Service-oriented high-performance work practices as predictors of retail employees' work engagement and service climate perceptions

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Abbreviations used in the article

1. High-performance work system(s) – HPWS(s)

2. Service-oriented HPWS(s) – SO-HPWS(s)

3. High-performance work practice(s) – HPWP(s)

4. Service-oriented HPWP(s) – SO-HPWP(s)

5. Human resource management – HRM

6. Service climate – SC

7. Work engagement – WE

Abstract

Using survey data collected from 781 frontline employees of a South African retailer, this study investigated the degree to which employees' perceptions of six service-oriented high-performance work practices (HPWPs) – staffing, training, financial compensation, non-financial rewards, involvement, and empowerment – predict their work engagement and service climate perceptions. It was found that employees' perceptions of involvement, training and staffing predicted their service climate perceptions, while only training was a statistically significant predictor of employees' work engagement. The study contributes to the limited research on the relationship between individual service-oriented HPWPs and these two crucial employee outcomes.

Keywords: Service-oriented high-performance work practices (HPWPs), service climate, work engagement, retailing

Introduction

Frontline employees play a critical role in ensuring positive customer experiences and in enhancing customer satisfaction in most service contexts, including traditional bricks-and-mortar retailing (Wirtz & Lovelock, 2016). In high-contact service settings, frontline employees personify the firm and represent "the brand" in the minds of consumers (Zeithaml, Bitner, & Gremler, 2018). It is, therefore, important to understand the factors that affect these employees' motivation and service-related behaviors.

Previous studies indicate that high-performance work systems (HPWSs) have a positive impact on service employees' work engagement (WE; e.g., Huertas-Valdivia, Llorens-Montes, & Ruiz-Moreno, 2018; Salanova, Agut, & Peiro, 2005) and service climate (SC) perceptions (e.g., Jiang, Chuang, & Chiao, 2015; Tang & Tang, 2012). An HPWS is a system of internally coherent high-performance work practices (HPWPs) aligned with organizational strategy that, as a system, influences employees' work-rated behaviors and, ultimately, also impacts organizational performance (Chuang & Liao, 2010; Jiang, et al., 2015).

Previous studies on the relationship between HPWSs and WE as well as SC have typically represented HPWSs as a single composite score (Huertas-Valdivia, et al., 2018; Karadas &

Karatepe, 2019; Luu, 2019), as a second-order construct with reflective first-order dimensions representing each constituent HPWP (Hoang, Rao Hill, Lu, & Freeman, 2018; Karatepe, 2013; Karatepe & Olugbade, 2016), or as a reflective latent variable measured by composite scores representing each of the constituent HPWPs (Chuang & Liao, 2010).

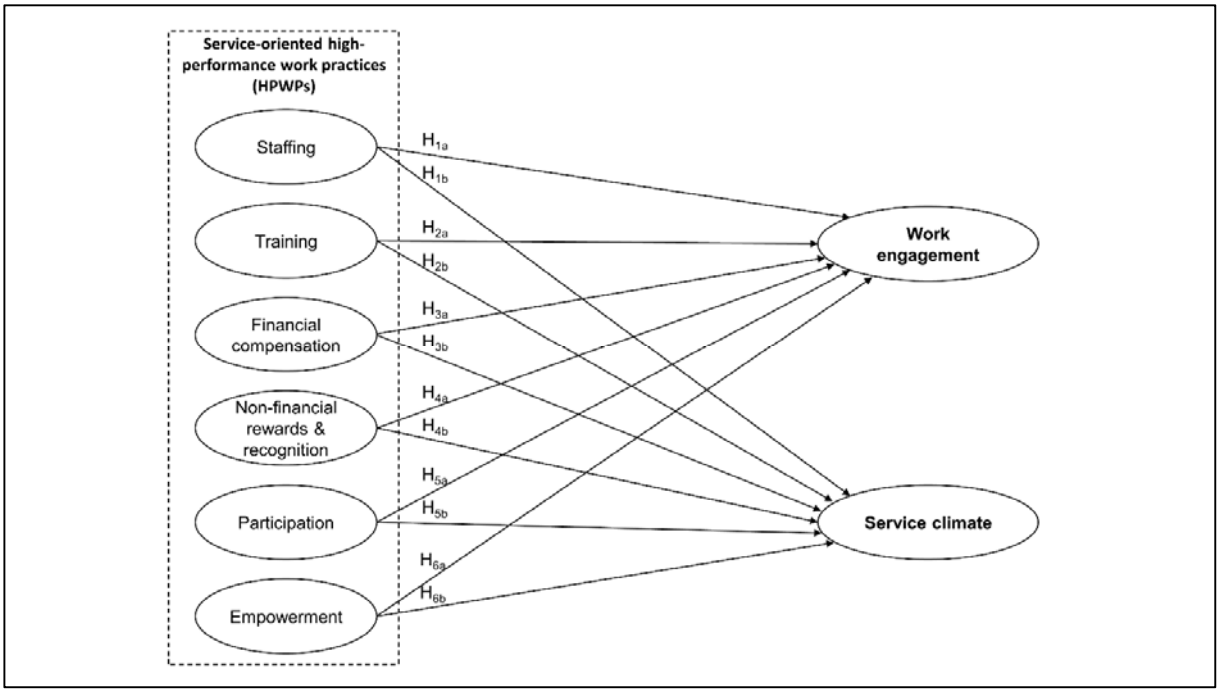
These modelling approaches do not allow decision-makers to determine which *specific* HPWPs have the strongest impact on employees' WE or SC perceptions (Hauff, 2019). This is an important gap, because managers should be able to identify the specific HPWPs that promote frontline employees' WE and SC perceptions (Choo, 2016; Lux, Jex, & Hansen, 1996). As Hauff (2019) explains: "HRM practitioners want to know more than just that HRM matters; they want to know which HRM practices are crucial and where to focus their investments …"

Most research on the relationship between HPWSs and WE or SC have been conducted in developed economies (e.g., Huertas-Valdivia, et al., 2018; Jiang, et al., 2015; Salanova, et al., 2005). Only a handful of studies have investigated these relationships in emerging markets (e.g., Aktar & Pangil, 2018; Karadas & Karatepe, 2019; Karatepe & Olugbade, 2016). Furthermore, many previous studies conducted in service contexts have focused on generic instead of on service-oriented HPWSs (SO-HPWSs; e.g., Huertas-Valdivia, et al., 2018; Karatepe & Olugbade, 2016; Salanova, et al., 2005; Tang & Tang, 2012). While both generic and SO-HPWPs are positive predictors of WE and SC, the meta-analysis of Hong, Liao, Hu, and Jiang (2013) found that SO-HPWPs were a stronger predictor of SC than generic HPWPs. These authors called for additional primary studies on the relationship between SO-HPWPs and valued employee outcomes such as SC and WE (Hong, et al., 2013).

This study's purpose is to investigate the extent to which six SO-HPWPs – staffing, training, financial compensation, non-financial rewards, involvement, and empowerment – predict WE and SC perceptions of the frontline employees of a South African retailer. These SO-HPWPs were identified as key elements of the HPWSs investigated in previous research (e.g., Karadas & Karatepe, 2019; Luu, 2019; Tang & Tang, 2012; Wang & Xu, 2017).

This study makes three contributions. First, it adds to the few extant studies that have specifically investigated the relationships between *individual SO-HPWPs* and SC or WE (Aktar & Pangil, 2018; Choo, 2016). Second, while previous studies have investigated the relationships between HPWSs and either WE or SC, this study focused on the relationships between the six selected SO-HPWPs and WE as well as SC perceptions simultaneously. Third, the study adds to Karatepe and Olugbade (2016) by providing another African perspective on the aforementioned relationships.

Figure 1. The conceptual framework and hypotheses tested in the current study



Conceptual framework

Figure 1 shows this study's conceptual framework. The three core constructs in the framework are introduced next, followed by the presentation of conceptual and empirical support for the study's hypotheses.

High-performance work systems (HPWSs) and service-oriented high-performance work practices (SO-HPWPs)

Several studies have investigated the relationships between HPWSs and SC (e.g., Jiang, et al., 2015; Lin & Liu, 2016; Tang & Tang, 2012) or WE (Choo, 2016; Huertas-Valdivia, et al., 2018; Karadas & Karatepe, 2019; Luu, 2019) in service contexts. While some authors use HPWSs and HPWPs interchangeably to refer to *systems* of coordinated and synergistic human resource management (HRM) practices (e.g., Huertas-Valdivia, et al., 2018; Tang & Tang, 2012), we follow Posthuma, Campion, Masimova, and Campion (2013) and treat HPWPs as the individual components of a firm's overall HPWS.

Authors also distinguish between generic and SO-HPWSs (Jiang, et al., 2015; Liao, Toya, Lepak, & Hong, 2009). The former refers to "… practices that are intended to improve employees' general abilities, motivation and empowerment to perform …" (Hong, et al., 2013, p. 239). Although generic HPWSs are not specifically oriented towards enhancing customer service, they relate to SC by enhancing the firm's overall expectations of employee performance. SO-HPWSs, on the other hand, are specifically targeted at improving service quality and focus on "…enhancing front-line service employees' human capital, motivation, and empowerment in delivering high-quality service" (Hong, et al., 2013, p. 239). An SO-HPWS consists of several SO-HPWPs including: "… extensive service training, information sharing, self-management service teams and participation, compensation contingent on service quality, job design for quality work, service-quality-based performance appraisal, internal service, service discretion, selective hiring, employment security, and reduced status differentiation" (Liao, et al., 2009, p. 373). The meta-analysis of Hong, et al. (2013) found that both general and SO-HPWPs are positively related to SC. In addition, the relationship between SO-HPWPs and SC was significantly stronger than that between SC and general HPWPs. The current study, therefore, focused on the relationships between SO-HPWPs and SC as well as WE.

While a focus on the relationship between HPWSs and SC as well as WE are valuable, researchers and practitioners can gain valuable insights by specifically considering the relationships between *individual* HPWPs and these constructs. Employers are typically concerned about labor costs and, therefore, have to weigh the benefits of investing in HPWSs against the costs involved. Such decisions can be facilitated by an understanding of the differential impact of individual HPWPs on SC and WE respectively (Hauff, 2019; Hong, Jiang, Liao, & Sturman, 2017). However, studies relating individual SO-HPWPs directly to SC (Chuang & Liao, 2010; Lux, et al., 1996) or WE (Aktar & Pangil, 2018; Babakus, Yavas, & Karatepe, 2017; Choo, 2016) are scarce. We consequently focused on the relationship between six SO-HPWPs and SC as well as WE simultaneously.

Service climate (SC)

SC refers to employees' perceptions of the practices, procedures, and behaviors that are expected, supported and rewarded with regard to customer service and customer service quality (Schneider, White, & Paul, 1998). SC is important to service firms for three reasons. First, it connects internal organizational policies and practices to customer experiences and, ultimately, to indicators of a unit or firm's financial performance (Bowen & Schneider, 2014; Hong, et al., 2013). Second, because of the intangibility, heterogeneity, perishability, and simultaneity of services, supervisors are unable to constantly monitor and control frontline employees to ensure high quality service delivery (Yagil, 2014). A strong SC functions as an "implicit form of control" that motivates and guides employees to provide high quality customer service (Yagil, 2014). Finally, changes in SC are indicators of future changes in key customer and financial outcomes, including customer satisfaction (Schneider, et al., 1998) and Tobin's Q, an index of a firm's financial and market performance (Schneider, Macey, Lee, & Young, 2009).

While many previous studies have investigated SC as a collective construct at the work-unit or organizational level of analysis (e.g., Hong *et al.*, 2013), we focused on employees'

psychological SC perceptions at an *individual level* of analysis (cf. Hoang, et al., 2018; Kang & Busser, 2018; Wang & Xu, 2017).

Work engagement (WE)

WE refers to "… a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption" (Schaufeli, Salanova, González-Romá, & Bakker, 2002, p. 74). In this definition, *vigor* indicates high levels of energy and mental resilience while working, the willingness to invest effort in one's work, and persistence even in the face of difficulties; *dedication* refers to a sense of significance derived from one's work as well as feelings of enthusiasm, inspiration, pride and challenge; and *absorption* is characterized by being fully concentrated on one's work so that time passes quickly and one finds it difficult to detach oneself from the work (Schaufeli, et al., 2002).

WE is important to service firms because engaged employees perform their jobs better than disengaged employees (Park, Johnson, & Chaudhuri, 2019), display more positive emotions (Kang & Busser, 2018), and show heightened resourcefulness, proactive behavior and personal initiative in their work (Kopperud, Martinsen, & Humborstad, 2014). Moreover, engaged employees are willing to go beyond normal job expectations, stimulate the performance of their colleagues, are more involved in their organization (Kang & Busser, 2018), have higher levels of job satisfaction, show greater organizational commitment (Kopperud, et al., 2014), and are less likely to leave the organization (Park, et al., 2019).

WE has also been linked to several desirable customer outcomes such as customer-perceived service performance (Menguc, Auh, Fisher, & Haddad, 2013) as well as functional and relational service quality (García-Buades, Martínez-Tur, Ortiz-Bonnín, & Peiró, 2016), employees' creative and service recovery performance (Karatepe & Olugbade, 2016), and employees' in-role and extra-role service performance (Karatepe, 2013).

Hypothesis development

While several studies found positive relationships between HPWSs and SC (e.g., Hoang, et al., 2018; Jiang, et al., 2015; Wang & Xu, 2017) as well as WE (e.g., Huertas-Valdivia, et al., 2018; Karadas & Karatepe, 2019; Karatepe, 2013) respectively, the direct relationships between *individual* HPWPs and SC as well as WE have received less attention. Consequently, we investigated the relationships between six SO-HPWPs included in several previous service-focused studies (e.g., Huertas-Valdivia, et al., 2018; Karadas & Karatepe, 2019; Luu, 2019; Tang & Tang, 2012; Wang & Xu, 2017) and SC as well as WE simultaneously.

Staffing

Staffing refers to the recruitment and selection processes through which a firm ensures that it has the required number of employees with the appropriate skills in the right jobs, at the right time, to achieve organizational objectives (Mondy & Martocchio, 2016). The right people are a service firm's most important assets, while "… the wrong people are a liability that is often difficult to get rid of" (Wirtz & Jerger, 2016). In fact, the types of people who are appointed sends a strong message about a service firm's priorities (Ueno, 2012). Firms that are serious about customer service should "hire for attitude" and select frontline employees with intrinsic qualities such as energy, charm and work ethic, which cannot be taught (Bowen & Pugh, 2009). It accordingly stands to reason that staffing is the starting point for the development of an SC (Bowen & Pugh, 2009). Chuang and Liao (2010) reported a positive relationship between managers' perceptions of staffing and frontline employees' perceptions of the SC in their stores. Regarding the relationship between staffing and WE, Karatepe and Olugbade (2016) found a positive relationship between frontline employees' perceptions of selective staffing and their WE. It is accordingly hypothesized that:

> H_1: Frontline employees' perceptions of staffing is a positive predictor of their (a) WE and (b) SC perceptions.

Training

Training refers to an organization's planned efforts to help employees acquire the necessary job-related knowledge, skills, abilities, and behaviors (Noe, Hollenbeck, Gerhart, & Wright, 2016). Excellent service firms have a strong commitment to ongoing training (Wirtz & Jerger, 2016). Such training can be used to communicate the importance of service excellence to employees (Babakus, et al., 2017), thus strengthening the firm's SC. Training also provides employees with opportunities to improve their service-related knowledge, skills and abilities and thus boosts their WE (Babakus, et al., 2017; Babakus, Yavas, Karatepe, & Avci, 2003; Choo, 2016; Wang & Xu, 2017). Lux, et al. (1996) found a positive relationship between frontline employees' perceptions of training and SC, while Chuang and Liao (2010) reported a positive relationship between store managers' perceptions of training and employees' SC perceptions. Concerning WE, several previous research have also reported a positive relationship between frontline employees' perceptions of training and their WE (Aktar & Pangil, 2018; Babakus, et al., 2017; Choo, 2016; Karatepe, 2013). It is accordingly hypothesized that:

> H_2: Frontline employees' perceptions of training is a positive predictor of their (a) WE and (b) SC perceptions.

Financial compensation

Financial compensation refers to the wages, salaries, bonuses and commissions employees receive in return for their labor (Mondy & Martocchio, 2016). A firm's compensation policy and practices can powerfully communicate organizational priorities and induce frontline employees to deliver high-quality service (Babakus, et al., 2003; Bowen & Pugh, 2009). However, the basic salary or wage service employees earn tends to be a hygiene factor, not a sustained motivator (Wirtz & Lovelock, 2016). Instead, financial bonuses contingent on performance that have to be re-earned in each assessment period tend to be more lasting motivators (Wirtz & Lovelock, 2016). Schneider and White (2004) argue that frontline employees will devote more time and effort to customer

service if their performance evaluations in this regard are tied to their compensation. A firm's compensation policies and practices can, therefore, be designed to reward employees' service efforts and to strengthen the firm's SC (Schneider & White, 2004). Empirically, Chuang and Liao (2010) found a positive store-level relationship between managers' perceptions of financial compensation and employees' SC perceptions. Furthermore, several studies reported a positive relationship between perceived financial compensation and WE (Gill, Dugger, & Norton, 2014; Jung & Yoon, 2015; Kulikowski, 2018; Victor & Hoole, 2017). It is accordingly hypothesized that:

> H_3: Frontline employees' perceptions of financial compensation is a positive predictor of their (a) WE and (b) SC perceptions.

Non-financial rewards

Non-financial rewards refer to non-monetary forms of recognition through which a firm tangibly indicates its appreciation to employees for their high quality work (Yang, 2012). Since the need for recognition is a fundamental trigger of human behavior, employees may exhibit greater effort when their work efforts are recognized (Yang, 2012). Firms can, therefore, enhance organizational performance through non-financial rewards, as these rewards accentuate the valuable contributions frontline employees make (Yang, 2012). These rewards also communicate the organization's priorities to employees by indicating which behaviors are expected and rewarded (Ueno, 2012). Although empirical support for the relationship between non-financial rewards and SC as well as WE is scarce, Ueno (2012) postulates that non-financial rewards can be used as a major mechanism for creating a strong SC. Lux, et al. (1996) found a positive individual-level relationship between employees' perceptions of rewards and SC, while Chuang and Liao (2010) reports a positive store-level relationship between these constructs. Regarding WE, Aktar and Pangil (2018), Babakus, et al. (2017), Choo (2016) and Karatepe (2013) all found positive relationships between employees' perceptions of service rewards and their WE. It is accordingly hypothesized that:

> H_4: Frontline employees' perceptions of non-financial rewards is a positive predictor of their

(a) WE and (b) SC perceptions.

Involvement

Employee involvement refers to information sharing, employee voice, participation in decision-making, as well as to open, two-way communication in the workplace (Aktar & Pangil, 2018; Browning, Edgar, Gray, & Garrett, 2009). Firms can improve service delivery by involving frontline employees in decisions that affect their work, by encouraging them to share information about customer requirements and service problems, and by involving them in service improvements and new service development efforts (Liao & Chuang, 2004). Such forms of involvement signal to employees that their inputs are valued (Tang & Tang, 2012) and that management trusts them and considers them as important, thereby increasing their WE (Choo, 2016). It is furthermore argued that effective two-way communication is essential for the development of a strong SC (Browning, et al., 2009). Prior research have found positive relationships between employee voice and SC (Lux, et al., 1996) as well as between managers' perceptions of employee involvement and employees' perceptions of SC (Chuang & Liao, 2010). Furthermore, both Aktar and Pangil (2018) and Choo (2016) reported positive relationships between information sharing and WE. It is, therefore, hypothesized that:

H_5: Frontline employees' perceptions of involvement is a positive predictor of their (a) WE and (b) SC perceptions.

Empowerment

Empowerment refers to the decision-making power and autonomy frontline employees have to make on-the-spot decisions regarding customer service without involving management (Babakus, et al., 2017; Mendoza-Sierra, Orgambidez-Ramos, Carrasco-Gonzalez, & Leon-Jariego, 2014). Empowerment provides frontline employees with the authority and responsibility to act quickly for customers (Babakus, et al., 2003). Furthermore, since frontline service employees often interact

directly with customers (Ueno, 2012), it is important for these employees to be self-directed and empowered to make appropriate decisions (Wirtz & Jerger, 2016). Empowerment signals to employees that they are viewed as strategic partners in the business (Babakus, et al., 2017). Consequently, empowerment not only meets frontline employees' basic psychological need for autonomy, but also boosts their WE (Babakus, et al., 2017). Previous studies found positive relationships between employees' perceptions of empowerment and SC (Mendoza-Sierra, et al., 2014), as well as between perceived empowerment and WE (Babakus, et al., 2017; Karatepe, 2013). It is accordingly hypothesized that:

> H_6: Frontline employees' perceptions empowerment is a positive predictor of their (a) WE and (b) SC perceptions.

Methodology

Sample and procedure

Data were collected from the frontline employees of a multi-store South African retailer of home improvement products. The employees were invited via personalized email invitations to participate in an online survey hosted in Qualtrics, a web-based survey platform. Of the 953 invitees, 781 (81.95%) completed the survey after an initial invitation and three follow-up reminders sent out over a four-week period.

On average, the respondents were 33.95 years (SD = 7.76) old, 68% were male, and the average length of employment in the respondents' current store was 4.52 years (SD = 4.21). Most respondents (75%) were full-time employees, while the remaining 25% were employed on a fixed-term contract.

Measures

Employees' perceptions of the SC in their respective stores were measured with the seven-item global SC scale of Schneider, et al. (1998). Following the observation by Ling, Lin, and Wu (2016)

that some of the items in this scale are double-barreled, one item – "How would you rate the effectiveness of your store's communication efforts to both employees and customers" – was split into two items focusing on communication with employees and with customers respectively. Respondents rated the resulting eight items on a five-point scale labelled as 1 = Very poor; 2 = Poor; 3 = Fair; 4 = Good and 5 = Excellent. To find suitable measures for the SO-HPWPs, we evaluated the scales of Chuang and Liao (2010), Hong, et al. (2017) and Liao, et al. (2009). On face value, several of the items in these scales reflect a mix of generic and SO-HPWPs. We therefore compiled a new 26-item scale from the aforementioned measures with a specific focus on SO-HPWPs. Respondents rated the items on a five-point Likert scale ranging from 1 = Strongly disagree to 5 = Strongly agree. The new scale was pretested with three senior executives, a store manager and four frontline employees. Only minor changes were made to clarify the wording of some of the items based on the feedback received. To measure employees' WE, we adapted the nine-item version of the Utrecht Work Engagement Scale (UWES-9; Schaufeli, Bakker, & Salanova, 2016). The pretest showed that many of the participants, who were non-native English speakers, were uncertain about the meaning of some of the scale items that contained idiomatic expressions and unfamiliar words. Following the recommendations of Naude and Rothmann (2004) as well as Storm and Rothmann (2003), we reworded six of the original items to clarify their meaning. Respondents completed the adapted UWES-9 scale using a seven-point response format ranging from 0 to 6 with the scale points labelled as prescribed by Schaufeli and Bakker (2004).

Data analysis and findings

Data analysis strategy

Initial data screening indicated that responses to the individual scale items were mostly negatively skewed and clustered around the highest two scale points. Since Mardia's test of multivariate kurtosis indicated a violation of the assumption of multivariate normality, we conducted

confirmatory factor analysis (CFA) and structural equation modelling (SEM) with robust diagonally weighted least squares estimation (Finney, DiStefano, & Kopp, 2016) using the "WLSMV" estimator in Mplus 8.3.

Reliability and validity assessment

We first explored the factor structure of the construct measures in a series of exploratory factor analyses (EFAs) in IBM SPSS 25 using principal axis factoring with promax rotation. Five items were removed because they should not conceptually be associated, cross-loaded strongly on two factors, or had factor loadings smaller than .40 (Hair, Black, Babin, & Anderson, 2019). The final EFA revealed an eight-factor solution which corresponds to the six SO-HPWPs, WE and SC. These eight factors accounted for 65.09% of the variance in the data with eigenvalues ranging from 14.87 to 1.02. Next, a CFA was conducted on the remaining 41 scale items to further evaluate the psychometric properties of these scales. The CFA results indicated that an eight-factor model fit the data well: χ^2 (751) = 1380.58, $p < 0.001$; $\chi^2/df = 1.84$; CFI = 0.98; RMSEA = 0.03 (90% CI = 0.03-0.04); SRMR = 0.03. The loadings of all the items on their respective factors were statistically significant with completely standardized loadings ranging from 0.68 to 0.91. Table 1 lists the correlations between the study constructs, provides the construct reliability (CR) and Cronbach's alpha (α) values for each scale, and indicates the square root of the average variance extracted (AVE) in boldface on the diagonal. The scales all had α and CR values larger than 0.7 which indicate adequate internal consistency reliability (Hair, et al., 2019). The square root of the AVE values were all larger than the correlations between the study constructs indicating discriminant validity (Malhotra, Nunan, & Birks, 2017).

Table 1. Descriptive statistics, psychometric properties and bivariate correlations among study variables

					Correlations (n = 781)							
Variables	**Mean**	**SD**	CR	α	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
1. Staffing	3.948	0.767	0.934	0.902	**0.859**							
2. Training	4.181	0.737	0.939	0.899	0.662	**0.890**						
3. Financial compensation	3.960	0.917	0.934	0.892	0.560	0.516	**0.882**					
4. Non-financial rewards & recognition	3.817	0.849	0.915	0.878	0.762	0.680	0.618	**0.826**				
5. Involvement & participation	4.253	0.636	0.929	0.878	0.705	0.735	0.512	0.793	**0.850**			
6. Empowerment	4.217	0.604	0.814	0.714	0.709	0.657	0.541	0.718	0.755	**0.770**		
7. Work engagement	5.546	0.699	0.947	0.894	0.428	0.452	0.323	0.441	0.442	0.407	**0.818**	
8. Service climate	4.199	0.532	0.871	0.816	0.644	0.679	0.492	0.676	0.728	0.617	0.460	**0.729**

Note: CR = Composite reliability; α = Cronbach's alpha; All correlations are statistically significant at the 0.01 level (two-tailed); Square root of the average variance extracted (AVE) appear in boldface on the diagonal.

Common method bias

Since all the constructs were perceptual in nature and were measured simultaneously using a self-report survey, we implemented five procedural remedies to counteract the potential distorting effects of common method bias (MacKenzie & Podsakoff, 2012; Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). First, the survey invitation, follow-up reminders and survey landing page accentuated that participation was voluntary, anonymous and confidential. Second, respondents were encouraged to answer all questions honestly. Third, we used different scale point labels to measure the three focal constructs. Fourth, by pretesting the questionnaire, we ensured that respondents would clearly understand each question. Fifth, to counteract order bias, we randomized the sequence in which the six HPWP sub-scales were presented to respondents as well as the order of presentation of the individual items measuring the different constructs and construct sub-dimensions.

To evaluate the potential impact of common method variance, we compared the fit of the hypothesized eight-factor measurement model with a one-factor model in which all items loaded on a single latent factor. The one-factor model had a significantly poorer fit compared to the eight-

factor model: χ^2 (779) = 10930.85, $p < 0.001$; χ^2/df = 14.03; CFI = 0.75; RMSEA = 0.13; SRMR = 0.13. This suggests that common method variance is not a major concern.

Structural model

Finally, we used SEM to test our hypotheses (see Figure 1). The structural model achieved acceptable fit: χ^2 (751) = 1380.58, $p < 0.001$; χ^2/df = 1.84; CFI = 0.98; RMSEA = 0.03 (95% CI = 0.03-0.04); SRMR = 0.03. Collectively, the six service-oriented HPWPs explain 59.7% of the variance in service climate and 24.9% of the variance in work engagement. Table 2 summarizes the results of the study's hypotheses.

Table 2. A summary of SEM results related to the study's hypotheses

Hypothesis	**Path**	**β**	***p*-value**	**Conclusion**
HPWPs predicting work engagement (WE):				
H_{1a}	Staffing → WE	0.107	0.186	H_{1a} not supported.
H_{2a}	Training → WE	0.204	0.001	H_{2a} supported.
H_{3a}	Financial compensation → WE	0.024	0.641	H_{3a} not supported.
H_{4a}	Non-financial rewards & recognition → WE	0.105	0.272	H_{4a} not supported.
H_{5a}	Participation → WE	0.090	0.344	H_{5a} not supported.
H_{6a}	Empowerment → WE	0.041	0.646	H_{6a} not supported.
HPWPs predicting service climate (SC):				
H_{1b}	Staffing → SC	0.130	0.017	H_{1b} supported.
H_{2b}	Training → SC	0.236	< 0.001	H_{2b} supported.
H_{3b}	Financial compensation → SC	0.052	0.141	H_{3b} not supported.
H_{4b}	Non-financial rewards & recognition → SC	0.102	0.118	H_{4b} not supported.
H_{5b}	Participation → SC	0.356	< 0.001	H_{5b} supported.
H_{6b}	Empowerment → SC	-0.001	0.986	H_{6b} not supported.

Note. WE = Work engagement; SC = Service climate; β = Completely standardized path coefficient; *p*-value = the two-tailed *p*-value of the completely standardized path coefficients calculated by Mplus 8.3.

Of the six SO-HPWPs investigated, only training is a statistically significant predictor of work engagement. Thus only Hypothesis H_{2a} is supported. In contrast, three of the six SO-HPWPs – i.e., staffing, training and participation – are significant predictors of service climate. Hypotheses H_{1b}, H_{2b} and H_{5b} are therefore supported. Based on the standardized path coefficients, participation (β = 0.36) has the strongest impact on service climate followed by training (β = 0.24) and staffing (β = 0.13).

Discussion

Conclusion and theoretical implications

Prior studies indicated that both generic and SO-HPWSs predict frontline employees' WE (e.g., Huertas-Valdivia, et al., 2018; Karadas & Karatepe, 2019; Karatepe, 2013; Karatepe & Olugbade, 2016) and SC perceptions (e.g., Hoang, et al., 2018; Jiang, et al., 2015; Tang & Tang, 2012; Wang & Xu, 2017). However, these studies implicitly assume that the individual HPWPs included in a HPWS all contribute equally to desired employee outcomes, which is a questionable assumption (Hauff, 2019). The current study's aim was, accordingly, to determine the extent to which six SO-HPWPs (i.e., staffing, training, financial compensation, non-financial rewards, participation, and empowerment) predict the WE and SC perceptions of the frontline employees of a South African retailer.

The study's findings affirms the importance of staffing, training and participation as positive predictors of SC (Chuang & Liao, 2010; Lux, et al., 1996) and of training as a positive predictor of service employees' WE (Aktar & Pangil, 2018; Choo, 2016; Karatepe, 2013). The findings further show that not all SO-HPWPs are equally impactful in enhancing employees' SC perceptions and WE. Participation had the strongest impact on SC followed by training and then staffing.

These findings have important implications for researchers. First, different SO-HPWPs may serve as predictors of different outcomes (Hauff, 2019). In the current study, staffing, training and participation were significant predictors of SC, while only training was a significant predictor of WE. Second, while many previous studies have focused on HPWSs and have represented these systems with a single additive score (e.g., Barrick, Thurgood, Smith, & Courtright, 2015; Huertas-Valdivia, et al., 2018; Jiang, et al., 2015), this approach implicitly assumes that all the HPWPs included in its calculation are statistically significant predictors of the relevant outcome and that the HPWPs included in the score all have an equal effect on the specific outcome in question (Hauff, 2019). These assumptions are questionable and may lead to misleading results (Hauff, 2019). Third,

because a HPWS typically consists of several distinct HPWPs, it may be best to represent it as a first-order latent variable with formative indicators or as a second-order latent variable with formative first-order factors in a structural model (Hauff, 2019; Jiang et al., 2012). This allows researchers to determine the HPWS' overall effect on relevant outcomes and also indicates how each of the constituent HPWPs contribute to the overall HPWS as well as to its outcomes (Hauff, 2019).

Managerial implications

The findings show that managers should specifically invest in service-oriented staffing and training as well as in initiatives to allow frontline employees to actively participate in service-related decisions to bolster employees' SC perceptions. Furthermore, managers should use service-oriented training to strengthen front-line employees' WE. Service firms can substantially improve the efficiency and effectiveness of their *recruitment* efforts and reduce the associated costs by changing the traditional recruitment process (Bateson, Wirtz, Burke, & Vaughan, 2014). In this regard, Bateson, et al. (2014) recommend that firms should use service-specific web-based psychometric tests to sift applicants at the start of the recruitment process, rather than at the end. Such tests can disqualify unsuitable candidates early in the recruitment process, thus leaving a smaller, better qualified pool of applicants to undergo more costly personal interviews later on. While leading service firms have a strong commitment towards the *training* of frontline service employees (Wirtz & Jerger, 2016; Zeithaml, et al., 2018), managers are often confronted with the "transfer problem" – i.e., employees' failure to apply newly learnt knowledge, skills and behaviors in the workplace – when evaluating service training initiatives (Hughes, Zajac, Spencer, & Salas, 2018). Hughes, et al. (2018) provide a practitioner-oriented checklist of factors to consider in the design, delivery and evaluation of training initiatives to optimize training transfer, while Salas, Tannenbaum, Kraiger, and Smith-Jentsch (2012) discuss these factors in more detail. These resources can guide service managers to design and implement training initiatives to optimize the transfer of knowledge, skills

and desired behaviors from the "classroom" to the "customer interface". Finally, the current study identified frontline employees' *involvement* as the strongest predictor of their SC perceptions. In service contexts, employee involvement can take different forms, including empowering employees to influence what happens in their work environment; requesting employees' input before making decisions that affect them; involving employees in the development of new service processes or offerings; encouraging employees to suggest service improvements; sharing information on the firm's strategy, financial status and operation performance as well as on customer problems, complaints and feedback with employees; and encouraging open, two-way communication between frontline employees and their supervisors (Aktar & Pangil, 2018; Browning, et al., 2009; Liao & Chuang, 2004; Tang & Tang, 2012). These forms of employee involvement reflect empowering leadership behaviors by frontline employees' supervisors and managers which positively impact both employees' organizational commitment and customers' satisfaction through employees' psychological empowerment and job satisfaction (Kim, Beehr, & Prewett, 2018; Konczak, Stelly, & Trusty, 2000). Given the many positive outcomes of empowering leadership, managers should consider ways in which to empower frontline service employees.

Limitations and recommendations for future research

This study was limited to a single retailer in a single country. Future research could determine whether the relative impact of SO-HPWPs on SC and WE differ across firms, industries, types of services (e.g., high-contact versus low-contact services) and/or countries. Furthermore, for practical reasons, data on all three the study variables were obtained from the same respondents at a single point in time. Researchers should preferably measure the study variables at different points in time separated by an appropriate time lag (cf. Babakus, et al., 2017; Karatepe & Olugbade, 2016).

Although this study focused on employee perceptions of SO-HPWPs, SC and WE at an individual level of analysis, since SC is typically treated as a unit-level construct (cf. Bowen & Schneider, 2014; Hong, et al., 2013), future research should investigate the unit-level relationships

between the aforementioned constructs. Future research could furthermore investigate whether other SO-HPWPs (e.g., job security, job design, performance appraisal, caring, and opportunities for promotion) predict employees' WE and SC perceptions.

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