Perceived High Performance Work Systems (HPWS) and Employee Service Performance in the Automotive Industry

Rashida Mat Rani, Normy Rafida Abdul Rahman* and Nurul Aqilah Mohd Yusak

ABSTRACT

Manuscript type: Research paper

Research aims: This study investigates the effects of perceived high performance work system (HPWS) on employee performance in the Malaysian automotive service industry. It also attempts to examine the mediating roles of perceived organisation support and psychological empowerment in the relationship between HPWS and employee performance.

Design/Methodology/Approach: Data were collected from 391 employees working in automotive after sales service centres in Kuala Lumpur and Selangor. Multiple regression analysis was performed to examine the proposed relationships.

Research findings: The findings demonstrated substantial evidence of the relationship between perceived HPWS and employee performance. This relationship was mediated by perceived organisation support and psychological empowerment.

Theoretical contribution/Originality: This study extends on the existing literature by investigating how perceived HPWS can lead to employee performance within the context of the service sector.

https://doi.org/10.22452/ajba.vol14no2.8

^{*} Corresponding author: Normy Rafida Abdul Rahman is a Senior Lecturer at the Faculty of Business Management and Professional Studies, Management and Science University, Malaysia. Email: normy_rafida@msu.edu.my

Rashida Mat Rani is a Post Graduate Student at the Post Graduate Centre (PGC), Management and Science University, Malaysia. Email: hafizida2708@gmail.com

Nurul Aqilah Mohd Yusak is a Senior Lecturer at the Faculty of Business Management and Professional Studies, Management and Science University, Malaysia. Email: Nurul_aqilah@msu.edu.my

Practitioner/Policy implications: The outcome of this research suggests that human resource practitioners in the automotive service industry should pay attention to the implementation of HPWS to survive in today's business environment. In developing HPWS, employees' perceptions of HRM practices should be carefully evaluated in order to achieve a win-win situation. The perception of employees on HPWS can improve their performance if organisations provide the necessary support and empowerment.

Research limitation: Since the data were collected from the automotive service industry in Malaysia, the results may need to be interpreted cautiously, due to the issue of generalisability.

Keywords: High-Performance Work System (HPWS), Human Resource Practices, Perceived Organisation Support (POS), Psychological Empowerment (PE), Service Employee Performance (SEP) **IEL Classification**: M12

1. Introduction

The Malaysian automotive industry has become one of the major industries supporting the country's economy. The sector accounted for 4 per cent of the country's gross domestic product (GDP) in the year 2020 (Ministry of International Trade and Industry, 2020). Not only that, it has played an important role in transforming Malaysia into an industrialised nation, whereby it has spurred the development of new technologies in other industrial sectors. Among ASEAN countries, Malaysia appears to be the third largest producer for passenger vehicles, after Indonesia and Thailand (ASEAN Automotive Federation, 2019). Intense competition in the automotive industry has forced organisations to adopt new ways to improve performance internally. In highly challenging markets such as the automotive industry, manufacturers are unable to survive by focusing merely on producing products. They need to provide value-added services that could enhance the perceptions of customers on the overall service quality (Hanaysha, 2016). Moreover, aftersales support can serve as a differentiator between brands. The vehicle owners' experiences with the service centre can be a determinant of their repurchase decisions. Quality of service, responsiveness, speed of service and cost of service are crucial elements in meeting customer satisfaction in the after-sales service experience (Adusei & Tweneboah-Koduah, 2019). Hence, the ability of an organisation to deliver service that could fulfil customers' expectation may be beneficial for brand survival (Saidin et al., 2015).

The quest for exceptional service quality and unique customer satisfaction have called for some strategic human resource development (HRD) interventions. Within the human capital management literature, several studies proposed that competitive advantage can be achieved by implementing a high-performance work system (HPWS) in organisations (Dayarathna, 2018; Fu et al., 2019), where HPWS is associated with better job performance, higher creativity, enhanced organisational citizenship behaviour, greater employee engagement, and job satisfaction (Lee et al., 2012; Huang et al., 2016; Al-Ajlouni, 2020). Despite this, some researchers (Gulza et al., 2014; Jvoti & Rani, 2019) challenged these findings. They reported negative outcomes of HPWS, such as burnout, anxiety, emotional exhaustion, and intention to leave. These inconclusive findings showed that the HR practices which can be bundled as HPWS to yield better performance remained unresolved. Furthermore, some scholars argued that excellent HPWS designed by organisations may not suffice to positively affect employee performance if such systems cannot be perceived, understood, and accepted by employees (Katou & Budhwar, 2014; Sanders et al., 2014). Therefore, it is imperative to explore whether the HPWS designed by a firm is consistent with the employee perceived HPWS. An internal analysis is required to determine employees' experience on the effectiveness of HR practices implementation in the organisation. As suggested by Noor Hassanah and Alesia (2017), researchers need to have a more thorough look at HPWS and more elements should be incorporated in the study such as recruitment and selection, compensation to enhance employees' effectiveness besides intensive training, employee involvement, pay for performance, and performance appraisal. This implies the need to have a better understanding of the effectiveness of HPWS and its relationship with service employee performance.

Based on the above arguments, this study aims to investigate the impact of perceived HPWS on employee service performance through the mediating variables of perceived organisational support and psychological empowerment. It is argued that HPWS may require an intervening mechanism through which it influences employees' attitudes and motivations (Takeuchi et al., 2009), which in turn would lead to employee performance (Li et al., 2019). It is acknowledged that motivation elements could encourage employees to utilise their capabilities and cultivate positive attitudes toward the organisation as well as determine the level of employee engagement. The present study assumes that for HPWS to provide an added value to the employees,

it must comprise elements that can motivate as well as provide opportunities with the required skills and knowledge for them. With that in mind, we focus on the roles of perceived organisational support and psychological empowerment as mediators in strengthening the relationship between HPWS and employee performance. Psychological empowerment serves as a prime resource that can motivate employees to be actively involved in the problem-solving process, thereby enhancing their sense of responsibility. It exists when employees have sufficient autonomy and necessary skills to be successful (Marin-Garcia & Bonavia, 2021). Within the service literature, employees who are granted with autonomy and power can deliver responses that are quick and tailored to the customers' needs (Guerrero et al., 2018). Hence, it is imperative to understand how the employees' psychological empowerment in the automotive service industry can be developed if organisations want to deliver exceptional service quality to customers. Similarly, organisational support appears to be an important determinant that helps increase employees' service performance, which in turn facilitate in enhancing customer satisfaction (Conteh & Yuan, 2021). Support obtained from employers encourages employees to care about the organisation and motivates them to fulfil its goals and aims (Zacharatos et al., 2005). However, research on the mechanisms through which HRM systems influence employee attitudes and behaviour is sparse, especially in the automotive service sector (Mujtaba et al., 2018) in Malaysia (Rani et al., 2021). Therefore, conducting research in Malaysia is imperative due to the cultural disparity emanating from distinct cultural values which may influence perceptions, experiences and attitudes (Voss et al., 2004).

The remainder of this paper is organised as follows. Section 2 presents the literature review on the underpinning theory and hypotheses development. Section 3 explains the methodology adopted and Section 4 reports the results. Section 5 discusses the findings, while Section 6 presents implications towards theory and practice.

2. Literature Review, Theoretical and Hypothesis Development

2.1 Employee Service Performance

Employee service performance encompasses work-related responsibilities that the employee needs to deliver which contributes to the service performance (Abdallah et al., 2018). In after-sales service, employees

are required to serve and help their customers, deliver high service quality, and meet the customer's expectations (Liao et al., 2009). Within the service marketing literature, it is agreed that having proactive and professional human resources can lead to sustainable competitive advantage (Menguc et al., 2013). As service delivery involves higher interaction with customers, having an engaged and motivated frontline employee helps in establishing and altering client outcome. One of the main determinants of employee service performance is how the employees approach their job and how satisfied they are with their work. For employees to serve the customer exceptionally, the firm must first motivate and satisfy employees so that they can deliver the service without difficulties (Lee & Bruvold, 2003). Human resource practices such as employee involvement, training, performance incentive, supporting procedures, and policies are among the key practices that could encourage excellent service outcomes.

In the context of the service industry, not only are employees required to serve customers, they also need to attain organisational productivity objectives (Ye & King, 2016). Frontline employees need to satisfy customers in a manner that is congruent with organisational policy and goals (Viswesvaran & Ones, 2000). As such, in this study, employee service performance was assessed by their immediate supervisor based on two key performance aspects, namely, service quality and task performance.

2.2 High Performance Work System (HPWS) and Ability, Motivation and Opportunity (AMO) Model

Takeuchi et al. (2009) defined HPWS as "a group of separate but interconnected HR management practices designed to enhance employee and firm performance outcomes through improving workforce competence, attitudes and motivation". HPWS includes a wide range of HR practices that are relevant to service sectors such as selective hiring, training, information sharing, interdepartmental service, self-managed team, compensation or pay, performance appraisal, service discretion and management style (Zacharatos et al., 2005; Liao et al., 2009; Wahid & Hyams-Ssekasi, 2018). Boxall (2012) identified HPWS as a concept of HRM through which organisations can enhance employees' performance. In the context of service industry, Batt (2002), and Shirazi and Shakoori (2017) indicated that HPWS directly affects employees' behaviour in

terms of the service quality; in the service industry, employees have close interactions with the customers.

Within the human capital literature, researchers argued that HPWS with integrated HR practices is an important aspect for organisations to gain a competitive advantage. Through their investment in HPWS, they can obtain a pool of skilled, empowered and capable employees who are able to perform jobs effectively (Becker et al., 1997). Several studies have found that HPWS is associated with positive employee outcomes such as employee performance (Liao et al., 2009; Wahid & Hyams-Ssekasi, 2018) which in turn improves organisational performance, organisational citizenship behaviour (Nadeem et al., 2019; Kloutsiniotis & Mihail, 2020) and organisational profitability (Mariappanadar & Kramar, 2014). There are also studies that provide empirical evidence on the positive relationship between HPWS and employee well-being as well as creativity (Miao & Cao, 2019), knowledge-sharing behaviour (Abbasi et al., 2020), service quality (Aryee et al., 2012; Jo et al., 2019) and customer satisfaction (Chand, 2010).

To better elucidate the impacts of employees experiencing HPWS on individual outcomes, a few researchers (Obeidat et al., 2016; Miao & Cao, 2019; Edgar et al., 2020) have drawn on the AMO (Ability, Motivation and Opportunity) model developed by Bailey (1993). In particular, the AMO model provides a comprehensive description of how HR practices can influence employee performance through the employees' ability, motivation and opportunity. Based on this theory, employees need to have the right skills and knowledge to perform, feel motivated to deliver tasks, and have enough opportunities to make use of their capabilities and potentials, for them to achieve superior work performance (Appelbaum et al., 2000). Based on the AMO model, HPWS is divided into three dimensions. Ability refers to training and competence development that would affect types and levels of knowledge and skills of employees. Motivation enhancing practices include any performance-based pay, performance management, feedback and incentives that stimulate positive employees' efforts and behaviour. Opportunity enhancing practices include empowerment, job autonomy and participation in decision-making. Hence, based on the above discussion, it can be concluded that HPWS is reflected through AMO. In this study, we include selective hiring, training, information sharing, interdepartmental service, self-managed team, performance appraisal, compensation, service discretion and management style (Zacharatos et al., 2005; Liao et al., 2009; Wahid & Hyams-Ssekasi, 2018)

that are perceived by employees in measuring the HPWS. Based on the above discussion, this study postulates that:

H₁: HPWS is positively related to employee service performance.

2.3 Social Exchange Theory and Perceived Organisational Support

This study employes the social exchange theory (SET) to understand the impact of organisational support as the mediator between HPWS and employee performance. The theory asserts that employees are in an exchange relationship with their organisations. The HRM practices, policies and actions that are favourable to them will contribute positively to the employees' attitudes and behaviours (Zacharatos et al., 2005; Jung & Takeuchi, 2019). Through HPWS, organisations provide training and skill development programs that help employees perform their job better, achieve work goals and enhance their competence. The positive perception of HPWS enhances employees' perception about the support they obtained from their organisation (Park et al., 2015).

Employees who perceive the organisation to be supportive tend to feel obliged to return this support in the form of behaviours and attitudes that help enhance organisational performance (Yahya et al., 2012). Similarly, when an organisation's desired goals are met, employees would expect tolerance and a better job environment. Eisenberger et al. (2016) argued that employees who perceived that the organisation valued their work and cared about their well-being were found to demonstrate good behaviours which were beneficial to both individual employees as well as employers. According to Hassan et al. (2020), a simple word of "thank you" or "well" may promote a sense of belonging to the organisation, where in turn would drive the employees to reciprocate. Therefore, it can be claimed that perceived organisational support is an important relationship between employees and organisation. The support includes employees' positive orientation toward the organisation, psychological well-being, and performance (Kurtessis et al., 2015). Based on these arguments, this study postulates that:

- H₂: HPWS is positively related to organisational support.
- H₃: Organisational support is positively related to employee service performance.

2.4 Self-Determination Theory and Psychological Empowerment

Psychological empowerment is defined as a motivational factor that interprets employees' perception of empowerment (Spreitzer, 1995).

Conceptualisation of psychological empowerment is consistent with the fundamental principle of self-determination theory (SDT). Deci et al. (2017) claimed that SDT has become one of the most widely researched and applied theories in the field of psychology. This theory suggests that for employees to be intrinsically motivated, they must feel that they are capable of accomplishing their job effectively, capable of making work-related decisions independently, their well-being is taken care of, and their contributions are appreciated by the organisation. Through self-managed teams for example, employees are provided with participative structure that offers opportunities for them to contribute. This provides employees with the responsibility to think and the authority to make decisions (Jyoti & Dev, 2016).

Psychologically empowered employees tend to demonstrate higher levels of creativity, resilience and take more job initiatives (Liao et al., 2009; Lee et al., 2017). Not only does psychological empowerment promote positive behaviours, it also helps reduce negative outcomes, namely, counterproductive work behaviours and turnover intentions. Such employees would maximise opportunities to make learning meaningful, take challenging jobs and utilise knowledge effectively. Empowering employees is important in the service industry, as it encourages employees not only to respond to customer needs during service delivery, but also to deal with dissatisfied customers during service recovery (Ergeneli et al., 2007). In a service environment, employees must stay motivated as they are required to react in a timely manner to ensure service excellence (Andersen & Ankerstjerne, 2014; Mangundjaya, 2019). Psychologically empowered employees tend to be more flexible and are likely to proactively execute job responsibilities as they are less constrained by supervisory instructions. Hence, they can anticipate problems and take initiative to bring about constructive change. They are also found to have more work satisfaction (Liden et al., 2000). Based on these arguments, this study posits that:

- H_5 : HPWS is positively related to psychological empowerment.
- H₆: Psychological empowerment is positively related to employee service performance.

2.5 Mediating Effects of Organisational Support and Psychological Empowerment

On the basis of the above discussion, it can be concluded that the interaction of HPWS with organisational support and psychological empowerment affects employee service performance. The combined

impact of the variables increases learning levels, boosts employees' confidence, skills, abilities, and competencies (Liu et al., 2016). These elements serve as important resources that facilitate their jobs and personal development. With these resources provided, employees tend to be more willing to dedicate themselves to their jobs to create gain cycles. Without these resources, employees may not feel that they have a support system. Similarly, such resources could also empower them to contribute, which in turn raises the levels of employee service performance. Hence, it can be concluded that organisational support and psychological empowerment mediate the relationship between HPWS and employee service performance. Thus, this study posits that:

- H₄: Perceived organisational support mediates the relationship between HPWS and employee service performance.
- H₇: Psychological empowerment mediates the relationship between HPWS and employee service performance.

Based on the above discussion and literature review, the following research model was developed.

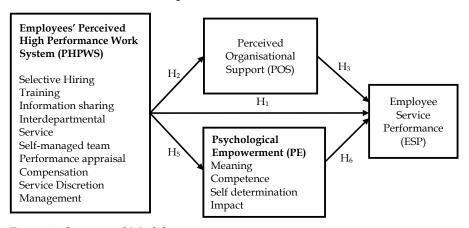


Figure 1: Conceptual Model

3. Methodology

A quantitative survey was carried out in this study to examine the research model and hypotheses developed. Self-reported questionnaires were used to collect the data. All the items used to measure the constructs were adapted from the previous literature and measured using a 5-point Likert-scale. The perceived HPWS were measured through the

HR practices including selective hiring, training, information sharing, interdepartmental service, self-managed team, compensation or pay, performance appraisal, service discretion and management. Twenty-six items measuring these practices were taken from previous studies (Liao et al., 2009; Zacharatos et al., 2005; Wahid & Hyams-Ssekasi, 2018). Perceived organisational support was measured using five items adapted from Eisenberger et al. (1997). Psychological empowerment was measured using twelve items adapted from Spreitzer (1995). In this study, employee service performance was assessed by the immediate supervisors. This approach is in line with the study conducted by Wang et al. (2013). Two dimensions, customer service quality (4 items) and task performance (5 items) were used to measure employee service performance. The items were adapted from Chen and Klimoski (2003) and Tsui et al. (1997).

This study focused on organisations involved in automotive servicing. To begin with, car brands in Malaysia which had participated in the 2019 Malaysia Customer Service Index Study were selected, including Mitsubishi, Toyota, Mazda, Honda, Nissan, Volkswagen, Perodua, Proton, Ford, Hyundai, Isuzu, Kia and Subaru. The lists of organisations involved in servicing the vehicles were then obtained from the specific car brand website. Only those that had employed clear HR practices and work systems were chosen for this study. Since it was impossible to know the fulfilment of that requirement in advance, this served as a filtering question when a company was contacted. Companies that agreed to participate were guaranteed confidentiality. Relevant information about the project was forwarded to the human resource (HR) managers of the targeted companies during the initial stage of contact. The unit of analysis used in this study are individuals. Next, we drew a random sample of 550 employees identified from the participating organisations. A total of 550 pairs of questionnaires were distributed; each pair includes one for employees and one for the immediate supervisor. Based on the information provided by the companies, a code was assigned to each supervisor and each employee to ensure their anonymity, non-biasness, and better identification of the respondents. Perceived HPWS, organisational support and psychological empowerment were evaluated by the employees while employee service performance was appraised by their supervisor. The questionnaires were then sent to the managers who later disseminated an online survey link to all employees in the target population.

Of the 550 pairs distributed, we received 391 completed questionnaires, representing a total response rate of 71.6 per cent. The sample

Characteristic	Group	Frequency	Percentage
Gender	Male	264	67.5
	Female	127	32.5
Age	20 to 30 years	129	33.0
	31 to 40 years	117	29.9
	41 to 50 years	116	29.7
	Above 50 years	29	7.4
Level of Experience	Less than 5 years	175	44.8
	6 to 10 years	91	23.3
	11 to 15 years	30	7.7
	16 to 20 years	26	6.6
	Above 20 years	69	17.8

size used in this study fulfilled the minimum requirement suggested by Krejcie & Morgan (1970). Table 1 presents the demographic profiles of respondents in this study. Of the 391 respondents, more than 60 per cent of them were males. This is expected since this sector is male dominated (Kamberg, 2015). Majority of them were between 20 to 30 years old and had less than five years of work experience.

4. Data Analysis

In this study, statistical analyses were conducted using SPSS version 26 and partial least squares-based structural equation modelling (PLS-SEM). Two-stage model estimation, as recommended by Anderson and Gerbing (1988) was employed. In this approach, a measurement model analysis was performed first followed by structural model analysis.

4.1 Measurement Model Analysis

Table 2 presents Cronbach's alpha (α), factor loadings, composite reliability, and average variance extracted (AVE) of the variables. All the variables had a Cronbach's alpha value of between 0.731 and 0.825, which were above the threshold values (0.7) (Zainudin, 2015). In this study, we evaluated the convergent validity based on the factor loadings, composite reliability, and average variance extracted (AVE). As depicted in Table 2, all the items loaded above 0.6, had a composite reliability between 0.8 to 0.97, and AVE values between 0.573 to 0.695, thus convergent validity was noted (Hair et al., 2017). Following this,

Table 2: Convergent Validity

Variable	Items	α	Factor Loading	CR	AVE
Perceived HPWS		0.796		0.854	0.663
Selection & Hiring (SH)	SH1		0.869		
3 ()	SH2		0.852		
	SH3		0.712		
Training (TRG)	TRG1		0.829	0.800	0.573
	TRG2		0.788		
	TRG3		0.642		
Information Sharing (IS)	IS1		0.881	0.862	0.677
	IS2		0.857		
	IS3		0.722		
Interdepartmental Service (IDS)	IDS1		0.831	0.831	0.655
	IDS2		0.787		
Self-managed Team (TW)	TW1		0.848	0.836	0.629
	TW2		0.771		
	TW3		0.759		
Performance Appraisal (PM)	PM1		0.853	0.869	0.688
	PM1		0.846		
	PM3		0.788		
Compensation (CM)	CM1		0.814	0.826	0.614
, ,	CM2		0.786		
	CM3		0.749		
Service Discretion (SVD)	SVD1		0.847	0.826	0.614
	SVD2		0.806		
	SVD3		0.690		
Management (MGT)	MGT1		0.827	0.832	0.623
	MGT2		0.794		
	MGT3		0.744		
Perceived Organisational Support	POS1	0.825	0.769	0.879	0.592
3 11	POS2		0.739		
	POS3		0.784		
	POS4		0.792		
	POS5		0.762		
Psychological Empowerment	MG1	0.731	0.781	0.965	0.695
- cychicle grant = mp cate a mann	MG2	••	0.894		0.07
	MG3		0.833		
	COM1		0.851		
	COM2		0.877		
	COM3		0.805		
	SLF1		0.745		
	SLF2		0.829		
	SLF3		0.845		
	IMG1		0.739		
	IMG2		0.922		
	IMG3		0.864		

Variables	PHPWS	POS	PE	SEP
PHPWS	0.798			
POS	0.522	0.769		
PE	0.334	0.296	0.834	
ESP	0.477	0.576	0.329	0.784

Table 3: Discriminant Validity

Note: PHWS = Perceived HPWS, POS = Perceived Organisational Support, PE = Psychological Empowerment, ESP = Employee Service Performance; values in bold represent the square root of the AVE. The other values represent the correlation coefficient between variables at p-value 0.01 level (2-tailed).

discriminant validity was assessed by comparing the square root of AVE values with their correlations with other constructs. As illustrated in Table 3, all the square root of AVE values were higher than their correlations with other constructs, providing evidence of discriminant validity (Fornell & Lacker, 1981).

4.2 Structural Model Analysis

Following the measurement model analysis, the structural model analysis was performed to test the hypotheses developed. Table 4 shows the results. The results revealed that the perceived HPWS had a positive and direct effect on employee service performance (β = 0.667, t = 10.716, p<0.001), perceived organisational support (β = 0.911, t = 12.972, p<0.001) and perceived psychological empowerment (β = 0.447, t = 6.991, p<0.001). Thus, H_1 , H_2 , and H_5 were supported. The analysis

Table 4: Structural Model Analysis

Hypotheses	Paths	β	t-value	Results
$\overline{\mathrm{H_{1}}}$	PHPWS → SEP	0.667***	10.716	Accepted
H_2	$PHPWS \rightarrow POS$	0.911***	12.972	Accepted
H_3	$POS \rightarrow SEP$	0.461***	13.900	Accepted
H_5	$PHPWS \rightarrow PE$	0.447***	6.991	Accepted
H_6	$PE \longrightarrow ESP$	0.344***	6.878	Accepted

Note: PHWS = Perceived HPWS, POS = Perceived Organisational Support, PE = Psychological Empowerment, ESP = Employee Service Performance; ***p<0.001.

also showed that perceived organisational support had a positive direct effect on employee service performance (β = 0.461, t = 13.900, p<0.001), providing support for H₃. Further, a positive relationship between perceived psychological empowerment and employee service performance (β = 0.344, t = 6.878, p<0.001) was also reported, thereby supporting H₆. The outcome revealed that psychological empowerment was positively associated with employee service performance.

In addition to the direct effects, this study also examined the mediation effects of two intervening variables, perceived organisational support and perceived psychological empowerment, with employee perceived HPWS and employee service performance. The mediating effects were tested using the bootstrapping procedure with 5,000 samples and a 95 per cent confidence interval generation. The results are presented in Table 5. For further verification of the results, Sobel (1982) test was performed, in line with Preacher and Hayes (2004). The findings of the analysis showed that the mediation perceived organisational support (z = 7.470; SE = 0.044; p-value <0.05), and psychological empowerment were significant, thus supporting H_4 and H_7 .

Table 5: Mediation Effects of Perceived Organisational Support and Psychological Empowerment

Hypotheses	Paths Relationship	β	SE	LLCI	ULCI
H ₄	PHPWS \rightarrow POS \rightarrow ESP	0.3277	0.0521	0.2349	0.4407
	PHPWS \rightarrow PE \rightarrow ESP	0.0892	0.0247	0.0447	0.1413

Note: PHWS = Perceived HPWS, POS = Perceived Organisational Support, PE = Psychological Empowerment, ESP = Employee Service Performance SE = Standard Error, LLCI = Lower-Level Confidence Interval, ULCI = Upper-Level Confidence Interval.

5. Discussion

This study has attempted to investigate how perceived HPWS in the context of service industry can generate employee service performance. The results showed that HPWS packages that concentrate on developing employees' ability to perform, boosting their motivation to carry out duties and providing opportunities for them to contribute served as a tool for enhancing employee service performance. Employees appeared to perform at their best when provided with resources, such as training as this enabled them to acquire and develop a new set of skills to fulfil

their duties. Therefore, they were more strongly motivated to achieve higher task performance. Having specific performance appraisal and compensation also motivated employees to perform well, as they perceived that to be properly recognised and rewarded for their achievement. These findings also indicated the appropriateness of AMO as a basis for designing HPWS, congruent with studies conducted by Liao et al. (2009).

There was also substantial evidence to support the effects of HPWS on organisational support, which in turn influenced employee service performance. This result demonstrated that to a great extent, employees' positive work behaviours depended on their perceptions of how much concern their organisations had for their welfare and whether or not their efforts were being appreciated. For example, the practice of goal setting and performance appraisal that facilitated opportunities for staff promotion and development generated a positive effect on the relationships between employers and employees. The perceived organisational support made employees feel obligated to perform their jobs effectively, so as to ensure organisational goals are achieved. In the Malaysian context, such phenomenon may not be surprising, due to the collectivistic culture. Under this orientation, people are more likely to be committed due to familial relationships and implicit contracts between employees and organisations. They are more likely to align their personal interests with that of the organisation, form close in-group relationships within the workplace, and develop a sense of attachment or loyalty (Hyun & Yoan, 2018). These findings thus corroborate the findings of previous studies such as those of Eisenberger et al. (2016).

In addition to perceived organisational support, this study also found that the relationship between HPWS and employee service performance was mediated by psychological empowerment, in congruent with the self-determination theory. The results demonstrated that HPWS packages such as self-managed teams provided opportunities for employees to gain more control over their work. When employees were allowed to participate in business activities such as work scheduling, decision making and setting performance target, they felt more valued and developed a sense of ownership towards the organisation. Through extensive training and development programs provided under HPWS, employees could increase their skills, abilities, and knowledge, which further motivated them to be confident in making an impact on the organisation. All these factors facilitated in improving employees' work autonomy and increased their sense of control, which served as work

resources for them to perform better. This is expected due to the nature of the automotive service industry. This sector considers the nurturing of long-term relationships with clients as central to their business. Although they may have standard operating procedures, they can use empowerment to enable their front-line staff to customise the service and go beyond the limits of standard procedures, similar to the hotel industry (Hewagama et al., 2019). In doing so, the companies hope that the personalised service encourages positive word-of-mouth and repeat business from satisfied customers. These findings are in line with Liao et al. (2009), Leggat et al. (2010), Bonias et al. (2010), and Arefin et al. (2019).

6. Conclusions, Research Implications and Future Research

Drawing upon the AMO model, social exchange theory and self-determination theory, this study adds to the existing body of knowledge by providing empirical evidence demonstrating how HPWS can stimulate employee performance in the automotive service industry. Considering that quality of service is crucial in determining repurchase decisions and brand survival, it appears that such a study is warranted. To the best of the authors' knowledge, such a model has not been empirically tested in the context of the Malaysian automotive service industry. Being an Asian country, Malaysia is very much influenced by collectivism culture which may influence employees' perceptions on HPWS implementation, organisational support, and psychological empowerment.

Besides theoretical contributions, this study also provides some insights for managers. Given the positive impact of HPWS on employee service performance, it is necessary for managers to consider implementing human resource practices that largely centre on providing employees ability, motivation, and opportunity. Employers should also consider HR practices that are balanced in meeting the organisational needs and employees' willingness of using discretionary effort, so that they complement each other and are able to work as a system to enhance employee service performance. It is imperative for organisations to consider employees' perceptions when designing HPWS to ensure its effectiveness on employee performance. Importantly, employees must be made aware of the HR practices that they are required to follow and the organisation's performance expectations. For example, to boost employee morale, organisations can offer high-performing employees monetary and non-monetary benefits when they are able to complete

their tasks efficiently and effectively. This study has also provided evidence that the autocratic style of leadership that dominates many Asian countries may no longer be relevant in today's service settings. Autocratic leaders who dominate interactions, make decisions on their own, and do not provide support for their followers may not be able to motivate the employees to engage in their work. In fact, participatory management techniques such as self-managed teams should be introduced to encourage employees to identify, analyse, and discuss problems as well as devise solutions for improvement. Selective training programmes need to be provided, so that they are able to assimilate ideas, develop critical thinking skills, and feel more confident and competent to take responsibility as well as deal with customer requests and problems quickly.

While this study offers insight into HPWS implementation in service settings from the perspective of Malaysia, it is not without its limitations. Of these, it is recommended that future studies expand the research model by incorporating a link between employee service performance and customer satisfaction or firm performance. Exploring these areas would be an advantage to gauge the relationship between employee-customer–firm performance. It is also recommended that future studies go a step further by testing the research model in other types of service settings.

References

- Abbasi, S.G., Shabbir, M.S., & Abbas, M. (2020). HPWS and knowledge sharing behavior: The role of psychological empowerment and organizational identification in public sector banks. *Journal of Public Affairs*, 21(3), Article e2512. https://doi.org/10.1002/pa.2512
- Abdallah, A.B., Dahiyat, S.E., & Matsui, Y. (2018). Lean management and innovation performance: Evidence from international manufacturing companies. *Management Research Review*, 42(2), 239–262. https://doi.org/10.1108/MRR-10-2017-0363
- Adusei, C., & Tweneboah-Koduah, I. (2019). After-sales service and customer satisfaction in the automobile industry in an emerging economy. *Open Access Library Journal*, 6(1), 1–21. https://doi.org/10.4236/oalib.1105167
- Al-Ajlouni, M.I. (2020). Can high-performance work systems (HPWS) promote organisational innovation? Employee perspective-taking, engagement and creativity in a moderated mediation model. *Employee Relations: The International Journal*, 43(2), 373–397. https://doi.org/10.1108/ER-09-2019-0369

- Andersen, M.K., & Ankerstjerne, P. (2014). Service Management 3.0 the next generation of service [White Paper], ISS World Service.
- Anderson, J.C., & Gerbing, D.W. (1988). Structural equation modeling in practice: A review and recommended two-step approach. *Psychological Bulletin*, 103(3), 411–423.
- Appelbaum, E., Bailey, T., Berg, P., Kalleberg, A.L., & Bailey, T.A. (2000). *Manufacturing advantage: Why high-performance work systems pay off.* Cornell University Press.
- Arefin, M.S., Alam, M.S., Islam, M.R., & Rahaman, M. (2019). High-performance work systems and job engagement: The mediating role of psychological empowerment. *Cogent Business & Management*, 6(1), 1–17. https://doi.org/10.1080/23311975.2019.1664204
- Aryee, S., Walumbwa, F.O., Seidu, E.Y., & Otaye, L.E. (2012). Impact of high-performance work systems on individual- and branch-level performance: Test of a multilevel model of intermediate linkages. *Journal of Applied Psychology*, 97(2), 287–300. https://doi.org/10.1037/a0025739
- ASEAN Automotive Federation. (2019). ASEAN Automotive Federation Statistics 2019. http://www.asean-autofed.com/files/AAF_Statistics_2019.pdf
- Bailey, T. (1993). Discretionary effort and the organization of work: Employment participation and work reform since Hawthorne. Columbia University Press.
- Batt, R. (2002). Managing customer services: Human resource practices, quit rates and sales growth. *Academy of Management Journal*, 45(3), 587–597. https://doi.org/10.5465/3069383
- Becker, B., Huselid, M.A., Pickus, P.S., & Spratt, M.F. (1997). HR as a source of shareholder value: Research and recommendations. *Human Resource Management*, 36(1), 39–47.
- Bonias, D., Bartram, T., Leggat, S.G., & Stanton, P. (2010). Does psychological empowerment mediate the relationship between high performance work systems and patient care quality in hospitals? *Asia Pacific Journal of Human Resources*, 48(3), 319–337. https://doi.org/10.1177/1038411110381667
- Boxall, P. (2012). High-performance work systems: What, why, how and for whom? *Asia Pacific Journal of Human Resources*, 50(2), 169–186. https://doi.org/10.1111/j.1744-7941.2011.00012.x
- Chand, M. (2010). The impact of HRM practices on service quality, customer satisfaction and performance in the Indian hotel industry. *The International Journal of Human Resource Management*, 21(4), 551–566. https://doi.org/10.1080/09585191003612059
- Chen, G., & Klimoski, R.J. (2003). The impact of expectations on newcomer performance in teams as mediated by work characteristics, social exchanges, and empowerment. *Academy of Management Journal*, 46(5), 591–607. https://doi.org/10.5465/30040651
- Conteh, S.B., & Yuan, Y. (2021). The impact of high performance work system on employee service performance: The role of organizational support and organizational identification. *International Journal of Productivity and*

- *Performance Management*, Advance online publication. https://doi.org/10.1108/IJPPM-08-2020-0439
- Dayarathna, N.W. (2018). High performance work systems in the service sector: A literature review. *Sri Lankan Journal of Human Resource Management, 8*(1), 52–59. https://doi.org/10.4038/sljhrm.v8i1.5641
- Deci, E.L., Olafsen, A.H., & Ryan, R.M. (2017). Self-determination theory in work organizations: The state of a science. *Annual Review of Organizational Psychology and Organizational Behavior*, 4, 19–43. https://doi.org/10.1146/annurev-orgpsych-032516-113108
- Edgar, F., Zhang, J.A., & Blaker, N.M. (2020). The HPWS and AMO: A dynamic study of system- and individual-level effects. *International Journal of Manpower*, 42(5), 794–809. https://doi.org/10.1108/IJM-12-2019-0541
- Eisenberger, R., Cummings, J., Armeli, S., & Lynch, P. (1997). Perceived organizational support, discretionary treatment, and job satisfaction. *Journal of Applied Psychology*, 82(5), 812–820. https://doi.org/10.1037/0021-9010.82.5.812
- Eisenberger, R., Malone, G.P., & Presson, W.D. (2016). *Optimizing perceived organizational support to enhance employee engagement*. Society for Human Resource Management and Society for Industrial and Organizational Psychology.
- Ergeneli, A., Arı, G.S., & Metin, S. (2007). Psychological empowerment and its relationship to trust in immediate managers. *Journal of Business Research*, 60(1), 41–49. https://doi.org/10.1016/j.jbusres.2006.09.012
- Fornell, C., & Larcker, D.F. (1981). Evaluating Structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, *18*(1), 39–50. https://doi.org/10.1177%2F002224378101800104
- Fu, N., Bosak, J., Flood, P.C., & Ma, Q. (2019). Chinese and Irish professional service firms compared: Linking HPWS, organizational coordination, and firm performance. *Journal of Business Research*, 95, 266–276. https://doi.org/10.1016/j.jbusres.2018.08.021
- Guerrero, S., Chênevert, D., Vandenberghe, C., Tremblay, M., & Ayed, A.K. (2018). Employees' psychological empowerment and performance: How customer feedback substitutes for leadership. *Journal of Services Marketing*, 32(7), 868–879. https://doi.org/10.1108/jsm-09-2017-0325
- Gulza, S., Moon, M.A., Attiq, S., & Azam, R.I. (2014). The darker side of high performance work systems: Examining employee psychological outcomes and counterproductive work behavior. *Pakistan Journal of Commerce and Social Sciences*, 8(3), 715–732.
- Hair, J.F., Sarstedt, M., Ringle, C.M., & Gudergan, S.P. (2017). Advanced issues in partial least squares structural equation modeling. Sage Publications.
- Hanaysha, J. (2016). Testing the effect of service quality on brand equity of automotive industry: Empirical insights from Malaysia. *Global Business Review*, 17(5), 1060–1072. https://doi.org/10.1177%2F0972150916656656

- Hassan, R., Johar, E.R., & Nor, N.M. (2020). Managing the obligation to stay through employee involvement, recognition and AMO model: A study among millennial employees. *Asian Journal of Business and Accounting*, 13(2), 93–124. https://doi.org/10.22452/ajba.vol13no2.4
- Hewagama, G., Boxall, P., Cheung, G., & Hutchison, A. (2019). Service recovery through empowerment? HRM, employee performance and job satisfaction in hotels. *International Journal of Hospitality Management*, 81, 73–82. https://doi.org/10.1016/j.ijhm.2019.03.006
- Huang, L.-C., Ahlstrom, D., Lee, A. Y.-P., Chen, S.-Y., & Hsieh, M.-J. (2016). High performance work systems, employee well-being, and job involvement: An empirical study. *Personnel Review*, 45(2), 296–314. https://doi.org/10.1108/PR-09-2014-0201
- Hyun, K.K., & Yoan, R.S. (2018). Variations in the Asian collectivistic working culture in intercultural collaboration: A case of a South Korean company in Malaysia. *Pertanika Journal of Social Sciences & Humanities*, 26(3), 1633–1650.
- Jo, H., Aryee, S., Hsiung, H.-H., & Guest, D. (2019). Fostering mutual gains: Explaining the influence of high-performance work systems and leadership on psychological health and service performance. *Human Resource Management Journal*, 30(2), 1–28. https://doi.org/10.1111/1748-8583.12256
- Jung, Y., & Takeuchi, N. (2019). Testing mediation effects of social and economic exchange in linking organizational training investment to employee outcomes. *Personnel Review*, 48(2), 306–323, https://doi.org/10.1108/PR-06-2017-0174
- Jyoti, J., & Dev, M. (2016). Perceived high-performance work system and employee performance: Role of self-efficacy and learning orientation. *Meta-morphosis*, 15(2), 115–133. https://doi.org/10.1177%2F0972622516688392
- Jyoti, J., & Rani, A. (2019). Role of burnout and mentoring between high performance work system and intention to leave: Moderated mediation model. *Journal of Business Research*, *98*, 166–176. https://doi.org/10.1016/j. jbusres.2018.12.068
- Kaiser, H.F. (1974). An index of factorial simplicity. *Psychometrika*, 39, 31–36.
- Kamberg, M.L. (2015). *Working as a mechanic in your community*. The Rosen Publishing Group, Inc.
- Katou, A., & Budhwar, P. (2014). HRM and firm performance. In J. Crawsbaw, P Budhwar, & A. Devis (Eds.), *Human resources management, strategic and international perspectives* (pp. 26–48). Sage.
- Kloutsiniotis, P.V., & Mihail, D.M. (2020). The effects of high performance work systems in employees' service-oriented OCB. *International Journal of Hospitality Management*, 90, Article 102610. https://doi.org/10.1016/j.ijhm. 2020.102610
- Krejcie, R.V., & Morgan, D.W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement*, 30(3), 607–610. https://doi.org/10.1177%2F001316447003000308

- Kurtessis, J.N., Eisenberger, R., Ford, M.T., Buffardi, L.C., Stewart, K.A., & Adis, C.S. (2015). Perceived organizational support: A meta-analytic evaluation of organizational support theory. *Journal of Management*, 43(6), 1854–1884. https://doi.org/10.1177/0149206315575554
- Lee, C.H., & Bruvold, N.T. (2003). Creating value for employees: Investment in employee development. *The International Journal of Human Resource Management* 14(6), 981–1000. https://doi.org/10.1080/0958519032000106173
- Lee, I.-C., Lu, J.-f. R., Fu, C.-W., & Teng, C.-I. (2017). Why can some service employees provide service of a consistently high quality while others cannot? *Service Science* 9(2), 167–180. https://doi.org/10.1287/serv.2016. 0171
- Lee, S.M., Lee, D., & Kang, C.-Y. (2012). The impact of high-performance work systems in the health-care industry: employee reactions, service quality, customer satisfaction, and customer loyalty. *The Service Industries Journal*, 32(1), https://doi.org/10.1080/02642069.2010.545397
- Leggat, S.G., Bartram, T., Casimir, G., & Stanton, P. (2010). Nurse perceptions of the quality of patient care: Confirming the importance of empowerment and job satisfaction. *Health Care Management Review*, 35(4), 355–364. https://doi.org/10.1097/HMR.0b013e3181e4ec55
- Li, C., Naz, S., Khan, M.A., Kusi, B., & Murad, M. (2019). An empirical investigation on the relationship between a high-performance work system and employee performance: Measuring a mediation model through partial least squares-structural equation modeling. *Psychology Research and Behavior Management*, 12, 397–416. https://doi.org/10.2147/PRBM.S195533
- Liao, H., Toya, K., & Hong, D.P. (2009). Do they see eye to eye? Management and employee perspectives of high-performance work systems and influence processes on service quality. *Journal of Applied Psychology*, 94(2), 371–391. https://doi.org/10.1037/a0013504
- Liden, R.C., Wayne, S.J., & Sparrowe, R.T. (2000). An examination of the mediating role of psychological empowerment on the relations between the job, interpersonal relationships, and work outcomes. *Journal of Applied Psychology 85*(3), 407–416. https://psycnet.apa.org/doi/10.1037/0021-9010. 85.3.407
- Liu, F., Chow, I.H.-S., Gong, Y., & Wang, H. (2016). Mediating links between HRM bundle and individual innovative behavior. *Journal of Management & Organization*, 25(1), 1–16, https://doi.org/10.1017/jmo.2016.47
- Mangundjaya, W.L. (2019, Nopvember, 6-7). Psychological empowerment as mediator on perceptions of organizational environment with commitment to change [Conference presentation]. International Conference on Ethics of Business, Economics, and Social Science.
- Mariappanadar, S., & Kramar, R. (2014). Sustainable HRM: The synthesis effect of high performance work systems on organisational performance and employee harm. *Asia-Pacific Journal of Business Administration*, *6*(3), 206–224 https://doi.org/10.1108/APJBA-03-2014-0039

- Marin-Garcia, J.A., & Bonavia, T. (2021). Empowerment and employee well-being: A mediation analysis study. *International Journal of Environmental Research and Public Health*, 18(11), Article 5822. https://doi.org/10.3390/ijerph18115822
- Menguc, B., Auh, S., Fisher, M., & Haddad, A. (2013). To be engaged or not to be engaged: The antecedents and consequences of service employee engagement. *Journal of Business Research*, 66(11), 2163–2170. https://doi.org/10.1016/j.jbusres.2012.01.007
- Miao, R., & Cao, Y. (2019). High-performance work system, work well-being, and employee creativity: Cross-level moderating role of transformational leadership. *International Journal of Environmental Research and Public Health*, 16(9), Article 1640. https://doi.org/10.3390/ijerph16091640
- Ministry of International Trade and Industry. (2020). National Automotive Policy.
- Mujtaba, M., Jamal, S., Qureshi, J.A., & Shaikh, Y. (2018). Human capital is a competitive advantage of businesses: Analysis of automobile firms of Pakistan. *Asian Themes in Social Sciences Research*, 2(1), 16–22. https://doi.org/10.33094/journal.139.2018.21.16.22
- Nadeem, K., Riaz, A., Iftikhar, Y., Ahmad, M.B., & Shamshad, W. (2019). Influence of high-performance work system on employee service performance and OCB: The mediating role of psycap. *International Economics and Business*, 5(2), 1–21. https://doi.org/10.5296/ieb.v5i2.15009
- Noor Hassanah, H., & Alesia, G.S. (2017). High performance work systems and employee job performance: Evidence from banking sector in Malaysia. *Journal of Global Business and Social Entrepreneurship*, 1(3), 62–74.
- Obeidat, S.M., Mitchell, R., & Bray, M. (2016). The link between high performance work practices and organizational performance: Empirically validating the conceptualization of HPWP according to the AMO Model. *Employee Relations*, 38(4), 578–595. https://doi.org/10.1108/ER-08-2015-0163
- Park, J.H., Newman, A., Zhang, L., Wu, C., & Hooke, A. (2015). Mentoring functions and turnover intention: The mediating role of perceived organizational support. *The International Journal of Human Resource Management*, 27(11), 1173–1191. http://dx.doi.org/10.1080/09585192.2015.1062038.
- Preacher, K.J., & Hayes, A.F. (2004). SPSS and SAS procedures for estimating indirect effects in simple mediation models. *Behavior Research Methods, Instruments, & Computers, 36,* 717–731. https://doi.org/10.3758/BF03206553
- Rani, R., Rahman, N., & Yusak, N. (2021). The relationship between high performance work system (HPWS), psychological empowerment (PE) and service employees' performance (SEP): Evidence from automotive retail industry. *Management Science Letters*, 11(6), 1913–1918. https://doi.org/10.5267/j.msl.2021.1.011
- Saidin, Z.H., Mokhtar, S.S., Saad, R., & Yusoff, R.Z. (2015). Automotive aftersales service quality and relationship quality in Malaysian national car makers. *International Academic Research Journal of Business and Technology*, 1(2), 71–78.

- Sanders, K., Shipton, H., & Gomes, J.F. (2014). Guest editors' introduction: Is the HRM process important? Past, current and future challenges. *Human Resource Management*, 53(4), 489–503. https://doi.org/10.1002/hrm.21644
- Shirazi, A., & Shakoori, N. (2017). The impact of high performance work systems on quality patient care: Mediating role of psychological empowerment. *Quarterly Journal of Nursing Management*, 6(2), 41–50. https://doi.org/10.29252/ijnv.6.2.41
- Sobel, M. (1982). Asymptotic confidence intervals for indirect effects in structural equation models. *Sociological Methodology*, 13, 290–321. https://doi.org/10.2307/270723
- Spreitzer, G.M. (1995). Psychological empowerment in the workplace: Dimensions, measurement and validation. *Academy of Management Journal*, 38(5), 1442–1465. https://doi.org/10.5465/256865
- Takeuchi, R., Chen, G., & Lepak, D.P. (2009). Through the looking of a social system: Cross-level effects of high performance work systems on employees' attitudes. *Personnel Psychology* 62(1), 1–29. https://doi.org/10.1111/j.1744-6570.2008.01127.x
- Tsui, A.S., Pearce, J.L., Porter, L.W., & Tripoli, A.M. (1997). Alternative approaches to the employee-organization relationship: Does investment in employees pay off? *The Academy of Management Journal*, 40(5), 1089–1121. https://doi.org/10.5465/256928
- Viswesvaran, C., & Ones, D.S. (2000). Perspectives on model of job performance. *International Journal of Selection and Assessment, 8*(4), 216–226. https://doi.org/10.1111/1468-2389.00151
- Voss, C.A., Roth, A.V., Rosenzweig, E.D., Blackmon, K., & Chase, R.B. (2004). A tale of two countries' conservatism, service quality, and feedback on customer satisfaction. *Journal of Service Research*, 6(3), 212–230. https://doi.org/10.1177%2F1094670503260120
- Wahid, I.S., & Hyams-Ssekasi, D. (2018). Impact of HPWS on employees' performance within the Bangladeshi telecom sector. *Journal of Global Business Advancement*, 11(4), 516–543.
- Wang, P., Walumbwa, F.O., Wang, H., & Aryee, S. (2013). Unraveling the relationship between family-supportive supervisor and employee performance. *Group & Organization Management*, 38(2), 258–287. https://doi.org/10.1177%2F1059601112472726
- Wang, Z., & Xu, H. (2017). How and when service-oriented high-performance work systems foster employee service performance: A test of mediating and moderating processes. *Employee Relations*, 39(4), 523–540. https://doi.org/10.1108/ER-07-2016-0140
- Yahya, K.K., Mansor, F., & Warokka, A. (2012). An empirical study on the influence of perceived organizational support on academic expatriates' organizational commitment. *The Journal of Organizational Management Studies*, 2012, 1–14. https://doi.org/10.5171/2012.565439

- Ye, J., & King, J. (2016). Managing the downside effect of a productivity orientation. *Journal of Services Marketing*, 30(2), 238–254. https://doi.org/10.1108/JSM-10-2014-0351
- Zacharatos, A., Barling, J., & Iverson, R.D. (2005). High-performance work systems and occupational safety. *Journal of Applied Psychology*, 90(1), 77–93. https://doi.org/10.1037/0021-9010.90.1.77
- Zainudin, A. (2015). SEM made simple: A gentle approach to learning structural equation modeling. MPWS Publisher.