

**Can High Performance Work Systems Exert Influence Over Employee Performance? –  
Empirical Evidence from India**

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**Abstract**

This study attempts to increase the understanding of how high-performance work systems (HPWS) and employee performance relate in Indian firms. In order to examine the connection between HPWS, employee outcomes, and employees' intents at work, primary data based on 370 respondents were analysed. The data were analyzed using statistical methods such as confirmatory factor analysis, correlations, and linear regression analysis. According to the study, the implementation of HPWS through stringent hiring practices, in-depth training, performance-based evaluation and remuneration, employee interactions, self-managed teams, flexible work schedules, and empowerment leads to improved employee work-related outcomes. According to the findings, employee outcomes act as a continuous mediator between HPWS and employees' intentions. According to the survey, investments in developing bundles of high-performing HR practices will increase the value of human capital by encouraging positive employee attitudes and behaviors, which will be advantageous for Indian-based firms. By utilizing a number of mediators sequentially, this study has sought to offer fresh insights into the underlying mechanism underlying the association between HPWS and employees' Performance.

**Keywords:** High Performance Work Systems; Employee Performance; HRM;

**1. Introduction**

Rising agreement on "human resources" strategic significance has prompted businesses in India to implement creative HR strategies that can maximize employees' contributions to the company's objectives and values (1). Despite this strategic focus on "human resources," according to (2), employees in Indian firms face growing job pressure, repetitious labor, and a work-life balance imbalance, all of which lead to a rise in high turnover intentions. Several other studies in the last several years have revealed that Indian firms are struggling with high

turnover rates, rising retention costs, and an ongoing increase in demand for highly trained workers that exceeds supply. As the strongest predictor of employee turnover, researchers have recommended that in order to reduce the actual turnover rate, it is crucial to understand the motivating elements that lessen "workers'" desire to leave (3). Adoption of high-performance work systems (HPWS) in firms, which is frequently claimed to have an impact on this crucial outcome variable, is one of the crucial determinants. Additionally, it has been demonstrated that staff turnover intentions are low, which strengthens the link between HPWS and business performance (4). Together, these arguments have motivated us to investigate how HPWS and employee performance relate in the Indian setting.

Existing research shows that studies on HPWS have either ignored employee performance (5) or have only used them as mediators in the relationship between HPWS and performance. This study is intended to re-establish the significance of employee work-related outcomes by examining them as predictors (to workers' intention to quit) and mediators (in HPWS and employees' intention to leave connection), considering the employee-cantered perspective. Organizational commitment, work satisfaction, and organizational citizenship behaviour (OCB) have all been employed as mediators in studies to date in order to connect different HR strategies to employees' performance. Recently, it has been suggested that selecting a mediating variable that can represent the "holistic perspective of an individual self" would be beneficial in order to provide a more thorough explanation of the relationship between human resource management (HRM) practices and employees' performance (6). We have included three significant attitudinal and behavioural factors, namely trust, motivation, and OCB as potential mediators in elucidating the underlying mechanism between HPWS and employees' performance, in order to embrace this "holistic view of an individual self" in our study. Therefore, this study objectives are follows:

- To investigate the role of HPWS in select Fortune 500 companies in India.
- To examine the association between High Performance Work Systems and employee's performance.
- To investigate the Impact of employee performance on High Performance Work Systems

The study has specifically looked into the significance of a number of consecutive indirect pathways connecting HPWS and employees' performance through trust, motivation, and OCB in order to properly address the significance of these employee outcomes. Therefore, it might be argued that there were two reasons for doing this study. One was to look into whether HPWS

was effective in India at lowering staff performance. Another was to investigate the likelihood of various scenarios in which HPWS employees' performance would decline. Not to be overlooked, the study also made an effort to investigate the efficacy of specific HR practices included in the HPWS bundle with the aid of a supplemental analysis at the end of the following section.

## **2. Related work**

### **2.1 Current trends on Human Resource Management in India**

In India, personnel management emerged relatively late, and since then, it has undergone significant transformations, moving from being primarily an industrial relations and personnel function to one that involves the creation of strategic policies and practices that are in line with corporate objectives (7). At the early 1900s, the personnel function's sole responsibility was to ensure the wellbeing of the workers in industries (8). The personnel function made the decision to go beyond the welfare element and integrate constituent duties in areas such as labour welfare, industrial relations, and personnel administration in the 2000s. Early in 2005, when the Indian economy began to liberalize and more effective and efficient "Western systems of HRM" came to light, the personnel function in India may have reached its most hopeful stage. This was also the time when the HR function started to become professionally organized (9). In the last two decades, the HR function has been forced to concentrate on a more strategic approach to human resource development due to the rapid speed of globalization and the rising number of MNCs in India. According to (4), the fast-evolving business climate has put enormous pressure on Indian enterprises to not only compete with the international firms that are moving quickly into the country but also to upgrade their HR processes in order to increase efficiency and retain the best talent.

According to reports, Indian firms are already adopting cutting-edge HR systems like HPWS, which encourage innovation and enable them gain a competitive advantage, just like their Western counterparts (10). HR policies have remained less formal and less structured than their Western equivalents due to the complexity of Indian culture, which is exemplified by traits like high power distance, high collectivism, and great relevance to caste, networks, and political connections over performance. Given the unique aspects of Indian culture and the expanding Indian economy, it makes sense that both researchers and HR practitioners are interested in learning "how HPWS functions in the Indian context." In a thorough analysis of the HPWS literature, (4) also addressed this requirement by pointing out that, up until now, the

majority of the work has focused on Western companies and that the creation of HPWS has gotten very little attention in other cultural contexts. There aren't many studies in the available literature that have specifically examined the usefulness of sophisticated HR systems in the Indian setting (in fact, the area of HPWS performance that is largely focused on employees has gone unexplored). Considering that cultural differences maintain the power to either increase or lessen the impacts of the HPWS on workers' work attitudes and behaviors, this study used India as a relevant framework for understanding how HPWS works on employees' attitudes and actions.

## **2.2 Performance of employees and high-performance work systems**

The majority of research on HPWS has looked at its implications on business performance directly from a macro perspective. Focusing on the micro viewpoint and examining how the adoption of HPWS affects particular work-related outcomes at the employee level can help to advance the literature (11). The impacts of HPWS on various employee attitudes and performance have been conceptualized in earlier studies using social exchange theory as a theoretical framework. The "norm of reciprocity" on behalf of the partnership's engaged parties is the foundation of social exchange theory, which refers to the long-term focused employment relationship. (2) have provided a more thorough explanation of this theory by asserting that when employees see positive discretionary actions taken by their employers as showing that the employers care about their welfare, the employees feel bound to repay the "good deeds" of their employers. They frequently go above and above what is required under their contracts in exchange for the companies' appreciation of their improved work-related attitudes and performance. Similar to this, high performance work practices such as in-depth training, demanding work assignments, and increased empowerment send signals from the organization to the performance of its employees that their abilities and experiences are highly valued and the organization is prepared to make an investment in their welfare. Employees are therefore encouraged to develop a higher level of trust with their bosses and exhibit frequent OCB in their businesses as a result. It is advised to apply the self-determination theory to frame the relationship between HPWS and intrinsic motivation among employee performance. According to (12), individuals who have their requirements for autonomy, competence, and relatedness met have high levels of intrinsic motivation. As these practices address their demand for autonomy, competence, and relatedness, (13) has discovered that high-performance work practices play a vital role in improving intrinsic motivation among employees to their

performance in the workplace. As a result, this study will assess the impact high performance work systems have on employee performance.

### **3. Methodology of the analysis**

The analysis's main objective is to determine how high-performance work systems affect organizational performance by utilizing employee data with the intention of enhancing sensitivity and examining its usefulness. The method employs a linear regression (LR) model that seeks to minimize the square of the discrepancy between the evaluated and independently measured rotation rates. To do this, the contributions brought on by the nonlinear laser dynamics must be subtracted. The Earth rotation rate, the major characteristics of the Sagnac frequency, the experimental setup, and the elements of the analysis are outlined in the sections that follow.

### **4. Result analysis and interpretation**

#### **4.1 Demographic profile of respondents**

Frequencies and percentages were calculated for Gender, marital status, age, educational qualification, designation, monthly Income, and Years of experience in the organization. The most frequently observed category of Gender was Male ( $n = 224$ , 60.54%). The most frequently observed category of marital status was Married ( $n = 268$ , 72.43%). The most frequently observed category of age was 31 Year to 40 Years ( $n = 145$ , 39.19%). The most frequently observed category of educational qualification was Post Graduation ( $n = 188$ , 50.81%). The most frequently observed category of designation was non-Executives ( $n = 240$ , 64.86%). The most frequently observed category of monthly Income was Rs. 50001 to Rs. 100000 ( $n = 147$ , 39.73%). The most frequently observed category of Years of experience in the organization was 8 Years to 12 Years ( $n = 120$ , 32.43%). Frequencies and percentages are presented in Table 1.

**Table 1**

***Demographic profile of respondents***

<b>Variable</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Gender</b>		
Male	224	60.54
Female	146	39.46
Total	370	100.00

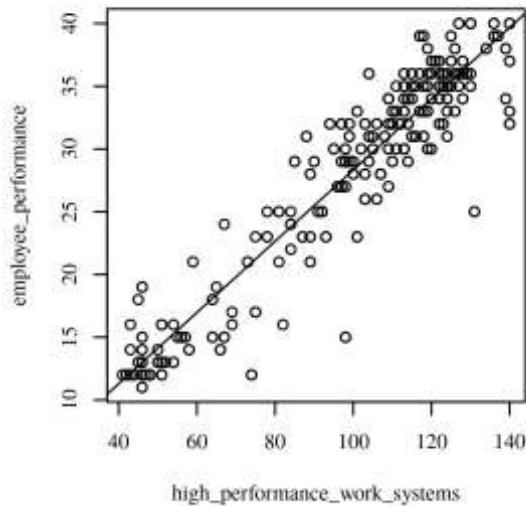
<b>Marital status</b>		
Married	268	72.43
Unmarried	102	27.57
Total	370	100.00
<b>Age</b>		
Below 30 Years	84	22.70
31 Year to 40 Years	145	39.19
41 Years to 50 Years	104	28.11
51 Years abd Above	37	10.00
Total	370	100.00
<b>Educational qualification</b>		
Graduation	134	36.22
Post Graduation	188	50.81
Others	48	12.97
Total	370	100.00
<b>Designation</b>		
Non - Executives	240	64.86
Executives	88	23.78
Managers	42	11.35
Total	370	100.00
<b>Monthly Income</b>		
Below Rs. 30000	64	17.30
Rs.30001 to Rs. 50000	63	17.03
Rs. 50001 to Rs. 100000	147	39.73
Rs.100001 and above	96	25.95
Total	370	100.00
<b>Years of experience in the organization</b>		
3 Years	75	20.27
4 Years to 7 Years	104	28.11
8 Years to 12 Years	120	32.43
13 Years and Above	71	19.19
Total	370	100.00

#### **4.2 Association between high performance work systems and employee performance**

A Pearson correlation study was performed to determine the relationship between high performance work systems and employee performance. The correlation scatterplot is shown in Figure 1. To aid understanding, a regression line has been included.

**Figure 1**

*Scatterplots with the regression line added for high performance work systems and employee performance*



The result of the correlation was examined based on an alpha value of .05. A significant positive correlation was observed between high performance work systems and employee performance, with a correlation of .93, indicating a large effect size ( $p < .001$ , 95.00% CI = [.92, .95]). This suggests that as high-performance work systems increase, employee performance tends to increase. Table 2 presents the results of the correlation.

**Table 2**

*Association high performance work systems and employee performance*

Combination	<i>r</i>	95.00% CI	<i>n</i>	<i>p</i>
high performance work systems-employee performance	.93	[.92, .95]	370	< .001

### **4.3 Linear Regression Analysis: Impact of employee performance on high performance work systems**

A linear regression analysis was conducted to assess whether employee performance significantly predicted high performance work systems. The results of the linear regression model were significant,  $F(1,368) = 2,495.55$ ,  $p < .001$ ,  $R^2 = .87$ , indicating that approximately 87.15% of the variance in high performance work systems is explainable by employee performance. employee performance significantly predicted high performance work systems,

$B = 3.07$ ,  $t(368) = 49.96$ ,  $p < .001$ . This indicates that on average, a one-unit increase of employee performance will increase the value of high-performance work systems by 3.07 units. Table 3 summarizes the results of the regression model.

**Table 3**

*Results for Linear Regression with employee performance predicting high performance work systems*

Variable	<i>B</i>	<i>SE</i>	95.00% CI	$\beta$	<i>t</i>	<i>p</i>
(Intercept)	13.28	1.84	[9.67, 16.90]	0.00	7.22	< .001
employee performance	3.07	0.06	[2.95, 3.19]	0.93	49.96	< .001

*Note.* Results:  $F(1,368) = 2,495.55$ ,  $p < .001$ ,  $R^2 = .87$

Unstandardized Regression Equation:

High performance work systems =  $13.28 + 3.07 \times \text{employee performance}$

## 5. Conclusion and implications

The current study was conducted to gain a better understanding of how much high-performance work systems (HPWS) improve employee performance. This was done in light of the increased research interest in the role that high-performance work systems (HPWS) play in enhancing the performance of individuals and organisations. A sample of 383 employees from the Indian semiconductor industry was utilised to investigate the connections between high performance work systems (HPWS) and employee performance in organisations. The research objectives investigated were drawn by considering the job demands and resources model as well as the strategic and high-performance human resource management theory. The purpose of these investigations was to determine how HPWS affects employee performance and how employee performance creates HPWS. High Performance Workforce Skills (HPWS) are a group of skills and attributes that may be acquired via the effective application of HPWS, which is beneficial for both individuals and businesses. This is one key conclusion that can be derived from the present study. According to the linear regression model that was used in the study, all of the research objectives have been met, which suggests that HPWS can be used in the workplace as a tool to improve employee performance as well as employee engagement. This was found to be the case after it was determined that all of the research objectives had been met.

## 6. Limitations



This investigation has been carried out with the restricted amount of time and resources that are currently available. Due to the fact that the research was only carried out among workers in semi conducting industries, its applicability cannot be generalised to other types of businesses. This is one of the study's shortcomings. Additionally, the research has taken into account the existing body of written material, from which the theoretical framework for comprehending HPWS has been constructed. This aspect of the research may be seen as a constraint.

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