



HIGH PERFORMANCE WORK SYSTEMS, EMPLOYEES RETENTION, AND EMPLOYEES PERFORMANCE IN HIGHER EDUCATION OF BUSINESS SCHOOLS IN PAKISTAN

Jaweria Tariq<sup>1</sup>, Dr. Fatima Abrar<sup>2</sup>, Dr. Muhammad Zia-ur-Rehman<sup>3</sup>

**Affiliations:**

<sup>1</sup> Lecturer, Department of Business Administration, Rawalpindi Women University, Rawalpindi.

<sup>2</sup> IPFP, Department of Business Administration, Rawalpindi Women University, Rawalpindi.

<sup>3</sup> Post-Doc Fellow & Faculty Member, Universiti Malaya, Malaysia and NDU, Pakistan.

**Corresponding Author(s) Email:**

<sup>1</sup> jaweriabba@f.rwu.edu.pk

<sup>2</sup> fatima.abrar@f.rwu.edu.pk

<sup>3</sup> drziaoofficial@um.edu.my

**Abstract**

*The impact of High Performance Work Systems (HPWS) on performance and staff retention in Pakistani business schools was examined in this study. It specifically looked into the effects on faculty members' performance when HPWS methods are used. Additionally, the study investigated how "Employee Turnover" mediated the association between HPWS and performance. Based on the Job Demand-Resource Model's (JD-R) theoretical framework, the study developed a model and evaluated some hypotheses. Questionnaires from 17 universities in Islamabad and Rawalpindi, which included 251 faculty members from different Pakistani business schools, were used for data gathering. The main tool for data analysis was SPSS version 24, which is the Statistical Package for Social Sciences.*

*The Cronbach's alpha coefficient was used to evaluate the measured constructs' internal consistency and reliability. The proposed relationships were subsequently investigated using correlation and linear regression techniques. The results of the study showed that HPWS adoption was positively correlated with staff retention and performance. Notably, the study also verified that the association between HPWS and performance is mediated by staff retention. The study's conclusion indicates that faculty member performance in Pakistani business schools is likely to benefit from a greater emphasis on HPWS procedures, with staff retention playing a critical role in this dynamic.*

**Keywords:-** Business Schools, Employees Retention, Employees Performance, High Performance Work Systems, Higher Educational Institutions, Pakistan.

**1. Introduction**

Many higher education institutions, especially Pakistan's business schools, struggle to retain highly educated faculty members because they lack adequate methods in place to implement high-performance work systems into their management procedures. According to Bohlander (2004) and Haar



et al. (2021), High Performance Work Systems (HPWS) is a specific combination of HR practices, work structures, and processes that maximises employee knowledge, skill, commitment, and flexibility. Many scholars and theorists view human capital as an extremely valuable source for attaining competitive advantage and stand alone from their business competitors.

Afiouni et al. (2013) and Farrukh et al. (2021) are two recent studies that offer a theoretical framework explaining the relationship between high performance practices and employee performance. Various organisations have employed a variety of high performance work practices to improve employee performance. The Job Demand Resource (JD-R) model serves as the foundation for this study. It is based on the notion that, although each occupation may have particular working characteristics, these attributes can be broadly classified into two categories: job demands and job resources. This allows for the creation of a comprehensive model that can be applied to a variety of occupational settings, independent of the particular demands and resources involved.

The fundamental tenet of the JD-R model is that, independent of the nature of the work or occupation, job strain results from (specific) high job demands and (specific) low job resources. On the other hand, work engagement is more likely in environments with plenty of employment resources. This implies that High Performance Work Systems are included in the JD-R structure, which is used as a tool for managing human resources. Research backs up HPWS as a collection of procedures, including (1) hiring, (2) paying, (3) ingenuity, (4) collaboration, (5) education, and (6) communication. Every HPWS approach aims to either choose, train, and retain staff members or inspire them to provide output that strengthens the organization's competitive edge (Abbasi et al., 2021; Patel, 2012). The following study questions were therefore developed as a result of that scenario:

- What effect do high performance work systems have on performance?
- How do high-performance work methods affect the retention of employees?
- How does employee performance relate to employee retention?
- Does the correlation between high-performing work processes and employee performance get tempered by employee retention?

## **Literature Review**

### ***a) Impact of HPWS on Employee Retention***

Employers can get a competitive edge by using High-Performance Work Systems (HPWS) as they increase employee retention rates. A direct benefit of this is a decrease in employee turnover. Heffernan's (2012) and Hauff et al.'s (2022) research provide strong evidence that HPWS fosters an environment that encourages workers to stick around. Moreover, a statistically significant association between HPWS and staff retention has been demonstrated by multiple research (Chow, 2012; Mkamwa, 2009). Zhu's (2005) research focuses on the benefits of HPWS adoption for employee retention, indicating that it can be an effective strategy to lower employee turnover (Cooke et al., 2019; Aurangzeb et al., 2021). Because the costs of hiring and on boarding new staff are well-documented, businesses can save a lot of money by having lower turnover.



**H1: High performance work systems are positively associated with employee retention.**

**b) Impact of HPWS on Performance**

It has been demonstrated that organisational productivity and HPWS are related to the efforts made to develop skilled labourers with a variety of creative ideas while using fewer resources (Kallerberg, 2000). The discussion of the connections between HPWS and performance is explained in the study by Fragoso et al. (2022), who holds the opinion that organisations using HPWS can retain highly qualified academic staff, which can enhance the institution's performance (Alizai et al., 2021; Aurangzeb et al., 2021; Buchanan & McCalman, 2018).

**H2: HPWS in the higher educational institutions are positively associated with performance.**

**c) Impact of Employee Retention on Performance**

Gutteridge (1993) asserts that a company's capacity to keep its workers is a sign of success since it demonstrates that the company is not only a desirable place to work but also that its actions have a beneficial impact on output and performance. Successful employee retention reduces training costs for new hires and results in employees with more experience and knowledge of the company's internal procedures and products/services because they have been there for a longer period of time. This increases productivity and draws in outside capital and competitors (Asif & Shaheen, 2022; Bashir et al., 2020; Nguyen, 2020; Saks, 2006).

**H3: Employee retention is positively associated with employee performance.**

**d) Employee Retention as a Moderator**

It has been suggested that the idea of "employee retention" acts as a moderator in the interaction between employee performance and High-Performance Work Systems (HPWS). According to research, moderation means that a third variable (employee retention) might have an impact on the degree of the relationship between two variables (in this case, HPWS and performance). Chen's (2018) study in China, which looked at how well unions and HPWS work to lower employee turnover intentions in international companies, lends credence to this idea. According to their research, one factor influencing how HPWS affects performance is employee retention.

Further research on this idea is provided by Wassem et al. (2019) and Iverson (2008). They investigate the idea that HPWS can affect the way different HR procedures and worker's performances are related, with worker turnover serving as a mediating effect. Put more simply, these findings imply that HPWS can enhance performance both directly and indirectly by promoting employee retention, which raises performance levels.

**H4: Employee retention moderates the relationship between HPWS and employee performance.**

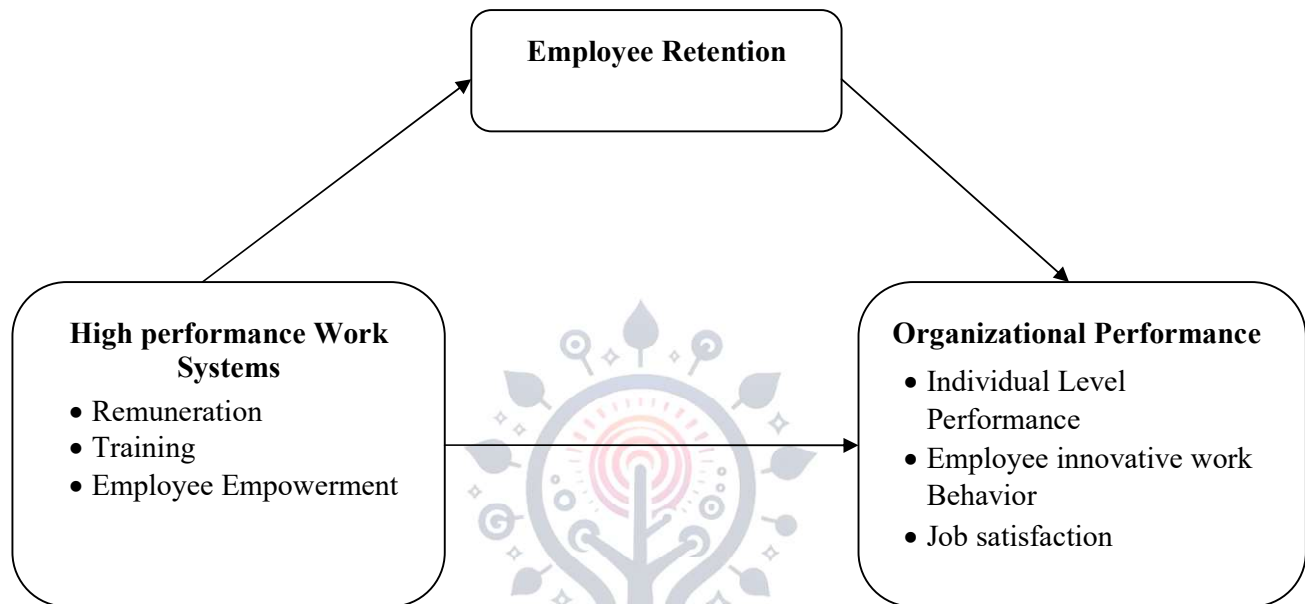
The South Asian perspective has been notably neglected in previous studies on high-performance work practices (HPWPs) and employee performance. This emphasises the importance of empirical evidence gathered from culturally diverse situations, as noted by Mihail & Kloutsiniotis (2016) and Asif & Sandhu (2023). An especially conducive environment for these kinds of data collection initiatives is



Pakistan's quickly expanding services sector. In order to fill this important knowledge vacuum and offer significant new information to the corpus of existing research, this study will examine the relationship between HPWPs and employee performance in this particular Pakistani environment.

**Figure 1**

*Research Model*



## 2. Methodology

The study's participants comprised of staff members from both public and private universities in Rawalpindi and Islamabad that offer business programmes. Two hundred and fifty-one workers from fifteen universities in Rawalpindi and Islamabad made up the study's sample. The sample was chosen using convenience sampling as the sampling method. Responses to a self-administered questionnaire were obtained. Version 24 of SPSS was utilised to analyse the data.

## 3. Measurement

The variables from previously utilised items that were adopted in prior studies were employed in this investigation. The work of Datta et al. (2005), Huselid (1995), Rabbani and Bashir (2022), and Guthrie (2001) was used to measure HPWS. Nineteen approaches were employed to assess employee empowerment, compensation, and training. To gauge empowerment, five items derived from Hayes (1994) were employed. The innovative work behaviours of employees were measured using the nine items of Janssen (2000, 2001). Individual Level Performance (Flexibility, Commitment, and OCB) was measured using IWB and fourteen items from Organ (1988, 1990) and Hoque (1999). The elements that were taken and modified for employee retention were from a validated scale developed by Veldhoven and Meijman (1994). A (05) five-point Likert scale for measurement, with 1 denoting "strongly disagree" and 5 denoting "strongly agree," was utilised to score of the responses to the items.



4. Results

The dependent variable in this study was employee performance, and a one-way analysis of variance (ANOVA) was used to examine the relationship between different demographic characteristics and performance. The following demographic factors were analysed: age, marital status, work experience, job title (designation), employment status (full-time, part-time, etc.), and qualification level. P-values, which represent the outcomes, showed that there was a statistically significant link between certification level and performance (p-value = 0.001, below the generally recognised significance level of 0.05). This shows that workers tend to perform better in their roles when they have more qualifications. On the other hand, no statistically significant associations were found between performance and gender, age, designation, work experience, job status, or marital status (all p-values larger than 0.05). Although these factors might affect performance in some situations, the current study found no proof that they had a direct effect.

The significance for the qualification's demographic constant was displayed in the table. Value (.001<0.05) is present. Performance, the dependent variable, is therefore influenced by the qualification's demographic. The following stage was calculating the inter-correlation between the various variables, and SPSS was used to create a correlation matrix for this purpose. The table displays the connection between HPWS and ER as well as the means and standard deviation of the values. Based on Cronbach's Alpha reliability measurements across the various variables presented in the table, all the demographic components have a moderate correlation, with an average correlation ranging from 0.4 to 0.7 respectively.

The means and standard deviations for each demographic variable, as well as the dependent and independent factors, are also explained in the table. The designation factor and work experience factor have a substantial positive association with one another, with a range of 0.77 to 0.83. This demonstrates the close relationship and strong correlation exists between the designation and work experience of employees.

Table 1
Reliability of Variables

Table with 5 columns: Sr. No., Variables, No. of Items, and Cronbach's Alpha. It lists 7 variables (HPWS, ILP, EIWB, JP, ER, TI, JD) with their respective item counts and Cronbach's Alpha values.



To further understand how Human Resource Management Practices (HRPMs) affect employee performance and retention, regression analysis was done. A set of numerical values, including beta coefficients (β), t-statistics (t. stat), and the coefficient of determination (R²), were obtained from the analysis, which is shown in Table 2. These numbers provide a powerful picture: every HRPMs component shows a positive and statistically significant link with every aspect of employee retention and organisational performance.

Table 2
Regression testing

Table with 7 columns: Model, IV, DV, B, T-Stat, P, R². It contains 12 rows of regression data for various HRPMs components like HPWPs, Training, Remuneration, and E. Empowerment.

5. Mediation

The impact of HPWPs on organisational performance in the presence of staff retention's moderating role is examined through mediation analysis. The three-step procedure outlined by Baron & Kenny (1986) has also been used in this study to examine the moderating impact. Regression analysis was done in the first phase between the moderator variable (employee retention) and the independent variables (HPWPs), as Table 3 illustrates. The influence of HPWPs on staff retention was found to be considerable. Similarly, regression analysis was done in the second phase between the independent variables (HPWPs) and the dependent variable (organisational performance). The outcomes demonstrated HPWPs' substantial influence on organisational success.

Additionally, regression between the independent variable (HPWPs) and the dependent variable (organisational performance) was carried out in the third phase with the moderating variable (employee retention) present. Although the influence of HPWPs on organisational performance has lessened, the results nevertheless indicated a considerable impact. As a result, it supported the idea that staff retention modifies the link between HPWPs and organisational success to some extent.



Table 3

Mediation Analysis

Model	IV	DV	B	T-Stat	P
1.	HPWPs	OP	0.62	10.417	0.000
2.	HPWPs	ER	0.596	9.795	0.000
3.	HPWPs	OP	0.528	7.199	0.000
4.	ER		0.153	2.087	0.038

6. Implications for Policy/Practice

In the education sector, it is highlighted that service training, information sharing, self-management service workgroups and ability to participate, compensation reliant on quality service, work environment for excellence, knowledge based performance appraisal, intrinsic service, and service-quality-based customer service with the goal of promoting high-quality results in the service industries, their HPWS composition includes prudence, careful recruiting, job stability, and less status differentiation. But this list must be modified in light of the internal and external surroundings of a particular situation.

7. Limitations and Recommendations for future research:

Although there are several limitations to this study, they provide important information for further investigations. The scope was reduced to concentrate on empowerment, remuneration, and training, the three main high-performance work practices (HPWPs). A more complete picture might be obtained by extending the research to include a larger variety of HPWPs, such as those described by Rubel et al. (2021). These extra elements include work-family balance programmes, internal career trajectories, prospects for growth, workgroup dynamics, and employment security. Furthermore, research in the future may examine a wider variety of organisational performance indicators than those included in this study. Aspects such as an employee's intention to leave and their level of devotion to the company may provide more insightful information. Notably, Pakistan's business education sector was the focus of the current study.

Subsequent inquiries may broaden their scope by exploring more industries in Pakistan, such banking or telecommunications. A more broadly applicable comprehension of the connection between HPWPs and organisational success would also be greatly enhanced by expanding the geographic scope to incorporate companies in other nations. Furthermore, this survey did not encompass the entire province or nation or country; rather, it primarily examined the universities in Pakistan's capital city of Islamabad and a district of Punjab, Rawalpindi. Future research can concentrate on a province or a whole country.

8. Conclusion

This study first looked at how three high performance work practices, training, empowerment, and compensation affect organisational performance. The findings demonstrate that effective work



practices have a favourable and significant impact on organisational performance. To be more precise, the study's findings indicate that job performance, employee innovative work behaviours, and individual level performance are all positively correlated with the three components of high performance work practices empowerment, training, and compensation.

Second, this study evaluated how HPWPs affected employee retention and discovered that HR procedures had a favourable and significant impact on retention. Thirdly, this study looked at the relationship between staff retention and organisational success and discovered that there is a positive and substantial relationship between the two.

Lastly, the study looked at how employee retention affects the relationship between high performance work practices (HPWPs) and employee performance. It discovered that employee retention had a major moderating impact in this relationship.

### References

- Abbasi, S. G., Shabbir, M. S., Abbas, M., & Tahir, M. S. (2021). HPWS and knowledge sharing behavior: The role of psychological empowerment and organizational identification in public sector banks. *Journal of Public Affairs*, 21(3), e2512.
- Afiouni, F., Karam, C. M., & El-Hajj, H. (2013). The HR value proposition model in the Arab Middle East: identifying the contours of an Arab Middle Eastern HR model. *The International Journal of Human Resource Management*, 24(10), 1895-1932.
- Alizai, S. H., Asif, M., & Rind, Z. K. (2021). Relevance of Motivational Theories and Firm Health. *Management (IJM)*, 12(3), 1130-1137.
- Asif, M., & Sandhu, M. S. (2023). Social Media Marketing Revolution in Pakistan: A Study of its Adoption and Impact on Business Performance. *Journal of Business Insight and Innovation*, 2(2), 67-77.
- Asif, M., & Shaheen, A. (2022). Creating a High-Performance Workplace by the determination of Importance of Job Satisfaction, Employee Engagement, and Leadership. *Journal of Business Insight and Innovation*, 1(2), 9-15.
- Aurangzeb, M., Tunio, M., Rehman, Z., & Asif, M. (2021). Influence of administrative expertise on human resources practitioners on the job performance: Mediating role of achievement motivation. *International Journal of Management*, 12(4), 408-421.
- Bashir, M., Ajmal, M., Rubab, I., & Bhatti, A. (2020). Increasing teachers' use of positive reinforcement: Effects of performance feedback to improve a learners' behavior. *Journal of Critical Reviews*, 7(13), 2091-2104.
- Bashir, M., Jianqiao, L., Zhang, Y. J., Ghazanfar, F., Abrar, M., & Khan, M. M. (2011). The relationship between high performance work system, organizational commitment and demographic factors in public sector universities of Pakistan. *Interdisciplinary Journal of Research in Business*, 1(8), 62-71.
- Bohlander, S. (2004). Managing Human Resources. *Brown Consulting Group*, 690.





- Buchanan, D. A., & McCalman, J. (2018). *High performance work systems: The digital experience*. Routledge.
- Chen, C. C., & Chiu, S. F. (2009). The mediating role of job involvement in the relationship between job characteristics and organizational citizenship behavior. *The Journal of social psychology*, 149(4), 474-494.
- Chow, I. H. S. (2012). The roles of implementation and organizational culture in the HR–performance link. *The International Journal of Human Resource Management*, 23(15), 3114-3132.
- Cooke, F. L., Cooper, B., Bartram, T., Wang, J., & Mei, H. (2019). Mapping the relationships between high-performance work systems, employee resilience and engagement: A study of the banking industry in China. *The International Journal of Human Resource Management*, 30(8), 1239-1260.
- Farrukh, M., Khan, M. S., Raza, A., & Shahzad, I. A. (2021). Influence of high-performance work systems on intrapreneurial behavior. *Journal of Science and Technology Policy Management*, 12(4), 609-626.
- Fragoso, P., Chambel, M. J., & Castanheira, F. (2022). High-performance work systems (HPWS) and individual performance: The mediating role of commitment. *Military Psychology*, 34(4), 469-483.
- Gutteridge, T. G. (1993). *Organizational Career Development: Benchmarks for Building a World-Class Workforce*. Jossey-Bass Management Series. Jossey-Bass Inc., 350 Sansome Street, San Francisco, CA 94104 (discount on bulk quantities).
- Heffernan, M. (2012, July 2). Researching Employee Reactions to High Performance Work Systems in the Service Sector: The Role of Organisational Justice Theory. *16th ILERA (IIRA) World Congress*.
- Haar, J., O’Kane, C., & Daellenbach, U. (2021). High performance work systems and innovation in New Zealand SMEs: testing firm size and competitive environment effects. *The International Journal of Human Resource Management*, 1-29.
- Hauff, S., Felfe, J., & Klug, K. (2022). High-performance work practices, employee well-being, and supportive leadership: spillover mechanisms and boundary conditions between HRM and leadership behavior. *The International Journal of Human Resource Management*, 33(10), 2109-2137.
- Huselid. (1995). The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance. *Academy of Management Journal*, 38(3), 635-872.
- Kallerberg. (2000). The Relationship between Employee Attitudes and Organizational Performance: Evidence from Cooperative Retail Stores. *JEL Classifications* , 201-210.
- Mihail, Dimitrios & Kloutsiniotis, Panagiotis. (2016). The effects of high-performance work systems on hospital employees' work-related well-being: Evidence from Greece. *European Management Journal*. 34. 10.1016/j.emj.2016.01.005.
- Mkamwa. (2009). High Performance Work Systems in Irish Companies. *Academy of Management* , 48-62.



- Nguyen, C. (2020). The impact of training and development, job satisfaction and job performance on young employee retention. *Job Satisfaction and Job Performance on Young Employee Retention (May 1, 2020)*.
- Patel, B. C. (2012). *Perceived labor productivity in small firms--the effects of high-performance work systems and group culture through employee retention*. Entrepreneurship: Theory and Practice.
- Rabbani, W., & Bashir, M. (2022). Deep Dive into Debt Financing and Its Impact on Small Businesses. *Journal of Business Insight and Innovation, 1(1)*, 29–38.
- Rubel, M. R. B., Hung Kee, D. M., & Rimi, N. N. (2021). High-performance work practices and medical professionals' work outcomes: the mediating effect of perceived organizational support. *Journal of Advances in Management Research, 18(3)*, 368-391.
- Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of managerial psychology, 21(7)*, 600-619.
- Veldhoven, M. V., & Meijman, T. (1994). *Het meten van psychosociale arbeidsbelasting met een vragenlijst: de vragenlijst beleving en beoordeling van de arbeid (VBBA)*. Nederlands Instituut voor Arbeidsomstandigheden (NIA).
- Wassem, M., Baig, S. A., Abrar, M., Hashim, M., Zia-Ur-Rehman, M., Awan, U., ... & Nawab, Y. (2019). Impact of capacity building and managerial support on employees' performance: The moderating role of employees' retention. *Sage Open, 9(3)*, 2158244019859957.

