person to successfully accomplish a specific task and is defined as a set of attributes of human (skills, experience, attitudes, prior knowledge) associated with performing these tasks where these skills are intended to increase Knowledge, Skills and Competencies (KSC) both individually and collectively. According to their research protocol, most HPWS authors agree that capacity

building activities are primarily related to training and development, recruitment and selection and performance evaluation. Therefore, providing training and development opportunities increase the opportunity to acquire new skills by conducting appropriate training and development programs based on effective evaluation of the training needs followed with post-training feedback. Performing a detailed selection and placement process in a competitive environment encompasses HPWS researchers' broad perspectives on recruitment and selection as an effective HPWS indicator to establish a culture of capacity in an organization. Also conducting performance appraisals against specific goals and KPIs and identifying performance gaps and generating performance development programs through an in-built performance management system help improve abilities of employee.

Gracia and Thomas (2016, p.1065) define motivation as "the degree to which a person chooses to adopt specific behaviors". Motivation can be external or internal. External factors are linked to incentives such as economic returns and generally focus on short-term gains. But intrinsic motivators help to generate one's ambitions and values, for example when a person finds a fulfilling and enjoyable job and internal motivation is therefore commonly associated with commitment to long-term employee benefits, such as financial benefits linked to performance, recognition, job security and work-life balance. However, some authors point out that, in some cases, the absence of external factors such as a climate of collaboration, the desire to perform and motivation to learn (Armstrong and Baron, 1998) can affect employee motivation which has the possibility of curtailing achieving goals and delivering high results.

According to research validation from Gracia and Tomas (2016), opportunity improvement practices can be divided into four main sets: employee engagement practices, knowledge sharing practices, job planning practices and autonomy enhancing practices. Employee engagement activities include teamwork and participation in decision-making. The purpose of knowledge sharing skills is to provide sufficient information on key aspects of the organization (performance, financial, operational or strategic information) (Hughes, 2007). In addition, these skills are aimed at ensuring communication between employees and management (Kehoe and Wright, 2013). According to their results, many authors agree that information exchange and communication are important to improve the scale of opportunities. Also, many authors contemplate practices designed to nurture the voice of employees, such as suggestion systems, complaint systems, and in-place investigations offer opportunities for superior performance. Job design practices include appropriate job rotation and favorable working conditions. Finally, autonomy improvement practices such as empowering employees and offering them regular and irregular flexibility by decentralizing the decision-making process and giving employees autonomy in their workplace improve opportunities for higher performance.

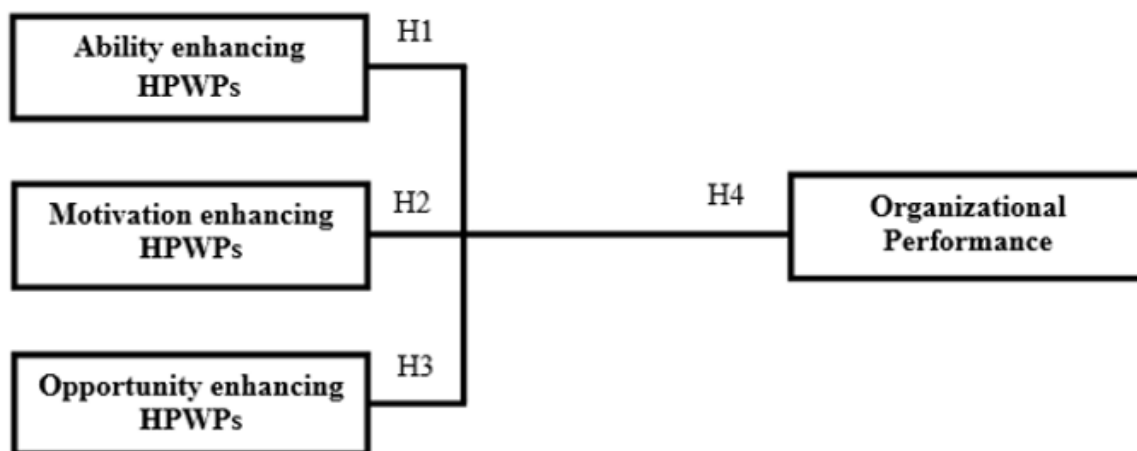
As Gracia and Thomas (2016) have pointed out, there is a wide range of performance measures as standards. Thus, organizational performance can be a more widely used term because it can be conceptualized in various ways. In fact, there is no consensus on the criteria to be used to assess the effectiveness of HRM. As a result, some authors have argued that performance measures should be linked to financial returns (for example, profitability, market share, sales growth), which are key to business success. However,

other researchers believe that it is preferable to use more "proximity impact indicator" (such as HR results) to present results at the level of commitment to work. In return, some tests measure performance through organizational decisions, such as the productivity, quality or effectiveness of a product or service. However, according to the Gracia and Tomas (2016) review protocol, performance measures have been divided into three main groups: financial performance as market share and profitability, operational performance as job performance and quality of product/ service and HR performance as job satisfaction and Organizational Citizenship Behavior (OCB).

Conceptual Framework

The conceptual framework lays out the shape and structure that defines concepts for a clear definition of the subject matter of the research and therefore, the copious amount of literature unearthed capacitated the researcher to identify ways in which organizational performance can be improved with a well-articulated and integrated HR system aligned to the strategic business objective of the organization (Jiang et al., 2012). Therefore, the conceptual framework for the study is formulated based on the AMO model (Ability-Motivation-Opportunity model) developed by Jiang et al., 2012 as shown below (refer to figure 1) to evaluate the effectiveness of HPWS on organizational performance in XYZ Cables PLC.

Figure 1. Conceptual Framework



Source: Author's own construct (Developed based on AMO Model, Jiang et al., 2012)

Generation of Hypotheses

According to the discrete and diverse conclusions of the review of the available literature, the study hypothesizes that the use of HR practices that improve abilities, motivation and opportunities will positively affect organizational performance. Therefore, the proposed theoretical model focuses on the impact of the three underlying HPWS dimensions on organizational performance and interprets the four hypotheses as mentioned below.

H1a: There is a positive relationship between ability enhancing High Performance Work Practices and organizational performance in XYZ Cables PLC

H_{2a}: There is a positive relationship between motivation enhancing High Performance Work Practices and organizational performance in XYZ Cables PLC

H_{3a}: There is a positive relationship between opportunity enhancing High Performance Work Practices and organizational performance in XYZ Cables PLC

H_{4a}: There is a positive relationship between High Performance Work System and organizational performance in XYZ Cables PLC

Operationalization Table

The operationalization table delineates how individual factors of HPWS, and organizational performance were drilled down to a succinct set of indicators which were conceived based on the deconstructed model of Gracia and Tomas (2016). Hence the operationalization table excogitated on the most influential factors of each variable namely; ability enhancing, motivation enhancing and opportunity enhancing HPWPs based on the operationalization developed by Gracia and Tomas (2016). Hence ability enhancing HPWPs were deduced to training and development, recruitment and selection, performance evaluation; motivation enhancing HPWPs as extrinsic and intrinsic motivators and opportunity enhancing HPWPs as employee involvement, knowledge sharing, job design and autonomy enhancing practices. Perceived overall organizational performance measures were adopted in subjective terms (in terms of financial, operational and HR outcome where financial outcome in terms of market share and profitability; operational outcome in terms of job performance and product and service quality and HR outcome in terms of job satisfaction and organizational citizenship behavior) through the perception of employees as self-perception-based measures of performance are widely used in studies of management over the years (Refer to Table 4).

Table 4. Indicators, Sub Indicators and Measurement Criteria of the Variables for Development of Measurement Instrument

Variable	Indicator	Sub Indicator	Measurement Criteria
Ability enhancing HPWPs	Training and development	Opportunities for training and development	Adequacy of training and development opportunities provided
		Training need assessment	Identification of training needs against set Key Performance Indicators (KPI)
		Post training evaluation and feedback	Continuity of post training evaluation and, effectiveness and efficiency in training transfer and feedback
	Recruitment and selection	Comprehensive selection process	Comprehensiveness of the selection process
		On boarding and placing in a competitive environment	Sound orientation and socialization process and placement of employees in a competitive environment

	Performance evaluation	Appraising performance against set individual goals and KPIs	Effective appraisal against set individual goals and KPIs
		Performance feedback	Enabling in identifying gaps and generating performance development programs
Motivation enhancing HPWPs	Extrinsic motivation	Pay for performance (individual)	Establishment of performance based monetary benefits
		Recognition	Adequacy of employee recognition provided
		Job security	Creating a secure job
		Work life balance opportunities	Opportunities for work life balance
	Intrinsic motivation	Motivation to learn	Level of motivation to learn
		Willingness to perform	Willingness to perform
Collaborative climate		Effectiveness of collaborative culture	
Opportunity enhancing HPWPs	Employee involvement	Teamworking	Adequacy of team building activities
		Involvement in decision making process	Benefit of an employee involved decision making process
	Knowledge sharing	Information sharing and communication	Adequacy of the organizational process on information sharing and communication
		Suggestion systems, complaint systems or surveys in place	Adequacy of Suggestion systems, complaint systems or surveys in place
	Job design	Job rotation	Establishment of job rotation programs
		Favorable work condition	Existence of favorable work conditions
	Autonomy enhancing	Autonomy	Level of autonomy provided
		Irregular and regular flexibility	Irregular and regular flexible work arrangements provided
	Organizational performance	Financial outcome	Market share

		Profitability	Profitability as an indicator of organizational performance
	Operational outcome	Job performance	Contribution of job performance to organizational performance
		Product and service quality	Contribution of product and service quality to organizational performance
	HR Outcome	Job satisfaction	Job satisfaction as an indicator of organizational performance
		Organizational Citizenship Behavior (OCB)	Organizational Citizenship Behavior (OCB) as an indicator of organizational performance

Source: Gracia J.A.M. and Thomas J.M. (2016)

Instrument Design

A standard questionnaire adopted by the operational plan of Gracia and Thomas (2016) and an interview guide were developed with the support of the results of the literature review on HPWS and organizational performance. Based on previous empirical studies, scales were developed to measure three dimensions: ability enhancement, motivation enhancement, and opportunity enhancement. The initial part of the questionnaire contains inquiry of demographic characteristics of respondents while the latter part includes 28 likert scale-based questions based on a five-point likert scale, ranging from strongly agree to strongly disagree. The interview guide was prepared in a semi-structured manner after an in-depth review of the literature and was used as a methodology to ensure sharper and more insightful interview questions which was used in a focused group discussion in two batches of six on the subject to reinforce the results obtained from the questionnaire.

Population and Sampling

The research population for quantitative study is constituent of machine operators of the production department of XYZ Cables PLC which amounts to 107 employees who are the drivers of organizational performance and the most suitable and capable people in the company who can provide the best known and most precise data and information on the applicability of a HPWS to improve organizational performance. Therefore, the researcher utilized a sampling frame of stratified sampling where machine operators were assigned to strata of three according to their work rosters and the sample was drawn randomly to represent a sample of 90 with a confidence level of 95% (Morgan, 2006).

The qualitative study constitutes of 12 team leaders (line leaders) representing the three rosters each headed by four team leaders of the production department. All the team leaders who are embodying a shared team purpose and representative of the voice of their team members were invited in two batches for a focused group discussion.

Quantitative Data Analysis

Testing Hypotheses

Refer to Table 5.

Table 5. Spearman Correlation Coefficients of IVs and DV

		Organizational performance
Ability enhancing HPWPs	Correlation coefficient	.260
	Sig. (2-tailed)	.016
	N	85
Motivation enhancing HPWPs	Correlation coefficient	.749
	Sig. (2-tailed)	.000
	N	85
Opportunity enhancing HPWPs	Correlation coefficient	.910
	Sig. (2-tailed)	.000
	N	85
HPWS	Correlation coefficient	.647
	Sig. (2-tailed)	.000
	N	85

Source: Survey data, 2020

With relation to the Spearman's correlation coefficient the "r value" between the correlation of ability enhancing HPWPs and organizational performance is 0.260. Thus, it reveals a weak positive relationship between ability enhancing HPWPs and organizational performance. Therefore, there is no dependency of ability enhancing HPWPs on organizational performance. Therefore, it is evident that organizational performance cannot be increased through ability. The r value between ability enhancing HPWPs and organizational performance is 0.016 with no significance. Therefore, there is a weak positive relationship between ability enhancing HPWPs and organizational performance at an insignificant level.

The calculated significance value of the distribution of ability enhancing HPWPs and organizational performance is 0.16. Thus, it is greater than 0.05 (5%) significant level. Therefore, out of the predicted hypotheses for the relationship between ability enhancing HPWPs and organizational performance, it is not possible to reject the null hypothesis while the alternative hypothesis is rejected at 5% significant level. Consequently, as far as this study is concerned, there is no empirical evidence to accept that "There is a positive relationship between ability enhancing HPWPs and organizational performances of XYZ Cables PLC".

According to Spearman's correlation coefficient, the relationship between motivation enhancing HPWPs and organizational performance bears a r value of 0.749. Therefore, it signifies a strong positive relationship between motivation enhancing HPWPs and organizational performance at a statistically significant level of 1%. Thus, it can be concluded that motivation enhancing HPWPs has a strong influence on organizational performance and has a positive linear relationship according to the extracted statistics from respondents.

The calculated significance value of the distribution of motivation enhancing HPWPs and organizational performance is 0.000. Thus, it is less than 0.05 (5%) and 0.01 (1%) significant levels. Therefore, out of the predicted hypotheses for the relationship between motivation enhancing HPWPs and organizational performance, the null hypothesis can be rejected while the alternative hypothesis is accepted at 5% and 1% significant levels. Consequently, it is substantiated that “There is a positive relationship between motivation enhancing HPWPs and organizational performance of XYZ Cables PLC”.

With relation to the Spearman’s correlation coefficient the “r value” between the correlation of opportunity enhancing HPWPs and organizational performance is 0.910. So, there is a dependency of opportunity enhancing HPWPs on organizational performance. Thus, it shows a strong positive relationship with a statistically significant value at 1%.

The calculated significance value of the distribution of opportunity enhancing HPWPs and organizational performance is 0.000. Thus, it is less than 0.01 (1%) significant level. Therefore, out of the predicted hypotheses for the relationship opportunity enhancing HPWPs and organizational performance, the null hypothesis can be rejected while the alternative hypothesis is accepted at 1% significant level. Consequently, there is empirical evidence to accept that “There is a positive relationship opportunity enhancing HPWPs and organizational performance of XYZ Cables PLC”.

The correlation between HPWS and organizational performance has a moderately positive correlation of $r = 0.674$, which is statistically significant at 1% ($p = 0.000$). This confirms a moderate positive correlation between HPWS and organizational performance and a significant of 1%.

The calculated significance value of distributed data on HPWS and organizational performance is 0.000. Thus, it is less than 0.01 (1%). Therefore, the null hypothesis can be rejected and the alternative hypothesis can be accepted. Thus, this research shows that “There is a positive relationship HPWS and organizational performance of XYZ Cables PLC”.

Multicollinearity Analysis

“Multicollinearity analysis is used to predict which factors are independent and interdependent of the independent variable. Multicollinearity test is used to measure the model, its tolerance and its variance inflation factor” (Saunders et al., 2009, p. 475).

Table 6. Coefficients of Collinearity Statistics

Model	Collinearity Statistics	
	Tolerance	VIF
Ability enhancing HPWPs	.254	3.943
Motivation enhancing HPWPs	.043	23.012
Opportunity enhancing HPWPs	.064	15.625

Source: Survey data, 2020

As per Table 5 the Variance Inflation Factor (VIF) of ability enhancing HPWPs has a value greater than 1 which implies that the predictors are moderately correlated. The VIF values of motivation enhancing HPWPs and opportunity enhancing HPWPs are above 10 which

signifies that regression coefficients are poorly estimated due to multicollinearity. The tolerance measures the influence of one independent variable on all other independent variables. With tolerance $T < 0.2$ implies a multicollinearity and $T < 0.01$ confirm a certain amount of multicollinearity. As per the above analysis in Table 4.21, the T values of motivation enhancing HPWPs and opportunity enhancing HPWPs are less than 0.2 and ability enhancing HPWPs are closer to 0.2.

Multiple Regression Analysis

“Multiple regression analysis is used to predict the value of the dependent variable based on the value of two or more other variables” (Saunders et al. 2007, pp. 535). This analysis (refer to Table 7) is used to determine the overall fit and explained variance of organizational performance and the relative contribution of the independent variables to the total explained variance.

Table 7. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.934 ^a	.872	.867	.29288

a. Predictors: (Constant), High Performance Work System

Source: Survey data, 2020

The R value amounts to 0.934 for simple regression which is the correlation between the explanatory and response variable. Coefficient of determination, R Square value of 0.872 signifies the “goodness of fit” of the regression line to the set of data. This explains 0.872 of the variation in the response variable can be explained by the different values of the explanatory variable(s). The adjusted R square of 0.862 depicts the explanatory power of HPWS towards organizational performance. Therefore, the independent variable has 86.7% power to explain the dependent variable. As a result, 86.7% changes in organizational performance is explained by HPWS. It proves that the researcher has utilized most independent variable factors for determination of its relationship with organizational performance. Further adjusted R square has been represented as the modification of R square that is adjusted for the number of explanatory terms in the model. Accordingly, the model depicts an adjusted R square of 0.867. Standard error of the regression prediction which is the average distance from the regression line is 0.292.

Table 8. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	47.425	3	15.808	184.263	.000 ^b
Residual	6.948	81	.086		
Total	54.373	84			

a. Dependent variable: Organizational Performance

b. Predictors: (Constant), High Performance Work System

Source: Survey data, 2020

As per Table 8, the overall significance of the Table can be measured as 0.000 significant level which substantiates that the model is significant and relevant to measure the dependent variable.

Table 9. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.301	.125		2.414	.018
Ability enhancing HPWPs	-.247	.083	-.235	-2.982	.004
Motivation enhancing HPWPs	.025	.233	.021	.108	.914
Opportunity enhancing HPWPs	1.117	.179	.979	6.238	.000

Source: Survey data, 2020

“B” of the estimated regression coefficients that can be used to interpret the effect the explanatory/independent variable has on the response/dependent variable stand positive in HPWS. The Beta value in Table 9 depicts standardized regression coefficients. They can be used to assess which of the explanatory variables that has the largest effect on the response variable, after considering that variables are measured on different scales. Accordingly, opportunity enhancing HPWPs has the largest response variable and ascending comes as motivation enhancing HPWPs and ability enhancing HPWPs with a negative response variable. The t-statistics and their associated 2-tailed P-values are varying. Opportunity enhancing HPWPs is statistically significant at 1%, while ability enhancing HPWPs is statistically significant at 5% and motivation enhancing HPWPs is insignificant.

Qualitative Data Analysis

Ability Enhancing HPWPs and Organizational Performance

Despite a training budget of one million rupees for each fiscal year (Training Budget, 2019/20 and 2018/19), the discussion revealed that XYZ Cables PLC has not met the training needs of its production employees over the years, confirming the allocation for on the job training and other related technical training represents almost only 25% (HR Budget, 2019/20 and 2018/19). Consequently, the respondents reiterated the absence of a structured training program for new recruits, but declared themselves moderately satisfied with the continuing training sessions on motivation, ISO standards, including safety evacuations, safety procedures, first aid, etc. But the company has not succeeded in developing a development plan according to their views, that is to say "We work in the same machine as the one with which we started, we are not multitasking and we do not have a grading system, so we are discouraged". This proves the insufficiency of training and development opportunities offered and the inexistence of a training and development plan for everyone. The involvement of production supervisors in identifying training needs, as noted, was not practiced while common training needs are identified in shallow terms without emphasizing the needs to bridge the performance gap. The unavailability of a job rotation schedule despite the introduction of production incentives for machines according to its complexity has created a bias in the production incentive gains when employees perform monotonous tasks since the start of their career. The XYZ cables were not subjected to an effective and efficient employee evaluation, training transfer and feedback after training, but steps have been taken to streamline the process at using

effective documentation where training is planned to analyze behavioral results with the support of production superiors and to be linked to annual performance assessments.

A complete selection process instills great talent among production employees, thereby instilling a culture of talent as expressed by team leaders. They find it encouraging and motivating for existing employees to perform better because it opens the way to the identification of talents external to the company and to the infusion of new blood. Therefore, having an exhaustive selection process should develop a culture of learning and knowledge sharing according to them when competitors join XYZ Cables PLC. The cable industry is more or less a cable manufacturing school because Sri Lanka has to date no vocational training qualifications developed for cable operators, so the high attrition rate in the industry prompts management to recruit inexperienced employees that team leaders call a "dumping process", hence they feel the importance of a structured socialization and solid orientation process and to place recruits in a competitive environment for them to excel.

XYZ Cables PLC has a personalized performance evaluation tool for machine operators that incorporate both quantitative and qualitative measures of performance, namely the level of achievement of objectives, the ability to multitask, the quality housekeeping, quality of documentation, cooperation, presence, etc. Team leaders find it unfair to measure the ability to multitask by giving a cumulative score of 10 to be able to run 8 types of machines, because the company has discouraged multitasking in its configuration. In addition, the target level of achievement as mentioned is a score given according to the perception of the production supervisors on the achievement without referring to their set KPI. However, they are dissatisfied with the performance evaluation process and refer to it as "not at all worthy", due to favoritism and bias in the evaluation of performance where certain groups are discriminated. However, they are satisfied with the cross-evaluation feedback process with the Managing Director, the production manager and the human resources manager, where the performance is analyzed by everyone and motivated for speaking up for any disagreement, comments on the performance gaps and how best to eliminate gaps. Hence it was evident that team leaders accepted that ability enhancement HPWPs such as training and development, recruitment and selection and performance evaluation can to an anemic level improve performance.

Motivation Enhancing HPWPs and Organizational performance

Team leaders are of the belief that intrinsic motivators such as learning opportunities, inducing willingness to perform and inculcating a collaborative climate motivate them more as opposed to extrinsic motivators (performance based pay, recognition, job security and work life balance opportunities) as such they believe extrinsic motivators may remove any discomforts but will not motivate them if actions are being taken for further improvement. XYZ cables PLC has linked all the monetary benefits to performance, i.e. attendance allowance, bonus, increments, production incentive, night allowance, overtime etc. Thus, benefits directly correlate with level of individual performance. Employee recognition according to team leaders is less prevalent where neither performers nor seniors are recognized where they highlight "even though we have been working for more than 5 years, new recruits sometimes earn better than us, so our seniority is not recognized". Due to the existing roster schedule and the possibilities for

shift changes along with providing school bags and books, stationery and toys annually for children of employees, enhance opportunities for work life balance. They perceive their jobs to be secure but recent disciplinary inquiries and actions for “minute causes” as framed by team leaders, has injected a more “carefree atmosphere to careworn atmosphere”.

“We don’t have opportunities to learn, share and apply” was the immediate and most common response of team leaders even though they gauged that it can impart “positive vibes for willingness to learn, perform and collaborate”. To advance a collaborative culture, they suggested the “Path-breaking program (a program conducted by the HR department to its staff employees to improve team building skills) and Company Wide Improvement Program (CWIP), a platform which empowers employees to suggest and “voice themselves” to be widened to the production and maintenance employees as “there is a cold war among production employees and with the maintenance employees” which remains unresolved for years due to non-availability of adequate and proper interventions. Thereupon team leaders collectively affirm that motivation enhancing HPWPs whether intrinsic or extrinsic has a “limited, temperate and moderate” impact on performance.

Opportunity Enhancing HPWPs and Organizational performance

Implications on employee involvement through adequate team building activities and a decision-making process via platforms developed by management, as team leaders have pointed out, “improve our opportunities for engagement and make us proud of the fact that we are business partners with ownership of the business which in turn allow us to reach new heights”. But they feel that they have fewer opportunities for employee involvement even if they are “ready to share a platform with management” where the HR department acts as a facilitator, but they think that “HR is incapable to filter and channel our concerns’ proving HR to be ineffective in performing HR roles. Team leaders also believe that “more than improving our abilities and motivating us, opportunities make us feel better and make us perform better because we can acquire skills over time and whether we are motivated or not, we perform at a certain level, but opportunity is crucial for our morale and our incessant desire to perform”.

They perceive the contemporary suggestion, the complaint and investigation system are praiseworthy because they feel that their concerns are heard through a root-cause analysis in 2016 followed by HR interventions as well as an audit meeting organized with the Managing Director, and a post-effectiveness analysis of HR interventions across the two quantitative and qualitative measures such as employee perception, production superiors perception, turnover rate, quality of housekeeping, absenteeism rate, wastage, customer complaints, goal achievement, recruitments, etc. and whether the transformation is positive or not has been communicated to all production staff through an effective meeting progressing with the future HR plan for transparency and to gain the support of employees to succeed where they gained “faith and willingness to cooperate”. The adequacy of the organizational process for sharing and communicating information is limited to certain cases where they do not find a continuous and structured process where only notices works well in this regard.

In terms of job design, team leaders have a moderate view of job rotation, while few disagree and some agree that they have job rotation, confirming ambiguous opinions, but when inquired, this was declared as an unfair and biased job rotation based on favoritism. It has been well noted that the working conditions of employees with regard to the non-monetary benefits provided such as meals, transport and boarding houses as well as concerns for safety, health and hygiene have a considerable number of concerns they express as "microscopic concerns that are not overlooked by management and if resolved can have a supportive work environment".

Team leaders believe that they have a better opportunity for responsibility and authority in their work and "feel that we have a role to play than following routine instructions", which they translate positively by improving the process with great concern for waste. Irregular and regular work arrangements at XYZ Cables PLC are considered "encouraging" and "relaxing" for team leaders who vouch for the rest of the production staff because the company allows shift changes and tolerates absenteeism, as employees are more responsible for letting management know to make covering arrangements. Therefore, team leaders perceive that HPWPs to improve opportunities in employee involvement, knowledge sharing, task design and autonomy greatly improve their performance compared to capacity and motivation improvement because they perceive that it cultivates an "organizational citizenship behavior".

HPWS and Organizational Performance

Team leaders were of the view that a high performing work culture where every HR practice drives the strategic business goal while adopting strategies to improve employee abilities, motivation and opportunity will definitely improve employee performance and will pave the way for "decreased wastage and especially cost of production which is the crucial attempt of XYZ Cables PLC during the negative economic trend". The attempt of converting to a high performance work system according to them "is advantageous for the company" when "employees are treated the flagship of XYZ Cables PLC to gain a competitive advantage in the cable market to sustain the market share amidst volatile, highly competitive and monopolistic cable market". It is vouched that opportunities to engage and autonomy to get involved with the management in the decision making process along with ability to involve in its initiatives will make employees "feel that they are no longer employees, but partners of business, contributing to the bottom line of the company". They are of the notion that their KPIs should be derived from the strategic business goal while its impact is readily visible "to sense a belongingness to the company as a key contributor for its success". At the moment the HR practices in the company revolve around the three key layers to enhance ability, motivation and opportunity, but "they operate in silos and needs an integrative approach" where all the HR practices drive a unified HR objective which has been derived from the business goal of the company. Hence team leaders affirm moderate views on the capacity of a HPWS on improving organizational performance of XYZ Cables PLC for a sustainable competitive advantage.

Discussion and Implications

The findings of the study support the mounting body of knowledge that HPWS improves organizational performance among other resources that can bring a competitive edge to compete amongst volatile market conditions. It was evident that XYZ Cables PLC has

begun to focus on HPWS, which is indicative of the perception of employees on the performance results of HPWPs. This study differs from many similar studies as HPWS measures were obtained from end receivers as they understand the existence and effectiveness that are directly related to the expected employee performance level and corporate return. Hence the study provides a framework for an appropriate HPWS to standardize for everyday use as the research enhances resilience and provides basic guidelines for organizations on how to work with different HPWPs to achieve organizational objectives and effectiveness. Overall, these findings shed light on the mechanisms that influence HPWS and help bridge the gap between the macro and micro perspectives of HRM.

However, although research efforts on HPWS have shown a positive impact on organizational performance (Meadows and Pick, 2010; Becker and Huselid, 1998), there are still significant differences in the implementation of HPWS in the business context (Kaufman, 2010) as evidenced from the results on the moderate relationship between HPWS and organizational performance of XYZ Cables PLC where Patel and Conklin (2012) also confirm that the prevalence of HPWS is still limited, despite valid educational claims.

“One explanation for the gap between empirical results and actual implementation is that professionals alternate with HPWS based on previous performance decisions as implementing HPWS requires time, effort and the development of an administrative account” (Kintana, Alonso, and Olaverri, 2006, p.72) as evidence for early adoption and implementation of HPWPs creates the support and resources needed to make new investments in HR practices. Performance results not only do realistic assessments of the performance impact of HPWS, but also the potential for reverse causation be carefully considered because it determines whether HPWS will continue, be developed, or revised.

Even though there is a considerable disparity between quantitative and qualitative findings in terms of the relationship between ability enhancing HPWPs and organizational performance where quantitative analysis proved a weak relationship, the qualitative analysis was supportive enough to prove wrong the feeble correlation providing moderate views on the same. This could be also due to the perception error affecting quantitative data of employees which is due to the perception of employees at the time of data collection, emotional constraints, external inducements and situations they are facing can have a considerable impact on deviating results of established theory in literature (Sekaran, 2003).

Even if indefatigable amount of empirical evidence has proved a high correlation between HPWS and organizational performance, Combs, Ketchen, Hall, and Liu, (2006) moderately estimate the correlation between HPWS and business performance while Subramani's (2009) meta-analysis also showed a moderate impact on motivation and capacity building practices while having a weak relationship in relation to ability. A meta-analysis by Paracha, Wan, and Amin, (2014) has shown a moderating effect on skills, opportunities and motivational development practices. Wright, Gardner, and Moynihan, (2003) conducted a detailed examination of the causal relationship between HPWS and performance on a time line, where it demonstrated a moderate relationship while Huselid and Becker (1996) importantly identified that the impact of HPWS remains strong only after one and a half

years to realize the benefits of introducing or changing HPWS practices and thence cross sectional data analysis remains problematic.

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