
**What motivates the most? Money or Empowerment: Mediating Role of
Employee Commitment to Organizational Performance**

Dr. Nadeem Akhtar*¹, Dr. Syed Mohammad Azeem*, Dr. Abdullah F. Basiouni*,
Dr. Ashfaque Ahmed*, Dr. Kok Ban Teoh**, Adbulkhaliq Alvi***

*Department of Management Sciences, Yanbu University College, Yanbu, Saudi Arabia**

*School of Education and General Studies, SENTRAL College Penang, Malaysia***

*Department of Management Sciences, Lahore Garrison University, Pakistan****

Received: Aug 18, 2021; Revised: Nov 3, 2021; Accepted: Feb 25, 2022

Abstract: The study leads to understanding the relationship between human resources (HR) practices and outcomes to maintain organizational performance (OP) in Saudi Arabia. It concentrates on whether the HR practices quality overcome the quantity or not in the educational sectors. Convenience sampling was used to collect data using google forms based on A structured questionnaire. A total of 759 responses were successfully received and completed. The questionnaire consists of items measuring different aspects of HR practices, employee commitment, and organizational performance. The structural equation modelling (SEM) method used path modelling analysis using Smart Partial Least Squares (PLS) analytical software. The results show a reasonable fit between the data analysed and the proposed research model: SRMR (0.072), CR > 0.7, AVE > 0.5, Cronbach Alpha > 0.7, and VIF < 5. The study reveals that empowerment is a strong predictor of organizational performance than compensation.

Moreover, employee commitment (mediate) partially contributes to organizational performance. HR practitioners may collect the employees' data more regularly to learn if HR practices produce the desired commitment level to produce organizational performance. This study is limited to the Saudi universities and responders who participated in the questionnaire. Future studies should focus on other economic sectors to help generalize the research outcomes and validate the study's hypothetical model.

Keywords: *Empowerment, Commitment, Perceived organization performance, Saudi Arabia*

Introduction

One of the all-time challenges for organizations has been getting the best of their employees' abilities (Gunlu, Aksarayli, & Perçin, 2010). For this, organizational behaviour researchers have been investigating HR practices, contributing the most to organizational performance since the 19th century. Yet, most HR managers were not trained in their field, resulting in outdated management practices (Bhuiyan, Al-shammari, & Jefri, 2001; Sobaih & Hasanein, 2020). Many studies have demonstrated that successful firms care about employee concerns since it is their most significant capital investment for managing the present and future challenges. Thus such organizations display particular behaviors to drive their people to fulfill organizational objectives (Adil & Ab Hamid, 2019).

¹ DOI: <https://doi.org/10.51659/josi.21-153>

Furthermore, ongoing performance is essential because of its relevance for improvement and advancement (Shahin, Naftchali, & Pool, 2014). Further, the HR practices motivate the employee, leading to organizational performance (Anjum & Rahman, 2021; R. A. Parker, 2008). Those motives still drive us to design the best HR practices. Numerous research studies have tried to unlock motivation factors. Herzberg's two-factor theory is considered the most researched and comprehensive (Sobaih & Hasanein, 2020). Herzberg two factor theory was presented eight decades ago. It proposed two sets of factors – motivation and hygiene factors. The HRM practices that contribute to employee commitment in one organization and management style may not be valid in another country's organization with a different decision-making style (Hyun & Oh, 2011). The research studies infer that HRM practices lead to firms' financial and non-financial performance (Ahakwa, Yang, Agba Tackie, & Asamany, 2021; Katou & Budhwar, 2006), employee commitment, and service recovery performance (Mihardjo et al., 2020), transformational leadership behavior, and employee motivation (Alhashedi, Bardai, Al-Dubai, & Alaghbari, 2021).

A broad group of writing exists investigating the effect of these HR practices (compensation and empowerment) on HR outcomes (organizational commitment) and examining any interceding role of these HR outcomes on organizational performance in developed nations. For instance, Delaney and Huselid (1996) approved that compensation practices primarily influence employee commitment, and Taormina (1999) found a critical effect on employee retention. According to Ahmad, Raziq, Rehman, and Allen (2020), strategies used for recruitment, training, and employee empowerment are another HR management strategy that gives the employee the necessary authority to decide while carrying out the assigned tasks to better job satisfaction.

The pool of human resources in Saudi Arabia may be described as diverse in ethnicities, cultures, attitudes, and perspectives, contributing to diversity in the workplace (Nafei, 2015). On the other hand, Saudi firms believe that investing in human resources management methods is not a cost-effective economic activity since employee diversity makes it highly costly. Evidence that investigates concerns with economies of scale in the Saudi service industry for spending heavily on human resources was discovered (Reina & Scarozza, 2021). On the other hand, it took about four decades, from 1969 to 2007, to update and introduce the legal framework for managing people in Saudi organizations (Mellahi, 2007; Mellahi & Wood, 2002). This appropriate interference in HRM practices and procedures is expected to generate an extensive body of research and implications. However, the author found very few studies in the Saudi context investigating aspects related to organizational performance, organizational citizenship, working environment, and employee involvement (Alhashedi et al., 2021). Further, Alhashedi et al. (2021) discussed the impact of HRM practices (i.e., employee incentives and motivation) on organizational knowledge management, learning, and culture. Therefore, assessing the effect of compensation or empowerment on the best predictor of organization performance in Saudi is missing in the literature.

So, this study investigates the impact of empowerment and compensation practices on the perceived non-financial organizational performance in Saudi Arabia. This includes testing for the mediating effect of commitment practices and how this may affect the relationships between empowerment and compensation practices and organizational performance on the other. This study will help fill the gap in the organizational performance literature and its

associated employee practices by examining these relationships empirically and statistically. Such empirical tests can help validate and generalize previous research outcomes in the context of the education sector of Saudi Arabia and assess the impact of the recent labour laws introduced in 2007.

Literature Review

The discussion concerning the connection between HRM practices and OP can be classified into direct and indirect relationships (Chand & Katou, 2007). The subsequent methodology suggests an indirect effect of individual HRM practices and the heap of HRM outcomes (employee commitment) on organizational performance, as indicated by Wright, Gardner, and Moynihan (2003). Among all HRM practices discussed above, we selected empowerment and compensation practices as candidates to test their direct and indirect impacts on organizational performance as initially proposed by Herzberg, Mausner, and Snyderman (1959) and Hackman (1980) widely tested in subsequent research (Mehrijouyan, 2019; Ramirez-Garcia, Perea, & Junco, 2019; Tholath & Thattil, 2016; Wang, Liu, & Zhu, 2018). These two practices show the fundamental difference between managers' and employees' think. So, this study is an effort to explore whether it was right in the 20th century and is still valid in the 21st century.

Organizational performance is a primary predictor of corporate progress. Organizational performance is perhaps the most significant predictor and widely researched dependent variable in organizational management sciences studies (Alatailat, Elrehail, & Emeagwali Okechukwu, 2019). As per Richard, Devinney, Yip, and Johnson (2009), Organization performance is an indicator that decides how well an organization accomplishes its stated goals. The organization's performance can be assessed based on the bottom line or in a non-traditionally – non-financial – way (Shin, Sung, Choi, & Kim, 2015). Non-financial indicators must be evaluated to determine overall efficiency for two essential purposes (Ndregjoni & Elmazi, 2012). First, the company includes many social groups with different priorities and objectives relevant to the organization. Second, the industry's required fields do not generally have financial implications. Thus, several non-financial predictor strategies include consumer loyalty and retaining the customer, competitiveness and performance, credibility, and brand image. Ostroff and Bowen (2016) have heightened the poorly defined term of organization performance in the literature. For this study, we focus on measuring the non-financial performance of the organization. For this, we use the employees' perceptions to measure organizational performance.

Employee Empowerment (EE) and Organizational Performance (OP)

It is a simple belief that an individual believes that he controls his task (Hartline & Ferrell, 1996). Zimmerman (2000) theory of empowerment suggests that it is a process by which individuals learn to exert control. Inspiring employees to take psychological responsibility can view how empowerment may present a significant element in its operation (Thomas & Velthouse, 1990). It involves factors that boost intrinsic motivation without limiting the fundamental principles of self-efficacy and commitment. Empowerment underlines that confidence is a more specific motivating mechanism that enhances the drive for an internal job and emphasizes the significance of individual identity and understanding its position. According to Katou (2008) and Ioannidou, Karagiorgos, and Alexandris (2016), employees'

empowerment is to recognize psychological variables that may directly or indirectly influence organizational performance. In organizational settings, the empowerment process increases individual participation and organizational effectiveness. In this context, the study assumes that organizations that empower their employees can better achieve their goals. So, we posit the following hypothesis:

H1 – Employee Empowerment has a positive impact on the organizational performance

Employee Empowerment and Organizational Commitment (OC)

EE prompts significant social results (Chow, Lo, Sha, & Hong, 2006). For example, EE gives self-confidence and discretionary power to the employee to make decisions related to the assigned task (Conger & Kanungo, 1988). In another study conducted by Ruiz-Palomo, León-Gómez, and García-Lopera (2020), it is suggested that EE considerably increases the OC of the employees. EE is becoming a top concern for industry managers as it is proven that employees with high empowerment levels are more committed and loyal to their organizations. OC is defined by Dunham, Grube, and Castaneda (1994) as a measure of when individual matches personal values with organizational goals. Therefore, we propose the following research hypothesis:

H2 – Empowerment has a positive impact on the Organizational Commitment level

Compensation and Organizational Performance

Compensation as a method of controlling human capital and promoting understanding has many significances. Originally, compensation was used to refer to the process and practice that requires companies to compensate workers proportionately, depending on their degree of achievement and role (Gyensare & Asare, 2012; Hewitt, 2009; Zhou, Vohs, & Baumeister, 2009). Various analysts express that engaging worker with significant support levels from the top administrative level helps the worker attain self-fulfillment, which hugely impacts the organization's performance (Chhabra, 2016). Therefore, compensation is not a free offer but a salary or a benefit earned through work that can affect operational performance in nearly every operational functioning area. The creation and execution of effective compensation systems will not only impact productivity. Still, they can also increase health, efficiency, ingenuity, competitiveness, commitment, and a host of other vital outcomes in a competitive workforce (Dessler, 2006; Muhammad & Abdullah, 2016).

H3 – Compensation has a positive impact on OP

Compensation and Organizational Commitment

Compensations are awarded to the employees for their services to the organization. This equitable reward management system enhances the organization's commitment level (Aladwan, Bhanugopan, & D'Netto, 2015). In a study by O. Parker and Wright (2001), it is observed that reward and compensation perception can lead the employee to leave the organization. This outcome shows a lower level of commitment due to inadequate compensation. The argument is that if the organizations want to enhance their employees' commitment level, they must implement an equitable and fair compensation system. Other studies, like Teclemichael Tessema and Soeters (2006) and Uraon (2018), have found a strong connection between the two variables. Recent research by Aboramadan, Albashiti, Alharazin, and Aboramadan, Albashiti, Alharazin, and Dahleez (2020) in the academic setting established that employees with the perception of a fair reward system were obliged to work harder to pay back to the organization. So for the research, we hypothesized:

H4 – Compensation increases the employee's Commitment level

Organizational Commitment – Mediator

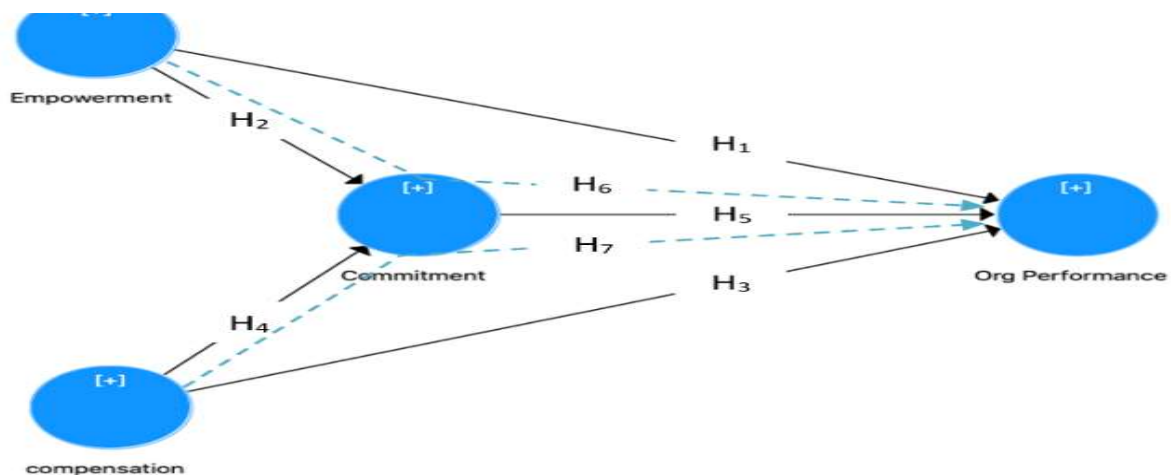
Organizational commitment can be viewed as a person's attitude towards their organization consisting of deep faith in and recognition of its aims and values and eagerness to make substantive efforts for the organization (Muhammad & Abdullah, 2016). According to Allen and Meyer (1990), commitment also applies to workers' dedication to connecting with and helping the company. Employees with commitment stay with the company as they can, not so much as a consequence of any coercion or obligation imposed onto them by an outsider. Accordingly, continuing commitment applies to paying attention to the costs of quitting the company. Researchers suggested that commitment can mediate the relationship between both empowerment and compensation from one side and organizational performance on the other side (Dessler, 2006; Katou, 2008).

H5 – OC has a positive impact on the OP

H6 – OC mediates the correlation between empowerment and OP

H7 – OC mediates the correlation between compensation and OP

Figure 1 - Conceptual Framework



Source: Adapted from Bae and Lawler (2000), Som (2008), and Teclemichael Tessema and Soeters (2006)

Methodology

Sampling

This study investigates the impact of HR practices on Perceived Organizational performance in Saudi Arabia. For this reason, the data was gathered from the higher education institution (HEI) teachers of various public and private sector universities in Saudi Arabia. The questionnaire was distributed across public and private academic establishments to collect the data about the study; around 2150 questionnaires were distributed via google forms. After the consequent reminder, around 759 responses were received, i.e., approximately 37% was the response rate. Out of 759 respondents, 516 were male, and 234 were female.

Scale development and data Collection

The questionnaire was administered to measure HR Practices, namely Compensation and Empowerment, which includes nine items: *Compensation* with four items and empowerment with five items. Scale compensation measurement was adapted from Teclemichael Tessema

and Soeters (2006). Four items were used to measure compensation. Likewise, the empowerment scale had five items, adapted from Wan, Ong, and Kok (2002). The compensation scale questions asked about the attractiveness and whether the compensation system is equitable internally/externally. The sample item was asked if “your organization permits enough discretion in doing work.”

Five items were adapted from Modway, Porter, Steers, and Porter (1982) organization commitment scale. A sample item is, “I am willing to put in a great deal of effort beyond that normally expected to help this organization be successful.” Similarly, OP was measured on seven items adapted from Delaney and Huselid (1996). Respondents were asked about the quality of products, development of new services, and satisfaction of customers.

Subsequent reminders yield around a 37% response rate. The data was collected on google form, which was shared with the HR representative of the company to circulate further among the company employees. All the questions were marked mandatory, so there was no missing or incomplete information.

Data Analysis

The responses are then analysed by using Smart PLS-SEM. Initially, Cronbach Alpha and Rho-A values were ascertained to assess the scale’s reliability (see figure 2). Measurement model assessment was carried out for the reflective and formative constructs by calculating the CR and AVE.

Results

Composite reliability was established to ensure internal consistency reliability (see Table 1 and Figure 2). Obtained AVE values with consistent composite reliability values confirm the attainment of convergent validity. The outer loading value of all the items is found to be more than 0.70, and this establishes the reliability of the latent variables used in the model.

Figure 2 - Path Coefficient and Rho_A values

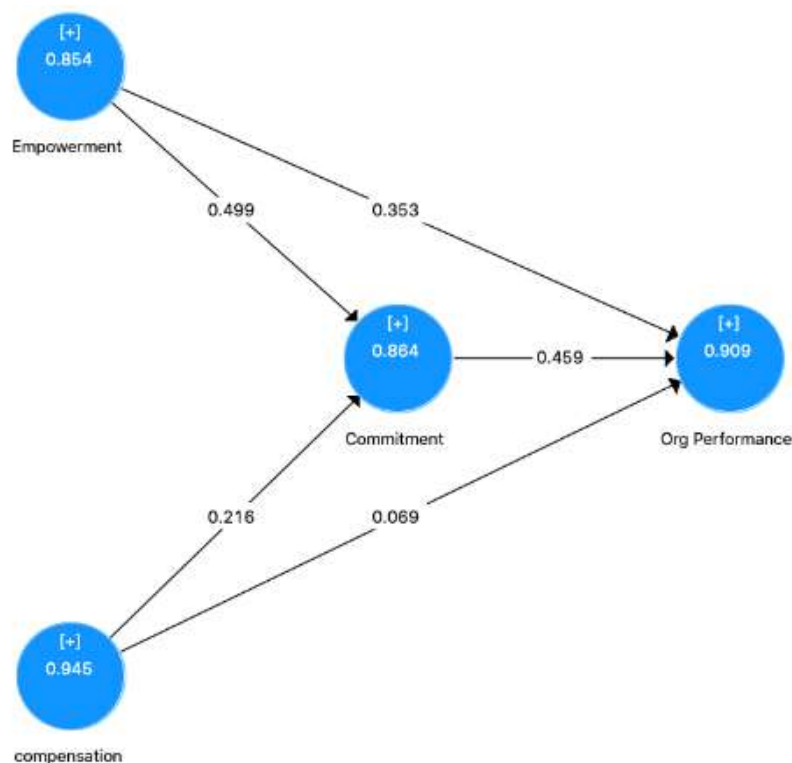


Table 1 - Measurement Model (Convergent Validity and Construct Reliability)

	Items	Loadings	Rho A	CR	AVE
Organization Performance	orgp1	0.790	0.909	0.926	0.64
	orgp2	0.767			
	orgp3	0.793			
	orgp4	0.834			
	orgp5	0.846			
	orgp6	0.851			
	orgp7	0.712			
Compensation	comp1	0.903	0.945	0.958	0.852
	comp2	0.931			
	comp3	0.915			
	comp4	0.943			
Empowerment	empo1	0.880	0.854	0.908	0.768
	empo2	0.879			
	empo3	0.869			
Commitment	commit3	0.897	0.864	0.912	0.776
	commit4	0.861			
	commit5	0.884			

Items removed: indicator items are below Cronbach Alpha 0.7: Commit1, commit2

Table 2 presents the result of the discriminant validity evaluation. The Diagonal is the square root of the AVE of the latent variables and indicators the highest in any column or row.

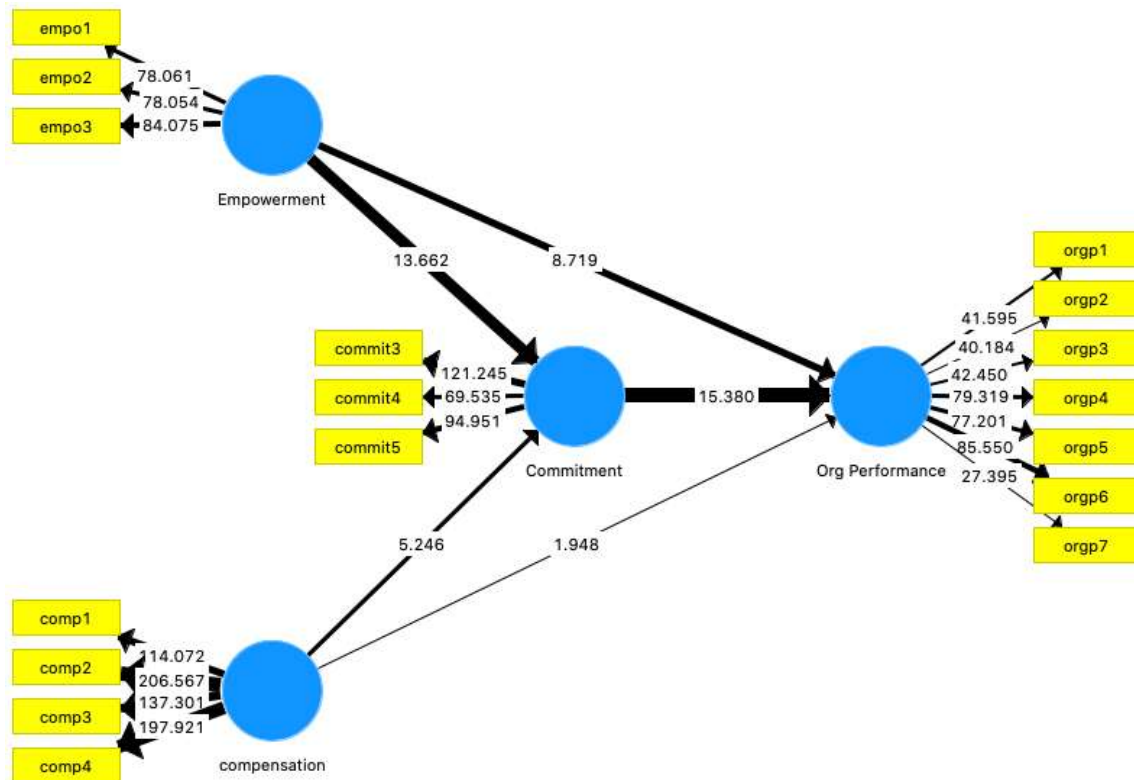
Table 2 - Discriminant Validity (Fornell and Larcker Criterion)

	Commitment	Empowerment	Org Performance	Compensation
Commitment	0.881			
Empowerment	0.669	0.876		
Org Performance	0.737	0.714	0.8	
Compensation	0.608	0.785	0.625	0.923

Table 3 - Discriminant Validity (HTMT)

	Commitment	Empowerment	Org Performance	Compensation
Commitment				
Empowerment	0.775			
Org Performance	0.826	0.807		
Compensation	0.674	0.878	0.669	

First, we found that measures of two variables, i.e., compensation and empowerment, were correlated. So the researchers eliminated the highly correlated item on opposing construct-empowerment (empow4) and (empow5). Removing these indicators from the opposing constructs established the discriminant validity at HTMT0.90 (see table 3). Therefore, discriminant validity is established. The same finding holds for the HTMT inference criterion, established by running the bootstrapping routine. Thus, we have found that discriminant validity has been established for the model (Figure 3). The variance inflation factor (VIF) was computed to assess the collinearity, and all the constructs were below five, which shows there



was no multicollinearity among the variables.

Figure 3 - Hypothesis Testing: Bootstrapping direct effect results

Table 4 - Structural Model Hypothesis Testing: Bootstrapping Direct Effect Result

Relationship	Std. Beta	Std. Error	t-value ^	Decision	f ²	Effect Size	95%CI LL	95%CI UL
H1 Empowerment > Org Performance	0.354	0.041	8.719**	accepted	0.111	Weak	0.287	0.421
H2 Empowerment > Commitment	0.500	0.037	13.662**	accepted	0.179	Moderate	0.439	0.56
H3 Compensation > Org Performance	0.068	0.035	1.948**	Rejected	0.005	Weak	0.01	0.127
H4 Compensation > Commitment	0.215	0.041	5.246**	accepted	0.033	Weak	0.147	0.283
H5 Commitment -> Org Performance	0.459	0.030	15.38**	accepted	0.308	Moderate	0.41	0.508

- **p<0.01, *p<0.05
- R² (Organization Performance =0.634, Adjusted R²=0.632; R² (Commitment = 0.465, Adjusted R²=0.463)

- Effect Size impact indicator are according to Cohen (1998), f^2 values: 0.35(strong), 0.15(moderate), and 0.02(weak)

Figure 5 - Path Coefficient and T-Values

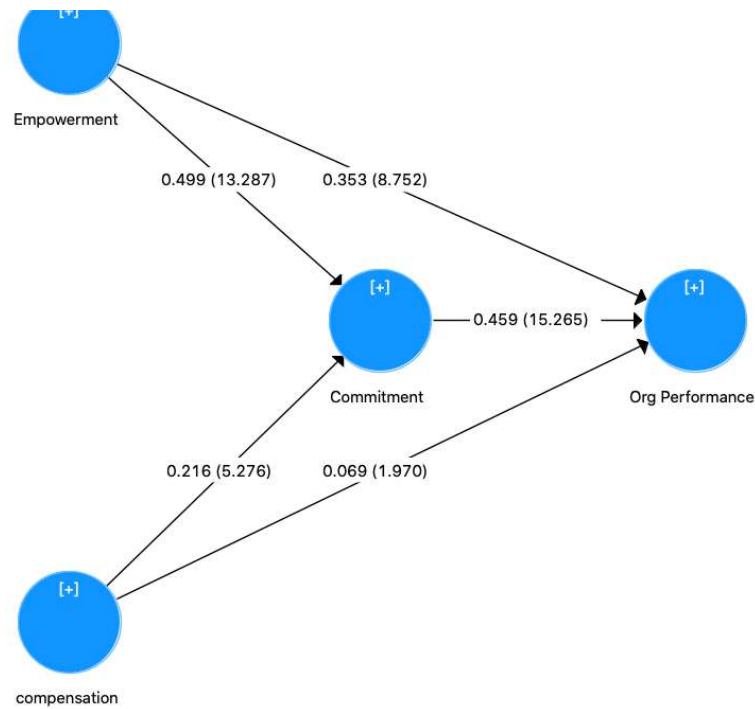


Figure 4 - Path Coefficient and P-Values

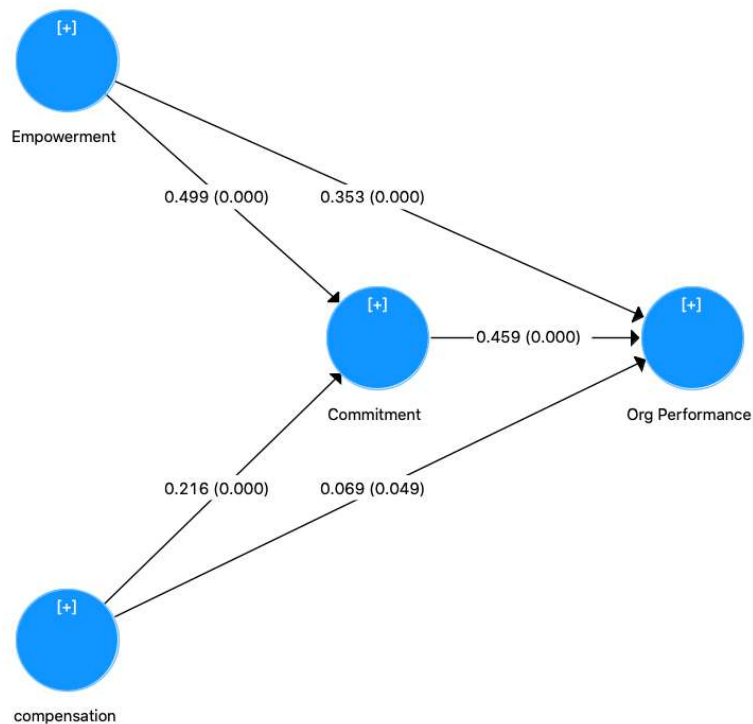


Table 4, Figure 4, and Figure 5 represent the direct relationship between the variables used and their effect size. The R^2 is a measure of the model's predictive accuracy, representing the

variance in the endogenous constructs explained by all of the exogenous constructs linked to it.

Model fitness

SRMR value is 0.072, which is less than 1. It shows the fitness of the model (Henseler, Ringle, & Sarstedt, 2015).

Each latent variable’s R2 value was obtained to assess the structural model (Figure 4 and Figure 5). A 5000 bootstrap sample was used for this study, constituting the same number of observations as the original sample to generate the standard errors and t-values (Hair, Ringle, & Sarstedt, 2013). Besides, the interaction effect was checked through f² values representing effect size.

Table 4 revealed that all the direct relationships are significant. H3 is rejected due to very low value of β and F². Also, empowerment β = 0.5 and compensation β = -0.21 explained 46.5% variance in commitment. Empowerment β = 0.354 and compensation β = -0.068 explained 63.4% variance in organizational performance.

Moreover, empowerment and compensation had a significant positive effect on commitment (t = 13.662, p = .01 and t = 5.246, p = .01). Empowerment and compensation had a significant positive effect on organizational performance (t = 8.719, p = .01 and t = 1.948).

All direct relationships proved significant, with t-values well above a threshold of 1.96 and p-values of 0.01. Similarly, based on the t-value rule of thumb for interpretation of a two-tailed test, i.e., t = 1.96, all the hypotheses were supported with one exception, namely H3. Table 4 also indicates the values for f², which explain the relationship path between the independent and response variables. Commitment to organizational performance (f² = 0.308) indicates the moderate effect size. Empowerment and compensation to organizational performance (f² = 0.111 and f² = 0.005) indicate weak effect size. Empowerment to commitment (f² = 0.179) indicates moderate effect size.

Compensation is found to have shallow interaction with organizational performance (f² = 0.005) and commitment (f² = 0.033) due to the f² values being below the minimum threshold. The R-square values also display a convincing explanation of variance by the chosen independent variables.

Mediating effect

Table 5 presents the mediation of the hypothesized relationship of commitment to empowerment and organizational performance (H6). The mediation effect of commitment is supported with β value = 0.229 and a t-value of 10.133. Similarly, the mediation of the hypothesized relationship of responsibility on compensation and organizational performance is also supported with β value = 0.099 and a t-value of 5.164.

Table 5 - Indirect Relationships for Hypothesis testing

	Relationship			Std. Beta	Std. Error	t-value ^	Decision	95%CI LL	95%CI UL
H6	Empowerment -> Commitment -> Org Performance			0.229	0.023	10.133**	accepted	0.195	0.27
H7	Compensation > Commitment > Org Performance			0.099	0.019	5.164**	accepted	0.068	0.13

**p<0.01, *p<0.05

Table 6 shows, the indirect effect of empowerment on organizational performance is positive and significant (IE= 0.229 and t-value= 10.133) at $p < 0.01$, as well as interval confidence, which was different from zero (0.195, 0.27). Also, the indirect effect of compensation on organizational performance is positive and significant (IE= 0.0991 and t-value= 5.164) at $p < 0.001$, as well as interval confidence, which was different from zero (0.068, 0.13). At this point, the significance of the indirect effect is established. To examine the strength of the mediator variable on the dependent variable, VAF is to be calculated. VAF is a ratio of the indirect-to-total effect (Nitzl & Hirsch, 2016). VAF stands for the variance accounted for value. The value of VAF determines the degree to which the mediation contributes the variance of the dependent variable. The simple formula for calculating the VAF is the $VAF = \text{indirect effect} / \text{total effect}$. The value of VAF in H6 is 0.394, and in H7 is 0.589.

Table 6 - Test of Mediation By Bootstrapping Approach

Hypothesis	a	b	a*b	t-value	Total Effect	Percentile 95% confidence intervals		Method
					(c)	95% LL	95% UL	
	Path coeff	Path coeff	Path coeff		Path coeff			VAF a
Empowerment > Commitment > Org Performance	0.499	0.459	0.229041	10.133*	0.582041	0.195	0.27	0.39351352
compensation > Commitment > Org Performance	0.216	0.459	0.099144	5.164**	0.168144	0.068	0.13	0.58963745

The following conditions are suggested by Hair et al. (2013) to explain the mediation: i) If $0 < VAF < 0.20$, then No Mediation. ii) If $0.20 < VAF < 0.80$, then Partial Mediation. iii) If $VAF > 0.80$, then Full Mediation. It can be stated that only 39.4% of empowerment effect on organizational performance can be explained by commitment as a mediator. Since the value is greater than 0.20, the magnitude is considered partial.

On the other hand, commitment as a mediator can explain 58.96% of the compensation effect on organizational performance, and the magnitude is also partial. These findings lead to the acceptance of H6 and H7 about commitment's mediator role.

Hypothesis Testing

This study was designed to examine the influence of social resource practices (empowerment and compensation) on organizational performance, mediating the effect of commitment between the two.

Table 7 – Hypothesis Testing

Relationship	Std Beta	Std Error	t-value ^
H1 Empowerment > Org Performance	0.354	0.041	8.719**
H2 Empowerment > Commitment	0.500	0.037	13.662**
H3 Compensation > Org Performance	0.068	0.035	1.948**
H4 Compensation > Commitment	0.215	0.041	5.246**
H5 Commitment -> Org Performance	0.459	0.030	15.38**
H6 Empowerment -> Commitment -> Org Performance	0.229	0.023	10.133**
H7 Compensation > Commitment > Org Performance	0.099	0.019	5.164**

- ** $p < 0.01$, * $p < 0.05$

Based on the statistical analysis from the above table, it can be concluded that employee empowerment has a positive impact on organizational performance with a β value = 0.354 and a t-value of 8.719 ($p < 0.01$), similarly the values (β value = 0.500 and a t-value of 13.662

($p < 0.01$) obtained indicate that there is a significant relationship exists between empowerment and organizational commitment levels. The values β value = 0.068 and t-value of 1.948 ($p < 0.01$) obtained hints that there exists a weak relationship between compensation and organizational performance, but when a relationship of compensation with the commitment level has been explored, the values (β value = 0.215 and a t-value of 5.246 ($p < 0.01$)) indicate that these two are significantly associated with each other. Furthermore, it is quite apparent from table 7 that OC is significantly related to the OP with a β value = 0.459 and a t-value of 15.38 ($p < 0.01$). The effect size between the two is also found to be the highest. Finally, the mediation of OC's hypothesized relationship on employee empowerment (EE) and OP is supported with β value = 0.229 and a t-value of 10.13. All the set hypotheses were tested, and the analytical values indicate that these are within the acceptable limits.

Discussion

This study is confined to exploring the impact of EE on OP and OC. It also attempts to discover the effect of compensation on op and ECL. This study also focuses on understanding the relationship between OC and OP. furthermore, the uniqueness of this study is that it attempts to understand the mediating role of OC between E and OP and also mediating role of OC between compensation and OP

Hypothesis 1 - The study's findings, as per Table 4, suggest that EE enhances OP. The result is consistent with some former studies (Ioannidou et al., 2016; Katou, 2008). It is evident from the finding of these studies that the employees who are allowed to control their efforts at work demonstrate high internal motivation that eventually leads to higher individual and organizational performance.

Hypothesis 2 - The study's research findings, as per table 4, suggest that empowerment positively impacts organizational commitment. The findings from previous studies (Chow et al., 2006; Ruiz-Palomo et al., 2020) also confirm. The more empowered the employees are, the better their level of commitment is observed. When employees are given responsibilities and decision-making opportunities, they become sincere and committed to their assigned work and the organization.

Hypothesis 3 - The findings represented in table 4 indicate that compensation has a positive impact on organizational performance. These observations are consistent with prior studies (Chhabra, 2016) conducted in the same domain. Since the findings values do not satisfy the criteria conditions, the hypothesis is rejected statistically.

Hypothesis 4 - The analysis results represented in table 4 are consistent with the prior research findings (Aboramadan et al., 2020; O. Parker & Wright, 2001; Uraon, 2018). Well-estimated compensation wiped out all inaccurate perceptions and frustrations among the employees. Hence an appropriate compensation given to employees for their services improves their commitment and loyalty to the organization.

Hypothesis 5 - The result of the study (table 5) is in line with the previous research findings of Dessler (2006). The consistency in workers 'commitment increases the company's sustainability and performance in the long run. The HR practices need to be adopted and implemented carefully so that employees' commitment continues toward their role in particular and the organization in general.

Hypothesis 6 - The research findings in table 6 are consistent with Karavardar (2014) study, which shows that EE is associated with OP through OC as a mediating variable. The result highlights that EE as a valuable internal resource may improve OP through OC. Also, if an organization focuses on employee empowerment in achieving workers' personal and organizational goals, it can develop commitment, eventually improving the OP. Therefore, organizations must provide employees with decision-making opportunities to develop a commitment to enhancing organizational performance.

Hypothesis 7 - This outcome (table 6) indicates that it is consistent with Ibrahim, Abdullah, and Kaliappen (2016) study, which shows that compensation is associated with OP through OC as a mediating variable. The result highlights that compensation as a valuable internal resource may improve OP through OC. Also, if organizations are fair and reasonable in their compensation calculation for employees' input in achieving organizational goals, they can develop commitment, eventually improving the OP. Therefore, the organizations need to offer employees the best reasonable rewards for their contribution to achieving the set goals.

The overall results revealed that H1, H2, H4, and H5, are significantly supported and demonstrated in table 4. H3 is rejected as its effect size is found to be weak. H6 and H7 are significantly proven and supported by previous findings.

Conclusion

The study was conducted in the Saudi Arabian context, where most medium and large-scale organizations professionally adopt HR practices. This leads to these organizations' sustainability and eventually makes HR more stable and efficient in retaining human resources. The research findings add value to the HR units in improving the employee-employer relationships to a considerable extent. The findings also established that commitment can mediate the relationship between empowerment and organizational performance and between compensation and organizational performance. Most studies conclude that sound and effective HR practices play a significant role in leading and achieving organizational performance.

Theoretical implications

The study contributes to the existing body of knowledge by examining the impact of various critical dimensions of human resources, especially employee empowerment, and compensation. It also understands the mediation effect of commitment on the relationship between empowerment and organizational performance. Similarly, to understand the mediation effect of commitment on the relationship between compensation and organizational performance.

Practical implications

The findings clearly state that an appropriate compensation package indicates an improvement in employee commitment and loyalty to the organization, and employee empowerment means a better level of commitment. These are some of the derivatives of this study that can provoke HR units to enthruse a positive impact on their organizations. This leads to these organizations' sustainability and eventually makes HR more stable and efficient in retaining human resources. The HR managers can explore new dimensions of empowering employees, design and develop a new reward framework, benchmark best HR practices, and teach the study findings to create a better atmosphere. They are monitoring these vital indicators closely and drawing up plans to ensure a positive impact on organizational performance.

Limitations and future research directions

The study recommends using a large sample, including other sector organizations, adding other HR practices and dimensions to establish their effectiveness in organizational success. The model can be extended to other dimensions of HR and can be validated by future research.

Acknowledgment

The paper's author would like to thank Yanbu University College for their assistance (Royal Commission for Jubail and Yanbu).

References

- Aboramadan, M., Albashiti, B., Alharazin, H., & Dahleez, K. A. (2020). Human resources management practices and organizational commitment in higher education. *International Journal of Educational Management*.
- Adil, M. S., & Ab Hamid, K. B. (2019). The Relationships between Leader Creativity Expectations, Intrinsic Motivation, and Creative Performance. *SEISENSE Journal of Management*, 2(2), 58-68. doi:10.33215/sjom.v2i2.123
- Ahakwa, I., Yang, J., Agba Tackie, E., & Asamany, M. (2021). Green Human Resource Management Practices and Environmental Performance in Ghana: The Role of Green Innovation. *SEISENSE Journal of Management*, 4(4), 100-119. doi:10.33215/sjom.v4i4.704
- Ahmad, M., Raziq, M. M., Rehman, W. u., & Allen, M. M. C. (2020). High-performance work practices and organizational performance in Pakistan. *International Journal of Manpower*, 41(3), 318-338. doi:10.1108/IJM-01-2019-0016
- Aladwan, K., Bhanugopan, R., & D'Netto, B. (2015). The effects of human resource management practices on employees' organisational commitment. *International Journal of Organizational Analysis*.
- Alatailat, M., Elrehail, H., & Emeagwali Okechukwu, L. (2019). High performance work practices, organizational performance and strategic thinking: A moderation perspective. *International Journal of Organizational Analysis*, 27(3), 370-395. doi:10.1108/IJOA-10-2017-1260
- Alhashedi, A. A. A., Bardai, B., Al-Dubai, M. M. M., & Alaghbari, M. A. (2021). Organizational citizenship behavior role in mediating the effect of transformational leadership on organizational performance in gold industry of Saudi Arabia. *Business: Theory and Practice*, 22(1), 39-54.
- Allen, N. J., & Meyer, J. P. (1990). The measurement and antecedents of affective, continuance and normative commitment to the organization. *Journal of Occupational Psychology*, 63(1), 1-18. doi:10.1111/j.2044-8325.1990.tb00506.x
- Anjum, N., & Rahman, M. M. (2021). Performance Appraisal and Promotion Practices of Public Commercial Banks in Bangladesh- A Case Study on ACR Method. *SEISENSE Journal of Management*, 4(3), 1-16. doi:10.33215/sjom.v4i3.602
- Bae, J., & Lawler, J. J. (2000). Organizational and HRM strategies in Korea: Impact on firm performance in an emerging economy. *Academy of Management Journal*, 43(3), 502-517.
- Bhuan, S. N., Al-shammari, E. S., & Jefri, O. A. (2001). Work-related attitudes and job characteristics of expatriates in Saudi Arabia. *Thunderbird International Business Review*, 43(1), 21-32.
- Chand, M., & Katou, A. A. (2007). The impact of HRM practices on organisational performance in the Indian hotel industry. *Employee Relations*, 29(6), 576-594.
- Chhabra, B. (2016). Work role stressors and employee outcomes. *International Journal of Organizational Analysis*.
- Chow, I. H.-s., Lo, T. W.-c., Sha, Z., & Hong, J. (2006). The impact of developmental experience, empowerment, and organizational support on catering service staff performance. *International Journal of Hospitality Management*, 25(3), 478-495.

- Conger, J. A., & Kanungo, R. N. (1988). The empowerment process: Integrating theory and practice. *Academy of Management Review*, 13(3), 471-482.
- Delaney, J. T., & Huselid, M. A. (1996). The impact of human resource management practices on perceptions of organizational performance. *Academy of Management journal*, 39(4), 949-969.
- Dessler, G. (2006). *A framework for human resource management*: Pearson Education India.
- Dunham, R. B., Grube, J. A., & Castaneda, M. B. (1994). Organizational commitment: The utility of an integrative definition. *Journal of Applied psychology*, 79(3), 370.
- Gunlu, E., Aksarayli, M., & Perçin, N. Ş. (2010). Job satisfaction and organizational commitment of hotel managers in Turkey. *International Journal of Contemporary Hospitality Management*, 22(5), 693-717. doi:10.1108/09596111011053819
- Hackman, J. R. (1980). Work redesign and motivation. *Professional Psychology*, 11(3), 445-455. doi:10.1037/0735-7028.11.3.445
- Hair, J. F., Ringle, C. M., & Sarstedt, M. (2013). Partial least squares structural equation modeling: Rigorous applications, better results and higher acceptance. *Long range planning*, 46(1-2), 1-12.
- Hartline, M. D., & Ferrell, O. C. (1996). The management of customer-contact service employees: An empirical investigation. *Journal of marketing*, 60(4), 52-70.
- Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the academy of marketing science*, 43(1), 115-135.
- Herzberg, F., Mausner, B., & Snyderman, B. (1959). *The motivation to work*, 2nd ed. Oxford, England: John Wiley.
- Hyun, S., & Oh, H. (2011). Reexamination of Herzberg's Two-Factor Theory of Motivation in the Korean Army Foodservice Operations. *Journal of Foodservice Business Research*, 14(2), 100-121. doi:10.1080/15378020.2011.574532
- Ibrahim, M. G., Abdullah, H. H., & Kaliappen, N. (2016). Effect of job satisfaction on turnover intention: an empirical investigation on Nigerian banking industry. *International Journal of Organizational & Business Excellence*, 1(2), 1-8.
- Ioannidou, E., Karagiorgos, T., & Alexandris, K. (2016). Exploring the relationship of organizational commitment, organizational citizenship behavior, psychological empowerment and job satisfaction with Leader-Member Exchange of section leaders and team leaders in summer children's camps in Greece. *International Journal of Sport Management, Recreation Tourism*, 22, 63-80.
- Karavardar, G. (2014). Perceived organizational support, psychological empowerment, organizational citizenship behavior, job performance and job embeddedness: A research on the fast food industry in Istanbul, Turkey. *International Journal of Business and Management*, 9(4), 131.
- Katou, A. A. (2008). Measuring the impact of HRM on organizational performance. *Journal of Industrial Engineering and Management*, 1(2), 119-142.
- Katou, A. A., & Budhwar, P. S. (2006). Human resource management systems and organizational performance: a test of a mediating model in the Greek manufacturing context. *The International Journal of Human Resource Management*, 17(7), 1223-1253.
- Mehrjouyan, N. (2019). Investigating the relationship between knowledge management and job involvement on organizational agility of Khuzestan province youth and sports department staff using the structural equation model. *International Journal of Education Management Studies*, 9(4), 224-226.
- Modway, R. T., Porter, L. W., Steers, R. M., & Porter, L. W. (1982). Employee-organization linkages: The psychology of commitment, absenteeism and turnover. In: New York: Academic Press.

- Muhammad, I. G., & Abdullah, H. H. (2016). Assessment of organizational performance: Linking the motivational antecedents of empowerment, compensation and organizational commitment. *International Review of Management Marketing*, 6(4).
- Nafei, W. A. (2015). Organizational learning and organizational performance: A correlation study in the Kingdom of Saudi Arabia. *American International Journal of Social Science*, 4(2), 191-208.
- Ndregjoni, Z., & Elmazi, L. (2012). The effects of relationship between information technology and firm innovation on firm performance: the case of albania. *International Journal of Management Cases*, 14(1), 235-246. doi:10.5848/APBJ.2012.00023
- Nitzl, C., & Hirsch, B. (2016). The drivers of a superior's trust formation in his subordinate. *Journal of Accounting Organizational Change*.
- Ostroff, C., & Bowen, D. E. (2016). Reflections on the 2014 decade award: Is there strength in the construct of HR system strength? *Academy of Management Review*, 41(2), 196-214.
- Parker, O., & Wright, L. (2001). PAY AND EMPLOYEE COMMITMENT: THE MISSING LINK-The company that enhances compensation conditions and practices will likely see an improvement in employee commitment. *Ivey Business Journal*, 65(3), 70-73.
- Parker, R. A. (2008). Human resource handbook: a guide to effective employee management. In: Russell R. Mueller Retail Hardware Research Foundation.
- Ramirez-Garcia, C., Perea, J. G.-Á. d., & Junco, J. G.-D. (2019). La felicidad en el trabajo: Validación de una escala de medida. *Revista de Administração de Empresas*, 59(5), 327-340. doi:10.1590/s0034-759020190503
- Reina, R., & Scarozza, D. (2021). Human Resource Management in the Public Administration. In *Organizational Development in Public Administration* (pp. 61-101): Springer.
- Richard, P. J., Devinney, T. M., Yip, G. S., & Johnson, G. (2009). Measuring organizational performance: Towards methodological best practice. *Journal of management*, 35(3), 718-804.
- Ruiz-Palomo, D., León-Gómez, A., & García-Lopera, F. (2020). Disentangling organizational commitment in hospitality industry: The roles of empowerment, enrichment, satisfaction and gender. *International Journal of Hospitality Management*, 90, 102637. doi:<https://doi.org/10.1016/j.ijhm.2020.102637>
- Shahin, A., Naftchali, J. S., & Pool, J. K. (2014). Developing a model for the influence of perceived organizational climate on organizational citizenship behaviour and organizational performance based on balanced score card. *International Journal of Productivity and Performance Management*.
- Shin, Y., Sung, S. Y., Choi, J. N., & Kim, M. S. (2015). Top Management Ethical Leadership and Firm Performance: Mediating Role of Ethical and Procedural Justice Climate. *Journal of Business Ethics*, 129(1), 43-57. doi:10.1007/s10551-014-2144-5
- Sobaih, A. E. E., & Hasanein, A. M. (2020). Herzberg's theory of motivation and job satisfaction: Does it work for hotel industry in developing countries? *Journal of Human Resources in Hospitality & Tourism*, 19(3), 319-343. doi:10.1080/15332845.2020.1737768
- Som, A. (2008). Innovative human resource management and corporate performance in the context of economic liberalization in India. *The International Journal of Human Resource Management*, 19(7), 1278-1297. doi:10.1080/09585190802110075
- Taormina, R. J. (1999). Predicting employee commitment and satisfaction: The relative effects of socialization and demographics. *International Journal of Human Resource Management*, 10(6), 1060-1076.
- Teclmichael Tessema, M., & Soeters, J. L. (2006). Challenges and prospects of HRM in developing countries: testing the HRM-performance link in the Eritrean civil service. *The International Journal of Human Resource Management*, 17(1), 86-105. doi:10.1080/09585190500366532

- Tholath, D. I., & Thattil, G. S. J. I. J. o. K. M. (2016). Motivational Drivers of Knowledge Sharing in the Banking Sector of India. *14*(1).
- Thomas, K. W., & Velthouse, B. A. (1990). Cognitive Elements of Empowerment: An “Interpretive” Model of Intrinsic Task Motivation. *Academy of Management Review*, *15*(4), 666-681. doi:10.5465/amr.1990.4310926
- Uraon, R. S. (2018). Examining the impact of HRD practices on organizational commitment and intention to stay within selected software companies in India. *Advances in Developing Human Resources*, *20*(1), 11-43.
- Wang, Y., Liu, J., & Zhu, Y. (2018). How does humble leadership promote follower creativity? The roles of psychological capital and growth need strength. *Leadership & Organization Development Journal*, *39*(4), 507-521. doi:10.1108/LODJ-03-2017-0069
- Wright, P. M., Gardner, T. M., & Moynihan, L. M. (2003). The impact of HR practices on the performance of business units. *Human Resource Management Journal*, *13*(3), 21-36.
- Zimmerman, M. A. (2000). Empowerment theory. In *Handbook of community psychology* (pp. 43-63): Springer.