Impact of HRM System strength and High performance work practices on Service Performance: Considering Mediating Mechanism

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Impact of HRM System Strength and High Performance Work Practices on Service Performance: Examining The Mediating Role of Line Manager’s Effective HRM Implementation

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Department of Management Science, Comsats University Islamabad, Pakistan

Abstract

The purpose of this research paper is to examine the impact of high performance work practices groups and the strength of HRM systems on branch market performance. Furthermore, this article investigates the role of the line manager's skill, motivation, and opportunity to apply human resource practices as a mediator. The data was gathered from 761 bank workers from commercial banks in Pakistan. The structural equational modeling technique was used to examine the data in this study. The findings backed up the favorable influence of high-performing work groups and HRM system strength on branch market performance. However, both mediation outcomes suggested partial acceptance. This study presents empirical evidence of how high performance work practices and employees' perceptions of the quality of the HRM system influence branch performance of bank employees in a developing country context. The findings of this work are intended to motivate researchers to think more carefully about the relationship between organizational HRM system support and HR practices to improve organizational performance by focusing on the alignment of line managers' AMO and HPWP practices.

Keywords: High performance work practices, HRM system strength, Line manager Role, AMO framework, SHRM practices

Introduction

Growth in the field of human resource management (HRM) has caught the attention of researchers, prompting them to investigate the impact of HRM system strength and HRM practices on organizational performance outcomes (Shin et al., 2020). Performance is viewed as a strategic

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opportunity and strategic human resource management (SHRM) techniques are recognized as among the most important techniques used to achieve effective performance outcomes (Karman, 2020).

A key SHRM assumption is that bundles of HR practices, rather than individual practices, are sources of competitive advantage (Shaw, 2021; Kepes & Delery, 2008). High performance work practices (HPWPs) are contemporary human resource practices aimed to improve employee and organizational performance. This study divides HPWPs into three cohesive bundles based on the ability, motivation, and opportunity (AMO) theory in order to improve workers’ ability, focus on/enhance their motivation, and create opportunities.

HRM systems transform employees' mutual opinions on policies, procedures, routines, and incentives into a strong working environment with three different features: distinctiveness, consistency, and consensus (Wood, 2021). HRM practices facilitate the inherent signals and communication among employees based on the principle of attribution. To access these underlying signals, a strong HRM system is required.

The relationship between HRM systems and performance has lately expanded into the service industry, where they have served as a supportive framework for HRM system performance, with multiple mediators (Muduli & Mclean, 2020). Line manager’s involvement in the implementation of human resource practices is one such mediator. This research added the line manager's position as a mediator to further investigate HPWPs and HRM system effects.

As per devolution literature, line managers need to implement HR practices in addition to their other responsibilities (Guest, 2021). Some line managers are unlikely to accept these responsibilities because of the lack of ability, motivation, and opportunities (Bos-Nehles et al., 2020). This notion also operationalizes the AMO theory, clarifying how line managers effectively execute HR practices. Thus, the role, motives, and opportunities of line managers in implementing HPWPs in Pakistan are examined in this paper.

HPWPs and HRM systems, as well as the role of line managers in implementing HR practices, have attracted increasing attention in recent
decades as they become more common in Europe, the United States, and emerging countries (Guest, 2021; Conway & Monks, 2010). International HRM techniques are similar to domestic norms, but complexity develops owing to ethnic diversity and worker diversity (Bjorkman et al., 2012). Pakistani society is characterized by its power distance, collectivism, and social dynamics (Khilji, 2010). Also, the influence of cultural factors on HRM varies from region to region. The strong point of this study is that it fills the research gap created due to the lack of published literature in Pakistan in this area.

Resultantly, this study differs from earlier studies in following ways. First, this study adds to the existing knowledge by investigating the mechanisms used for determining the relationship between HPWPs and HRM system strength, particularly in developing countries, in terms of branch market performance. Second, some researchers have concluded that HPWPs are presumably more visible in the manufacturing sector (Chi, 2019). However, HPWPs develop employees' skills and incentives to respond to the demands of the volatile and dynamic services sector (Gemici & Zehir, 2021). Hence, this study is oriented towards a specific sector, that is, the Pakistani banking industry. For this purpose, it draws on a wide range of employee experience in this sector and utilizes research based on/ regarding employee perception of HRM system strength and HPWPs. Finally, this study examines the role of line managers in successful implementation of HPWP practices and how it mediates the relationship between the perception of HRM system strength and unit performance.

**Literature Review and Hypotheses Development**

**High-Performance Work Practices (HPWPs) and Performance**

As modern employee management practices, HPWPs aim to improve both employees and organisational performance (Mowbry et al., 2021). Employees’ skills, abilities, commitment, and performance are boosted by high-performance HR practices (Mathias et al., 2021). Based on the work of Jiang et al. (2012), this study selected HPWPs and organized them into various groups. These included ability, motivation, and opportunity (AMO) work practices. Global SHRM experts utilise this technique to determine the relationship between high-performance work systems and performance.
(Cooke et al., 2021). It is important to recognise that this relationship has been discussed only to a limited extent in strategic HRM literature of developing countries, such as Pakistan (Triana et al., 2021).

Banking industry is a major player in Pakistan’s economy, as in other emerging economies. A bank's ability to operate profitably relies on effective HRM practices which help to develop and improve customer service, as well as the introduction of new financial products (Aleem & Bowra, 2020; Aktar, 2018). When it comes to retaining and motivating employees then effective SHRM practises are crucial, especially in the Pakistani banking sector (Mahmood et al., 2019). New HR system also had a positive effect on the performance of banking sector employees in Pakistani banks (Memon et al., 2020).

A previous research found a positive relationship between the empowerment of HRM, HR practices, and bank performance in Jordan (Alkhazali et al., 2020). Similarly, Dayarathna (2019) investigated and discovered a positive correlation between the impact of high-performance work system and bank effectiveness in Sri Lankan banks. Likewise, a study by Al-Zahrani and Almazari (2014) determined a positive relationship between the financial performance of banks in Saudi Arabia and various HRM practices including performance appraisal, compensation, and planning. Ahmed and Shin (2019) further argued that in Bangladeshi banks, HRM practices of performance assessment, training, recruitment, and reward are closely linked to organizational performance. In yet another study conducted by Chompukum (2012) on Thailand's commercial banks, training and employee relations were found to have an impact on the performance of the banks. Therefore, it is easy to conclude on the basis of previous research the positive impact of HRM practices on bank performance (Hussain & Shahzad, 2014).

Ability enhancing high performance practices, such as training and staffing, promote employees’ knowledge, skills, and abilities (KSAs), resulting in high-quality products and services. On the other hand, motivation-focused HPWPs assist employees in directing their efforts toward achieving organisational objectives by providing incentives that stimulate work motivation (Liao & Han, 2019). Similarly, some studies suggested that opportunity creating HPWPs boost performance by giving
employees the autonomy to develop new expertise and abilities, thus decreasing the supervision cost and inspiring them to work more efficiently (Liao & Han, 2019; Parker, 2006). Based on this review, this study hypothesizes a positive relationship between HPWPs and branch market performance.

Hypothesis 1: Ability (H1a), motivation (H1b), and opportunity (H1c) enhancing HPWPs are positively related to branch market performance.

HRM System Strength and Performance

According to Kelley (1973), “the HRM system consists of three characteristics; distinctiveness (HRM practices are clear, comprehensible, and realistic for employees); consistency (internally consistent HRM practices), and consensus (agreement on HR practices)”. The above-mentioned three characteristics of HRM system strength can be used as tools to identify the internal signal and communication process through HR practices in a strong situation.

When employees perceive an HRM system to be highly visible and reliable, it motivates them to improve their behaviour and attitude if stakeholders work together (Bos-Nehles et al., 2020). Prior research provided inconsistent results about HRM system strength and performance outcomes (Heffernan et al., 2021; Li et al., 2012). Based on the attribution theory of HR system strength, the HRM-performance relationship is strongest when HR practices are applied in ways that determine a role where employees develop a shared perception of HR in line with management’s expectations (Sanders et al., 2021).

A study by Sanders et al. (2008) showed a strong association of distinctiveness and consistency (but not consensus) with employee behavior. Ostroff and Bowen (2016) proposed that consensus is the necessary prerequisite for other HRM components. Similarly, Li et al. (2012) also found inconsistency in the relationship as distinctiveness was believed to be crucial for organizational outcomes, while consistency was found to have a positive relationship with the intention to quit.

Dayarathna et al. (2019) also supported the proposition that a strong, consistent, and valid message from the HRM system leads to higher
organizational performance in the banking sector. The analysis of the effectiveness of the HRM system showed that there is still a lack of theoretical understanding about it (Ostroff & Bowen, 2016). In keeping with our emphasis on employees, this paper reflects on the main effects of HRM system strength on branch market performance.

Hypothesis 2: Employee perception of the distinctiveness (H2a), consistency (H2b), and consensus (H2c) of HRM systems is positively related to branch market performance.

Line Manager’s AMO Mediating Role

To properly execute HRM practices, line managers must have HRM expertise and skills (Bos-Nehles et al., 2020). In the absence of these skills and because of minimal managerial expertise, line managers need comprehensive HRM knowledge, including legal criteria, along with the information required to carry out their job responsibilities (Bos-Nehles et al., 2019).

Line managers' skills in implementing HRM practices are sometimes unsatisfactory due to the lack of expertise and knowledge; resultantly, their performance suffers (Trullen et al., 2020). The ability to perform HRM tasks effectively is a critical requirement for line managers. Their willingness to complete HRM tasks is characterized as motivation (Sanders, 2021). Some line managers are enthusiastic about their HRM responsibilities, while others believe that these responsibilities only burden them.

This research suggests that active HR participation by line managers enhances HR effectiveness by providing distinctive, coherent, and consensus building messages to employees (Trullen et al., 2020). Firstly, the participation of line managers in HR department would improve the distinctiveness of HR practices of an organization. Developing clarity and transparency of HR practices in the minds of employees is essential for achieving a high degree of efficiency in an organization (Ostroff & Bowen, 2016). Secondly, the understanding of consistency can be increased by line managers performing HR tasks, as workers can see a direct correlation between specific behavioral patterns and their rewards. Thirdly, the consensus of team members can be further strengthened through the implementation of HR practices by line managers. Since they can provide direct feedback to their subordinates, line managers have a greater effect on employee group dynamics (Sanders, 2021).
Rimi et al. (2017) reported that both HRM managers and line managers played a significant role in improving the quality of services in Bangladeshi banks. Bartam et al. (2020) examined the integration of HRM and with the performance of the banking industry. According to them, banking performance improves when HR functions are shared between the HR department and line managers. Afiouni (2007) arrived at similar findings regarding Lebanese banks, showing that their strategy for enhancing their performance was inefficient without adequate input by HRM and the implementation of line managers’ practices. Alkhazali et al. (2020) also supported the ability of line managers in service industry, such as the banking industry, to effectively introduce HRM practices. Based on the arguments mentioned above, we hypothesize that

**Hypothesis 03:** Line managers’ ability, motivation, and opportunity to implement HRM practices mediate the relationship between HPWPs based on ability-enhancing (H3a), motivation focused (H3b), and opportunity creating (H3c) work practices and branch market performance.

**Hypothesis 04:** Line managers’ ability, motivation, and opportunity to implement HRM practices mediate the relationship between the perception of HRM system strength based on its distinctiveness (H4a), consistency (H4b), and consensus (H4c) and branch market performance.

**Figure 1**

*Conceptual Model*

<table>
<thead>
<tr>
<th>High-performance Work Practices</th>
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<tbody>
<tr>
<td>Ability Enhancing HPWPs</td>
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<tr>
<td>Motivation Focused HPWPs</td>
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<tr>
<td>Opportunity Creating HPWPs</td>
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<table>
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<tr>
<th>HRM System Strength</th>
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<tr>
<td>Distinctiveness</td>
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<tr>
<td>Consistency</td>
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<td>Consensus</td>
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<tr>
<th>Line Manager AMO</th>
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<tr>
<td>Branch Market Performance</td>
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</table>
Research Methodology

Data, Sample, and Procedure

This study used a quantitative research approach based on a survey design. Structural equation modeling (SEM) was used in this study with the help of M-Plus software. A survey was carried out of various commercial banks in Pakistan. The banking sector of Pakistan has many types of banks, such as scheduled state-owned banks, specialized banks, Islamic banks, microfinance banks, privatized commercial banks, and international banks. Seven commercial banks were selected for this study. The branch network of these seven banks comprises/constitutes more than 70 percent of the total branch network of all the banks in Pakistan. These seven banks provide services throughout Punjab, Sindh, Khyber Pakhtunkhwa, Baluchistan, and Federally administered areas. Branches were selected on a random basis from these regions and respondents within the selected branches were then chosen on a convenient basis. Research questionnaire forms were distributed among individual bank employees working in different branches. In total, 2100 survey forms were distributed. Questions related to line manager's AMO and branch market performance were asked from branch managers and operations managers. The rest of the questions related to the perception of HRM system strength, employee affective commitment, and HPWPs were asked from branch employees. From all the branches, 761 valid responses of employees were collected. The valid responses consisted of, 33 females and 77% males. Moreover, 65% of respondents had tertiary education, while 62% of respondents were more than 31 years of age. Finally, in terms of experience, 47% of respondents had more than 5 years of experience.

Measures

All measures were quantified using a five-point Likert scale (anchored at 1= strongly disagree, and 5= strongly agree), unless otherwise stated. The scale of Kundu and Gahlawat (2016) was used to test HPWPs, using three-dimensional HPWPs. The ability HPWP was assessed using 10 items, while 14 items were used to assess the HPWP based on motivation practices, and another 10 items were used to assess opportunity creating HPWP. The
ability of line managers to implement HR practices was assessed using a 4-item organizational self-efficacy scale developed by Schyns and von (Schyns & Collani, 2002). Line managers’ motivation was assessed using the Guay et al. (2000) situational motivation scale, which included four elements/items. The assessment of opportunity was operationalized using Reilly's (1982) five-item task overload scale. Delmotte et al. (2012) developed the HRM system strength based on three dimensions: distinctiveness (six items), consistency (six items), and consensus scale (four items). Delaney and Huselid created a 4-item scale to assess branch market performance (Delaney & Huselid, 1996). The answer/response options in this scale varied from 1 to 5, with 1 being much worse and 5 being much better.

**Preliminary Analysis**

The questionnaires used were self-reported and responses were collected all at once. Since the questionnaires were intended to be anonymous, objects from all constructs were put in a different portion Galbreath and Shum (2012). However, there still remained the possibility of common method variance (CMV) bias. The unmeasured latent methods factor test and confirmatory factor analysis (CFA) technique were used to analyze the potential impact of CMV (Podsakoff et al., 2003; Williams et al., 2010). In this study, which included indicators for all major constructs, CVM was used to determine how much of each indicator's variance was clarified by its main construct, as well as the CVM factor. The results showed that the method factor loadings were insignificant and the substantive variances of the variables were significantly greater than their common factor variances. The measures identified four distinct variables, according to an analysis of different items. The CFA result revealed that no one-factor model matched the results ($\chi^2 = 6166.469; df = 522; \chi^2/df = 11.8$, RMSEA = .13, SRMR = .08, TLI = .63, CFI = .69), suggesting that the study had no significant CVM bias. Each one of these tests revealed that CVM bias is not a substantial problem that may impact the results of the following tests.

**Results**
To ensure the construct validity of the data, we conducted the CFA analysis. Table 1 indicates the measurement model results of all the constructs. As shown in the table, the hypothesized 8-factor model (which includes the first-order construct's factors of second-order construct) fits the data well, as compared to one, three and five factors models ($\chi^2 = 2008$; df = 707; $\chi^2/df = 2.86$; CFI = .934; TLI = .933; RMSEA = .08; SRMR = .03).

Table 1

<table>
<thead>
<tr>
<th>Model</th>
<th>$\chi^2$</th>
<th>df</th>
<th>$\chi^2$/df</th>
<th>CFI</th>
<th>TLI</th>
<th>RMSEA</th>
<th>SRMR</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 Factors Model</td>
<td>2008.317</td>
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<td>2.86</td>
<td>0.934</td>
<td>0.933</td>
<td>0.08</td>
<td>0.031</td>
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<tr>
<td>5 Factors Model</td>
<td>2198.31</td>
<td>698</td>
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<td>0.902</td>
<td>0.901</td>
<td>0.055</td>
<td>0.052</td>
</tr>
<tr>
<td>3 Factors Model</td>
<td>2224.25</td>
<td>695</td>
<td>3.2</td>
<td>0.886</td>
<td>0.892</td>
<td>0.078</td>
<td>0.067</td>
</tr>
<tr>
<td>1 Factor Model</td>
<td>6166.469</td>
<td>522</td>
<td>11.81</td>
<td>0.69</td>
<td>0.63</td>
<td>0.13</td>
<td>0.08</td>
</tr>
</tbody>
</table>

Table 2 summarizes all reliability measures. As indicated in the table, all of the values are higher than their respective “cutoff values of 0.7 and 0.5” (Hair et al. 2016; Henseler et al. 2016). We observed the factor loadings of items on their respective constructs to see if they were convergent. Except for three items from HPWPs (0.480) and two items (0.492 and 0.578) from the HRM system strength, all item loadings were over the threshold value of 0.7. These five items were eliminated due to their low loadings. Second-order constructs in this study included the previously mentioned HPWPs and HRM system strength. The CR and AVE values of HPWPs were 0.928 and 0.589, respectively. While, the CR and AVE values of the HRM system construct were 0.948 and 0.557, confirming that second-order constructs are credible.

Table 3 depicts the mean values, standard deviation, and correlation coefficients for all the constructs of the study. All variables were found to be positively associated with each other, as shown in the table.
For the estimation of the hypothesized model, SEM was used with the help of M-Plus version 7.3. SEM was used in this study because it allows for the testing of hypotheses involving simultaneous correlations between latent variables, distinguishing between direct and indirect effects, and accounting for mistakes in multi-item construct measurement.

**Table 2**

*Reliability of Constructs*

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>HPWPs* (Ability)</td>
<td>0.837</td>
<td>0.885</td>
<td>0.611</td>
</tr>
<tr>
<td>HPWPs *(Motivation)</td>
<td>0.841</td>
<td>0.861</td>
<td>0.612</td>
</tr>
<tr>
<td>HPWPs *(Opportunity)</td>
<td>0.876</td>
<td>0.895</td>
<td>0.603</td>
</tr>
<tr>
<td>HPWPs</td>
<td>0.823</td>
<td>0.865</td>
<td>0.597</td>
</tr>
<tr>
<td>DIST **</td>
<td>0.847</td>
<td>0.890</td>
<td>0.622</td>
</tr>
<tr>
<td>CONST **</td>
<td>0.833</td>
<td>0.876</td>
<td>0.653</td>
</tr>
<tr>
<td>CONSN **</td>
<td>0.881</td>
<td>0.902</td>
<td>0.610</td>
</tr>
<tr>
<td>HRM System Strength</td>
<td>0.817</td>
<td>0.845</td>
<td>0.601</td>
</tr>
<tr>
<td>Line Manager’s (AMO)</td>
<td>0.881</td>
<td>0.888</td>
<td>0.643</td>
</tr>
<tr>
<td>Branch market Performance</td>
<td>0.755</td>
<td>0.863</td>
<td>0.673</td>
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</table>

HPWPs= High performance work practices, DIST= Distinctiveness, CONST= Consistency, CONSN= Consensus

**First-order constructs of the second-order HRM System Strength

*First-order constructs of the second-order HPWPs

According to Hypothesis 1, HPWPs (AMO) are positively related to employee affective commitment. The current study found a positive link between the ability (b = .298, p = .001), motivation (b = .242, p = .001), and opportunity HPWPs (b = .211, p = .001) and employee affective commitment. Hence, hypotheses 1A, 1B, and 1C are supported. Hypothesis 2 predicted that employee perceptions of distinctiveness, consistency, and consensus are positively associated with employee affective commitment. A positive relationship was found (Table 4) between distinctiveness, consistency, and consensus (b = .387, p < .004; .444, p < .001; 256, p < .001) and employee affective commitment, respectively. Hence, the findings supported the hypotheses 2A, 2B and 2C.
Hypothesis 3 predicted the mediating effect of line manager’s AMO in a relationship between HPWPs (based on AMO) and employee affective commitment. This study utilized the Preacher and Hayes (2008) mediation analysis technique to test the mediation hypothesis. To establish mediation, we studied the effect of the predictor on the mediator and the outcome, as well as the effect of the mediator on the outcome after the predictor is taken into account. There was found a positive relationship between ability (\(b = .172\)), motivation (\(b = .196\)), and opportunity (\(b = .221\)) HPWPs and the mediator, that is, line manager’s AMO, as per the results depicted in Table 4. The inclusion of the line manager’s AMO as a mediator reduced the effect of the relationship between AMO and HPWPs and signified partial mediation. Furthermore, bootstrap results showed that for all variables, 95 percent confidence intervals (CI) (corrected for bias for indirect effects) were above zero, giving support to Hypothesis 3.

H4 predicted that the line manager’s AMO acts as a mediator between employee HRM system strength and affective commitment. Firstly, we found a positive relationship between the distinctiveness, consistency, and consensus (\(b = .0188, .0117, .017\)) dimensions of HRM system strength and line manager’s AMO, that is, the mediator. When the mediator was added, the relationship was still found to be significant, although its effect was reduced. It showed the occurrence of partial mediation. As a result, H4 can only be partially confirmed. Furthermore, the findings of Bootstrap suggested that the 95% confidence intervals (CI) for indirect effects for all variables were larger than 0, lending support to Hypothesis 4.

**Table 3**

**Correlations among Variables**

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<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
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<tr>
<td>HPWP</td>
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<tr>
<td>Ability*</td>
<td>3.47</td>
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<td>Motivation**</td>
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<td>HPWP</td>
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<tr>
<td>Opportunity**</td>
<td>3.65</td>
<td>0.94</td>
<td>0.372</td>
<td>0.351</td>
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<td>Branch</td>
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<td>Performance</td>
<td>3.72</td>
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Impact of HRM System Strength and High...

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<th>Mean</th>
<th>SD</th>
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<tbody>
<tr>
<td>5</td>
<td>3.81 0.71 0.408 0.318 0.516 0.506 0.622</td>
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<tr>
<td>6</td>
<td>3.75 0.67 0.442 0.376 0.518 0.502 0.418 0.653</td>
</tr>
<tr>
<td>7</td>
<td>3.62 0.77 0.433 0.336 0.418 0.402 0.473 0.512 0.610</td>
</tr>
<tr>
<td>8</td>
<td>3.59 1.23 0.453 0.442 0.336 0.418 0.402 0.473 0.502 0.643</td>
</tr>
<tr>
<td>9</td>
<td>3.72 1.55 0.253 0.112 0.029 0.170 0.211 0.045 0.059 0.073 -</td>
</tr>
<tr>
<td>10</td>
<td>0.69 0.45 0.257 0.142 0.063 0.040 0.137 0.234 0.131 0.228 0.225 -</td>
</tr>
<tr>
<td>11</td>
<td>3.87 1.02 0.225 0.074 0.077 0.228 0.221 0.032 0.041 0.04020.211 0.147 -</td>
</tr>
<tr>
<td>12</td>
<td>3.72 1.73 0.081 0.021 0.091 0.042 0.031 0.07420.3360.181 0.055 0.047 0.0712 -</td>
</tr>
</tbody>
</table>

** First-order constructs. *p < .05; **p < .01

**Table 4**

_Hypothesis Results_

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Path coefficient</th>
<th>Std Error</th>
<th>T values</th>
<th>p-value</th>
<th>LCI</th>
<th>UCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability Enhancing HPWP → Branch Performance</td>
<td>0.298</td>
<td>0.021</td>
<td>14.1</td>
<td>0.00**</td>
<td>0.086</td>
<td>0.125</td>
</tr>
<tr>
<td>Motivation Focusing HPWP → Branch Performance</td>
<td>0.242</td>
<td>0.033</td>
<td>7.33</td>
<td>0.00**</td>
<td>0.067</td>
<td>0.128</td>
</tr>
<tr>
<td>Opportunity Creating HPWP → Branch Performance</td>
<td>0.211</td>
<td>0.019</td>
<td>11.1</td>
<td>0.00</td>
<td>0.093</td>
<td>0.241</td>
</tr>
<tr>
<td>Distinctiveness → Branch Performance</td>
<td>0.387</td>
<td>0.087</td>
<td>4.45</td>
<td>0.04</td>
<td>0.432</td>
<td>0.596</td>
</tr>
<tr>
<td>Consistency → Branch Performance</td>
<td>0.444</td>
<td>0.047</td>
<td>9.45</td>
<td>0.00</td>
<td>0.046</td>
<td>0.143</td>
</tr>
<tr>
<td>Consensus → Branch Performance</td>
<td>0.256</td>
<td>0.087</td>
<td>2.94</td>
<td>0.001</td>
<td>0.102</td>
<td>0.253</td>
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<tr>
<td>Line Manager AMO → Branch Performance</td>
<td>0.439</td>
<td>0.055</td>
<td>7.98</td>
<td>0.00</td>
<td>0.109</td>
<td>0.134</td>
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<tr>
<td>HPWP (Ability)→ Line Manager AMO</td>
<td>0.172</td>
<td>0.035</td>
<td>4.91</td>
<td>0.038*</td>
<td>0.004</td>
<td>0.15</td>
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<tr>
<td>HPWP (Motivation) → Line Manager AMO</td>
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<td>0.047</td>
<td>4.17</td>
<td>0.00</td>
<td>0.312</td>
<td>0.51</td>
</tr>
<tr>
<td>Relationship</td>
<td>Path coefficient</td>
<td>Std Error</td>
<td>T values</td>
<td>p-value</td>
<td>LCI</td>
<td>UCI</td>
</tr>
<tr>
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<tr>
<td>HPWPs (Opportunity) → Line Manager AMO</td>
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<td>4.60</td>
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<td>HPWPs (Ability) → Line Manager AMO → Branch Performance</td>
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<td>5.44</td>
<td>0.024</td>
<td>0.025</td>
<td>0.090</td>
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<td>HPWPs (Motivation) → Line Manager AMO → Branch Performance</td>
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<td>3.31</td>
<td>0.002</td>
<td>0.011</td>
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<td>0.024*</td>
<td>0.011</td>
<td>0.165</td>
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<td>0.06</td>
<td>2.72</td>
<td>0.006</td>
<td>0.044</td>
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<tr>
<td>DIST → Line Manager AMO → Branch Performance</td>
<td>0.188</td>
<td>0.017</td>
<td>5.081</td>
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<tr>
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<td>0.007</td>
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<td>0.031</td>
<td>0.075</td>
<td>0.226</td>
</tr>
</tbody>
</table>

*p < .05; **p < .01, HPWPs= High performance work practices, DIST= Distinctiveness, CONST= Consistency, CONSN= Consensus

**Discussion**

The aim of this study is to contribute to the current literature regarding the impact of HPWPs and HRM system on performance outcomes, particularly in developing countries. The hypotheses related to/suggesting a direct
relationship between the variables were fully confirmed. On the other hand, mediation was only partially supported in this research.

The findings demonstrating a direct association between HPWPs (AMO) and branch service performance are consistent with the findings of (Obeidat et al., 2016; Chavez-Bernardo, 2014). Particularly, the AMO model provided a solid theoretical foundation for HPWPs in a Pakistani bank. According to (Obeidat et al., 2016; Kroon et al., 2013), the AMO component of HPWPs aids managers to identify the optimal approach for sustaining long-term connections with their employees, which is a crucial aim in the expansion of HPWPs in organizations.

HPWPs that improve employees' abilities support the discretionary behaviors essential in a service context (Lin & Liu, 2016). These techniques also improve their ability to complete everyday tasks efficiently (Way, 2002). Extensive training procedures are essential for focusing on employees' skills and abilities to operate effectively in a service environment and adapt themselves to the organization's prevailing climate (Lin & Liu, 2016).

Motivation is an important factor in completing tasks or putting in a good performance in order to be rewarded or to avoid being distracted by distracting stimuli (Reddy et al. 2016). A fundamental motivator for improving employee performance and attitude are motivation-enhancing practices, which are focused and useful (Lin & Liu, 2016).

HR actions that create opportunities have been characterized as opportunity creating HPWPs. These are aimed to develop opportunities that allow the workers to engage in a range of areas, including knowledge sharing (Schimansky, 2014). Information sharing, autonomy, and employee engagement shape the elements of opportunity practices (Marin-Garcia et al., 2016). As an outcome, the HPWPs based on the AMO theory ensure the adoption of optimal working conditions in the banking industry.

According to the previous research, HPWPs can improve performance outcomes (Liao & Chuang, 2004). Line managers will be more efficient in implementing HRM practices if they have the skills, knowledge, motivation, and opportunity to do so (Gilbert et al., 2015, Bos-Nehles et al.,
A number of mixed outcomes have emerged in connection to various issues discussed in the literature.

Literature provides both negative and affirmative answers to the question of whether or not line managers should be pressed into HR function (Harris, 2001). The answer is affirmative when line managers are not willing to perform HR work as their focus is diluted, do not want to be HRM experts, and believe that supervisors pay a price for HRM. However, the answer is negative when line managers are keen to do some HR work as part of their job. Managers are able to implement rules and procedures more effectively if they are made simpler and more well-defined (Gilbert et al., 2015).

Employees' performance improves when they find the HRM system more distinct and internally consistent. As a result, policymakers may find it more reliable and valid to assess employees' perceptions of various forms of consensus, rather than the consensus. This theory supports the HRM system's process-based understanding (Katou et al., 2014).

A HRM system strength's distinctiveness, consistency, and consensus building features may not justify HRM activities; however, they are useful in building the signaling mechanism that underpins these practices. Similar to the findings of prior studies, this study discovered that the three factors of HRM system strength have an impact on performance (Cafferkey et al., 2019; Sanders & Yang, 2016; Katou et al., 2014; Li et al., 2012; Sanders et al., 2008). Distinctiveness, consistency, and consensus, in particular, have a substantial impact on employee engagement.

HRM practices were deemed distinct, apparent, relevant, and valid. These essential aspects have a significant impact on employee job performance. Furthermore, Pakistanis are more collectivist than individualist in their cultural context. As a result, they place a higher emphasis on consensus, that is broad agreement, for a variety of reasons. In fact, one may deduce that employees are more likely to consider that the organization is committed to addressing their needs.

Furthermore, the study revealed that the AMO of line manager mediated the association between branch performance and the strength of the HRM system. This implies that employees' ideas, interests, attitudes, and
reservations about line managers implementing HR policies are important components in any HRM system setup. Moreover, they are influenced by factors other than the actual practices defined by a department or an organization's authorities. This is consequently critical to the creation of an employee-oriented HR approach that promotes both wellbeing and performance (Wilkinson et al., 2020). The essential message here is that employee voices or communication practices should be managed.

**Implications**

This study has various ramifications for the management practices of service sector organizations. It expands on previous research that focused on employee satisfaction and social exchange. Moreover, it focuses on the application of line manager's AMO as a mediator, in addition to examining the direct link between HPWPs and performance. This study also encourages the organizations to properly equip line managers in order to maximize the return on investment in HPWPs, particularly in developing countries such as Pakistan.

Management should acknowledge the utility of HPWPs as a viable strategy for improving performance. Specifically, bank management cannot pretend to believe that simply implementing homogeneous HRM procedures would result in the same/uniform employee perception of the HRM system. As a result, to ensure the efficacy of this process, higher management should examine the involvement of line managers in the implementation of HR practices on a regular basis.

Likewise, line managers should be aware of the fact that employees' skills/reactions differ in response to identical HRM system signals. Hence, line managers should provide consistent HRM messaging over the same or different communication channels. By focusing on HRM processes and the HR signaling mechanism, this work explores the theoretical suggestions of Ostroff and Bowen (2016). As a result, it emphasizes the significance of a mediating mechanism for a better understanding of the relationship between the content and process sides of HRM and its impact on branch performance.

This study also argues that the AMO theory underlying the concept of HPWPs is important in order to provide greater confidence to the
management regarding the adoption of a suitable work environment in the Pakistani banking sector. It also provides clear understanding and guidance for adopting work practices, since more HR indicators were used instead of a one-dimensional HRM model or a single HR practice. Another implication for management is to provide adequate opportunities to both line managers and employees to share their abilities and knowledge towards the effective achievement of targets. This is particularly relevant when resources in an organization are limited and managers have to determine which HR practice can enhance the overall performance.

This research contributed to understanding the role of line managers' skill, motivation, and ability to adopt HRM practices in order to explain variations in performance. Furthermore, in the context of Pakistani banking, this study expanded on previous sector-specific studies to provide insight into how the strength of the HRM system affects performance.

Limitations of the Study

This research has certain limitations. Firstly, while this research looked at only one level, it can also be applied to multilevel structures. Secondly, the possibility of correlation and reverse effects was reduced because this study focused on cross-sectional data. Thirdly, the current survey only addressed the banking industry and it may be duplicated in other sectors and services.

Future Research

This section acknowledges some of the study's limitations. To begin with, this research study is based on a single level of investigation, allowing it to be replicated in multilevel. Secondly, this study can be done with a longitudinal design, to find the causation and reverse causation about the perceptions of HRM systems. The implications of age, gender, and organizational type can also be examined as a moderator in future studies. Also, future studies could expand it in multiple industries and across different countries.

References


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