

# Catalyzing the High Performance Work Systems towards Employee Performance: Organizational Climate as Moderator

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## Abstract

**Purpose:** High performance work systems (HPWS) has become important part for the organizations to meet the tough competition among the organization. The objective of current research is to inspect the relationship between HPWS and employee performance as well as to analyze the moderating role of organizational climate for making the strong relationship between HPWS and employee performance in the context of Saudi aviation sector.

**Design/ methodology/Approach:** This study collected the data from front line management and worker of aviation sector. The data is collected with the help of well-developed questionnaire and sample size was consisted on 400 participants from April to June 2023. Results are extracted with the help of Smart PLS.

**Finding:** Current study found that HPWS play crucial role to enhance the performance of employee. The dimension of HPWS such as (Recruitment and selection, Training and development, decision making, Incentives and Rewards) has significant positive relationship with employee performance, whereas, organizational climate plays positive and significant role as moderator between HPWS and employee performance.

**Research limitation/ implications:** Current study has theoretical, practical and empirical implication in the private as well as public organization. There are some limitations also existed such as current study is limited to Saudi Arabia, aviation sector and used only one theory to get empirical results.

**Originality/ value:** This study is conducted to analysis the role of HPWS to increase performance of employee in the context of aviation sector of Saudi Arabia and with the knowledge of author; this is prior study in this area. This study will pave the path for future researchers to explain more in depth.

**Keywords:** High Performance Work Systems, Employee Performance, Organizational Climate, Aviation Sector, Saudi Arabia

## Introduction

In today's business landscape, the significance of High Performance Work Systems (HPWS) has greatly increased and become pivotal source of competitive advantage. High Performance Work Systems (HPWS) is known set of integrated human resource practices implemented within an organization with the aim of elevating employee performance and productivity (Jyoti & Rani, 2019; Kloutsiniotis & Mihail, 2020). High-Performance Work Systems (HPWS) have garnered considerable attention even though its history is relatively short. Given the lack of a universally accepted definition, HPWS can generally be characterized as an integrated blend of various human resource management practices aimed at improving both employees and organizational performance through coordination and cooperation (Harjinder et al., 2021; Javed et al., 2023). Moreover, the organizational climate play very important role for the best performance and innovative ideas of employee (Baer & Frese, 2003; Hussain et al., 2022). In today's dynamic business environment, a favorable organizational climate facilitates employees for getting ready to changes and confronting challenges. The employee gives high performance in organization, where there is a climate of training, fair employee selection, rewards & incentive and appreciation of work (West & Sacramento, 2023).

Further, there are many studies that have explained separately about the HPWS, employee performance and organizational climate such as Kloutsiniotis & Mihail, (2020) has explained the HPWS in and employee organizational citizenship behaviour in hospitality sectors, but this study is limited to Greek hospitality sector. Further Harjinder et al., (2021) selected manufacturing sector of India, Javed et al., (2023) found the relationship between HPWS and innovation capability but it is limited to banking sector of Pakistan and used very limited data for analysis. Further, there are many studies such as (De Clercq et al., 2023; Haar & Harris, 2023; Hanu & Khumalo, 2023; Jančiauskaitė & Lalienė, 2023; Padamata & Vangapandu, 2023; West & Sacramento, 2023) explored the organizational climate, HPWS and employee performance but these studies have their limitation regarding to selection

of data collection method, sector, variables, countries and variables. So, with the best of author knowledge there is no study selected Saudi aviation sector to analysis the importance of HPWS towards the employee performance.

In the Saudi Arabia, the aviation sector is very important and it contribute a lot to make the daily affairs more easier (Zachariah et al., 2023). The recruitment for the selection and provision of favorable environment to staff has great importance for their best performance (Al Awadh, 2023; Minoretti & Emanuele, 2023). There is great need of time to explore the high performance work systems and its relation with employee performance of this sector. Therefore, the objective of current research is to inspect the relationship between HPWS and employee performance, to inspect the moderating role of organizational climate for making the strong relationship between HPWS and employee performance in the context of Saudi aviation sector.

Furthermore, this study provides the best indicators of HPWS for increasing the employee performance in aviation sector of Saudi Arabia and provides an impending pathway to policy makers, government and future researches. With the best of author's research, this study is unique in its practical, theoretical and empirical perception in aviation sector of Saudi Arabia.

## Literature review and Hypothesis development

This section is based on three sub-section; first section has explained the most related theory relevant to conceptual framework which is social exchange theory, second section has explained the each variable with the help of literature review, in the in the third section the relationship among the variables has elaborated to extract the hypothesis.

### Social exchange theory

Social exchange theory is widely used theory in the studies of management. In the context of HPWS and employee performance, the social exchange theory provides theoretical strength. This study explains that performance of the employee enhance by facilitating the employee with specific working climate in which employee get self-esteem and satisfaction. Furthermore, this type of working climate impact positively to behaviour and attitude of

employee (Blau, 1964). Therefore, the social exchange theory emphasize on the principle of reciprocity, where organization give more interest in improving the organization with the help of knowledge exchange among the employee (Nadeem et al., 2019). Additionally, in the organization where administration provide the employee with practices in knowledge exchange can enhance the overall productivity and performance of organizations as well as its employees (Miao et al., 2020)

### **High performance work systems**

In the business world, the high performance work system is getting more importance. This concept has brief history but use to discuss widely (Zhu et al., 2018). The main objective of HPWS is to facilitate the employee of the organization with best training, sense of decision making and incentives and rewards to increase their performance (Lakshman et al., 2022). In other words, it is known as set of administrative practice and the policies that establish the environment in which worker perform their expertise for making the organization more successful. Human resource management is the main stream for the HPWS. It emphasizes to the organization for involving the human capital in problem solving and decision making process (Kim et al., 2018; Lakshman et al., 2022). The participation of the employee enhances the self-esteem of the employee by regularly giving suggestion and feedback regarding daily routine.

The social exchange theory supports the Organizations that adopt High-Performance Work Systems (HPWS) (Takeuchi et al., 2007; Zhang et al., 2019) which offer employees a range of resources and structural support during periods of work-related stress. This fosters a mutual exchange of positive attitudes and behaviors among employees and cultivates an environment conducive to give innovative performance.

### **Employee performance**

Employees are known as important factor for enhancing the performance of organization, while employee performance encompasses the actions and conduct exhibited by employees while carrying out their designated responsibilities (Darvishmotevali & Ali, 2020;

Kalogiannidis, 2020; Meyers et al., 2020). The skill of the employee to complete tasks more professionally and excellently leading to higher output levels as well as positively impact on the organization's from bottom line (Alagarsamy et al., 2023; Rivaldo & Nabella, 2023). Furthermore, the effective employee performance is very helpful in cost reductions in terms of time, resources, and materials. When employees are efficient and make minimum errors, organizations can save money on rework, training, and recruitment (Panagiotakopoulos, 2020).

### **Organizational Climate**

The concept of organizational climate has garnered considerable attention in various research studies, particularly in diverse business sectors (Caniëls & Baaten, 2019). A favorable organizational climate cultivates a positive mindset within the workforce. This mindset strengthens their perception, assertiveness, and control over decision-making processes, ultimately resulting in significant outcomes for the organization, enabling it to compete effectively with other individuals (He et al., 2021). The organizational climate is also related with the social exchange theory, as this theory emphasize on the contribution of employee in increasing the organizational performance. This theory also related to the worker's wellbeing and appreciation to employee for experience sharing with other workers (Davis-Sramek et al., 2022; Xu et al., 2022).

### **High performance work systems and employee performance**

In the organizations the HPWS are considered as the human resource management system, this system has positive relationship with overall organizational performance. Further, HPWS entails the development as well as execution of policies and practices regarding to human resource. This set of policies and practices enhance the performance of human capital such as knowledge, skill and abilities to perform the task and attain the objectives of the organizations. HPWS along with dimension boost up the performance of employee, detail is given below:-

For enhancing the performance of the employee recruitment and selection is first and foremost step

(Chowdhury, 2018). The positive relationship between recruitment & selection and employee performance stems from the fact that these processes enable organizations to attract, identify, and hire candidates who possess the requisite skills and qualifications for the job (Khang et al., 2023). Moreover, a rigorous selection process can identify candidates with a strong work ethic, motivation and alignment with the organization's goals and values (Mahbub, 2020; Uddin, 2023). This alignment and competency arrangement contribute significantly to enhanced employee engagement, job satisfaction and improve the performance within the organization. Therefore, the strategic investment in recruitment and selection can yield substantial dividends in terms of employee performance and overall organizational success (Khang et al., 2023).

Further Training and development initiatives also related with employee performance, such as by providing employees with opportunities to enhance their skills, knowledge, and competencies, organizations empower their workforce to perform at higher levels of proficiency and productivity (Sarwar & Mustafa, 2023). Training and development programs not only equip employees with the tools and information they need to excel in their current roles but also prepare them for future challenges and career advancement. Furthermore, when employees perceive that their organization is invested in their professional growth, it fosters a sense of engagement and commitment, leading to increased job satisfaction and a willingness to contribute their best efforts (Rivaldo & Nabella, 2023; Sarwar & Mustafa, 2023). In conclusion, the positive relationship between training & development and employee performance not only benefits individuals but also strengthens the organization's overall capability to achieve its objectives and maintain competitiveness in a dynamic business landscape (Rivaldo & Nabella, 2023; Yang et al., 2023).

Regarding to the employment security, it is related to the assurance of job stability and continuity, fosters a constructive and positive relationship with employee performance (Alananzeh et al., 2023). This sense of job security reduces anxiety and the fear of unexpected job loss,

allowing employees to focus on their tasks with greater dedication and innovation (Kiyak & Karkin, 2023). Moreover, the job security not only contributes to higher job satisfaction but also cultivates a dedicated and motivated workforce, ultimately translating into improved employee performance and organizational success (Taylor & Westover, 2011; WOKOMA, 2023).

The nexus between effective decision-making as well as well-structured rewards system has a profoundly positive impact on employee performance (Hossain & Islam, 2023). When employees are empowered to participate in decision-making processes, their sense of ownership and commitment to the outcomes increases significantly (Kumar & Saha, 2017; Qatawneh, 2023). This involvement fosters a culture of collaboration, innovation, and accountability, which directly influences their performance. Additionally, a transparent and equitable rewards system that recognizes and values employees' contributions reinforces the link between effort and recognition. When employees perceive a fair distribution of rewards for their hard work, it motivates them to consistently excel in their roles (Al Halbusi et al., 2023). Thus, the interaction between decision-making involvement and a well-designed rewards system not only cultivates a highly motivated and engaged workforce but also contributes to elevated levels of employee performance, driving organizational success (Qatawneh, 2023).

Therefore, on the bases of above discussion following hypothesis and sub hypothesis are developed such as -

H1: High performance work systems has positive relationship with employee performance

H1a: Recruitment and selection has positive relationship with employee performance

H1b: Training and development has positive relationship with employee performance

H1c: Employment security has positive relationship with employee performance

H1d: Participation in decision making has positive relationship with employee performance

H1e: Incentives and Rewards has positive relationship with employee performance



## Organizational climate and employee performance

The organizational climate, often referred to as the prevailing atmosphere and culture within an organization, holds a profound influence on employee performance. A positive and supportive organizational climate, characterized by open communication, trust, collaboration and a strong commitment to employee well-being, fosters an environment where employees are more likely to thrive (Frangieh et al., 2023). When employees feel valued, safe and engaged in their workplace, they are motivated to put forth their best efforts to improve the performance. Conversely, a negative or toxic organizational climate marked by mistrust, excessive stress, and poor communication can have detrimental effects on employee morale and performance (Kumar, 2023). Therefore, organizations which prioritize cultivating a positive and healthy climate tend to witness higher levels of employee satisfaction, commitment, and enhance performance across all levels (Kumar, 2023; West & Sacramento, 2023). So, the following hypothesis is developed such:-

H2: Organizational climate has positive relationship with employee performance

### Moderating role of Organizational climate

Organizational climate plays a pivotal moderating role in the relationship between High-Performance Work Systems (HPWS) and employee performance (Miao et al., 2020; Wang et al., 2021). A positive and supportive organizational climate enhance the effectiveness of HPWS in driving performance (Wang et al., 2021). On the other hand, negative or unsupportive organizational climates hinder the positive impact of HPWS, as employees may resist or disengage from these initiatives. Therefore, the interplay between organizational climate and HPWS is critical, as a favorable climate can amplify the beneficial effects of HPWS on employee performance, while a challenging climate may attenuate these effects (Miao & Cao, 2019).

Further, Organizational climate plays a pivotal moderating role in the relationship between recruitment and selection practices and employee performance (West & Sacramento, 2023). A positive and supportive organizational climate

characterized by fairness, transparency and a commitment to employee development enhance the effectiveness of recruitment and selection efforts in driving performance. This perception fosters a sense of trust and engagement which positively influences their performance. While a negative or unsupportive organizational climate hinder the positive impact of recruitment and selection (Vong et al., 2018). In this situation employees may question the fairness of the process and feel disconnected from the organization (West & Sacramento, 2023). Therefore, the interplay between organizational climate and recruitment and selection is critical (Abbas et al., 2021; Bhoganadam & Rao, 2014), as a favorable climate can amplify the beneficial effects of these practices on employee performance, while a challenging climate may mitigate these effects.

Furthermore, Organizational climate plays a significant moderating role in the relationship between training & development initiatives and employee performance (Bhoganadam & Rao, 2014). In good climate, employees are more likely to embrace training opportunities as they feel valued and supported in their development. This climate leads to greater engagement and application of newly acquired skills, ultimately positively impacting employee performance. Whereas, a negative or unsupportive organizational climate deter the positive impact of training and development as employees may resist or disengage from these initiatives (De Clercq, 2021). Therefore, the interplay between organizational climate and training and development is crucial, as a favorable climate can amplify the beneficial effects of these programs on employee performance, while an unfavorable climate may diminish these effects.

Organizational climate serves as a critical moderator in shaping the relationship between participation in decision making and employee performance (West & Sacramento, 2023). In a positive and supportive organizational climate characterized by open communication and a genuine commitment to involving employees in decision-making processes lead to substantial improvements in employee performance (De Clercq, 2021). This active involvement fosters a sense of ownership and accountability for outcomes, which can significantly enhance overall performance (West & Sacramento, 2023)

The organizational climate plays a vital moderating role in the relationship between incentives and rewards and employee performance (Islam et al., 2023). In a positive organizational climate marked by fairness, transparency and a strong commitment to recognizing and valuing employee contributions, incentives and rewards can have a substantial positive impact on performance (Phina et al., 2021). When employees perceive that the reward system is equitable and aligned with their efforts, they are more motivated to excel in their roles (Bos-Nehles & Veenendaal, 2019; Phina et al., 2021). On the base of above discussion following hypothesis are developed

**H3: Organizational climate moderate the relationship between High performance work systems and employee performance**

H3a:Organizational climate moderate the relationship between recruitment and selection and employee performance

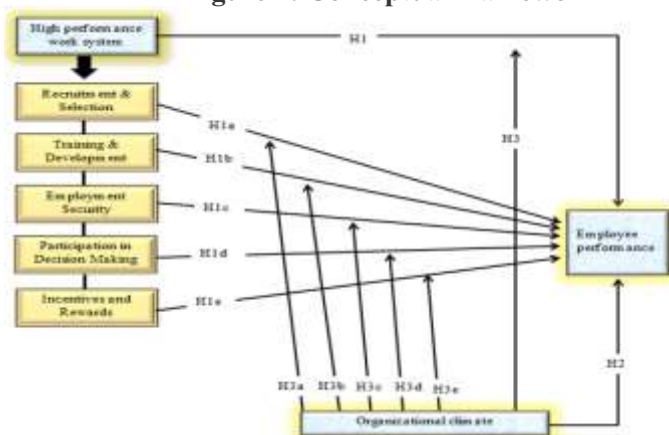
H3b:Organizational climate moderate the relationship between Training and development and employee performance

H3c:Organizational climate moderate the relationship between employment security and employee performance

H3d:Organizational climate moderate the relationship between participation in decision making and employee performance

H3e:Organizational climate moderate the relationship between incentives and rewards and employee performance Following conceptual work is developed on the bases of above discussion :

**Figure 1: Conceptual framework**



Source: Developed by author

**Methodology**

**Data collection and sampling**

This study collected the data form aviation sector (Saudi Airlie and Flynas) of Saudi Arabia, with the help of convenient sampling method. This sector generate a heavy amount for the GDP (gross domestic product) of Saudi Arabia (Alinaitwe et al., 2013) and have important position in the economic sectors regarding to contribution in GDP (Ekanayake, 2020; Touat & Tebani, 2020). For data collection a well-structured questionnaire was developed on the bases of previous literatures. This questionnaire was assembled in both languages English and Arabic to increase the validity and understanding of questions. After developing this questionnaire, it was send to three professors' expert in the area of research to check the validity of the questionnaire. Before collecting data, a permission letter was send to higher management and informed them about objectives of current research, permission was granted and questionnaire was distributed among the management staff. It was ensured to each participant about confidentiality of participant's personal data. Furthermore, 400 questionnaires were distributed and 240 were received. So, the response rate was 60 percent which is favorable for analysis.

**Measurement of scale item**

This study is consisted on HPWS, employee performance and organizational climate. For the HPWS, its dimension such as (Recruitment & Selection, Training & development, employment security, Participation in decision making and incentives& rewards) are used for developing questionnaire. The measurement items were adopted from a study by (Kloutsiniotis & Mihail, 2020). Further, Recruitment & Selection is measured with 4 items, Training & development 3 items, employment security 3 items, Participation in decision making 2 items and incentives& rewards 2 items. Further, for employee performance measurement items are adopted from study developed by (Siddiqi & Tangem, 2018), the organizational climate is measured by five items developed by (Wang et al., 2018).

All the items for dependent, independent and moderator are measured at five point likert scale 1= strongly disagree to 5= strongly agree.

## Profile of respondents

**Table 1: Profile of participants (N = 240)**

Variables	Classification	Frequency	Percentage
Gender	Male	180	75
	Female	60	25
Age in years	Less than 30	31	12.9
	23 to 30	64	26.6
	31-40	95	39.3
	Above 40	50	20.8
Job Experience in years	> 1	30	12.5
	2 to 6	25	10.7
	6 to 10	60	25
	11 to 16	90	37.5
	16<	35	14.5

## Data analysis

For the analysis of data, current study used SmartPLS and applied SEM test. First of all, measurement model was conducted for extracting the values of Cronbach alpha values (CA), composite reliability (CR) average variance extracted (AVE) and Heterotrait-Monotrait (HTMT) ratio. Furthermore, the theoretical model was investigated by analyzing the discriminant validity (DV) and correlation. Moreover, common method bias was used, such as “variance inflation factor (VIF), coefficient of determination (R<sup>2</sup>), effect size (F<sup>2</sup>), predictive relevance (Q<sup>2</sup>), and standardized root mean square residual (SRMR).”

## Analysis of measurement model

In the measurement model, the values of Cronbach alpha are extracted from data. The comprehensive data process of all the variables indicates that current study got acceptable range for validity of constructs; this range is elaborated by Hair et al. (2011). The Composite Reliability (CR) values, presented in Table 2, signify the inner reliability. These results are accordance with the guidelines established by Khan et al. (2017)

According to Khan et al. (2017), it is essential for the CR value to meet or exceed the threshold level of 0.7 In this following table 2, all the Alpha, AVE and Cr value met the threshold level and this indicates that results of measurement model are good fit.

**Table 2: Measurement model**

Latent	Items	Factor Loadings	Alpha	AVE	CR
Recruitment and selection	RS 1	0.765	0.738	0.651	0.764
	RS 2	0.812			
	RS 3	0.653			
	RS 4	0.791			
Training and development	TD 1	0.752	0.821	0.751	0.713
	TD 2	0.783			
	TD 3	0.691			
Employment security	ES 1	0.719	0.676	0.631	0.713
	ES 2	0.751			
	ES 3	0.791			

Latent	Items	Factor Loadings	Alpha	AVE	CR
Decision making	DM 1	0.752	0.710	0.731	0.638
	DM 2	0.685			
Incentive and rewards	IR 1	0.634	0.721	0.664	0.797
	IR 2	0.701			
Organizational climate	OC 1	0.732	0.691	0.725	0.782
	OC 2	0.671			
	OC 3	0.621			
	OC 4	0.813			
	OC 5	0.735			
Employee performance	EP 1	0.681	0.723	0.736	0.761
	EP 2	0.762			
	EP 3	0.743			
	EP 4	0.723			
	EP 5	0.824			
	EP 6	0.862			
	EP 7	0.753			

**Table 3: Discriminant validity (Fornell and Larcker criterion)**

	HPWS	EP	OC
HPWS	0.813		
EP	0.610	0.710	
OC	0.631	0.624	0.754

Note: HPWS (High-performance working systems, OC (Organizational climate), EP (employee performance)

In the table number 3 discriminant validity is checked which is recommended by following Fornell Larcker criterion. The finding from this result indicates that model is valid on the bases of current values and the entire variables are truly distinct from each other.

The Table 4, Elaborated the value of VIF, R<sup>2</sup>, F<sup>2</sup>, Q<sup>2</sup> and SRMR. The results of the current study reveal that the coefficient of determination (R<sup>2</sup>) for OC is 0.210 and for EP is 0.158. These R<sup>2</sup> values signify that framework of the research is good fit and possesses predictive capabilities. Additionally, the magnitude of the effect is elucidated by the F<sup>2</sup> statistic. Specifically, a value of 0.02 denotes a small influence, 0.15 signifies a moderate influence, and 0.35 indicates a strong influence, as outlined by Henseler et al. (2016). In this context, OC is associated with a small effect

(0.024), while EP demonstrates a medium influence with a value of 0.362. Furthermore, the inclusion of Q<sup>2</sup> in the model serves to explain predictive power out-of-sample. The Q<sup>2</sup> should greater than 0. So, the values are 0.210 for OC and 0.571 for EP. Ultimately, the Standardized Root Mean Square Residual (SRMR) is indicative of the model's goodness of fit, with the stipulation that the SRMR should be below the threshold of 0.08, as recommended by Cho et al. (2020) and Henseler et al. (2016). Moreover, this investigation reveals that the SRMR value for our model stands at 0.061, the value lower than threshold, confirming the model's statistical significance and its strong fit.



**Table 4: Saturated model results**

Construct	R <sup>2</sup>	Adjusted R <sup>2</sup>	VIF	Q <sup>2</sup>	F <sup>2</sup>	SRMR
OC	0.210	0.137	1.316	0.231	0.024	0.061
EP	0.571	0.426	1.271	0.192	0.362	

### Analysis of structural model

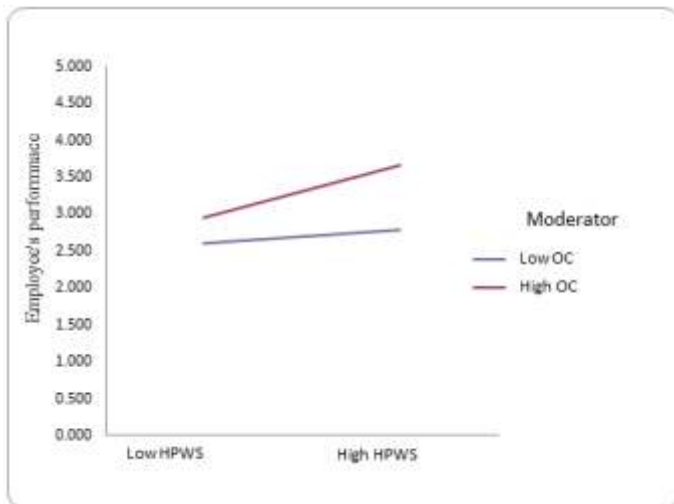
Following table number 5 elaborated the structural model. This table is consisted on the results of HPWS and dimensions such as (Recruitment & Selection, Training & development, employment security, Participation in decision making and incentives & rewards), employee performance and organizational climate. This table explains that value of “p” met threshold level for all variables. Therefore, the entire developed hypotheses are accepted. Moreover, the H1 is accepted on the bases of beta value which is 0.321 and the beta values of dimension such

as Recruitment & Selection, Training & development, employment security, Participation in decision making and incentives & rewards accepted which are 0.352, 0.291, 0.541, 0.445, and 0.244 respectively. Whereas  $\beta = 0.276$  and  $p \geq 0.003$  for hypothesis H2 that explains that organizational climate and employee performance. Furthermore, H3 of current study is accepted on the base of  $\beta = 0.251$  and  $p \geq 0.005$ . This study also accepted all the hypotheses that explain the moderating relationship between dimensions of HPWS with employee performance.

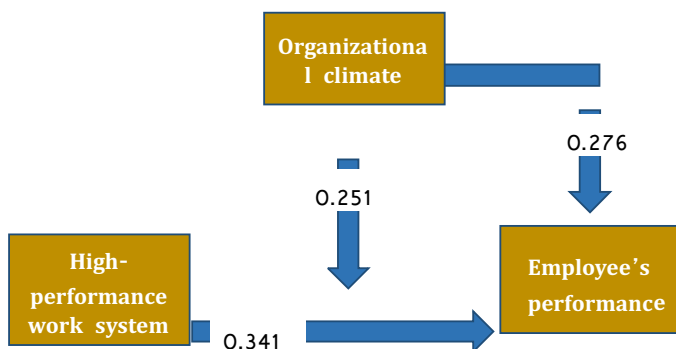
**Table 5: Hypotheses of structural model**

Hypotheses	Relationship	Beta	Standard error	t-value	p-value	Verdict
<b>H1</b>	<b>HPWS -&gt; EP</b>	<b>0.341</b>	<b>0.071</b>	<b>2.661</b>	<b>0.000</b>	Supported
H1a	RS -> EP	0.352	0.064	3.517	0.003	Supported
H1b	TD -> EP	0.291	0.049	3.291	0.000	Supported
H1c	ES -> EP	0.541	0.021	2.121	0.000	Supported
H1d	DM -> EP	0.445	0.012	2.104	0.006	Supported
H1e	IR -> EP	0.224	0.017	3.461	0.007	Supported
<b>H2</b>	<b>OC -&gt; EP</b>	<b>0.276</b>	<b>0.016</b>	<b>3.969</b>	<b>0.003</b>	Supported
<b>H3</b>	<b>HPWS -&gt; OC -&gt; EP</b>	<b>0.251</b>	<b>0.023</b>	<b>2.717</b>	<b>0.005</b>	Supported
H3a	RS -> OC -> EP	0.241	0.040	3.826	0.000	Supported
H3b	TD -> OC -> EP	0.161	0.050	4.732	0.000	Supported
H3c	ES -> OC -> EP	0.341	0.029	3.312	0.004	Supported
H3d	DM -> OC -> EP	0.314	0.016	3.561	0.006	Supported
H3e	IR -> OC -> EP	0.710	0.041	3.461	0.007	Supported

Note: HPWS (High-performance working systems, OC (Organizational climate), EP (employee performance)



**Figure 2:**Organizational climate moderate the relationship between HPWS and employee's performance



**Figure 3:** Relationship between HPWS and employee's performance moderated by Organizational climate

**Discussion**

This study has theoretical, empirical and practical implementations. In this study HPWS is independent variables and employee performance is dependent, whereas organizational climate play as moderating role between HPWS and employee performance.

The first hypothesis of this study was accepted which explains that HPWS has positive and significant relation with employee performance. An HPWS can enhance coordination, reduce errors, and increase the efficiency of processes. Regarding to the airline industry, customer service is a critical factor in performance(Raineri & Valenzuela-Ibarra, 2022). A motivated and skilled workforce, as encouraged by an HPWS, can provide better

service that further leads to higher customer satisfaction and loyalty(Behravesh et al., 2020).There are five dimension of HPWS are used, these dimension are indicated as H1a, H1b, H1c, H1d and H1e

This study has accepted sub-hypothesis that elaborated the recruitment and selection of employee has positive and significant relation with employee performance, because Recruitment and selection processes are critical components of human resource management that can have a positive impact on employee performance when executed effectively(Khang et al., 2023). An effective recruitment and selection process also assesses cultural fit, ensuring that new hires align with the organization's values, goals, and work environment(Mahbub, 2020; Uddin, 2023).

Further, Training and development programs provide employees with the opportunity to acquire new skills and knowledge(Sarwar & Mustafa, 2023). As employees gain new skills and knowledge through training, they often become more confident in their abilities. Confidence can boost performance by encouraging employees to take on more challenging tasks and responsibilities. Offering training and development opportunities can be a powerful retention tool(Rivaldo & Nabella, 2023; Sarwar & Mustafa, 2023). Employees are more likely to stay with an organization that invests in their professional growth and reducing turnover. The finding of study explains that employees who have job security experience less stress and anxiety about their employment status. This reduced stress can lead to improved mental well-being, enabling them to focus better on their work tasks and perform at their best(Taylor & Westover, 2011; WOKOMA, 2023).

Furthermore, Employee decision-making involvement in the workplace can have a positive relationship with employee performance when implemented effectively. Employees who have the opportunity to participate in decision-making processes tend to have higher job satisfaction(Hossain & Islam, 2023).Satisfied employees are generally more committed to their roles and the organization, which can positively impact performance. Employees who are involved in decision-making often have valuable insights and firsthand knowledge of their roles and work processes(Kumar & Saha, 2017; Qatawneh,

2023). This can lead to quicker and more effective problem-solving, which can positively impact productivity and performance.

This study also accepted that Incentives and rewards provide employees with tangible benefits or recognition for their efforts and achievements. The rewards to employee for appreciation encourage employees to put forth their best effort (Fernandez & Pitts, 2011). Incentive programs often target desired behaviors or outcomes, such as meeting sales targets, achieving production goals, or delivering exceptional customer service. When employees are incentivized to excel in these areas, it can lead to improved performance (Qatawneh, 2023).

This study also found that organizational climate has positive and significant relationship with employee performance in the context of aviation sector of Saudi Arabia. A positive organizational climate fosters job satisfaction among employees. When employees are content and happy with their work environment, employees are more likely to be engaged and committed to their jobs, which can result in higher performance. A supportive climate promotes open and transparent communication (Kumar, 2023; West & Sacramento, 2023). Further, when employees feel comfortable sharing their ideas, concerns, and feedback, it can lead to improved problem-solving and better decision-making, ultimately enhancing performance (Rajhans, 2012).

Further, Hypothesis H3 of this study is accepted that explains that organizational climate moderate the relationship between HPWS and employee performance. As an organization's climate often reflects its core values and beliefs, when the values embedded in the organizational climate align with the principles of an HPWS, such as employee involvement, skill development, and a commitment to employee well-being, it can strengthen the effectiveness of the HPWS (Miao et al., 2020; Wang et al., 2021). This alignment reinforces the message that the organization is committed to creating a high-performance culture (Wang et al., 2021).

Regarding to dimension of HPWS, the effective recruitment & selection processes can help identify and hire candidates who are a good fit for the organization's HPWS.

When candidates with the right skills, attitudes and potential for growth are selected they enhances the effectiveness of the HPWS. Furthermore, In the organization training & development initiatives use to align with the objectives and principles of the HPWS (West & Sacramento, 2023). Training facilitate a smooth transition and ensuring that employees are equipped with the necessary skills and knowledge to thrive in the evolving work climate (Abbas et al., 2021; Bhoganadam & Rao, 2014).

Further, finding of this study elaborated that employees who have job security are often more willing to take calculated risks and propose innovative ideas. Organizational climate moderate the relationship between a security and employee performance by fostering a positive work environment (Seyyedmoharrami et al., 2019). This method contributes to improved employee performance within the context of the HPWS (Li et al., 2019; Wahid & Hyams-Ssekasi, 2018).

Further, finding explains that employees who are actively involved in decision-making processes with the help of cooperative organizational climate, often develop better problem-solving skills (West & Sacramento, 2023). These employees become more adept at identifying and addressing challenges, which can positively impact their ability to overcome performance obstacles within the HPWS (De Clercq, 2021).

On the base of results by the analysis explained that the Organizational climate which offers attractive incentives and rewards are more likely to retain their top-performing employees. Retaining high performers is essential for realizing the full potential of the HPWS on overall employee performance outcomes (Bos-Nehles & Veenendaal, 2019; Phina et al., 2021). Incentives and rewards can help employees focus on specific performance goals within the HPWS. Employees are more likely to set and achieve these goals when there are tangible rewards associated with their attainment (Islam et al., 2023).

### **Practical implementations**

Current study has practical implementation in the entire sectors not only specifically aviation sector. Firstly, the

results of implementing of HPWS such as invests in training & development programs use to enhance the skills and capabilities of employees. Secondly, this study helps the management for adapting the changing for job requirements and provides guidance on ensuring that HR practices in compliance with labor laws and ethical standards, reducing the risk of legal issues and reputational damage. Thirdly, this study helps the organizations to create work environments that support employee satisfaction, health and work-life balance. Lastly, current study has implications for public policy decisions related to labor and employment.

### Theoretical implementation

Current study has theoretical implementation, first this study has selected HPWS with dimensions such as (Recruitment & selection, Training & development, decision making, Incentives & Rewards) as independent variable that found positive relationship with the employee performance. Secondly, this study has selected very important and neglected variable organizational climate as moderator. Third, this study developed the link of social exchange theory with HPWS, employee performance and organizational climate; with the help of this link it is found that Recruitment, Training, decision making participants, Incentives and idea sharing enhance the capabilities of employee. Furthermore, this study indicates that employee facilitated with innovative climate, (which provide HPWS) stimuli the working abilities of workers that further enhance the overall performance of organization.

### Limitations and recommendation for future research

Current study has great importance in theoretical, practical and empirical perspective. This study is conducted to explore the role of HPWS to increase performance of employee in the context of aviation sector of Saudi Arabia and with the knowledge of author this is prior study in this area. There are also some limitations of study, first, in this study organizational climate is moderator to make the strong relationship between HPWS and employee performance, but future study can use different moderator or mediator such organizational commitment, opportunity

reorganization, employee attitude or strategic leadership. This study is conduct on aviation sector of Saudi Arabia, but future study can use same conceptual model for aviation sector in the context of different country. Current study used only one theory such as social exchange theory but future study can use more theories such as resource-based view theory, social cognitive theory, human capital theory etc. along with current theory. Current study is cross-sectional in nature and data is collected one point of time, while future study can use longitude data collection for make it more strongly.

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