



Available Online

Journal of Education and Social Studies

ISSN: 2789-8075 (Online), 2789-8067 (Print)

<https://www.scienceimpactpub.com/jess>

HUMAN RESOURCE MANAGEMENT PRACTICES AND FIRMS' PERFORMANCE: A REVIEW OF MEDIATING MODELS

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ABSTRACT

This study aims to categorize the processes that mediate the company's performance in HR practices to offer a better-organized comprehension of the operation of this process. Important themes and arbitrage kinds were taken out and examined to determine the ranks. The breadth of the examined publications places limitations on the investigation, perhaps making all potential mediation strategies unfeasible. Moreover, the updated research's diverse sectors and circumstances could restrict how broadly the findings can be applied. When creating their HR strategy, organizations should take hierarchical arbitrage approaches into account. This will help to ensure that their approach is in line with whether the goal impact is at the individual employee or firm-wide level. It can enhance HR procedures to get better performance results. Future studies should examine the ways in which various settings (such as industry-specific characteristics) influence the relative importance of individual vs firm-level arbitrage mechanisms. To validate these categories in a variety of organizational situations, more empirical research is required.

Keywords: HR Practices; HR Strategies; HR procedures; HR Performance.

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<https://doi.org/10.52223/jess.2024.5237>

Received: March 02, 2024; Revised: June 18, 2024; Accepted: June 27, 2024

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INTRODUCTION

Heavily has been written on the subject of HR management practices and firms' performance, and quality writings on the subject matter appeared in various quality journals of Elsevier, Taylor & Francis, Emerald, and John Wiley & Sons. Despite having rich literature on the subject, the degree of confusion has been on the higher side perhaps due to the presence of complex models explaining the relationship between HRM practices and firms' performance. The inclusion of a mediating mechanism has made this phenomenon more complex. Strategic HR management has gained increased focus in research since it can be a source of competitive advantage giving superior firms' performance. Therefore, the desire to understand the relationship between HR management practices and firms' performance has been the primary interest of researchers who have been working in the stream of strategic HR management (Park et al., 2003).

Despite knowing the very fact that there exists numerous empirical evidence confirming the existence of a relationship between HR management practices and firms' performance (Chowhan, 2016; Mansour et al., 2014; Mitchell et al., 2013) there is a lack of pieces of evidence explaining the underlying mechanics or processes bridging this relationship, usually termed as 'black box' (Park et al., 2003). In early 2000, Park et al. (2003) used employees' skills, attitudes, and motivation to explain this 'black-box' while Fey,

Bjorkman, and Pavlovskaya (2000) explained a similar phenomenon with employees' motivation, retention, and capability development. Studies appeared in subsequent years remained little conflicting on this ground as to which elements should have been treated as 'black-box' (Birdi et al., 2008; Boon et al., 2005; Chow et al., 2013; Chowhan, 2016; Collins & Smith, 2006).

Given the notion of studies that appeared in early 2000, the need to enlighten this 'black box' is the aim of this review. Summarizing our motives, we expect to enlist and classify all HR practices and explore the linkage of HR practices with firms' performance alongside our basic objective of unearthing the underlying mechanism through which HR practices affect firms' performance. Further, as argued by Fey et al. (2000), national context and HRM theories are linked in a way that demands contextual adjustments. We are further counselled to bring the developmental picture of these models over time, and for that purpose current study will progress chronologically.

Objective of the Study

We aimed to achieve multiple objectives through this review like for instance understanding various HR management practices that have been used and linked with firms' performance since 2000. Firms' performance – another question we are interested in to answer as how firms' performance has been perceived and understood in the past. Further, we are interested in understanding the underlying mechanism that is supposed to support the HR practices in affecting the firms' performance.

Human Resource Management Practices and Firms' Performance

Dominant HR Practices

Recruitment/Selection: Meeting work requirements as prescribed in the job description is no longer desirable by the organizations rather firms have started believing in exceeding in assigned roles. Bringing new hires on board after well-designed recruitment tests and interviews, letting them know about the bright and dark aspects of the job may help organizations to mold employees' attitudes regarding provision of extra-role service and role-prescribed service (D. B. Minbaeva, 2005; Tsaor & Lin, 2004). Internal hiring, as stated by Collins and Smith (2006), may lead employees toward the development of an ideal social climate. Multiple studies have confirmed that designing recruitment and selection strategies around the intent of building long-term relationship with employees and on boarding skilful resources may affect the firms' performance in many ways (Jimenez-Jimenez & Sanz-Valle, 2008; Chen & Huang, 2009; Akong'o Dimba, 2010; Prieto & Pilar Pérez Santana, 2012; Patel et al., 2013; Mansour et al., 2014).

Training and Development: Training employees is necessary for the desired outcome that they are supposed to produce (Gelade & Ivery, 2003; D. Minbaeva, Pedersen, Björkman, Fey, & Park, 2003). Investing time and money in employees' skill enhancement activities are prerequisite for expecting innovative outcomes (Lau & Ngo, 2004). Orientation sessions for new hires, training need assessment, effective training material, and training evaluation may encourage employees to observe the provision of extra-role services (Minbaeva, 2005; Tsaor & Lin, 2004). Training enables employees to perform across various functional areas which then may affect the firms' climate (Collins & Smith, 2006). Strong evidence is there confirming the significant positive effect of training on employees' ability to perform across multi-functional areas e.g. (Erdil & Gunsell, 2007; Sun et al., 2007; Jimenez-Jimenez & Sanz-Valle, 2008; Chen & Huang, 2009; Akong'o Dimba, 2010; Prieto & Pilar Pérez Santana, 2012; Patel et al., 2013; Mansour et al., 2014).

Empowerment: The degree to which employees are encouraged to suggest process improvements and involvement in decision-making (Sun et al., 2007) and giving liberty to employees to make decisions on their own without seeking prior approval or consent of higher management (Birdi et al., 2008) may add value to the overall performance of the organization, is termed as empowerment. Sole decision-making and its significant positive impact on firms' performance has been validated by various writings (Jimenez-

Jimenez & Sanz-Valle, 2008; Joarder et al., 2011; Theriou & Chatzoglou, 2014; Wei & Lau, 2010). The terms empowerment and participation have been used interchangeably in the available literature on the subject matter (Cabello-Medina et al., 2011; Prieto & Pilar Pérez Santana, 2012; Patel et al., 2013).

Compensation and Benefits: Human resource management literature confirms the presence of various forms of compensation and benefits in practice across organizations. Some frequently used forms of compensation are merit-based and performance-based compensation (Minbaeva et al., 2003), direct compensation and pay incentives (Namasivayam, Miao, & Zhao, 2007), seniority-based promotion (Prieto & Pilar Pérez Santana, 2012), stock purchase option (Collins & Smith, 2006), and organic compensation (Jimenez-Jimenez & Sanz-Valle, 2008). The link of compensation and benefits with firms' performance, irrespective of its type, has been established in various studies (Minbaeva, 2008; Namasivayam et al., 2007; Prieto & Pilar Pérez Santana, 2012; Minbaeva, 2005; Collins & Smith, 2006; Jimenez-Jimenez & Sanz-Valle, 2008; Erdil & Gunsul, 2007; Jimenez-Jimenez & Sanz-Valle, 2008). However, in context of innovation oriented firms, various studies (Chen & Huang, 2009; Akong'o Dimba, 2010; Prieto & Pilar Pérez Santana, 2012; Theriou & Chatzoglou, 2014; Mansour et al., 2014) suggested organic compensation system. Among multiple indicators of firms' performance, retention is one of the indicators. Fey et al. (2000) is of the view that salary as a part of compensation is a significant predictor of employees' motivation, which then may work as a catalyst for employees' retention.

Performance Appraisal: Employees have higher concerns as to how they are being evaluated in terms of their performance and how they are being feed-backed. Minbaeva et al. (2003) Stated that evaluation of employees' level of competence, and guiding them as to how they can align their competencies around the firms' needs may affect the firms' performance. Agreeing with Minbaeva et al. (2003), Tsaor and Lin (2004) and D. B. Minbaeva (2005) further elaborated that it may help in shaping employees' attitudes to perform extra-role services. Subsequent studies (Sun et al., 2007; Chen & Huang, 2009; Lee et al., 2010; Prieto & Pilar Pérez Santana, 2012; Patel et al., 2013; Mansour et al., 2014) confirmed the linkage of performance appraisal and firms' performance.

Job Description: Job description refers to the written descriptions and details of what an employee is supposed to do within his/her assigned domain or role. Literature on the subject is evidence of the existence of a significant relationship between the degree to which one has clarity about roles and its subsequent impact on the overall level of firms' performance (Sun et al., 2007). Interestingly, various studies accounted for this dimension of HR practice for explaining the ability of employees to receive and transfer knowledge –a proxy measure of firms' performance (Minbaeva, 2008; Jimenez-Jimenez & Sanz-Valle, 2008; Prieto & Pilar Pérez Santana, 2012; Patel et al., 2013; Mansour et al., 2014).

Rewards: In fact, there is a handful of studies that talk about the rewards in relation to the firm's performance. One reason perhaps may be the presence of a very thin line between rewards and compensation. Anyhow, referring to the work of those who studied this dimension of HR practices separately from compensation, it is observed that the perception of employees being paid fairly more than that of others may have a positive effect on firms' performance (Gelade & Ivery, 2003; Sun et al., 2007; Minbaeva, 2008; Patel et al., 2013).

Secondary HR Practices

Literature suggests that the supervisory role (Gelade & Ivery, 2003) and formation of cross-functional teams (Prieto & Pilar Pérez Santana, 2012; Jimenez-Jimenez & Sanz-Valle, 2008; Lee et al., 2010) for innovation-oriented firms play a significant role in firms' performance.

As asserted by Fey et al. (2000) for non-managerial staff, job security is a key determinant of firms' performance. Further, another chunk of writings on the subject matter suggests that employees' expectations to live longer with the organization is linked with the firms' performance (Sun et al., 2007;

Lee et al., 2010; Joarder et al., 2011; Theriou & Chatzoglou, 2014). Interestingly, a single study (Gelade & Ivery, 2003) was found discussing the role of leadership and goal clarity in developing employees' well-being in relation to the firm's performance.

Feedback on work performance by line manager (Gelade & Ivery, 2003; Erdil & Gunsul, 2007; Joarder et al., 2011), the culture of knowledge-sharing (Gelade & Ivery, 2003; Theriou & Chatzoglou, 2014) and the aggregate of multiple HR practices termed High-Performance Work Systems (HPWS) were found to be the significant predictors of firms' performance (Takeuchi et al., 2007).

In 2009, the first study appeared which was conducted by Yang and Lin (2009) in the healthcare industry that considered health and safety as an HR practice. Health and safety refers to a safe working environment, proper sanitation, and a low working injury rate. Later on Joarder et al. (2011) incorporated a safe working environment as an HR practice.

There are some studies wherein multiple HR practices are clubbed and renamed for instance work of Gong, Law, Chang, and Xin (2009) talk about maintenance-oriented HR practices – practices ensuring employees' well-being, they further excelled in their studies with performance-oriented HR practices – practices developing HR and provide motivation and opportunities for their productive use. Chang et al. (2013) discussed the flexibility oriented HR systems – the degree to which a firm can use its resources for some alternative. The cost and time required for that move determine the level of switching difficulty.

Mediation between HR Practices and Firm's Performance.

Individual-Level Outcomes of HR Practices

It is hard to classify the antecedents of various HR practices; however, we have put all these into two broader streams – individual-level HR outcomes and firms' level HR outcomes.

Motivation and retention (Fey et al., 2000; Park et al., 2003; Mitchell et al., 2013) have been dominantly discussed in the literature as an outcome of various HR practices. Motivation is a key to driving HR as per the strategic objectives of the organization. Subsequently, making motivated employees stay with the employer is another challenge for the organizations.

As asserted by Guthrie et al. (2009) absenteeism works between HR practices and firms' performance. However, it may be the result of collective attitudes as stated by Gardner et al. (2001), and finally may lead to the turnover (Katou & Budhwar, 2006).

Employees' attitude to utilize their expertise for the firms' performance is another important outcome of HR practices (Park et al., 2003); motivation, commitment, and satisfaction are the building blocks of employees' attitude (Katou & Budhwar, 2006). The work of Gong et al. (2009) on employees' attitudes is of extended nature a bit. He used affective commitment – awareness of the firm's goals and values; and continuance commitment – loss of firm resulting from one's displacement, to explain the relationship of commitment-based attitude.

A couple of studies have discussed that practices of HR may push employees to use their superior skills at the workplace. However, the conceptualization of skill differs; Park et al. (2003) believe it to be the superior skills as compared to competitors while Katou and Budhwar (2006) defined skill as competence and cooperation among employees.

HR practices leading to the management of knowledge can affect the firms' performance. Minbaeva (2005) studied the ability of employees to receive and absorb knowledge in a very simple manner, however, Chen and Huang (2009) studied the same phenomenon in a much more detailed way, they distinguished three phases of knowledge management (acquisition, sharing, and application), further they argued that

knowledge can be acquired through interacting with various stakeholders like from customers, colleagues, partners, etc. and subsequently can be shared with them for its effective application on work.

Developmental human resource management practices such as skill building, motivation enhancement, and power delegation are likely to have a significant impact on employees' job satisfaction, as affirmed by Gardner et al. (2001). Human resource management practices and firm performance are significantly mediated by firms' commitment, as stated by Mansour et al. (2014).

Firms' Level Outcomes of HR Practices

General climate, as defined by Lau and Ngo (2004) is a developmental culture (growth, creativity, and external adaptation) developed through training, reward, and team building. Social climate has been defined by Collins and Smith (2006) as "the collective set of norms, values, and beliefs that express employees' views of how they interact with one another while carrying out tasks for their firm." Elements like supporting others, building trust, and making proper use of language and shared codes are the building blocks of social climate. Takeuchi et al. (2007) used the term 'establishment social exchange' having somewhat the same meanings and explanations as given by Collins and Smith (2006). Takeuchi et al. (2007) used the term 'establishments collective level of human capital' by establishing the argument that HR practices do not always impact the individuals but rather operate at system levels, hence he called the outcome of HR practices as 'establishments collective level of human capital'.

As stated by Prieto and Pilar Pérez Santana (2012), it is possible to assume that high-involvement HR practices help to build particular social climates where the simultaneous pursuit of exploration and exploitation are possible and emerge by shaping employees' skills and cognitions (abilities) for knowledge management, by building desirable affective properties (motivation) in behaviors and relationships to mobilize knowledge, and by increasing employees' opportunities to create, access, and integrate other's knowledge within the firm."

HRM-Firm strategy fit explains to what extent the HR practices of any organization are in line with overall strategies of the organization (Erdil & Gunsul, 2007; Lee et al., 2010). The perceived firms' performance of any organization is determined by the strategic orientation which involves cost efficiency and differentiation (Chow et al., 2013). The perception that is developed as a result of flexible firms' environment which encourages employees to work exceptionally i.e. openly and flexibly is termed as service-oriented citizenship behavior (Sun et al., 2007).

A specific skill set combination is necessary for employees in order to find, achieve, manage, share, and implement the knowledge that is needed by the organization to achieve higher levels of knowledge transfer (Minbaeva, 2008). In 2008, among four studies that appeared on the subject matter, the work of Jimenez-Jimenez and Sanz-Valle (2008) seems quite different who studied innovation as a bridge between HR practices and firm performance. He proceeded with multiple facets of innovation like product innovation, process innovation, and administrative innovation.

Subsequent to the study of Takeuchi et al. (2007) who used the aggregate of human capital as an outcome of HR practices, another study appeared in 2009 which presented the extended version by breaking intellectual capital into human capital (level of employee qualification, expertise, skill, knowledge) and relational capital (degree of mutual interaction among employees for problem-solving, learning, capability development, and firms' capital).

Motivation has been stated by Fey, Morgulis-Yakushev, Park, and Björkman (2009) as the overall ability of employees of an organization rather than the individual level ability. The ability of an organization to understand and address the issues faced and the degree to which an organization is responsive to its customers is known to be the adaptive capability, as stated by Wei and Lau (2010). Firms' ambidexterity

was discussed by Prieto and Pilar Pérez Santana (2012), and Patel et al. (2013). Basically, ambidexterity refers to the ability to do multiple tasks at the same time. Acquiring and incorporating intra-organizational knowledge is one of the indicators of firms' performance and is termed as potential absorption capacity. Introducing and implementing strategies in respect of making good use of that external knowledge is understood as firms' absorption capacity (Chang et al., 2013). Management of tangible or intangible resources or the combination of both for the execution of firms' operations for performance improvement is known as firms' capability (Theriou & Chatzoglou, 2014).

Firms' Performance

Measurement of firms' performance differs across industries and even by countries. Firms use different proxy measures for gauging financial and non-financial performance. There is no uniform pattern or criteria in this respect. For instance, firm performance was determined in a very subjective manner by Fey et al. (2000) giving the logic that Russia at that time was undergoing the development stage of accounting standards – a situation where it seemed impossible to obtain comparable financial results. Accounting standard issue was discussed by Fey et al. (2009). Some organizations evaluate performance in objective terms by utilizing variables like profit, sales, growth, market share, etc. but measure it in a very subjective manner on the Likert scale asking to rate the perceived firm performance in comparison to the competitors

Financial Performance Indicators

Multiple indicators of firm performance have been used in the available literature on the subject matter. Even there is lack of consensus as to which indicators can be classified as financial and which as non-financial. Profitability was used as a financial indicator of performance by Park et al. (2003). Market share was the most considered variable in this study for financial performance indication (Erdil & Günsel, 2007; Jimenez-Jimenez & Sanz-Valle, 2008; Prieto & Pilar Pérez Santana, 2012; Theriou & Chatzoglou, 2014) followed by sales growth (Collins & Smith, 2006; Prieto & Pilar Pérez Santana, 2012; Patel et al., 2013). Subsequently, Gelade and Ivery (2003). Theriou and Chatzoglou (2014) incorporated sales as an indicator of financial performance while profit was utilized as an indicator by Erdil and Günsel (2007), Jimenez-Jimenez and Sanz-Valle (2008). The variables least utilized were revenue (Collins & Smith, 2006), return on assets (Wei & Lau, 2010), investment level (Prieto & Pilar Pérez Santana, 2012), and gross profit (Chowhan, 2016).

Non-Financial Indicators

For the non-financial performance indicator, various variables have been incorporated in studies conducted by multiple researchers e.g. Turnover (Gardner et al., 2001; Sun et al., 2007) absenteeism (Gardner et al., 2001), customer satisfaction (Gelade & Ivery, 2003; Jimenez-Jimenez & Sanz-Valle, 2008; Chen & Huang, 2009), knowledge transfer (Jimenez-Jimenez & Sanz-Valle, 2008; Chen & Huang, 2009; Prieto & Pilar Pérez Santana, 2012; Minbaeva et al., 2003; Minbaeva, 2008), innovation (Lau & Ngo, 2004; Lopez-Cabrales et al., 2009; Erdil & Günsel, 2007; Chen & Huang, 2009), productivity (Chang et al., 2013; Chowhan, 2016), clerical accuracy, staff retention (Gelade & Ivery, 2003), service quality (Tsaur & Lin, 2004), employee satisfaction (Prieto & Pilar Pérez Santana, 2012), employees' growth (Patel et al., 2013), market responsiveness (Chang et al., 2013), and firms' commitment (Theriou & Chatzoglou, 2014).

METHODOLOGY

Search for Studies and Selection

The collection of studies examining the impact of HR management practices on firms' performance through mediation was our objective. Multiple keywords were used to search related studies in databases of Elsevier, Taylor & Francis, Emerald, John Wiley & Son, and Springer. Subsequently, other studies marked with exceptional citations but not published in these databases were searched through Google Scholar. To

obtain the maximum number of related texts out of the databases, different combinations of keywords were used. The initial search contained the keywords “HR management practices and firm performance” - direct input of our subject matter, followed by keywords “HRM practices and firm performance”, and “HRM and Performance”. Given the very logic that dominant studies on the subject matter appeared in early 2000 (Fey et al., 2000; Gardner et al., 2001; Gelade & Ivery, 2003), we aimed to search for studies published from 2000 to 2018. Our search for related studies ended with a sum of 226 studies giving 39 usable ones based on selection criteria.

Studies populated in the result of initial search criteria were then filtered with a number of citations, level of analysis, and conceptual framework. Studies with more than 50 citations were retained for further review. By level of analysis, we refer to those studies discussing one level of mediation between dependent and independent variables (Fey et al., 2000; Gardner et al., 2001; Gelade & Ivery, 2003; Lau & Ngo, 2004; Minbaeva, 2005), while all those studies discussing multilevel mediation (Wright et al., 2003; Selvarajan et al., 2007) were excluded from the study.

Description of Studies

Knowing the fact that HRM practices and firms’ performance could have multiple alternative and interchangeable terms in literature, therefore items used in main studies were coded for uniformity, interpretation, understanding, and ease of analysis thereon. A summary of all sample studies and coding is given in Table 1. HR practices extracted from selected studies were further divided into two streams. One named ‘dominant HR practices’ has frequently appeared in literature discussing HR practices in relation to the firms’ performance. Other named ‘secondary HR practices’ comprised factors less frequently discussed in the literature available on the subject matter. Similarly, by careful analysis and through meticulous review of selected articles, mediation, and firms’ performance were divided into two categories.

Table 1. Study attributes and results.

| Sr. | Reference | N | Sector | HRM Practices | Mediation Level | Org. Performance | Mediation Result | Performance Result |
|-----|---------------------------|-----|--------|---|-----------------|------------------|------------------|--------------------|
| 1 | Fey et al. (2000) | 101 | M | HRM Practices: Individual Performance-based Compensation, Merit-based Promotion, Job Security, Technical Training, Non-technical Training, Career Planning, Decentralized Decision Making, Internal Promotion, Complaint Resolution System, High Salaries | IL | MF | Supported | S |
| 2 | Gardner et al. (2001) | 174 | S | HR Practices: Skill Enhancing HRM Practices, Motivation Enhancing HRM Practices, Empowerment Enhancing HRM Practices | OL | NP | Supported | S |
| 3 | Gelade and Ivery (2003) | 137 | S | HRM Practices: Leadership, Local Management, Goal Clarity, Job Enablers, Coaching, Job Challenge, Rewards | OL | FP,NP | Supported | S,S |
| 4 | D. Minbaeva et al. (2003) | 241 | M,S | Training, Competence/Performance Appraisal, Merit-based Compensation, Performance-based Compensation, Internal Communication | IL | NP | Supported | S |

| Sr. | Reference | N | Sector | HRM Practices | Mediation Level | Org. Performance | Mediation Result | Performance Result |
|-----|--------------------------------------|------|--------|---|-----------------|------------------|------------------|--------------------|
| 5 | Park et al. (2003) | 52 | M,S | HR Practices-based on Synergetic Systems | IL | FP,NP | Supported | S,N |
| 6 | Lau and Ngo (2004) | 1700 | M | HR System: Training Focused HR, Performance-based Reward, Team Development | OL | NP | Supported | S |
| 7 | Tsaur and Lin (2004) | 68 | S | HRM Practices: Recruitment, Selection, Training, Development, Compensation, Benefits, Performance Appraisal | IL | NP | Supported | S |
| 8 | D. B. Minbaeva (2005) | 92 | M | HRM practices: Staffing, Training, Promotion, Compensation, Appraisal | IL | NP | Not Supported | S |
| 9 | Collins and Smith (2006) | 136 | M,S | Commitment-based HR Practices | OL | FP | Supported | S |
| 10 | Katou and Budhwar (2006) | 178 | M | HRM Systems: Resourcing & Development, Reward & Relations | IL,OL | NP | Supported | S |
| 11 | Namasivayam et al. (2007) | 1223 | S | Compensation: Direct & Indirect | IL | FP | Supported | S |
| 12 | Takeuchi et al. (2007) | 76 | M,S | High Performance Work Systems (HPWS) | OL | NP | Supported | S |
| 13 | Erdil and Günsel (2007) | 63 | M,S | HRM Practices: Selective Hiring, Use of Teams and Decentralization, Compensation/ Incentive Contingent on Performance, Extensive Training, Sharing Information | OL | FP,NP | Supported | S,S |
| 14 | Sun et al. (2007) | 100 | S | High Performance HR practices | OL | NP | Supported | S |
| 15 | Dal Pont, Furlan, and Vinelli (2008) | 266 | M | HRM practices | OL | MF | Supported | S |
| 16 | D. B. Minbaeva (2008) | 92 | M,S | HRM Practices: Extrinsic Motivation (Performance Management Systems, Rewards), Intrinsic Motivation (Job Design, Flexible Working Arrangement, Career Development) | IL | NP | Not Supported | S |

| Sr. | Reference | N | Sector | HRM Practices | Mediation Level | Org. Performance | Mediation Result | Performance Result |
|-----|---------------------------------------|------|--------|---|-----------------|------------------|------------------|--------------------|
| 17 | Jimenez-Jimenez and Sanz-Valle (2008) | 173 | M,S | HRM Systems: Flexible Job-Design & Empowerment, Team Working, Long-term & Skill-oriented Staffing, Extensive & Long-term Oriented Training, Broad Career Opportunities, Behavior-based Appraisal, Organic Compensation System | OL | FP,NP | Supported | S,S |
| 18 | Chen and Huang (2009) | 146 | M,S | SHRM Practices: Staffing, Training, Participation, Performance Appraisal, Compensation | OL | NP | Supported | S |
| 19 | Yang and Lin (2009) | 277 | S | HRM Practices: Recruiting & Selection, Training & Development, Performance Appraisal, Compensation, Health & Safety | IL,OL | NP | Supported | S |
| 20 | Fey et al. (2009) | 241 | M,S | Training, Competence and Performance Appraisal, Merit-based Promotion, Performance-based Promotion, Internal Communication | IL | FP | Supported | S |
| 21 | Guthrie et al. (2009) | 1338 | M,S | High Performance Work Systems (HPWS) | IL | FP,NP | Supported | S,S |
| 22 | Gong et al. (2009) | 463 | M,S | HR Practices: Maintenance-Oriented HR, Performance-Oriented HR | IL | NP | Supported | S |
| 23 | Lopez-Cabrales et al. (2009) | 619 | M | Knowledge-based HRM Practices, Collaborative HRM Practices | OL | FP | Supported | S |
| 24 | Ferguson and Reio Jr (2010) | 350 | M,S | HRM Practices: Employee Skills, Motivation | IL | FP,NP | Supported | S,N |
| 25 | Wei and Lau (2010) | 600 | M,S | High Performance Work Systems (HPWS) | OL | FP,NP | Supported | S,N |
| 26 | Akong'o Dimba (2010) | 50 | M | SHRM Practices: Recruitment and Hiring, Training and Development, Performance Appraisal, Compensation Systems, Flexible Work Arrangements | IL | NP | Supported | S |
| 27 | Lee et al. (2010) | 236 | M | HRM Practices: Training & Development, Teamwork, Compensation/Incentives HR planning: Performance Appraisal, Employment Security | OL | NP | Supported | S |
| 28 | Joarder et al. (2011) | 317 | S | HRM Practices: Job Security, Compensation, Job Autonomy, | IL | NP | Supported | S |

| Sr. | Reference | N | Sector | HRM Practices | Mediation Level | Org. Performance | Mediation Result | Performance Result |
|-----|---------------------------------------|------|--------|--|-----------------|------------------|------------------|--------------------|
| | | | | Working Conditions, Training & Development, Supervisory Support | | | | |
| 29 | Cabello-Medina et al. (2011) | 85 | M | HRM Practices: Development, Selection, Incentives, Empowerment | OL | FP,NP | Supported | SS |
| 30 | Prieto and Pilar Pérez Santana (2012) | 198 | M,S | High Involvement HR Practices: Ability Enhancing HR Practices: Staffing, Training Motivation Enhancing HR Practices: Compensation, Performance Appraisal Opportunity Enhancing: Work Design, Participation | OL | FP,NP | Supported | S,S |
| 31 | Chow et al. (2013) | 190 | M,S | HRM Systems: Inducement, Involvement, Investment | OL | NF | Supported | S |
| 32 | Mitchell et al. (2013) | 112 | M,S | HR Strategic Role, Devolvment | IL | FP | Supported | S |
| 33 | Patel et al. (2013) | 215 | M | High Performance Working Systems (HPWS), Exploration, Exploitation | OL | FP,NP | Supported | S,N |
| 34 | Chang et al. (2013) | 139 | M | Flexibility-oriented HRM Systems Resource-oriented Flexible HR Practices, Coordination-Oriented Flexible HR Practices | OL | NP | Supported | S |
| 35 | Patel et al. (2013) | 2018 | M,S | High Performance Work Systems: Selection, Training & Development, Performance Management | IL,OL | FP,NP | Not Supported | S |
| 36 | N. Theriou and Chatzoglou (2014) | 212 | M | HRM Practices: Knowledge Management (KM), Firms' Learning Capability | OL | FP,NP | Supported | S,N |
| 37 | Ngo, Jiang, and Loi (2014) | 157 | M,S | HRM Competency | OL | FP,NP | Supported | S,S |
| 38 | Mansour et al. (2014) | 351 | S | High Performance Working Systems | IL | NF | Supported | S |
| 39 | Chowhan (2016) | 3154 | M,S | HRM Practices: Skill Enhancing, Motivation Enhancing, Opportunity Enhancing | OL | FP | Supported | S |

Notes: M = Manufacturing Concern; S = Services Concern; IL = Individual Level; OL = Firms' Level; FP = Financial Performance; NP = Non-Financial Performance; MF = Multiple Factors, S=Supported; N=Not Supported"

Discussion

As we have already established this study would evaluate mediating models of HR practices and firms' performance. Through careful examination and analysis, we have found three levels of mediation bridging HR practices and firms' performance. Identification of the mediation level rests with the intuition of the researcher. Micro-level outcomes of HR practices are usually individual-centered hence stated as individual-level outcomes in this study. HR practices with macro-level outcomes are supposed to operate at the firms' level rather than at the individual level hence termed as firms' level outcomes. Some studies, as literature, is evidence of all these, used both levels of HR outcomes i.e. individual level outcomes and firms' level outcomes. We termed this mediation level as an individual and firm-level outcome.

Individual-Level Outcomes

Clarified in the previous section is the term individual-level outcome. The population of this study is comprised of 39 writings on the subject matter, of which 15 (38%) bridged HR practices and firms' performance through individual-level outcomes. Regarding the incorporation of samples, 3 studies managed samples from the manufacturing sector, 4 studies from the services sector, and 8 studies managed to have both from the manufacturing and services sectors.

Two of these studies, one sampled from the manufacturing sector and the other from services, didn't support the proposition of the requirement of a mediation mechanism for HR practices to impact the firms' performance. The absorption capacity of knowledge receivers (Minbaeva, 2005) and motivation of knowledge receivers (Minbaeva, 2008) were found not to mediate the relationship between HR practices and firms' performance. The rest of the studies, thirteen in number, established the individual-level mediation mechanism between HR practices and firms' performance. Of these, two were from the manufacturing sector and examined motivation, retention, capability development (Fey et al., 2000), and Employee Motivation (Akong'o Dimba, 2010). Four were from the services sector established individual-level mediation through human capital, firms' commitment (Mansour et al., 2014), affective commitment (Joarder et al., 2011), compensation: direct & indirect (Namasivayam et al., 2007), and social behavior: extra-role service and role-prescribed service (Tsaur & Lin, 2004). Several writings examined the subject matter through sampling both from the manufacturing and services sectors. For instance, in such sampled studies, variety of mediators like absorptive capacity (D. Minbaeva et al., 2003), employee skills, attitudes, motivation (Park et al., 2003), employees' ability, motivation (Fey et al., 2009), absenteeism, turnover rates (Guthrie et al., 2009), managerial commitment (Gong et al., 2009), HR processes (Ferguson & Reio Jr, 2010), and high-performance HR practices (Mitchell et al., 2013) have been validated.

Firms' Level Outcomes

Rich text is available on the subject of firms' level mediation between HR practices and firms' performance. Our inquiry takes 39 studies of which 21 (53%) examined firms' level mediation. Selection of the industrial sector (manufacturing or services) at this level is similar to that of individual-level mediation i.e. 10 studies sampled from both the manufacturing and services sector, 8 from the manufacturing sector, and the rest of the 3 from the services sector. Worth noticing phenomenon here is that all mediation models were significant at this level of examination of HR practices and firms' performance. Limiting our discussion to the studies of manufacturing sector domain, firms' capabilities (Theriou & Chatzoglou, 2014), potential absorptive capacity (Chang et al., 2013), firms' ambidexterity (Patel et al., 2013), social capital, human capital (Cabello-Medina et al., 2011), business strategy (Lee et al., 2010), firms' culture (Lau & Ngo, 2004), knowledge (Lopez-Cabrales et al., 2009), and total quality management (Dal Pont et al., 2008) paved the way of HR practices to mark its impact on firms' performance. Referring to studies covering samples both from the manufacturing and service sectors, there is clear evidence available in the literature that

organization-level mediation plays a central role in bridging the HR practices and firms' performance (Chowhan, 2016; Ngo et al., 2014; Chow et al., 2013). Going a little deeper into this, three studies sampled from the services sector are evidence of the fact that service-oriented citizenship behaviors (Sun et al., 2007), collective attitudes (Gardner et al., 2001), and general Climate (Gelade & Ivery, 2003) are firms' level mediations notably giving way to HR practices to affect firms' performance. Summing up the discussion, in contrast to individual-level mediation, firms' level mediation has been unswerving in bridging the HR practices and firms' performance.

Individual and Firms' Level Outcomes

Possibly no logic can be derived by the practice of dual sampling (selection of sample both from manufacturing and service sector) but the richness and good representation of sample, and we assume the same logic behind the incorporation of both levels of mediation (individual and firms') in some studies bridging the HR practices and firms' performance. Katou and Budhwar (2006) examined both individual level (skill, attitude, behavior) and firms' level (business strategy) mediation and found that both levels of mediation were significantly related to HR practices and firms' performance. A subsequent study appeared in 2009 by Yang and Lin (2009) verified the claim of Budhwar (2006) through some different mediating variables – intellectual capital (individual level) and firms' capital (firms' level). However, the latest available study by Patel et al. (2013) on the subject matter came with contradictory findings to Katou and Budhwar (2006) and Yang and Lin (2009). The work of Patel et al. (2013) on hi-tech firms revealed that individual-level mediation (Human capital) and firms' level mediation (Social Capital) have nothing to do with the HR practices and firms' performance.

Firms' Performance

We classified firms' performance in two distinct broader streams i.e. financial performance and non-financial performance. However, we ran across the work of Fey et al. (2000) and Dal Pont et al. (2008) wherein no clear difference could be drawn between financial and non-financial aspects. In this study, all those firms' outcomes that can be quantified in monetary terms are captioned as financial performance like for instance all items of profit and loss account, and statement of financial position. Conversely, all subjective performance indicators are clubbed under non-financial performance for instance employees' attitude, customers' satisfaction, etc.

As we have already mentioned intuition works in deciding the financial or non-financial performance of an organization. In this context, though careful attention is given to the decision, even there could be some chances of decision error.

Financial Performance

Comparatively, fewer studies discuss the impact of HR practices on the financial performance of organizations. Namasivayam et al. (2007), Fey et al. (2009), and Mitchell et al. (2013) concluded their work with the claim that through individual-level mediation, HR practices affect the financial performance of organizations. Examining firms' level of mediation, the findings of Collins and Smith (2006), Lopez-Cabrales et al. (2009), and Chowhan (2016) are convergent with those of Namasivayam et al. (2007), Fey et al. (2009), and Mitchell et al. (2013).

Non-Financial Performance

Studying non-financial performance as an outcome of HR practices through a variety of mediation mechanisms has been the focus of researchers. As a token of proof, among 39 sampled studies, 18 worked with non-financial dimensions of firms' performance. Interestingly, all non-financial outcomes were significantly related to the HR practices through some mediation. However, the work of Minbaeva (2005) and Minbaeva (2008) claimed that HR practices affect the nonfinancial performance of organizations even in the absence of mediation.

Discussing mediation level-wise results of non-financial performance, the effect of HR practices on firms' performance likeability of knowledge transfer (Minbaeva et al., 2003), service quality (Tsaur & Lin, 2004), quality of goods, company image, interpersonal relations (Akong'o Dimba, 2010), and turnover intentions (Joarder et al., 2011) is found to be significant through individual level of mediation. Examining firms' level of mediation, work on non-financial outcomes of HR Practices by Gardner et al. (2001) and Sun et al. (2007) on employee turnover, Chen and Huang (2009), Lau and Ngo (2004) and Chang et al. (2013) on innovation was supported against the notion of presence of mediating mechanism. Evaluating both mediating levels (individual and firms), Yang and Lin (2009) confirmed that HR practices through both levels of mediation affect the non-financial performance (job satisfaction, turnover, loyalty, effective management, skill, and services) of an organization.

Financial and Non-Financial Performance

Considerable writings in literature appeared from 2001 to 2017 discussing the qualitative and quantitative aspects of firms' performance. In the context of the level of mediation, both modes (individual and firms') have been discussed in relation to HR practices and firms' outcomes. Notably, all studies are convergent on the proposition that HR practices through mediation affect the financial performance of organizations except on study of Patel et al. (2013) who concluded that HR practices affect firms' performance but observance of this effect through some mediation is not necessary.

Examining the individual level of mediation, Park et al. (2003) and Ferguson and Reio Jr (2010) found that HR practices affect the financial performance of organizations but have no effect on non-financial performance. Conversely, Guthrie et al. (2009) established that the financial and subjective performance of an organization is a function of HR practices through mediation.

Coming to the firms' level of mediation, the findings of all studies are in line with the findings of individual-level mediation in respect of the financial performance of organizations. However, in terms of non-financial performance, results are contradictory. For instance, Wei and Lau (2010), Patel et al. (2013), and N. Theriou and Chatzoglou (2014) are of the view that HR practices affect the financial performance of organizations but the impact on non-financial performance cannot be established. In contrast, multiple studies found that firms' financial and non-financial performance is significantly affected by HR practices through firms' level of mediation (Gelade & Ivery, 2003; Erdil & Gunsul, 2007; Jimenez-Jimenez & Sanz-Valle, 2008; Cabello-Medina et al., 2011; Prieto & Pilar Pérez Santana, 2012).

Table 2. Selected studies for review.

| Ref. | Industry | N | HR Practices | Mediation | Firm Performance | Cited |
|------|---------------------------|-----|---|--|---|-------|
| 1 | Russian MNC's | 101 | HRM Practices: Individual Performance-based Compensation, Merit-based Promotion, Job Security, Technical Training, Non-technical Training, Career Planning, Decentralized Decision Making, Internal Promotion, Complaint Resolution System, High Salaries | HR Outcomes: Motivation, Retention, Capability Development | Firm Performance (not classified as financial or non-financial) | 416 |
| 2 | Food Service Distribution | 174 | HR Practices: Skill Enhancing HRM Practices, Motivation Enhancing HRM Practices, Empowerment Enhancing HRM Practices | Collective Attitudes: Job Satisfaction, Firms' Commitment | Non-financial Performance: Employee Turnover, Absenteeism | 121 |

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|----|---|------|--|---|--|------|
| 3 | Retail Banking | 137 | HRM Practices: Leadership, Local Management, Goal Clarity, Job Enablers, Coaching, Job Challenge, Rewards | General Climate | Financial Performance: Sales Non-Financial Performance: Customer Satisfaction, Clerical Accuracy, Staff Retention | 483 |
| 4 | MNC's in Finland, Russia, USA | 241 | Training, Competence/Performance Appraisal, Merit-based Compensation, Performance-based Compensation, Internal Communication | Absorptive Capacity: Employee's Ability, Employee's Motivation | Non-Financial Performance: Knowledge Transfer | 1280 |
| 5 | MNC Subsidiaries | 52 | HR Practices-based on Synergetic Systems | Employee Skills, Employee Attitudes, Employee Motivation | Financial and Non-Financial Performance: Operating Efficiency, Quality, Service, Profitability | 220 |
| 6 | Hong Kong's Leading Manufacturing Companies | 1700 | HR System: Training Focused HR, Performance-based Reward, Team Development | Firms' Culture | Non-Financial Performance: Innovation Outcome | 470 |
| 7 | Hotels in Taiwan | 68 | HRM Practices: Recruitment, Selection, Training, Development, Compensation, Benefits, Performance Appraisal | Social Behavior: Extra-Role Service, Role-prescribed Service | Non-Financial Performance Service Quality: Tangible, Reliability, Responsiveness, Assurance, Empathy | 320 |
| 8 | MNC's | 92 | HRM practices: Staffing, Training, Promotion, Compensation, Appraisal | Knowledge Receivers, Learning Environment (Absorption Capacity of Knowledge Receivers) | Non-financial Performance: Knowledge Transfer | 305 |
| 9 | High Technology Firms | 136 | Commitment-based HR Practices | Social Climate: Trust, Cooperation, Shared Codes and Language, Knowledge Exchange and Combination | Financial Performance (Revenue, Sales Growth) | 1642 |
| 10 | Greek Manufacturing Sector | 178 | HRM Systems: Resourcing & Development, Reward & Relations | Business Strategies: Quality, Innovation, Cost HRM Outcomes: Skills, Attitudes and Behavior | Non-financial Performance | 273 |
| 11 | Hotel | 1223 | Compensation: Direct & Indirect | Direct Compensation, | Financial Performance, | 76 |
| 12 | Manufacturing, Construction, Communication, Transportation, Service Sector, Wholesale & Retail Trade, Finance, | 76 | High Performance Work Systems (HPWS) | Collective Human Capital, Degree of Establishment, Social Exchange | Establishment Performance (Subjectively)/Non-Financial | 633 |

Insurance, Real Estate &
Other

| | | | | | | |
|----|---|------|---|---|---|------|
| 13 | SME's | 63 | HRM Practices: Selective Hiring, Use of Teams and Decentralization, Compensation/ Incentive Contingent on Performance, Extensive Training, Sharing Information | Firm Strategy | Financial/Non-financial Performance | 19 |
| 14 | Hotel | 100 | High Performance HR practices | Service-Oriented Citizenship Behaviors | Non-financial Performance Productivity and Turnover | 1021 |
| 15 | Manufacturing Sector of Nine Countries | 266 | HRM practices | Total quality Management TQM, Just in Time JIT | Operational Performance | 72 |
| 16 | MNC's | 92 | HRM Practices: Extrinsic Motivation (Performance Management Systems, Rewards), Intrinsic Motivation (Job Design, Flexible Working Arrangement, Career Development) | Motivation of Knowledge Receivers | Non-financial Performance: Knowledge Transfer | 119 |
| 17 | Spanish Firms | 173 | HRM Systems: Flexible Job-Design & Empowerment, Team Working, Long-term & Skill-oriented Staffing, Extensive & Long-term Oriented Training, Broad Career Opportunities, Behavior-based Appraisal, Organic Compensation System | Innovation: Product Innovation, Process Innovation, Administrative Innovation | Financial Performance: Share Market, Profitability Non-financial Performance: Productivity, Customer Satisfaction | 218 |
| 18 | Taiwanese Firms Listed by China Credit Information Service Corporation | 146 | SHRM Practices: Staffing, Training, Participation, Performance Appraisal, Compensation | Knowledge Management: Knowledge Acquisition, Knowledge Sharing, Knowledge Application | Non-financial Performance: Administrative Innovation, Technical Innovation | 936 |
| 19 | Healthcare | 277 | HRM Practices: Recruiting & Selection, Training & Development, Performance Appraisal, Compensation, Health & Safety | Intellectual Capital: Human capital, Relational Capital, Firms' Capital | Non-Financial Performance: Job Satisfaction, Turnover, Loyalty, Effective Management, Skill and Services | 202 |
| 20 | MNE's | 241 | Training, Competence and Performance Appraisal, Merit-based Promotion, Performance-based Promotion, Internal Communication | Employee Ability, Employee Motivation | Financial Performance | 148 |
| 21 | Chemical, Retail, Financial, Manufacturing, Service, Transport, Communications, Agriculture, Energy, Construction | 1338 | High Performance Work Systems (HPWS) | HR Outcomes: Absenteeism, Turnover Rates | Financial Performance: Labor Expense Non-financial Performance: Productivity | 163 |
| 22 | Manufacturing, High-tech, Services, State Owned & Private Firms | 463 | HR Practices: Maintenance-Oriented HR, Performance-Oriented HR | Managerial Commitment: Continuance commitment, Affective Commitment | Non-financial Performance | 336 |
| 23 | Manufacturing Sector of Spain | 619 | Knowledge-based HRM Practices, Collaborative HRM Practices | Knowledge: Valuable knowledge, Unique knowledge | Financial Performance: Product Innovative activity | 268 |
| 24 | Business Sector | 350 | HRM Practices: Employee Skills, Motivation | Processes: Strategic Planning, Selection & Recruiting Processes, Promotion & Reward Processes, Employee Training & Development Programs, Employee | Financial/Non-financial Performance (Subjective Performance) | 126 |

| | | | Performance & Review Processes | | | |
|----|--|-----|--|---|---|-----|
| 25 | Chinese Enterprises | 600 | High Performance Work Systems (HPWS) | Adaptive Capability | Financial Performance, Innovation Performance | 94 |
| 26 | Kenya Manufacturing MNC's | 50 | SHRM Practices: Recruitment and Hiring, Training and Development, Performance Appraisal, Compensation Systems, Flexible Work Arrangements | Employee Motivation | Non-financial Performance: Quality of Goods, Company Image, Interpersonal Relations | IL |
| 27 | Taiwan Steel Industry | 236 | HRM Practices: Training & Development, Teamwork, Compensation/Incentives HR planning: Performance Appraisal, Employment Security | Business Strategy: Cost Reduction, Innovation, Quality Enhancement | Operational Performance: Product Quality, Product Delivery, Production Cost, Production Flexibility | 117 |
| 28 | Private Universities | 317 | HRM Practices: Job Security, Compensation, Job Autonomy, Working Conditions, Training & Development, Supervisory Support | Affective Commitment | Turnover Intentions | 42 |
| 29 | Spanish Manufacturing | 85 | HRM Practices: Development, Selection, Incentives, Empowerment | Social Capital, Human Capital | Financial/Non-financial Performance | 137 |
| 30 | Spanish Food and Beverage, Manufacturing, Chemical, Metallurgy, Automotive, Others (Engineering, Finance, etc.) | 198 | High Involvement HR Practices: Ability Enhancing HR Practices: Staffing, Training Motivation Enhancing HR Practices: Compensation, Performance Appraisal Opportunity Enhancing: Work Design, Participation | Social Climate, Ambidextrous Learning | Financial/Non-financial Performance | 84 |
| 31 | Singaporean Companies with HR Department | 190 | HRM Systems: Inducement, Involvement, Investment | Strategic Orientation: Cost/Efficiency, Differentiation | Non-Financial Performance: Perceived Firms' Performance | 19 |
| 32 | Financial/ Manufacturing | 112 | HR Strategic Role, Devolvement | High Performance Human Resource Practices: Ability Enhancing, Motivation Enhancing, Opportunity Enhancing | Financial Performance | 58 |
| 33 | High-tech SME's | 215 | High Performance Working Systems (HPWS), Exploration, Exploitation | Firms' Ambidexterity | Financial Performance: Sales Growth Non-Financial Performance: Employees Growth | 195 |
| 34 | High-tech | 139 | Flexibility-oriented HRM Systems Resource-oriented Flexible HR Practices, Coordination-Oriented Flexible HR Practices | Potential Absorptive Capacity: Potential Absorption Capacity, Realized Absorption Capacity | Non-financial Performance: Market Responsiveness, Firm Innovativeness | 108 |

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|----|--|------|--|--|--|-----|
| 35 | High-tech Firms | 2018 | High Performance Work Systems: Selection, Training & Development, Performance Management | Human capital, Social Capital, Behaviors | Financial/Non-financial Performance | 176 |
| 36 | Manufacturing | 212 | HRM Practices: Knowledge Management (KM), Firms' Learning Capability | Firms' Capabilities (OC) | Financial Performance: Corporate Profitability, Market Performance Non-financial Performance: Firms' Commitment | 19 |
| 37 | High-Tech Development Zone HTDZ of China | 157 | HRM Competency | HPWS, Achievement of External Fit | Non-financial Performance: Employee Morale, Competitive Position, Financial Performance: Profitability, Sales, Growth | 20 |
| 38 | Tunisian Financial Services | 351 | High Performance Working Systems | Human Capital, Firms' Commitment | Non-financial Performance | 12 |
| 39 | Non-Government Business Sector of Canada | 3154 | HRM Practices: Skill Enhancing, Motivation Enhancing, Opportunity Enhancing | Innovation: Transmission Mechanism | Financial Performance | 21 |

CONCLUSIONS

By offering a comprehensive taxonomy of the mediating mechanisms via which HR policies affect business success, this study fills a major information vacuum. After a careful examination of 39 studies, this study provides a more systematic understanding of the manner in which HR practices may impact performance results and emphasizes the significance of selecting the appropriate level of mediation to support business objectives. HR practices may improve each employee's personality, skills, and behaviour, which may impact the performance of the business as a whole. Things like increased employee motivation, job happiness, and skill development are examples of individual-level mediators. These individual mediators are crucial because they have a direct impact on worker performance, which raises the organization's overall output. Initiatives for training and development, for example, may enhance personal skills, which would boost output and enhance business results. This strategy is essential for businesses looking to use customized staff development to establish a high-achieving culture. Nevertheless, team relationships, corporate culture, and overall organizational competency are some of the most fundamental organizational processes that are impacted by HR strategies at the business level. Firm-level mediators including innovation, information sharing, and organizational commitment collaborate to increase overall performance. HR programs that, for instance, seek to improve teamwork or establish a solid company culture may boost output and creativity. If businesses want to implement systemic changes that have an effect on the entire organisation, including boosting organisational agility or promoting innovation. The study's findings underscore the need of businesses to modify their HR strategy to achieve the desired impact, whether that impact is to promote organizational or individual development. Businesses may develop HR solutions that focus on certain areas for growth by understanding the mediating processes. If a firm wishes to increase individual employee engagement, its HR policies should focus on inspiring and developing tactics. HR strategies, on the other hand, must emphasize improved collaboration, information exchange, and organizational learning in order to accomplish organizational-level outcomes such as innovation. Finally. Businesses may use this scientific technique to better manage their human resources, resulting in increased employee performance and overall organizational success.

Limitations

Notwithstanding these benefits, there are some significant issues with the study. According to an analysis of 39 publications, the variety of mediating mechanisms may not be fully included in the classification of mediating processes. Moreover, the results might not be as broadly applicable as they could be because of the range of industries and circumstances covered in the study in question. Additional empirical research would be necessary since different organizational environments may have unique mediating features not included in the analyzed studies.

Future Direction

Future studies should address these issues by carrying out empirical validations of the suggested mediation pathways in various organizational situations. Analysing possible impacts on the relative advantages of industry-specific factors, such as market dynamics or competitive pressures

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