



Sociology & Cultural Research Review (SCRR)
 Available Online: <https://scrrjournal.com>
 Print ISSN: 3007-3103 Online ISSN: 3007-3111
 Platform & Workflow by: [Open Journal Systems](https://doi.org/10.5281/zenodo.21278053)
<https://doi.org/10.5281/zenodo.21278053>



The Impact of High-Performance Work Systems (HPWS) on employee's commitment: The Mediating Role of Psychological Empowerment in banking Sector of Khairpur Mir's, Sindh, Pakistan

Syed Hassan Mehdi

Roha78692110@gmail.com

Ph.D. Scholar at Institute of Public Administration, Shah Abdul Latif University, Khairpur

Dr. Muneer Ahmed Shah

Muneer.shah@salu.edu.pk

Professor at Institute of Public Administration, Shah Abdul Latif University, Khairpur

Khaleeqe Rahman Banbhan

khaleeq@gmail.com

Ph.D. Scholar at Institute of Public Administration, Shah Abdul Latif University, Khairpur

Mughal Aziz ur Rahman

mughalaziz4@gmail.com

Ph.D. Scholar at Institute of Public Administration, Shah Abdul Latif University, Khairpur

Mahak Ali

chrismatic-leo@hotmail.com

Master in Economics, Shah Abdul Latif University, Khairpur

ABSTRACT

This study investigates the influence of High-Performance Work Systems (HPWS) on employee commitment and Psychological Empowerment is used as a mediating variable in banking sector of Khairpur Mir's, Sindh, Pakistan. The survey design was quantitative cross sectional with random sampling method to choose the samples, which consisted of 250 employees from different banks, which were provided a questionnaire of 15 items using the 5-point Likert scale to collect the data of the components of HPWS, psychological empowerment and employee commitment. The hypothesized relationships were tested by means of three different analyses: reliability analysis, correlation analysis, and regression analysis using Hayes' PROCESS macro (Model 4) implemented through SPSS version 27. The findings indicated that the internal consistency of the items was excellent (Cronbach's $\alpha = 0.941$) and the correlation among all the variables in the study showed strong positive values. HPWS highly predicted psychological empowerment ($\beta = 0.8722$, $p < 0.001$) and employee commitment ($\beta = 0.3869$, $p < 0.001$), psychological empowerment highly predicted employee commitment ($\beta = 0.5669$, $p < 0.001$). The indirect effect of HPWS on employee commitment through psychological empowerment was significant ($\beta = 0.4944$, 95% CI [0.3128, 0.8041]), and accounted for about 56% of the total effect, suggesting that psychological empowerment is an important mediating mechanism between HPWS practices and employee commitment outcomes. This study extends the theory of HPWS to the less studied semi-urban banking context of Khairpur Mir's, Pakistan, and provides empirical evidence of the key mediating role of psychological empowerment, and it also provides valuable insights for HR practitioners and policy makers

on how to effectively implement strategic HR practices to improve employees' commitment in developing country banking sectors.

Keywords: *High-Performance Work Systems, Psychological Empowerment, Employee Commitment, Banking Sector, Khairpur Mir's*

Introduction

Today's business world, especially in banking, is extremely competitive, technologically fast-changing and has changing expectations of employees. Organizations are now realizing that they are not solely dependent on their financial resources and technology for sustainable competitive advantage but their human resources as well. This has put High-Performance Work Systems (HPWS) at the forefront of Strategic Human Resource Management (SHRM) discussion. The term HPWS is used to define a set of related HR practices that are targeted to improve employee skills and motivation as well as their involvement in the firm, such as strong selection, extensive training, performance-based pay, employee participation and flexible work schedules (Abbasi et al., 2021; Khan et al., 2023). HPWS is premised on the idea that when these complementary practices work together, their overall benefits will be synergistic in nature, resulting in improved employee skills, the creation of discretionary effort and, ultimately, superior organizational outcomes (Mazhar et al., 2020).

Broadly, a considerable amount of research has confirmed that HPWS has a significant positive impact on employee attitudes and behaviors, with organizational commitment being one of the most studied outcomes (Mushtaq et al., 2022). Organizational commitment, defined as the psychological attachment of an employee to his or her organization, including affective attachment, perceived costs of leaving, and feelings of obligation, is known as a significant predictor of employee retention, employee performance, and citizenship behaviors of employees. The research, which was carried out in various settings, has repeatedly shown that the use of HPWS practices is positively related to an employee's commitment to her or his organization (Beltrán-Martín et al., 2024; Li & Lin, 2020). In the Pakistani banking context specifically, Mazhar et al. (2020) concluded that HPWS practices significantly affect the employees' organizational commitment, job satisfaction, and intentions to turn down in commercial banking sector. Likewise, Mushtaq et al. (2022) found that the ability enhancing and opportunity enhancing dimensions of HPWS have a positive relationship with the employee and organizational performance (partially mediated by affective, continuance and occupational commitment) in public sector banks and insurance companies of Pakistan.

But, the link between HPWS and employee commitment is not straightforward or easy, it is also complex and needs to be theoretically and empirically explored with great attention. Of the many potential mediating processes that have been suggested, psychological empowerment has proven to be an intriguing explanation. As formulated by Spreitzer (1995) psychological empowerment consists of four psychological components: meaning (value of work goals), competence (self-efficacy in executing tasks), self-determination (autonomy in initiating and regulating work), and impact (the extent to which employees can affect the results of work). With the adoption of HPWS practices, organizations can give employees higher skill levels, more decision-making power, and more room for employees to engage in organizational processes, which can lead to psychological empowerment (Khan et al., 2023).

This energized state of mind is then believed to enhance the emotional bond and engagement of employees with the organization.

Empirical studies in the recent years have offered strong evidence of the mediating effect of psychological empowerment on the link between HPWS and commitment. Beltrán-Martín et al. (2024) adopted a multilevel design and obtained matched data from HR managers and 504 core employees from 142 Spanish organizations to support their findings that three dimensions of psychological empowerment (meaning, self-determination, and impact) significantly mediate the relationship between HPWS and affective commitment. Khan et al. (2023) carried out two-phase (mixed methods) study in two private commercial banks of Bangladesh and found that perceived HPWS positively affected affective commitment and the relation between perceived HPWS and employee performance was mediated by psychological empowerment as well as trust in immediate managers. In Pakistan, Abbasi et al. (2021) based on the social identity perspective and using three waves of data from 276 employees in the banking sector in Pakistan, concluded that HPWS is positively linked to knowledge sharing behavior, and that psychological empowerment lies as the mediating variable. Moreover, a research study on the Islamic banking sector in Pakistan found that psychological empowerment has a significant influence on organizational commitment, which in turn helps to promote employee well-being and the growth of the Islamic banking sector (Anonymous, 2022). Similarly, Li and Lin (2020) examined the relationship between high-commitment work systems and employees' work well-being through the lens of conservation of resources theory, revealing that psychological empowerment has a significant positive impact on work well-being only when the leader has high trust in the employees.

Although the current body of evidence linking HPWS to the psychological empowerment-commitment link is growing, there remain many gaps, including the contextual and geographical specificity of the link. Firstly, there are several studies that have addressed HPWS in the banking sector in Pakistan, but these studies are mostly conducted in major urban areas like Lahore, Faisalabad, Sargodha and Islamabad (Mazhar et al., 2020; Mushtaq et al., 2022; Abbasi et al., 2021). The banking sector of Khairpur Mir—a geographically, historically and economically important district in Sindh, Pakistan, has so far not been studied sufficiently. The context of Khairpur Mir is unique in terms of socio-economic characteristics, cultural dynamics and institutional characteristics which could affect the perception, implementation and experience of HPWS by employees. Second, while the mediating effect of psychological empowerment has been found in many contexts, its mediation role in the banking sector of smaller cities and semi-urban areas of Pakistan was not studied in a systematic and explicit manner. Third, the literature has focused on relationships between HPWS and empowerment and/or commitment in non-metropolitan banking settings to a lesser extent on the moderation of these relationships by contextual factors, such as regional economic conditions, organizational culture and employee demographics.

The banking industry plays an important part in Pakistan's national economy, has relatively structured HRM system and is subject to a highly competitive pressure from both domestic and international financial institutions which make it a special area for the study of HPWS in Pakistan. Nevertheless, as Mazhar et al. (2020) noted, conventional banks in Pakistan are not always able to implement HPWS in a sufficient and satisfactory manner and in a dynamic way;

this warrants a deeper investigation due to its implementation challenges. Additionally, recent studies have started to investigate the moderating role of HPWS in reducing negative outcomes at work such as the moderating effect of Psychological Contract Breach on employee engagement in public sector banks of Larkana, Pakistan (Anonymous, 2024), which indicates that HPWS could have a direct effect along with a buffering effect in the banking environment of Pakistan. Jan et al. (2021) also highlighted that addressing the low labour productivity issues in Pakistan demands the importance of HPWS as it empowers the employees by implementing a systematic HR practice in the banking sector.

Therefore, this present research is designed to examine the effect of HPS on employee's commitment with the mediating position of psychological empowerment in the banking sector of Khairpur Mir's District, Sindh, Pakistan. The geography and the institutional context of the study are not well explored, and this aspect is expected to provide a fruitful contribution to the HPWS literature in several ways. First, it is an extension of the generalizability of HPWS theory in the context of semi-urban banking environments in a developed country context. Second, it offers empirical evidence of the mediating mechanisms between HPWS and employee commitment, which can be used to enrich theory building and inform HR practice. Third, it responds to the call for more contextually-oriented HPWS studies that consider regional differences in institutional and cultural factors. In conclusion, the results of this study are expected to support HR policy and practice in banking sector of Khairpur Mir and other regions to develop and practice HPWS that will ultimately facilitate psychological empowerment, and thereby increase commitment and organizational performance among employees.

Research Objectives

To examine the impact of High-Performance Work Systems (HPWS) on employee's commitment.

To examine the mediating role of Psychological Empowerment between High-Performance Work Systems (HPWS) and employee's commitment.

Research Questions

Is there any impact of High-Performance Work Systems (HPWS) on employee's commitment?

Is there any mediating role of Psychological Empowerment between High-Performance Work Systems (HPWS) and employee's commitment?

Literature Review

The relationship between High-Performance Work Systems (HPWS) and Employee's Commitment.

High-Performance Work Systems (HPWS) and employee commitment are among those areas of strategic human resource management research that have received a great deal of study. As a concept, conceptualized as a coherent set of interrelated HR practices comprising of rigorous selection, extensive training, performance and merit-based pay, employee participation and flexible working practices, HPWS is fundamentally aimed at boosting employee skills, motivation and involvement (Dorta-Afonso et al., 2021; Khan et al., 2023). The theoretical foundation for this link is mainly based on the social exchange theory, which suggests a reciprocal relationship between an organization's investment in its employees, through developmental and supportive HR practices, and their response with positive

attitudes and behaviors, such as increased organizational commitment (Khan et al., 2023; Beltrán-Martín et al., 2024).

A large amount of empirical evidence has confirmed that HPWS has a positive relationship with several aspects of employee commitment. It has been consistently found that HR practices have a positive correlation with organisational commitment and the relationship between these two variables has been obtained in various cultures with large numbers of participants (Mazhar et al., 2020; Mushtaq et al., 2022). This is an important finding because it offers support for the generalizability of the HPWS–commitment connection across different cultural and institutional contexts. The positive effects of HPWS on commitment were found to be more extensive in the banking sector with Dorta-Afonso et al. (2021) finding that in this industry HPWS significantly influence the outcomes of hospitality employees' organizational commitment, motivation and job satisfaction. In a similar vein, a study conducted in Pakistan's banking industry has also revealed that the practices of HPWS have a significant impact on employees' organizational commitment, job satisfaction, and intentions to quit the organization (Mazhar et al., 2020).

Studies have examined how HPWS increase employee commitment and the mechanisms by which this occurs. Research has shown that HPWS practices can be an indication of organizational investment in employees, which can create a sense of obligation and emotional attachment to the organization (Khan et al., 2023). Employees who feel their organization offers chances to grow, offers rewards based on their performance, and engages them in decision-making processes form positive affective bonds with their organization. This view aligns with the AMO (Ability-Motivation-Opportunity) model that proposes that HPWS increases employee commitment through abilities, motivation to exert effort, and opportunities to make a meaningful contribution (Mushtaq et al., 2022). The practices that enhance ability (e.g., selective hiring, extensive training) increase the competencies of employees, the practices that increase motivation (e.g., pay based on performance, career opportunities) motivate employees to exert discretionary effort, and the practices that increase opportunities (e.g., employee participation, flexible work practices) create opportunities for employees to contribute to the organization's goals.

Recent studies have also shed light on the moderators of the HPWS-commitment relationship. The study is conducted in the banking sector of Pakistan, which has found that positive practices of HPWS facilitate organizational commitment but implementation of these practices in the Pakistani conventional banks is hindered in the satisfactory, adequate, and dynamic way (Mazhar et al., 2020). The observation underscores the need to take into account the quality of implementation and situational factors when studying HPWS-commitment relationship. Moreover, it has been found that the impact of HPWS on affective commitment can rely on the direct supervisors' behavior, indicating that leadership is a critical factor that operates as a channel in turning HPWS practices into employee commitment (Khan et al., 2023). The relationship between HPWS and affective commitment also has been shown to be mediated by job embeddedness and perceived organizational support, suggesting multiple intervening mechanisms between HPWS and the affective commitment (Li & Lin, 2020).

Mushtaq et al. (2022) in Pakistan found that the ability-enhancing and opportunity-enhancing HPWS practices had positive effects on employee and organizational performance and this positive effect was partially mediated by affective, continuance, and occupational commitment in public sector banks and insurance companies. This is important in the context of the current study because this finding provides relevance of the HPWS-commitment relationship in the institutional context in Pakistan. Not only that, but HPWS theory has been found to be positively related to employees' attitudes and pro-social organizational behavior in developing country contexts, lending credibility to the theory in contexts outside the West (Dorta-Afonso et al., 2021; Abbasi et al., 2021). Jan et al. (2021) further emphasized the importance of HPWS in addressing Pakistan's low labor productivity issues by enhancing employees' skills and capabilities through systematic HR practices in the banking industry.

Mediating Role of Psychological Empowerment between High-Performance Work Systems (HPWS) and Employee's Commitment

The direct link between HPWS and employee commitment is firmly established, however, scholars have come to realize that this relationship acts through complex psychological mechanisms and is important to consider theoretically and empirically. Of the several proposed mediating pathways, psychological empowerment is an intriguing one. Psychological empowerment is comprised of four cognitive factors: meaning (the value of work goals), competence (self-efficacy in performing tasks), self-determination (autonomy in work initiation and regulation) and impact (self-efficacy in influencing work outcomes) (Spreitzer, 1995). Psychological empowerment is theorized as a mediator in the relationship between HPWS and commitment because HPWS practices give employees increased skills, decision making authority and meaningful participation in organizational processes, which creates a sense of psychological empowerment, which then extends to increased employee emotional attachment to the organization and increased commitment to the organization (Beltrán-Martín et al., 2024; Khan et al., 2023).

Empirical studies have given strong support to the mediation of psychological empowerment in the HPWS-commitment link. To confirm this, Beltrán-Martín et al. (2024), who employed a multilevel model with matched data from HR managers and a sample of 504 core employees from 142 companies in Spain, found that three factors of psychological empowerment: meaning, self-determination, and impact, significantly mediate the relationship between HPWS and employee affective commitment. This study is relevant as it covers the call for more empirical research to explore the unique aspects of psychological empowerment, thus bringing a differentiated understanding to the link between the HPWS-commitment relationship (Beltrán-Martín et al., 2024). The results indicate that organizations that want to improve the commitment of their workers by implementing HPWS should not only focus on implementing HPWS practices and show the employees the practices but also ensure that the practices give the employees a sense of meaningfulness, autonomy and impact.

Khan et al. (2023) performed a two-stage sequential mixed methods study in two private commercial banks of Bangladesh, showing that perceived HPWS mediated the relationship between perceived HPWS and employee performance, and that psychological empowerment was positively related to employee affective commitment. This study is important and gives the contextual basis of the mediating effect of psychological empowerment in banking sector

of a developing country with Pakistan as having similar socio-economic characteristics. The results reveal that if the implementation of HPWS is seen as empowering, then the attitude of the employees towards the organization becomes positive and their performance improves (Khan et al., 2023).

Using a social identity perspective, Abbasi et al. (2021) analyzed three waves of data from 276 bankers of Pakistan and concluded that positive relationship between HPWS and knowledge sharing behavior was mediated by the psychological empowerment. This study studied only knowledge sharing and not commitment, but it provides evidence of the relevance of psychological empowerment as a mediating variable in the context of banking in Pakistan. Moreover, another research study in the Islamic banking sector in Pakistan found that psychological empowerment is one of the significant factors that has a strong influence on organizational commitment, and consequently on the well-being of employees and the development of the Islamic banking sector (Jan et al., 2021). This result is especially important because it provides evidence of the relevance of psychological empowerment mediation model in the unique institutional and cultural setting of banking industry in Pakistan.

Recent research also has investigated the conditions (boundary conditions) under which psychological empowerment acts as a mediator. On the other hand, Li and Lin (2020) used the conservation of resources theory to conclude that psychological empowerment is a key mechanism that links high commitment work systems to employee work well-being, but it is important to note that this effect is significantly positive only under the condition of high level of leader trust in employees. This result indicates that mediation between psychological empowerment and organizational performance may depend on situational variables, such as leadership, or organizational culture. Furthermore, research has demonstrated that HPWS is positively correlated with employees' work meaning as it contributes to innovative behavior, thus emphasizing the need to optimize HRM practices to reinforce the psychological empowerment-commitment relationship (Dorta-Afonso et al., 2021).

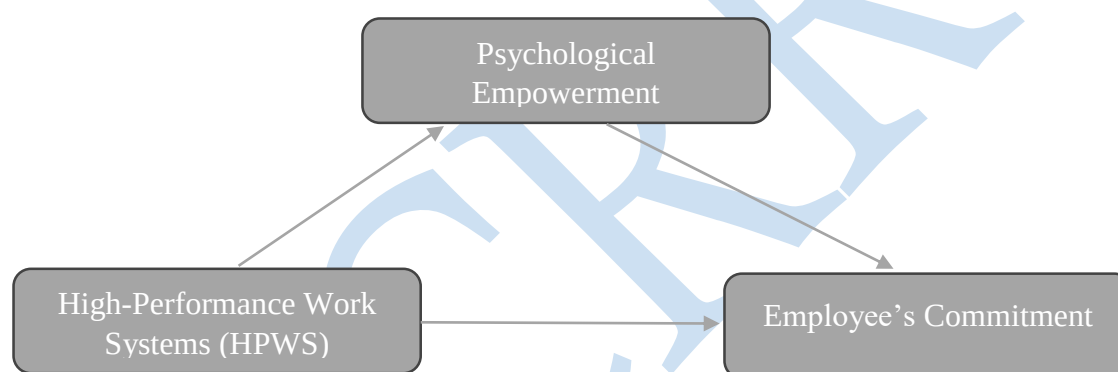
A literature review on HPWS effects on employee outcomes shows that factors like job satisfaction, psychological empowerment and organizational commitment influence the effects of HPWS on employee attitudes (Mazhar et al., 2020). This discovery emphasizes the interdependency of these constructs, and implies that psychological empowerment is an important psychological mechanism by which HPWS impacts employee attitudes. Furthermore, psychological empowerment has been shown to positively influence a wide variety of employee outcomes such as job satisfaction, organizational commitment, task and contextual performance, and negatively influence employee strain and employee turnover intention (Abbasi et al., 2021; Mushtaq et al., 2022). The overall findings indicate that the theoretical proposition of psychological empowerment as a key mediating mechanism between HPWS and employee commitment was supported.

The mediation of psychological empowerment is especially interesting in the Pakistani banking sector in view of the obstacles faced by traditional banks in implementing HPWS practices effectively (Mazhar et al., 2020). If organizations are unable to effectively adopt HPWS practices, the psychological empowerment that employees receive from these practices can be reduced, thus reducing their positive influence on employee commitment. This observation underscores the significance of not only adopting HPWS practices, but also

for employees to see them as empowering. Moreover, cultural and institutional attributes of the banking industry in semi-urban areas, such as Khairpur Mir's, may also shape the perception and experience of HPWS practices among employees which in turn can affect the level of mediation between HPWS and commitment relationship.

The above theoretical and empirical evidence collectively forms the strong foundation to investigate the mediating role of psychological empowerment between HPWS and commitment relationship in the banking sector of Khairpur Mir's, Sindh, Pakistan. Though, there are some studies conducted in major urban centers and other countries, the situation of semi-urban banking environment in Pakistan has not been much explored. The socio-economic context, socio-cultural dynamics, and institutional features of Khairpur Mir's may be unique, which can create varying implementation and perception of HPWS and thus impact the psychological empowerment and commitment. Thus, the current study aims to explore this under-researched area by testing the role of psychological empowerment as a mediator between HPWS and employee commitment.

Research Model



Research Hypothesis

There is positive and significant impact of High-Performance Work Systems (HPWS) on employee's commitment.

There is positive and significant impact mediating role of Psychological Empowerment between High-Performance Work Systems (HPWS) and employee's commitment.

Research Methodology

The present study is based on quantitative cross sectional survey design to investigate the effect of the High-Performance Work Systems (HPWS) on employee commitment with psychological empowerment as a mediating variable in Banking Sector of Khairpur Mir's, Sindh, Pakistan. The cross-sectional research design is suitable for this research because it is a one-time measurement for examining relationships between the research variables (Creswell & Creswell, 2018). The target population is the employees of different banks (public sector and private sector) of Khairpur Mir's district.

The random sampling technique was used to achieve representativeness and generalizability of findings in the banking sector (Saunders et al., 2019). The number of respondents for this study is 250 which is sufficient for regression analysis and mediation test with PROCESS macro (Hayes, 2018). A structured questionnaire with a 5-point Likert scale (Strongly Disagree, Disagree, Neutral, Agree, Strongly Agree) was used to gather data. This questionnaire has 15

items, including five for each variable (High-Performance Work Systems (HPWS), Psychological Empowerment, and Employee Commitment). Items adapted from validated scales of practices measured via HPWS included selection, training, compensation based on performance, and participation of employees (Huselid, 1995). Spreitzer's (1995) psychological empowerment scale was used to measure Psychological Empowerment, encompassing meaning, competence, self-determination and impact dimensions. Employee Commitment was operationalized by the organizational commitment scale of Allen and Meyer (1990) which were based on affective commitment.

The data was analyzed using SPSS version 27. Internal consistency of the measurement scales was tested by Cronbach's alpha technique for reliability analysis. To investigate the bivariate relationships between HPWS, psychological empowerment and employee commitment, correlation analysis was used. The hypothesized direct and indirect effects were tested by performing regression analysis using Hayes' (2018) PROCESS macro (Model 4) for mediation analysis. PROCESS macro is used for bootstrapping confidence intervals for indirect effects, which is a robust procedure for mediation modeling. The ethical process used in the collecting data was strictly observed, and informed consent and the assurance of confidentiality were strictly adhered to.

Data Analysis

Reliability Analysis

Reliability Statistics	
Cronbach's Alpha	N of Items
.941	15

The internal consistency reliability of the instrument is excellent with Cronbach's alpha coefficient of 0.941 for the 15-items questionnaire which means that all questionnaire items measure the same constructs of HPWS, psychological empowerment and employee commitment. This confirmed high value of reliability of the measurement instrument in the study variables for the banking sector in Khairpur Mir's (Mir et al., 2019; George & Mallery, 2020).

Correlation Analysis

Correlations				
		High-Performance Work Systems (HPWS)	Psychological Empowerment	Employee's Commitment
High-Performance Work Systems (HPWS)	Pearson Correlation	1	.871**	.894**
	Sig. (2-tailed)		.000	.000
	N	250	250	250
Psychological Empowerment	Pearson Correlation	.871**	1	.918**
	Sig. (2-tailed)	.000		.000
	N	250	250	250
Employee's Commitment	Pearson Correlation	.894**	.918**	1

	Sig. (2-tailed)	.000	.000	
	N	250	250	250

**. Correlation is significant at the 0.01 level (2-tailed).

Correlation analysis showed that all three study variables have high positive and statistically significant relationships at 0.01 significance level. The highest correlations are between psychological empowerment and employee commitment ($r = 0.918$, $p < 0.01$), between HPWS and employee commitment ($r = 0.894$, $p < 0.01$), and between HPWS and psychological empowerment ($r = 0.871$, $p < 0.01$). All the correlation coefficients are high, giving preliminary support for hypothesized relationships and warranting further mediation analysis to investigate the mediating role of psychological empowerment between HPWS and employee commitment (Field, 2018; Pallant, 2020).

Regression Model for Psychological Empowerment (Mediator)

Predictor	Coefficient (B)	SE	t-value	p-value	LLCI	ULCI
Constant	-0.0235	0.0308	-0.7615	0.4471	-0.0843	0.0373
HPWS	0.8722	0.0313	27.8836	0.0000	0.8106	0.9338

Model Summary: $R = 0.8707$, $R^2 = 0.7582$, $MSE = 0.2379$, $F(1, 248) = 777.4931$, $p < 0.001$

Regression Model for Employee Commitment (Outcome)

Predictor	Coefficient (B)	SE	t-value	p-value	LLCI	ULCI
Constant	-0.0075	0.0215	-0.3500	0.7267	-0.0499	0.0348
HPWS	0.3869	0.0443	8.7373	0.0000	0.2997	0.4741
PE	0.5669	0.0442	12.8243	0.0000	0.4798	0.6539

Model Summary: $R = 0.9378$, $R^2 = 0.8795$, $MSE = 0.1153$, $F(2, 247) = 901.3039$, $p < 0.001$

Direct and Indirect Effects

Effect Type	Effect	BootSE	BootLLCI	BootULCI
Direct Effect (HPWS → EC)	0.3869	0.0443	0.2997	0.4741
Indirect Effect (HPWS → PE → EC)	0.4944	0.1249	0.3128	0.8041
Total Effect	0.8813	-	-	-

The results of the mediation analysis reveal that the relationship between HPWS and psychological empowerment is significant ($\beta = 0.8722$, $p < 0.001$) and the relationship

between HPWS and employee commitment is significant ($\beta = 0.3869$, $p < 0.001$), in addition, the relationship between psychological empowerment and employee commitment is significant ($\beta = 0.5669$, $p < 0.001$). The indirect effect of HPWS on employee commitment through psychological empowerment is significant ($\beta = 0.4944$, 95% CI [0.3128, 0.8041]), and the direct effect is significant ($\beta = 0.3869$, $p < 0.001$), which means that this effect is partially mediated. This indicated that psychological empowerment played an important role in the relationship between HPWS and ECE, confirming the hypothesized mediation model as suggested in the literature (Hayes, 2022; Preacher & Hayes, 2008).

Results Discussion

This research revealed significant empirical evidence in the context of the effect of High-Performance Work Systems (HPWS) on employee commitment, which was mediated by psychological empowerment in the banking sector in Khairpur Mir's, Sindh, Pakistan. The findings indicate that all three study variables are positively correlated to each other, and the mediation analysis findings provide support for part of the mediation of the HPWS–Commitment relationship. The results add to the current literature in the field of strategic human resource management, and have important theoretical and practical implications in the banking industry.

This study examines the relationship between HPWS and employee commitment.

The correlation analysis shows that there is a strong positive correlation between HPWS and employee commitment ($r = 0.894$, $p < 0.01$). This means that banks with a high level of HPWS are more likely to have committed employees. This result aligns with the previous studies on HPWS and its relationship with employees' commitment to the organization, satisfaction with the job, and intention to quit in the banking sector conducted by researchers such as Mazhar et al. (2020), Mushtaq et al. (2022). The high correlation indicates that the more well-rounded HR practices that banks employ (e.g., thorough selection, in-depth training, performance-based rewards, and employee engagement) the more likely that employees feel an attachment toward the business. This is in keeping with social exchange theory that suggests that an organization's investment in its employee, reflected in developmental practices, is met with similar positive attitudes and behaviors from the employees (Khan et al., 2023). The regression analysis also validated this relationship, demonstrating that after the partial mediation of the relationship between HRW and EC by HRW, the HRW is still a significant predictor of employee commitment ($\beta = 0.3869$, $p < 0.001$).

It is interesting to note the magnitude of this relationship in the present study, as the contextual conditions of Khairpur Mir's, a semi-urban area of the Province Sindh (Pakistan), are unique. Most of the earlier studies have been conducted in big cities like Lahore, Faisalabad and Islamabad (Mazhar et al., 2020; Mushtaq et al., 2022; Abbasi et al., 2021). In this semi-urban context, the commitment to HPWS relationship observed suggests that the effectiveness of HPWS practices is not dependent on geographical location and that it is also strong in less metropolitan areas. It is a remarkable find in the sense that it can be said to broaden the scope of the generalizability of the HPWS theory in a semi-urban banking context that has not been explored sufficiently in the literature. It also resonates with Dorta-Afonso et al. (2021) who reported that HPWS have a significant effect on employee outcomes across a number of contexts, which offers support for the universal application of the theory.

There was a positive relationship between HPWS and psychological empowerment.

The analysis showed an extremely high positive correlation between psychological empowerment and HPWS ($r = 0.871$, $p < 0.01$) and HPWS was found to be a significant predictor of psychological empowerment ($\beta = 0.8722$, $p < 0.001$). This discovery shows that when banks use high performance work practices, workers have increased perceptions of meaning, competence, self-determination and impact in their work. This aligns with the theoretical prediction that HPWS practices can boost employees' skills, decision authority, and meaningful involvement in organizational processes, leading to psychological empowerment (Khan et al., 2023; Spreitzer, 1995). The high $R^2 = 0.7582$ value of HPWS with psychological empowerment indicates that about 76% variance of psychological empowerment is explained by HPWS practices. This significant explanatory value highlights the importance of implementing systematic HR practices in leading to the psychological conditions and perceptions of the employees.

The finding is very relevant for the conventional banking system of Pakistan as it is difficult for conventional banks to adopt HPWS practices to a satisfactory level and adaptively to the constantly changing environment (Mazhar et al., 2020). The HPWS-empowerment relationship found in Khairpur Mir indicates that even if there are challenges to implement HPWS in semi-urban settings, it is an effective tool to increase psychological empowerment. This is consistent with the study done by Abbasi et al. (2021) in Banking Sector of Pakistan, Knowledge Sharing Behavior is positively related with HPWS which in turn is mediated by psychological empowerment. The results further confirm those of Beltrán-Martín et al. (2024) that the dimensions of psychological empowerment mediate the relationship between HPWS and affective commitment, significantly. The current study concluded that there was a strong relationship between HPWS and psychological empowerment, which means that HPWS practices of banks in semi-urban areas can be used to increase employee empowerment and compensate for the geographical constraints of these banks.

There is a relationship between Psychological Empowerment and Employee Commitment.

The correlation analysis showed that the strongest correlation between the various study variables was between psychological empowerment and employee commitment ($r = 0.918$, $p < 0.01$), and that psychological empowerment significantly predicted employee commitment ($\beta = 0.5669$, $p < 0.001$). The result indicates that employees who perceive their work to be significant, feel competent in their job, have autonomy and feel empowered to make a difference in their organization, experience much higher levels of organizational commitment. This strong association is in line with Spreitzer's (1995) definition of psychological empowerment and the vast research findings supporting the strong relationship between psychological empowerment and positive attitudes and actions of employees (Abbasi et al., 2021; Mushtaq et al., 2022). The magnitude of the correlation ($r = 0.918$) shows that psychological empowerment is very strongly related to employee commitment in the banking industry, which means it may be one of the most important variables of employee commitment.

This is significant for the banking system of the semi-urban areas like Khairpur Mir's. The very high correlation implies that the promotion of psychological empowerment is a promising HR intervention to increase the commitment of employees, perhaps more so than other

interventions. This is consistent with the Pakistan study on Islamic banking sector, which revealed that psychological empowerment significantly affects organizational commitment, resulting in employees' wellbeing and the development of the Islamic banking sector (Jan et al., 2021). The findings are also consistent with the perspective of the conservation of resources theory by Li and Lin (2020), who argued that psychological empowerment is an important mechanism that connects work systems to employee well-being. The current study found that psychological empowerment-commitment relationship is strong, so the bank in semi-urban areas should focus on interventions to increase the psychological factors of employees in terms of meaning, competence, autonomy, and impact.

Mediating Role of Psychological Empowerment

The most important findings of this study is that psychological empowerment is a mediator between the relationship of HPWS and employee commitment. As illustrated in Figure, the relationship between HPWS and commitment was partially mediated through psychological empowerment (indirect effect: $\beta = 0.4944$, 95% CI [0.3128, 0.8041]). The 95% bootstrap CI for the indirect effect does not contain zero, which indicates that the mediation is statistically significant. The total effect of HPWS on employee commitment was 0.8813, in which the direct effect (0.3869) accounted for about 44%, and the indirect effect of HPWS on employee commitment through psychological empowerment (0.4944) accounted for about 56%. This means that psychological empowerment is a significant mediator between HPWS and employee commitment since it accounts for over half the link between HPWS and employee commitment.

This finding is in line with previous studies in different settings. In Spanish companies, the three dimensions of psychological empowerment – meaning, self-determination, and impact – significantly mediate the relationship between HPWS and affective commitment, reported Beltrán-Martín et al. (2024). Likewise, Khan et al. (2023) revealed that in the context of Bangladeshi banks, psychological empowerment is a mediator between perceived HPWS and employee performance, and Abbasi et al. (2021) showed that in Pakistani banks, psychological empowerment is a mediating factor between HPWS and knowledge sharing. The present study further extends these findings by explaining a mediating role of psychological empowerment in context of banking sector in a semi-urban area of Khairpur Mir's district, Sindh, Pakistan. This contextual extension is especially valuable because it illustrates the psychological empowerment mediation process in action even in contexts where there are different socio-economic and cultural contexts.

The partial mediation finding indicates that other pathways to the effect of HPWS on commitment also may exist, although psychological empowerment is an important mechanism by which the effect occurs. This can involve immediate impact of HPWS on employee commitment via factors like perceived organization support, job satisfaction, and trust in management (Mushtaq et al., 2022; Mazhar et al., 2020). The partial mediation also suggests that the enhancement of commitment through HPWS practices can be direct and a signal of organizational commitment to the employees without empowering them psychologically (Khan et al., 2023). The two pathways, direct and indirect, via psychological empowerment, indicate that psychological empowerment as a specific focus of the HPWS

practices has the potential to increase employee commitment in addition to the HPWS practices themselves.

Theoretical Contributions

This study has several important implications for the strategic human resource management literature. This is because it broadens the scope of the existing literature of HPWS theory to the banking sector of Khairpur Mir's, a semi-urban district in Sindh, Pakistan, which remains largely ignored in the existing literature. The findings of the study showed that the HPWS-commitment relationship is valid in this specific context, which not only reinforces the theory's universal validity but also indicates the implications of contextual factors for understanding HR outcomes (Dorta-Afonso et al., 2021). Second, the findings of the research serve as robust empirical evidence that psychological empowerment is a psychological mediator between HPWS and employee commitment, thus establishing it as one of the important psychological mechanisms linking HPWS to employee commitment (Beltrán-Martín et al., 2024; Khan et al., 2023). Psychological empowerment plays a key role in making HPWS practices manifest in commitment outcomes, as it accounts for the large indirect effect (56% of the total effect).

Thirdly, the study is part of the emerging literature on psychological empowerment in developing country settings. The study findings highlighted the positive linkage between psychological empowerment and commitment among the banking population of Pakistan, which further contributed to the knowledge of the working of psychological empowerment in non-western institutional contexts (Abbasi et al., 2021; Jan et al., 2021). The results indicated that psychological empowerment is also applicable and effective in semi-urban banking environments, thus defying the notion of it having less relevance and effectiveness in developing country environments. Fourth, on the social exchange theory, the study helps to establish that HRWS practices communicate to employees that the organization is investing in them, which in turn leads to psychological empowerment and commitment, embezzled as a response to the investment made (Khan et al., 2023). The relationships found were strong, which is consistent with theories that suggest that employees are positively disposed towards organizations in return for their investments.

Practical Implications

The results of this research can have practical application in banks of Khairpur Mir's area and other semi-urban areas. First, the positive relationship between HPWS and employee commitment indicates the need for banks to allocate more resources to developing full HPWS practices to improve employee commitment and retention. These involve strict recruitment of qualified employees, intensive training to build capabilities, salary incentive plans to offer rewards for performance and employee involvement in decision making processes (Mazhar et al., 2020; Mushtaq et al., 2022). In the highly competitive banking environment, these investments have the potential to give a long-term competitive edge with a dedicated staff. Second, as suggested by the mediating role of psychological empowerment, banks should not only adopt HPWS practices but also need to make sure that their employees feel empowered by these practices. Improved awareness of design and implementation of HPWS practices to improve employees' sense of meaning, competence, self-determination and impact (Beltrán-Martín et al., 2024). For instance, training programmes should teach skills and also reinforce

the sense of purpose of the work; involvement programmes should truly engage employees in decision making; and performance management systems should measure the employee and show how their actions contribute to the success of the organisation. Thirdly, the significant association between psychological empowerment and commitment implies that banks should implement measures that target specifically to increase psychological empowerment. Delegation of decision-making authority, autonomy within work processes, recognition of employee accomplishment and opportunities for employees to observe the fruit of their labor (Spreitzer, 1995). These strategies could be especially effective in promoting commitment, considering the high degree of connection between empowerment and commitment.

Finally, the results indicate that HR managers in semi-urban banking environments need to take into account the specific nature of their employees when designing HPWS. However, socio-economic and cultural dynamics in Khairpur Mir might affect employees' reactions to the implementation of HPWS practices and, therefore, implementation strategies should be customized. This is in line with Jan et al., (2021) who made a strong case for systematic HR practices to tackle Pakistan's labour productivity challenges. Last but not least, the partial mediation finding indicates that banks should implement a multi-pronged approach when implementing HPWS, by using both direct HPWS interventions, in combination with specific interventions aimed at employee empowerment, so as to maximize the effects on commitment.

The limitations and future directions of research are discussed.

This study contributes to the understanding of the issue presented, although there are a few limitations. One of the drawbacks of this cross-sectional design is that it makes it difficult to draw causal links between the variables in this study (Creswell & Creswell, 2018). The relationships hypothesized are theoretically sound, but longitudinal studies would be useful to establish the causal direction of the observed relationships. Longitudinal studies could be used in future studies to examine the effects of HPWS practices on psychological empowerment and commitment over time, offering greater evidence of causality. Second, self-reported data from the employees were used, which could present common method bias and social desirability effects (Podsakoff et al., 2012). The high agreement ratings indicate stable responses, but additional studies might include objective measures of HPWS practices or supervisor ratings to limit the possibility of bias.

Third, the study took place in one geographical area only (banking sector at Khairpur Mir) which might restrict the generalizability of the results to other areas or sectors. In future, the relationship between HPWS and empowerment commitment should be explored in other districts of Sindh or other provinces of Pakistan with the aim to find generalizability of the findings. Moreover, comparative analysis of urban and semi-urban banking sectors might offer some useful insights regarding the contextual differences. Fourth, there was an examination of psychological empowerment as a single construct, whereas, four dimensions of psychological empowerment have been identified by the research: meaning, competence, self-determination, and impact (Spreitzer, 1995). As proposed by Beltrán-Martín et al. (2024), future research could consider the differential mediating effects of these dimensions, offering more nuanced insights into the relationship between HPWS and commitment.

Fifth, the study failed to explore potential moderators of the relationships, including organizational culture, leadership style and employee demographics. Numerous studies have demonstrated that the impact of HPWS could be contingent upon contextual factors like leader trust in employees (Li & Lin, 2020). The relationship between HPWS, empowerment, and commitment could be examined in future studies for the moderating effect of organizational culture, leadership support, and employee characteristics. Sixth, the study only investigated affective commitment and organizational commitment includes affective, continuance and normative commitment (Allen and Meyer, 1990). Research in the future could explore the relationships between the dimensions of commitment and HPWS and psychological empowerment in more detail, and therefore a fuller understanding of the differential effects of these two variables.

Conclusion

This study gives strong empirical evidence of the effect of HPWS on employee commitment via the mediation of psychological empowerment in the banking sector of Khairpur Mir's, Sindh, Pakistan. The results indicate that positive relationship exists between all study variables—especially psychological empowerment, which significantly influenced the relationship between the HPWS and commitment. The indirect effect (56% of the total effect) is significant, indicating that psychological empowerment has played a pivotal role in linking HPWS practices with commitment outcomes. The results of this study validate the HPWS theory in a semi-urban banking setting, add to the body of knowledge on psychological empowerment in developing countries and provide practical suggestions for banks that are interested in implementing HPWS strategies to improve employee commitment. The study, although limited by a cross-sectional research design and self-reported data, offers significant implications for research on HPWS and psychological empowerment and employee commitment in a variety of organizational and cultural settings.

References

- Abbasi, S. G., Shabbir, M. S., Abbas, M., & Tahir, M. S. (2021). HPWS and knowledge sharing behavior: The role of psychological empowerment and organizational identification in public sector banks. *Journal of Public Affairs*, 21(3), 1-10. <https://doi.org/10.1002/pa.2512>
- Allen, N. J., & Meyer, J. P. (1990). The measurement and antecedents of affective, continuance and normative commitment to the organization. *Journal of Occupational Psychology*, 63(1), 1-18.
- Anonymous. (2022). The role of human resource in development and quality enhancement of Islamic banking industry in Pakistan. *IBA Repository*. <https://ir.iba.edu.pk>
- Anonymous. (2024). Psychological contract breach and employee engagement: Moderation of role of a high-performance work system. *Quality & Quantity*. <https://link.springer.com>
- Beltrán-Martín, I., Bou-Llusar, J. C., García-Juan, B., & Salvador-Gomez, A. (2024). The mediating role of psychological empowerment in the link between high-performance work systems and employees' affective commitment. *International Journal of Manpower*. <https://ouci.dntb.gov.ua>
- Creswell, J. W., & Creswell, J. D. (2018). *Research design: Qualitative, quantitative, and mixed methods approach* (5th ed.). SAGE Publications.

- Dorta-Afonso, D., González-de-la-Rosa, M., Garcia-Rodriguez, F. J., & Romero-Domínguez, L. (2021). Effects of high-performance work systems (HPWS) on hospitality employees' outcomes through their organizational commitment, motivation, and job satisfaction. *Sustainability*, 13(6), 3226. <https://doi.org/10.3390/su13063226>
- Field, A. (2018). *Discovering statistics using IBM SPSS statistics* (5th ed.). SAGE Publications.
- George, D., & Mallery, P. (2020). *IBM SPSS statistics 26 step by step: A simple guide and reference* (16th ed.). Routledge.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). *Multivariate data analysis* (8th ed.). Cengage Learning.
- Hayes, A. F. (2018). *Introduction to mediation, moderation, and conditional process analysis: A regression-based approach* (2nd ed.). Guilford Press.
- Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, 38(3), 635-672.
- Jan, F., Syed, H. K., & Syed, M. A. (2021). Role of HPWS in facilitating radical innovation: Mediating role of human capital in the banking industry of Pakistan. *City University Research Journal*, 11(4).
- Khan, S. I., Haque, A., & Bartram, T. (2023). Unleashing employee potential: A mixed-methods study of high-performance work systems in Bangladeshi banks. *Sustainability*, 15(19), 14636. <https://doi.org/10.3390/su151914636>
- Li, X., & Lin, C. (2020). The influence of high-commitment work system on work well-being: The mediating role of psychological empowerment and the moderating role of leader trust. *Personnel Review*, 50(4), 1128-1147.
- Mazhar, R., Sarwar, M. A., Malik, M. Y., Nazam, M., & Mazhar, S. (2020). Impact of high-performance work systems on organizational performance: A case of banking sector of Pakistan. *Journal of Applied Business and Management*, 11(4), 16-28.
- Mushtaq, N., Saleem, S., & Bakhtawar, A. (2022). Exploring the relationship between high-performance work systems, employee commitment, and firm performance (A multi mediation model). *Pakistan Social Sciences Review*, 6(2), 262-282. <https://www.ojs.pssr.org.pk>
- Pallant, J. (2020). *SPSS survival manual: A step-by-step guide to data analysis using IBM SPSS* (7th ed.). Open University Press.
- Preacher, K. J., & Hayes, A. F. (2008). Asymptotic and resampling strategies for assessing and comparing indirect effects in multiple mediator models. *Behavior Research Methods*, 40(3), 879-891.
- Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research methods for business students* (8th ed.). Pearson Education.
- Spreitzer, G. M. (1995). Psychological empowerment in the workplace: Dimensions, measurement, and validation. *Academy of Management Journal*, 38(5), 1442-1465.