

## Literature Review: High-Performance Work Systems and Their Impact on Employee Performance

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### Abstract

There is a lot of literature that states that the High-Performance Work System (HPWS) can affect employee performance, but it is also found that HPWS has no impact on employee performance, the differences in the results of this study are important to analyze because the HPWS variable indicators used must also have differences. Therefore, this literature study was conducted with the aim of explaining again what HPWS indicators tautologically have HPWS influence on employee performance, while the contribution of this research is as a reference material for the business world in an effort to improve employee performance. The method used in this research is Library Research, the results of this study, it was found that there are eleven (11) indicators of the High-Performance Work System variable that Tautology affects Employee Performance, besides that there are eleven (11) indicators of the HPWS variable that are rejected, in this study, researchers did not investigate too deeply related to differences in objects and/or types of objects studied and this can be a consideration for further research in order to pay attention to the object of research and the use of indicators of the HPWS variable.

Keywords: High-Performance Work System (HPWS), Employee Performance, Study literature.

### Introduction

High-performing human resources are crucial for achieving profitability in any business organization, as employee performance directly influences profit levels (Trinovianti & Ruslan, 2021). The implementation of High-Performance Work Systems (HPWS) is essential in this regard, as it can enhance employee job satisfaction and, by extension, improve overall performance (Sabir, 2017). HPWS promotes higher psychological well-being among employees, leading to beneficial attitudinal and behavioral outcomes, such as increased job satisfaction and improved task performance (Chen et al., 2016). Broadly, HPWS can be understood as a set of innovative HR practices and work design processes that, when combined, reinforce each other and produce synergistic benefits (Bakhtiar et al., 2021). Organizations that adopt HPWS find that it supports employee performance, provides avenues for growth, and helps achieve expected results (Raras et al., 2024). The interaction between HPWS and employees facilitates their development, illustrating the practical relationship between employee performance and HPWS (Peng et al., 2021).

HPWS is integral to fostering high employee performance, which, in turn, enhances organizational profitability (Barusman et al., 2019). The implementation of HPWS significantly influences employee behaviors such as organizational commitment, job satisfaction, and motivation, which are critical for retaining talent and ensuring high performance found that HPWS strengthens organizational commitment, job satisfaction, and employee motivation in the steel sector in India (Kundu et al., 2021). Conversely, Khin Marlar Maung's study on the banking industry in Myanmar concluded that HPWS does not directly affect employee performance without mediation by job satisfaction.

This discrepancy highlights the complexity of the HPWS-performance relationship(Pereira et al., 2018).

This study aims to clarify the specific indicators of HPWS that consistently impact employee performance and to provide a reference for businesses seeking to enhance workforce performance (Barusman & Mihdar, 2015). The research questions guiding this study are: What specific indicators of HPWS consistently influence employee performance? How do these HPWS indicators affect employee behaviors such as organizational commitment, job satisfaction, and motivation? What are the differences in HPWS implementation across various industries and regions? The primary objective is to identify and explain these specific indicators and their impact on employee performance, contributing to a deeper understanding of HPWS and providing actionable insights for improving employee performance through effective HR practices.

High-Performance Work Systems (HPWS) are defined as a combination of Human Resource practices that facilitate employee engagement, skill enhancement, and stronger motivation, ultimately contributing to a competitive advantage (Zhang et al., 2018). Employee performance is assessed based on how well employees perform their tasks in line with employer expectations, measured both tangibly and intangibly (Khodakarami et al., 2018) . Tangible indicators include loyalty, quality of work, sincerity, teamwork, and competence, while intangible indicators focus on skills (Saleh, 2022).

Previous research has explored various dimensions of HPWS and employee performance. (Eliyana et al., 2019) investigated transformational leadership's impact on job satisfaction, organizational commitment, and work performance, finding significant effects on job satisfaction and organizational commitment but not directly on work performance. (Huang et al., 2016) examined the relationship between HPWS, employee well-being, and job involvement, revealing that HPWS enhances employee well-being, which mediates the relationship between HPWS and job involvement. (Yin, 2023) reviewed the relationship between HPWS and employee job performance, highlighting the roles of psychological states, environmental factors, and employee motivation.

These studies underscore the importance of understanding the mediating and moderating factors that influence the effectiveness of HPWS in enhancing employee performance (Babic et al., 2019). This research will build on these insights to provide a comprehensive understanding of HPWS, its indicators, and its practical implications for businesses. By identifying the specific conditions under which HPWS optimally enhances employee performance, this study aims to offer valuable guidance for organizations seeking to implement effective HR practices and achieve sustainable growth.

## **Methodology**

This study employs a Library Research method to assess and analyze existing literature related to the High-Performance Work System (HPWS) and Employee Performance. This approach involves a systematic review of previous research conducted between 2020 and 2022, a period significantly impacted by the COVID-19 pandemic. The primary aim is to compile and evaluate the findings of relevant studies to provide insights into the relationship between HPWS and employee performance. The research process begins with a comprehensive search for literature using English-language keywords such as "HPWS and Employee Performance" across major academic databases, including Google Scholar. This search yielded a total of 23 relevant scientific journal articles, supplemented by an additional 5 articles sourced from library databases. The selected literature includes empirical studies, theoretical papers, and review articles that offer valuable insights into the impact of HPWS on employee performance.

This research is classified as qualitative in nature, focusing on descriptive data derived from the reviewed literature. The qualitative analysis involves several key steps. First, data reduction is performed to filter and summarize the information from the collected literature, focusing on the most pertinent findings related to HPWS and employee performance (Pant et al., 2022). Next, the data is displayed through narrative summaries and thematic categorization, which helps in organizing the information in a meaningful way. Finally, the study involves verification, where conclusions are drawn based on the analysis of the reduced and displayed data (Khokhar et al., 2020)

By using this Library Research method, the study aims to produce a thorough and nuanced understanding of how HPWS affects employee performance during the COVID-19 pandemic (Alam et al., 2019). The systematic review of existing literature allows for a critical evaluation of the current state of research, highlighting trends, gaps, and areas for further investigation. This approach ensures that the study's findings are based on a robust analysis of high-quality sources, contributing to the overall validity and reliability of the research.

**Results and Discussion**

The analysis involved a review of nine studies selected from a pool of 28 journals sourced from Google Scholar and the National Library. The data reduction process refined these studies based on research variables and methods. The results are summarized in Table 1.

**Table 1. Results of Review of Research Data Sources**

Author/Year/ Journal name/Search engine	HPWS Variables and Indicators	Analysis Method/Tool	Research Sample	Results
<b>Influential</b>				
Rashida Mat Rani, Rafida Abdul Rahman and Nurul Aqilah Mohd Yusak/2021/ Journal Of Business Accounting/ Google Scholar  (Rani et al., 2021)	High Performance Work System Indicator: Selective hiring, Training, Information sharing, Interdepartmental, Service, Self-Managed team, Performance Appraisal, Compensation Service Disrection, Management	Quantitative, Partial Least Squares-Base Structural Equation Modelling	391 employees working in automotive services in Kuala Lumpur and Selongor	HPWS can improve its performance if the organization provides it with the necessary support and empowerment.

<p>Kaur Harjinder, Pani Biswajyoti, Singh Saranjit, JHA Divakar / 2021 / Studies in Business and Economics / Perpusnas (kaur.pdf, n.d.)</p>	<p>High Performance Work System  Indicator: Talent Management and Performance Appraisal, Learning and Development, Reward and recognition, Corporate Entrepreneurship and Social Responsibility</p>	<p>Quantitative, Hierarchical Multiple Linear Regression</p>	<p>1063 people from steel sector companies in India</p>	<p>HPWS consistently strengthens the influence of (three) employee behaviors namely Organizational Commitment, Job Satisfaction, and employee motivation and retention.</p>
<p>Rethy B Menon dan Mahesh Krishnan / 2021 / International Journal of Early Childhood Special Education / Perpusnas (Menon &amp; Krishnan, 2021)</p>	<p>High Performance Work System  Indicator: Employee Security, Selective Hiring, Decentralised Decision Making, Compensation Training, Reduced Status Bias in Remuneration Sharing Information</p>	<p>Quantitative, Descriptive Statistics, T-test, Correlation dan analysis and interpretation</p>	<p>150 people working as IT professionals specifically from INFOSYS and TCS in the country of India</p>	<p>Organizations that incorporate HPWS into their management techniques have noted that employee performance has improved, that the interaction between HPWS and employees is helping the organization with employee development, there is a practical impact between HPWS and employees.</p>
<p>Ishraat Saira Wahid / 2020 / Journal Global Business Advancement / Google Scholar. (Wahid &amp; Prince, 2020)</p>	<p>High Performance Work System  Indicator: Recruitment and selection, Training and development, Performance appraisal, Compensation and benefits,</p>	<p>Quantitative, Structural Equation Model</p>	<p>The sample in this study were 320 people who were selected through purposive sampling with the criteria of work department, job level, and age group and also based on the length of time employees have</p>	<p>The hypothesis of this study related to HPWS has a positive effect on employees' performance, the hypothesis is supported.</p>

	Communication and information sharing		worked for the organization in communication companies in Bangladesh.	
Abdul Kareem dan Dr. Imran Shahzad / 2022 / Journal of Positive School Psychology / Google shoolar (Kareem & Shahzad, 2022)	High Performance Work System  Indicator: Selection, Emplyment Security, Employment Participation, Internal Career Opportunities, Training and Development, Reward System, Performance Appraisal.	Structural Equation Modeling (SEM)	The sample in this study was 392 employees who worked at the banking headquarters in Pakistan.	The results of this study state that HPWS is significantly related to employee performance,
Saba Feroz Qureshi dan Khawaja Asif Tasnem / 2021 / European Scientific Journal / GoogleScholar (Qureshi, 2021)	High Performance Work System  Indicator: Training Practices, Employee Participation, Employee Promotion	Structural Equation Modeling (SEM)	The sample in this study was 500 employees in 25 banking sector companies in thecountry ofPakistan.	HPWS influences work engagement which significantly affects employee performance
<b>Not Affected</b>				
Khin Marlar Maung / 2020 / South East Asia Journal of Contemporary Business, Economic and Law / Google Schoolar (Maung, 2020)	High Performance Work System  Indicator: Training, Performance Appraisal, Communicatio, Job Satisfaction	Structure Equation Modeling (SEM) denganLinear Structural Relationships (LISREL) 8.72	The final sample of this study was 395 employees in the banking industry in Myanmar.	HPWS does not directly affect employee performance without being mediated by job satisfaction.
Nikolaos Pahos and Eleanna Galanaki / 2022 / Original	High Performance Work System	Quantitative, Multilevel Structural Equation	342 employees and 115 supervisors from 115 work	The results of the study showed no significant direct influence between

Research / Perpusnas (Pahos & Pahos, 2022)	Indicator: Selective Staff, Extensive training, Employment Security, Clear Job Description, Result Oriented Appraisals, Incentive Reward, Participation.	Modeling (MSEM)	groups, across 111 service organizations operating in Greece in the telecommunicati ons, banking, education, and healthcare industries.	HPWS on employee performance when not mediated by other variables.
Shareef Akanbi Ashade, Mikail Ibrahim, Harison Mohd Sidek / 2020 / International Journal of Scientific and Research Publication / Google Scholar  (Ashade et al., 2020)	High Performance Work System  Indicator: Staffing, Training, Compensation	Structural Equation Modeling (SEM)	The final sample used in this study was 322 teachers working in government schools in 6 districts of Nigeria.	The relationship between HPWS and teacher performance cannot be direct, but there must be a mediating variable, namely the behavior variable.

**Table 2. Accepted and Rejected HPWS Variable Indicators**

Accepted HPWS Indicators	Rejected HPWS Indicators
Interdepartmental service	Training
Self-managed team	Performance appraisal
Service discretion	Communication
Talent management	Job satisfaction
Corporate entrepreneurship	Selective staff
Social responsibility	Employment security
Decentralized decision making	Clear job description
Reduced status bias in remuneration	Incentive reward
	Participation
	Staffing
	Compensation

From the review, six studies confirm that HPWS positively affects employee performance, while three studies indicate that HPWS does not have a direct effect without mediation. Notable findings include:

1. Training and Performance Appraisal were rejected as indicators. Better training and performance appraisals did not necessarily lead to improved performance, possibly due to subjective or inappropriate application.
2. Communication was also rejected, suggesting that excessive communication might detract from performance.
3. Job Satisfaction and Selective Staff were found not to significantly impact performance, indicating that satisfaction alone may not enhance performance.

4. Employment Security, Clear Job Description, and Incentive Reward were rejected, implying that these factors do not guarantee improved performance and may need adjustment based on organizational context.
5. Participation, Staffing, and Compensation were also rejected, suggesting that their effectiveness is contingent on proper alignment with organizational culture and needs.

These insights suggest that organizations should carefully select and implement HPWS indicators to align with their specific context to avoid ineffective efforts. Future research should explore the variations in HPWS effectiveness across different industries and settings to provide a more nuanced understanding of its impact on employee performance.

## **Discussion**

The review of nine studies on High-Performance Work Systems (HPWS) highlights significant findings that contribute to understanding the relationship between HPWS and employee performance. These results align with and extend previous research on the effectiveness of HPWS in enhancing organizational outcomes.

## **Influence of HPWS Indicators**

The reviewed studies reveal that HPWS can significantly impact employee performance, though the effects vary based on specific indicators. The accepted indicators, such as interdepartmental service, self-managed teams, service discretion, talent management, corporate entrepreneurship, and social responsibility, underscore the multifaceted nature of HPWS. These indicators align with previous findings suggesting that HPWS enhances job satisfaction and organizational commitment, leading to improved performance (Kaur et al., 2021; Rashida Mat Rani et al., 2021). These practices foster an environment where employees are more engaged and motivated, reflecting the synergistic benefits of HPWS as highlighted by Bakhtiar et al. (2021).

Conversely, indicators such as training, performance appraisal, communication, job satisfaction, selective staff, employment security, clear job description, incentive reward, participation, staffing, and compensation were rejected. This outcome suggests that these factors alone do not guarantee improved performance. For instance, training and performance appraisal have been found to be less effective in isolation, a finding consistent with the notion that these elements must be aligned with broader organizational practices to influence performance positively (Khin Marlar Maung, 2020; Pahos & Galanaki, 2022). The rejection of communication and job satisfaction as direct performance drivers indicates that excessive or poorly implemented communication can detract from performance and that job satisfaction alone may not suffice to enhance performance without other supportive measures (Wahid & Prince, 2020).

## **Mediating and Moderating Effects**

The studies reviewed reveal that the impact of HPWS on employee performance is not always direct. Several studies highlight the role of mediating variables such as job satisfaction and work engagement. For instance, Khin Marlar Maung (2020) and Pahos & Galanaki (2022) found that HPWS does not directly affect performance without mediation. These findings align with Pereira et al. (2018), who noted the complexity of the HPWS-performance relationship and the importance of understanding mediating factors.

The positive effects of HPWS on performance, as demonstrated by studies like those of Harjinder et al. (2021) and Menon & Krishnan (2021), suggest that HPWS can enhance employee performance when combined with supportive organizational practices. This supports the notion that HPWS practices, such as talent management and decentralized decision-making, create an environment conducive to higher performance

by fostering commitment and motivation (Chen et al., 2016; Sabir, 2017).

### **Practical Implications and Future Research**

The rejection of certain HPWS indicators emphasizes the need for organizations to tailor HPWS implementation to their specific context. The findings suggest that a one-size-fits-all approach may not be effective and that organizations must consider the cultural and contextual factors influencing HPWS success. This aligns with the need for a nuanced approach to HPWS implementation, as suggested by the research of Zhang et al. (2018) and Saleh (2022).

Future research should delve deeper into the variations in HPWS effectiveness across different industries and regions. Investigating how specific HPWS indicators perform in diverse contexts can provide valuable insights for refining HPWS practices and enhancing their impact on employee performance. Additionally, exploring the interplay between HPWS indicators and other organizational factors could further elucidate the conditions under which HPWS most effectively improves performance.

In conclusion, while HPWS has the potential to enhance employee performance, its effectiveness is contingent on the careful selection and implementation of specific indicators. By aligning HPWS practices with organizational needs and understanding the mediating factors, businesses can better leverage HPWS to achieve sustainable growth and improved performance.

### **Conclusion**

It was found that there are eleven (11) indicators of the variable High Performance Work System that tautologically affect employee performance, namely: Interdepartmental, Self-Managed team, Service Disrection, Talent Management, Corporate Entrepreneunership and Social Responsibility, Decentralized Decision Making, Reduced Status Bias in Remuneration, Sharing Information, Internal Career Opportunities, Employee Development and Employee Promotion, the HPWS variable indicators have been used on the object of automotive service companies in Malaysia, steel sector industrial companies in India, IT sector companies in India, communication companies in Bangladesh and banking in Pakistan, besides that there are eleven (11) indicators of HPWS variables that are rejected, namely: Training, Performance Appraisal, Communication, Job Satisfaction, Selective Staff, Employment Security, Clear Job Description, Incentive Reward, Participation, Staffing and Compensation, indicators used in the object of research banking services in Myanmar, the telecommunications industry, banking, education, and health in Greece and the education service sector, namely government schools in Nigeria.

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