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Human capital causative model: Mediating effect of high-performance work system

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This cross-section field study survey was aimed at exploring the antecedents of high performance work system and the role of high performance work system in predicting the overall perceived organizational performance. Organizational commitment, relational coordination and conflict resolution skills relationship with perceived organizational performance was proposed to be mediated by high performance work system. The sample consists of 350 top and middle management employees from telecommunication and banking sectors of Pakistan. The results revealed that high performance work system did not mediate between conflict resolution skills and organization performance. Organizational commitment and organizational performance is mediated by high performance work system. High performance work system mediates between relational coordination and organizational performance. Moreover, future directions and managerial implications are discussed at the end of this paper.

Key words: Human resource practices, high-performance work system, organizational performance, conflict resolution skills, organizational commitment, and relational coordination.

INTRODUCTION

Human resource management has received much research attention as potential source of sustained competitive advantage in organizational performance. Human resource management is a core principle of internal strength to accomplish higher organizational performance and employees’ performance. The growing body of research has found positive relationship between human practices and organizational performance (Jones et al., 2006; Bailey et al., 2001; Kochan et al., 1996; Chang and Chen, 2002; Rizov and Croucher, 2009) and employee performance (Ramsaym et al., 2000) in last 20 years.

Good number of service industries engages human capital with greater employees’ responsibility and involvement. Human resource (HR) practices affect organizational growth activities in service industry (Chuang and Liao, 2010; Batt, 2002). Previous empirical research has not been undertaken to investigate human resource management practices and high involvement system in cultural context (Hussain et al., 2009) with combined effects on firms’ performance in Pakistan service industry.

Different demographic characteristics change decision about adoption of human resource practices and high performance work system (HPWS) practices. In Pakistan, cultural constraints such as economic constraints do not allow the implementation of HR practices (Bashir and Khattak, 2008).

Oftentimes, in Asian countries, employees do not able to understand the freedom perspective in decision making (Shabbier and Gregorio, 1996; Khilji, 2001) and consider HPWS as authoritative function instead relational corporation, commitment and conflict resolution skills. Much empirical research of human resource management and its outcomes has been carried out but no empirical research has been investigated the effects of strategic human resource management with high performance work system (HPWS) as mediator in the relationship of high-performance work practices and
organizational performance in Pakistan service industry.

This research work has focused on employees of service-based companies in Pakistan. This study perspective is to analyze the factors that improve organizational performance by giving value to greater employee interest as a sustainable competitive advantage rather than considering employees as cost-cutting sources to enhance organizational profit.

Pakistan service-based companies implement employees' improvements programs but they ignore the sustainability of gained improvements of employees. Sustainable improvements of employees result in sustainable competitive advantage of organizations which is doable by way of HPWS implementation in organizational settings.

Combination of human resource practices and HPWS is becoming emerging concept in research field. Earlier research evidences have supported HPWS and its linkage with human resource practices in organizational performance and employee performance (Huselid, 1995; Wright et al., 2005; Zacharato et al., 2005; Batt, 2002).

Primarily strategic human resource management is a supporter of HPWS that refers employees' strength to gain sustainable competitive advantage (Liao and Toya, 2009) and enhanced employees' productivity level through employees' participation in decision making, shared information, knowledge development, innovation, improvement, and skill sharing common purpose, cooperative environment and making employee highly committed (Gittell et al., 2009).

Organizational performance depends upon its overall productivity connected with employees' performance. HPWS crafts an environment where employees formulate innovations and improvements in tasks. Internal social structure of organization positively effects organizational overall performance (Evans and Davis, 2005). All management levels of organization have shared goals to accomplish; more odds exist for organizational rapid performance and employee performance (Ramsay et al., 2000).

HPWS is directly linked with organizational performance (Guthrie, 2001; Arthur, 1994; Koch and Gunther, 1996; Macduffie, 1995). Sustainable competitive advantage generates profit for an organization and HPWS creates such competitive advantage in form of human capital which is almost impossible to imitate (Contacos-Sawyer et al., 2010).

This study has specified high-performance work practices to enlighten human resource management practices in employees' awareness because high involvement and high responsibility increase employees' performance that ultimately increase organizational performance. Employees are potential source of greater organizational performance and greater shareholders' value but this opportunity is still untapped in Pakistan service industry.

Generally, human resource management practices in Pakistan and many other Asian countries. Placing the strategic management and line management on identical plate forum to align human resource management strategies and business strategies, it is important to identify priorities of each department through HPWS which necessitates all employees' involvement, and hence this study addresses this objective.

**LITERATURE REVIEW**

An organization must integrate its strategic management process with human resource policies and practices in its competitive environment and to sustain rapid success in market. A promising approach to best integrate human resource practices and policies with strategic management process is labeled as strategic human resource management (SHRM). The base of strategic human resource management is derived from resource-based view of firms.

In resource-based view of firms, human resources create competitive advantage when organizations invest in HR system and these human resource distinct capabilities lead to superior firm's performance (Barney, 1991; Barney and Wright, 1998; Lawler, 1992; Pfeffer, 1998; Khandekar and Sharma, 2005).

An organization can only achieve its goals if it involves employees from all management levels in strategy formulation because strategy implementation requires high level of human capital coordination. Therefore, employees with higher flexibility, competent to perform more challenging responsibilities, innovation, creativity, commitment, knowledge, individual talent and good relationships at all management levels provide competitive advantage (Porter, 1985; Barney and Wright, 1998; Chiavenato, 2001; Jackson et al., 2003; Akhtar et al, 2008).

High-performance work practices are used to make human capital an edge difficult to imitate for competitors. This study has focused such high-performance work practices that prepare internal HR system as a potential source to achieve shared goals through conflict resolution skills, relational coordination, and commitment.

**Conflict resolution skills and organizational performance**

Conflict resolution is sometimes used as dispute resolution or alternative dispute resolution. Internal conflicts in employees' relations and tasks at workplace are obvious because of task interdependence and diversity (Pelled et al., 1999). Conflict resolution uses different techniques to identify and resolve disputes therefore, provide more opportunities to articulate and share skills and knowledge. The interaction through conflict resolution skills consolidate processes and results in higher productivity. Conflict resolution besides its advantages,
it introduces different ways of innovation and system flexibility (Gittell, 2000; Mareschal, 2003).

Employees are more committed by the way they are motivated (Kuvaas, 2003) and rewards in turn of their work performance. Committed human resource acts in the interest of organization and produces higher organizational performance (Arthur, 1992).

HPWS involves employees at all management levels and relates employees’ coordination and commitment based on employees’ mindset that connects individuals with task performance (Meyer and Herscovitch, 2001). Thus high-performance practices enhance employee commitment.

Conflict resolution skills have positive relation with organizational performance (Gittell et al., 2009; Hotepo et al., 2010). Being externally and socially penetrated organization, it must have an effective collaboration with strategic partner and due to this reason management needs good conflict resolution skills (Waal et al., 2010). Efficient information systems projects depends upon interpersonal conflicts (Liu et al., 2010) and intra organizational conflicts affect organization’s market orientation (McClure, 2010). Beside internal conflicts, conflict stimulate innovation processes through facilitating external communication (Ni et al., 2010), external conflicts also affect the common interests across groups while internal conflicts affect conflicting interests across groups of organizations. External conflicts are considerably associated with overall external financial matters (Besley and Persson, 2008; Besley and Persson, 2010) and financial performance (Milia and Birdi, 2010).

Interactions between individuals and groups are necessary for teamwork in technology advancement and knowledge sharing as task conflict is related to team performance (Lin et al., 2010). Conflict resolution skills play constructive role in new ideas development and implementation of this new fit (Damanpour, 1991) that ultimately create new opportunities for organization to grow.

Conflicts either they occur inside or outside of firm are constructive variable in organizational performance and provide assistance to coup up external barriers in performance (Geersbro and Ritter, 2010).

Organizational commitment and organizational performance

In preceding research, a positive correlation is found between organization commitment and the commitment by other organizations (Cheung et al., 2005; Bresnen and Marshall, 2000). Commitment is machination imperative for all management levels such as top level executives’ acts towards organization are associated with future performance of a firm based on industry environment (McClelland et al., 2010). Commitment has expanded history in organizational context (Becker, 1960; Meyer and Allen, 1991; Porter et al., 1974; Stebbins, 1970; Reichers, 1985), and employees’ participation in interpreting personal and company matters give strength to effective organizational commitment (Grant et al., 2008; Porter et al., 1974).

Employees’ commitment is valuable for organization when changes occur inside and outside the organization for sustainability in market dynamics (Lin et al., 2010; Niehoff et al., 2001). Commitment is intangible asset of organizations which is impossible to instill forcefully among employees rather it is an environment input that results perceived bond within individuals (James, 2002). Team can achieve its goals in cross functional projects if the project leaders get all members committed with project targets (Drumwright, 1994; Handfield et al., 1997; Carter and Jennings, 2004; Crane, 2000; Carter et al., 2007). Further it is reported by previous scholars a positive association between organizational commitment and task performance (Hunton and Norman, 2010).

RELATIONAL COORDINATION AND ORGANIZATIONAL PERFORMANCE

Coordination management incorporates task interdependence and understanding among employees for coordinating work (Crowston and Kammerer, 1998). HPWS support job requirement and job tasks through relational coordination. HPWS provides primary base to up heave the relational coordination through integration of shared goals and shared knowledge.

Relational coordination has its individuality in organizational performance; it is not an integral part of human resource management practices. Relational coordination impacts cross functional areas of organization and increases organization performance (Krause et al., 2006; Gittell et al., 2009) and is a moderator in organizational performance (Gittell, 2002). Coordination in organization as whole creates greater efficiency and quality which ultimately increases organizational performance (Gittell and Fairfield, 2000).

The field study showed that coordination works more effectively in uncertain organizational environment and in business field (Cheng, 1984). Effective communication requires interdependent and interrelated task to perform job oriented task efficiently. Coordination is a potential source to improve communication within and outside the organization for higher outcomes (Huber, 1990; Malone and Yates, 1994) (Figure 1).

Based on previous model, subsequent hypothesis can be devised:

$H_{1a}$: Conflict resolution skills have direct positive relation with organizational performance in such a way that organization gets hold of increased performance from significant contribution of conflict resolution skills.

$H_{1b}$: Organizational commitment has direct positive
relates with organizational performance, as commitment level increases the organizational performance increases with same alacrity.

**H1c:** Relational coordination has direct positive relation with organizational performance, as relational coordination increases the organizational performance increases with same alacrity.

**MODERATING EFFECT OF HIGH PERFORMANCE WORK SYSTEM (HPWS) AND ORGANIZATIONAL PERFORMANCE**

Concept of HPWS is instigated from strategic human resource management (SHRM) field. HPWS is a management practice that works as a more difficult task for competitors to imitate than individual practices. The critical endeavor of HPWS is to smooth the progress of employees through an organizational environment where employees have generally two major characteristics over ordinary systems:

1. “High involvement” of employees in decision making leads to flexibility and skills sharing for innovations and improvements (Guthrie, 2001).
2. “High responsibility” of employees leads to high commitment because employees give their suggestions and need base view therefore; they are more motivated to indulge themselves in responsibilities for higher organizational performance.

HPWS includes high levels of employees' involvement in strategies development, and skills development through relational coordination, and employees' responsibilities in the form of commitment (Gittell et al., 2009; Tomer, 2001; Way, 2002; Evans and Davis, 2005). HPWS includes information sharing and employees participation in decision making because employees give their viewpoint in decision making and share their departments' policies and goals therefore, conflict plays as constructive role in HPWS.

HPWS has a positive relation with financial performance and sustainable organizational performance (Evans and Davis, 2005) and small business firms output (Way, 2002).

Two kinds of conflict that are intra group task conflict and intra group emotional conflict effect employees relations and indirectly affect the organizational performance (Pelled et al., 1999).

HPWS has positive relation with both organizational performance and human resource practices that are conflict resolution, commitment and relational coordination. Thus moderation exists in the relation for organizational performance.

**H2a:** Conflict resolution skills have direct positive relation with high performance work system in such a way that high performance work system gets hold of increased performance from significant contribution of conflict resolution skills.

**H2b:** Organizational commitment has direct positive relation high performance work system, as commitment level increases the high performance work system increases with same alacrity.

**H2c:** Relational coordination has direct positive relation with high performance work system, as relational coordination increases the high performance work system increases with same alacrity.

**H2d:** High performance work system has positive relation with organizational performance.
Table 1. Reliability analysis for all dimensions in questionnaire.

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Cronbach's alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational performance</td>
<td>0.911</td>
</tr>
<tr>
<td>Conflict resolution skills</td>
<td>0.888</td>
</tr>
<tr>
<td>Organizational commitment</td>
<td>0.807</td>
</tr>
<tr>
<td>Relational coordination</td>
<td>0.775</td>
</tr>
<tr>
<td>High performance work system</td>
<td>0.737</td>
</tr>
</tbody>
</table>

**METHODS AND MEASURES**

The primary objective of this research is to collect data on HPWS, conflict resolution skills, organizational commitment, and relational coordination and HPWS. A questionnaire survey was conducted amongst 7 service based organizations.

Convenience sampling was used to collected data from two types of services based organizations. Telecommunication and banking sectors were selected for population. Sample of 350 respondents were selected within the population of 2000. 301 questionnaires were returned with 15% response rate. Service organizations are selected as sample from Lahore in Pakistan because of its advance implementations of HR practices.

Survey was conducted at both line management and top management of organizations because the interaction of line management level with the top level management level in decision making is more receptive area for employees’ involvement and responsibility. Data analysis is performed through SPSS and EXCEL software for data Reliability test, descriptive statistics in which means, standard deviation are calculated, correlation and regression.

Reliability of instrument was tested through reliability analysis. Cronbach’s Alpha of each item was calculated which is above than 0.7 for all dimensions in questionnaire (Table 1). The reliability coefficient has been found to be acceptable which is greater than 0.70. The scale represents that all items selected for measuring HPWS, conflict resolution skill, commitment, relational coordination and organizational performance are consistent and reliable.

To measure reposes of all participants, 7 points likert-scale is used because 7 points likert scale effects resultant data and it generates relatively higher mean score compared to 10 points likert scale (Dawes, 2008). On 7 points scale: 1 represents strongly disagree, 2 represents disagree, 3 repsents somewhat disagree, 4 represents neutral, 5 represents somewhat agree, 6 represents agree and 7 represents strongly agree.

Regarding employee involvement items included “Do employees of all these organizations participate in policy and strategy formulation and share their own departmental policies and goals in organizational overall strategy level”. Questionnaire constitutes investigation for employees’ involvement in organizations’ decision making and policy and strategy formulation and to investigate employees’ responsibility realization in organizational overall improvement.

Different items are used to measure the employees’ conflict resolution skills. Changes in organizational atmosphere, frequent role of other parties in organizational team based projects, hostility among parties; Conflict dealing with openly at workplace, Disagreements is encouraged at workplace and Differences of opinions about job responsibilities among employees.

To measure organizational commitment at work place certain items are postulated to employees of all selected service industry. These items are personal effort of employees in Order to help company be successful, support of employees Company in discussions with employees and other companies, being agree with the company’s goals, plans, and policies, employees’ support employer’s decisions regarding the future of the company, employees’ values are compatible with the business’ values.

For relational coordination, questions are asked to measure the relational coordination among employees in services based companies. Items are approach for employees to get information from other team members when it is needed, disagreements in team about who should be doing what task. Each member of team had a clear idea of the team’s goals, received the information when it is needed from other group members on time.

HPWS is measured on questionnaire. Items included company primarily promotes employees on merit base, includes workforce in a staffing plans, Hours of training per year are increased for all employees, Workforce regularly receives performance appraisal, Workforce is included in formal information sharing that provides wide variety of information relevant to business and its operations. Workforce of organization participate in quality of work life and labor-management participation programs, company regularly administers attitude survey, workforce has access to a formal grievance resolution system, Workforce is eligible for annual cash incentive plans and profit sharing plans.

**RESULTS AND ANALYSIS**

Descriptive statistics calculated the means and standard deviation results of conflict resolution skills, organizational commitment, relational coordination, organizational performance and HPWS. Standard deviation, Means, correlation and regression are used to measure the constructs (Table 2).

Table 2 demonstrates that independent variables that are conflict resolution skills, organizational commitment and relational coordination, and dependent variable are organizational performance, mediating variable is HPWS. Amongst all high-performance work practices, conflict resolution is strongly and positively related to organizational performance and relationship of independent variables with mediator represents positive relationships. While high-performance work practices are also positively related to HPWS.

Conflict resolution skills is showing (0.525, \( P = 0.01 \)) as the significance value is above 0.50 it shows that conflict resolution skills are strongly and positively related to organizational performance support H1a. Results relational coordination (-0.119, \( P = 0.01 \)) and HPWS (-0.030, \( P = 0.00 \)) shows that these variables are negatively contributing towards organizational performance. While organizational commitment (0.130, \( P = 0.00 \)) is significant and positively related to organizational performance.

To check the impact of all independent variables ‘conflict resolution skills, organizational commitment and relational coordination’ and mediating variable ‘HPWS’ on dependent variable ‘organizational performance, regression analysis is applied to test hypothesis through SPSS software.

Table 3 signifies regression analysis, 0.942 means that 94% of the dependent variable (organizational performance) is represented by conflict resolution skills, organizational commitment and relational coordination which are first-class contribution of human resource practices. While Beta value represents if there is an increase of
one unit in conflict resolution skills than organizational performance will decrease by 18%. Based on these values $H_{1a}$ is rejected for relationship conflict resolution skills and organizational performance.

For second independent variable that is organizational commitment, Beta value represents if there is an increase of one unit in organizational commitment than organizational performance will increase by 22%. Based on these values relationship between organizational commitment and organizational performance is accepted.

For third independent variable that is relational coordination Beta value represents if there is an increase of one unit in relational coordination skills than organizational performance will decrease by 6.5%. Based on these values positive relationship between relational coordination and organizational performance is rejected.

The results show that organizational commitment is only variable which increases the organizational performance while other independent variables that are conflict resolution skills and relational coordination decrease the organizational performance. It is apparent that an organization in order to enhance its performance should not implement the both human resource practices together.

Employees will perform better if they are more committed towards organization (Kehoe and Wright, 2010) which refers to employees’ high responsibility and they will not perform efficiently if they resolve conflicts which refer to employees’ high involvement. Employees will not perform better if they develop high relational coordination instead they should develop operational coordination (Sanders, 2008).

Second analysis is done for mediation while first table represents the analysis without mediation of HPWS. Second table represents mediating analysis of HPWS. To test mediation, Baron and Kenny (1986) said that if the change in independent variable with relation to dependent variable is reduced than it is, indicates partial mediation of such independent variable.

Partial mediation of HPWS exists in the relation of conflict resolution skills and organizational performance. Thus hypothesis $H_{2a}$ is said to be partially approved that is HPWS mediates the relationship between organizational performance and conflict resolution skills. The value of beta has been increased from $\beta = -1.87$, $p = 0.000$ to $\beta = 2.23$, $p = 0.000$. While $R^2$ has same value (that is $R^2 = 0.942$) after substantially controlling the mediating variable it can be said that HPWS partially mediates the relationship between organizational performance and conflict resolution skills.

The second variable mediation has been analyzed. Again partial mediation of HPWS exists in the relation of organizational commitment and organizational performance. Thus hypothesis $H_{3a}$ is said to be partially approved that is HPWS mediates the relationship between organizational performance and organizational commitment. The value of beta has been reduced from $\beta = 2.24$, $p = 0.000$ to $\beta = -1.919$, $p = 0.000$. While $R^2$ has same value (that is $R^2 = 0.942$) after substantially controlling the mediating variable it can be said that HPWS partially mediates the relationship between organizational performance and organizational commitment.

The third variable mediation has been analyzed. Full mediation of HPWS exists in the relation of relational coordination and organizational performance. Thus hypothesis $H_{4a}$ is fully approved that is HPWS mediates the relationship between organizational performance and relational coordination. The value of beta has been reduced but significance value has been apparently increased ($\beta = -0.065$, $p = 0.030$ to $\beta = -0.210$, $p = 0.402$). While $R^2$ has same value (that is $R^2 = 0.942$) it

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**Table 2. Mean, standard deviation and correlations.**

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>S.D.</th>
<th>OP</th>
<th>Comimnt</th>
<th>CRS</th>
<th>Re.C</th>
<th>HPWS</th>
</tr>
</thead>
<tbody>
<tr>
<td>OP</td>
<td>4.9932</td>
<td>1.13763</td>
<td>(0.911)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comimnt</td>
<td>4.8705</td>
<td>1.17953</td>
<td>0.130</td>
<td>(0.807)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CRS</td>
<td>4.8847</td>
<td>.97129</td>
<td>0.525</td>
<td>(0.888)</td>
<td>0.906</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Re.C</td>
<td>4.7557</td>
<td>.85683</td>
<td>-0.119</td>
<td>0.436</td>
<td>0.340</td>
<td>(0.775)</td>
<td></td>
</tr>
<tr>
<td>HPWS</td>
<td>4.7932</td>
<td>.84184</td>
<td>-0.030</td>
<td>0.672</td>
<td>0.575</td>
<td>0.954</td>
<td>(0.737)</td>
</tr>
</tbody>
</table>

*Correlation is significant at the 0.05 level. **Correlation is significant at the 0.01 level. ***Correlation is significant at the 0.000 level.

**Table 3. Regression analysis.**

<table>
<thead>
<tr>
<th>STEP 1 (Independent variables)</th>
<th>$\beta$</th>
<th>$R^2$</th>
<th>$\Delta R^2$</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conflict resolution skills</td>
<td>-1.874</td>
<td>0.942</td>
<td>0.942</td>
<td>0.000</td>
</tr>
<tr>
<td>Organizational commitment</td>
<td>2.244</td>
<td>0.942</td>
<td>0.942</td>
<td>0.000</td>
</tr>
<tr>
<td>Relational coordination</td>
<td>-0.065</td>
<td>0.942</td>
<td>0.942</td>
<td>0.030</td>
</tr>
</tbody>
</table>
can be said that HPWS fully mediates the relationship between organizational performance and relational coordination.

In Table 4, regression analysis, complete mediation of HPWS does not exist between the relationship of conflict resolution skills and organizational performance. Therefore, Table 4 tests the mediation between employee commitment, conflict resolution skills, and organizational performance.

The second variable mediation has been analyzed. Again partial mediation of HPWS exists in the relation of organizational commitment and organizational performance. The value of beta has been changed from $\beta = 2.24$, $p = 0.000$ to $\beta = -0.766$, $p = 0.041$. While $R^2$ value has been changed (that is $R^2 = 0.369$) thus, it can be said that HPWS mediates the relationship between organizational performance and organizational commitment.

The third variable mediation has been analyzed. Full mediation of HPWS exists in the relation of relational coordination and organizational performance. Thus HPWS mediates the relationship between organizational performance and relational coordination. The value of beta has been reduced but significance value has been apparently increased ($\beta = -0.065$, $p = 0.030$ to $\beta = -2.249$, $p = 0.003$). While $R^2$ value has been changed (that is $R^2 = 0.369$) it can be said that HPWS mediates the relationship between organizational performance and relational coordination.

This study was an attempt to examine the relationship of high-performance practices with organizational performance, and the mediating role of HPWS in the relation of organizational performance. High-performance work practices were selected and this study has developed the high-performance work system model of all three casual mechanisms (Gittell et al., 2010). This study do not only covers the gap of previous study but also explores the role of high-performance work system as a mediator as results has shown the relational link among suggested variables.

This study contributes in theoretically and methodologically different perspective from previous research effort. However, two previous research studies are similar in one or two perspectives (Collins and Clark, 2003; Gittell et al., 2010). This research work is different theoretically; Gittel et al. (2010) suggested relational model in which high-performance work system contributes quality and efficiency outcomes.

Collins and Clark (2003) proposed the relationship between human resource practices and performance. Our study is different in two theoretically ways; one this study states the high-performance work system as mediator rather than independent variables and second it explore all three practices of HPWS. Methodologically, differentiations exists; Collins and Clark (2003) used potentially biased data gathering from one source which is interview from top management while Gittle et al. (2010) used multiple data sets from specific hospital industry.

Our study has used multiple service industry with using multiple data sets which are questionnaire administration and direct interviews from both top and middle management.

### Conclusion

This study suggests that organizations should implement HPWS for successful adoption of human resource practices such as conflict resolution skills and relational coordination. While other findings suggest that organizations should encourage the employees’ commitments even in the absence of HPWS that will enhance organizational performance.

Implicit advantages of adopting human resource practices enables employees to better coordinate their works activities through sharing of knowledge, experiences and skills; this coordination among employees improve the efficiency. High-performance work system provides this feature with relative sustain competitive advantage. Good conflict resolution skills make easier to achieve organizational goals and develop improved social capital.

Due to cultural differences, organizations in Pakistan should not give high involvement to employees in setting the commitment standards. Opposite to this come up practice, HPWS includes employee’s high involvement in setting commitments. Whereas, understanding cultural aspects, it is best approach to Pakistani companies to less involve employees in commitment setting standards. This cultural consideration for human resource practices is an enabler of competitive source.

### MANAGERIAL IMPLICATIONS

Empirical evidences of this research hold the situations direct organizations operating in Pakistan settings.
Previous research has been investigated to explore the magnitude of human resource practices in organizational performance but specific human resource practices of HPWS are not examined yet in the Pakistan service based industries. The study channels services based companies for certain situations that companies should implement human resource practices. Employees’ involvement and responsibilities area should be apportion according to the presence of HPWS.

Organizations have high potential in building employee relations for high organizational performance as in Pakistan culture there is more value given to cooperation in organizational settings. Transforming this characteristic into HPWS can result high performance of both employees and organizations. Organizations who grant their attention towards profitability instead they can knob their perspective in HPWS particularly in developing human capital through relational coordination to perform well.

LIMITATIONS AND FUTURE DIRECTIONS

The study fills up few gaps of Gittell et al. (2009). Few aspects can be carrying out for future research. This study can be advanced in all demographic characteristics of relevant country and industry.

Secondly, future research should be conducted in longitudinal studies. Cultural dynamics require analysis of changes in employees’ behaviors and attitudes. Trends of personal attributes should be considered to determine the appropriate HR practices. This study sampled from service based industries; future research should be accomplished in manufacturing industry.

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