

# Impact of high performance work systems on employee turnover intention: a mediating role of burnout of Banking Sector of Pakistan

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## Abstract

*Employee turnover is a significant concern for organizations, particularly in the dynamic landscape of the banking sector in Pakistan. This study investigates the impact of high performance work system on turnover intention, with a focus on the mediating role of burnout. A quantitative approach in the study is used. Based on the available literature on the variables which are specified in the proposed theoretical model, four research hypotheses are developed. A sample of 300 employees from various banks in Pakistan participated in the study. Convenience sampling technique was used for data collection. Reliability analysis was conducted before proceeding to a detailed analysis of the study. SEM multivariate data analysis technique was used. The analysis revealed significant associations between the study variables including high performance work systems, burnout and turnover intention of employees. The findings underscore the importance of high performance work system that prioritize employee well-being and address factors contributing to burnout. By understanding and addressing these dynamics, organizations in the banking sector of Pakistan can develop targeted interventions to enhance employee retention and organizational effectiveness.*

**Key words:** High performance work system, employee turnover, burnout

## Introduction

The banking sector in Pakistan, like many other industries globally, is undergoing rapid transformation driven by technological advancements, regulatory changes, and evolving customer expectations. Amidst these changes, the role of human resource practices in shaping workforce performance and organizational effectiveness has become increasingly critical. High performance work systems (HPWS), a set of coherent human resource practices designed to enhance employee skills, commitment, and productivity, have gained prominence as a strategic approach to managing human capital. HPWS encompasses various practices, including rigorous recruitment processes, comprehensive training programs, performance-based rewards, and participative decision-making mechanisms (Garg & Dhanpat, 2022).

However, the relationship between HPWS and employee turnover intention is complex and may be influenced by various mediating factors, one of which is burnout. Burnout, characterized by emotional exhaustion, depersonalization, and a reduced sense of personal accomplishment, is a prevalent issue in high-pressure environments such as the banking sector (Chou & Yuan, 2022). Employees in this sector often face intense

workloads, high performance expectations, and the constant pressure to meet targets, all of which can contribute to burnout. The mediating role of burnout in the relationship between HPWS and turnover intention is critical to understanding how these High performance work systems impact employees' psychological well-being and their decisions to remain with or leave the organization (Wu et al., 2023).

The banking industry in Pakistan is a significant contributor to the national economy, employing a large workforce that plays a crucial role in financial intermediation and economic development. However, this sector is also known for its high-stress work environment, which can exacerbate issues related to employee burnout and turnover. By examining the mediating role of burnout in the relationship between HPWS and turnover intention, this study aims to provide a comprehensive understanding of the factors that influence employee retention in this critical sector.

The interplay between HPWS, burnout, and turnover intention is a complex but vital area of study. By investigating these dynamics within the banking sector of Pakistan, this study aims to offer valuable contributions to both theory and practice. It highlights the importance of not only implementing high-performance work practices but also fostering a work environment that mitigates burnout, thereby enhancing employee retention and overall organizational success (Ali et al., 2023).

Understanding the mediating role of burnout is important because it provides insight into the underlying mechanisms through which High performance work systems influence employee turnover intentions. By examining the relationship between High performance work systems, attrition, and turnover goals, organizations can identify potential areas for intervention and develop targeted strategies to reduce turnover risk.

The banking sector in Pakistan provides an interesting context for studying these dynamics. As the sector grows rapidly and competition becomes fiercer, banks increasingly understand the importance of effective human resource management to retain talent and maintain a competitive edge. In addition, cultural, economic, and regulatory factors specific to Pakistan may influence High performance work systems regarding employee turnover intentions, highlighting the need for context-specific research. mitigate turnover intentions and how burnout influences this relationship.

The banking sector in Pakistan faces a significant challenge with high employee turnover rates, which can have detrimental effects on organizational stability, customer satisfaction, and overall performance (Xhang, 2023). Employee turnover intention, the propensity of employees to voluntarily leave their current positions, remains a pressing issue that incurs substantial costs related to recruitment, training, and the loss of experienced personnel (Rashid, 2024).

The primary purpose of this study is to investigate the impact of high performance work systems on employee turnover intention within the banking sector of Pakistan, with a specific focus on the mediating role of burnout. The banking sector in Pakistan is not only a critical component of the national economy but also an industry marked by high stress and intense competition. Understanding the dynamics that influence employee turnover is essential for developing strategies that enhance organizational stability and performance.

A theoretical perspective on the role of occupation regulators in implementing high performance work systems and also emphasised practical insights into these systems. When high performance work systems and work controllers work together to achieve turnover objectives, our results support the premise that anxiety and character load are arbitrated fractionally. Research of Malik et al, (2020) that implementing a high-performance work system has the potential to reduce employee turnover, boost output, improve customer happiness, and, in the long run, boost organisational success.

Previous studies have extensively documented the positive impacts of HPWS on various organizational outcomes, including job satisfaction, organizational commitment, and employee performance (Garg & Dhanpat, 2022). However, the specific mechanisms through which HPWS influence employee turnover intention, particularly in high-stress environments like the banking sector, are not well understood. One major gap in the existing research is the insufficient attention given to the role of burnout as a mediating factor in the relationship between HPWS and employee turnover intention.

The objective of the study is to analyse the impact of high performance work systems on employee turnover intention. In addition to it, the study will also analyse the mediating role of burn out in between high performance work systems and turnover intention.

## Literature Review

### *Burnout and high performance work system (HPWS)*

Burnout and High performance work systems are pivotal constructs in the fields of organizational behavior and human resource management, particularly within high-stress industries such as banking. Burnout, defined by emotional exhaustion, depersonalization, and a diminished sense of personal accomplishment, has significant adverse impacts on both employee well-being and organizational outcomes (Maslach, Schaufeli, & Leiter, 2001). HPWS, comprising a set of interrelated human resource practices designed to enhance employee skills, motivation, and commitment, is often lauded as a strategic tool for improving overall organizational performance (Jiang et al., 2012). The intricate relationship between burnout and HPWS demands a comprehensive understanding of how these systems interact and influence one another.

HPWS aim to create a high-engagement, high-performance work environment through practices such as selective staffing, extensive high performance work systems, performance-based rewards, and participative decision-making processes (Lepak, Liao, Chung, & Harden, 2006). These practices are designed to boost employee capabilities and motivation, thereby enhancing job satisfaction and organizational commitment. However, the high demands and expectations inherent in HPWS can also contribute to elevated stress levels and potential burnout among employees (Chou & Yuan, 2022). For instance, the continuous pressure to perform at peak levels and achieve stringent targets can lead to emotional exhaustion, a fundamental element of burnout (Kim & Wang, 2022).

Research has shown that the specific configuration of HPWS practices and the organizational context in which they are implemented are crucial determinants of their impact on burnout. For instance, elements of HPWS such as participative decision-making and employee involvement can mitigate the adverse effects of high job demands by providing employees with a sense of control and autonomy, thereby enhancing psychological resilience and reducing burnout (Peccei et al., 2022). Conversely, practices that emphasize intensive workloads and high performance targets without adequate support can exacerbate stress and lead to burnout (Zhang, Liu, & Wang, 2023).

Elements of HPWS such as participative decision-making and employee involvement can mitigate the adverse effects of high job demands by providing employees with a sense of control and autonomy. These components can enhance employees' psychological resilience, thereby reducing the likelihood of burnout (Peccei, Van De Voorde, & Van Veldhoven, 2013). Conversely, practices that emphasize intensive workloads and high performance targets without adequate support can exacerbate stress and lead to burnout. Hence, the effectiveness of HPWS in reducing burnout and turnover intention largely hinges on the specific configuration of practices and the organizational context in which they are deployed (Zhang, Liu, & Wang, 2023).

Recent studies emphasize the importance of supportive work environments and the provision of resources to counteract the negative effects of high-performance demands. For example, providing employees with access to training, development opportunities, and wellness programs can help alleviate the stress associated with high performance expectations (Garg & Dhanpat, 2022). Additionally, fostering a supportive organizational culture that prioritizes employee well-being and work-life balance is crucial for preventing burnout and enhancing the overall effectiveness of HPWS (Wu et al., 2023).

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**Burnout and turnover intention**

Burnout and the profit motive are major challenges in organizations worldwide, affecting both individual employees and organizational performance. Burnout, characterized by emotional exhaustion, personal deprivation, and decreased performance, is often seen as a predictor of turnover intentions when employees consider leaving their workplace or current organization. The relationship between moderation and profit motives is complex and multifaceted, based on various organizational and individual factors.

Another important theoretical framework used to understand the relationship between burnout and turnover intentions is the demand-resource (JD-R) model (Demerouti & Bakker, 2020). According to this model, high job demands, such as workload and time pressure, and limited resources, such as autonomy and social support, can exhaust employees. Burnout also increases turnover intentions, as employees try to reduce the negative effects associated with burnout by leaving their workplace or current organization.

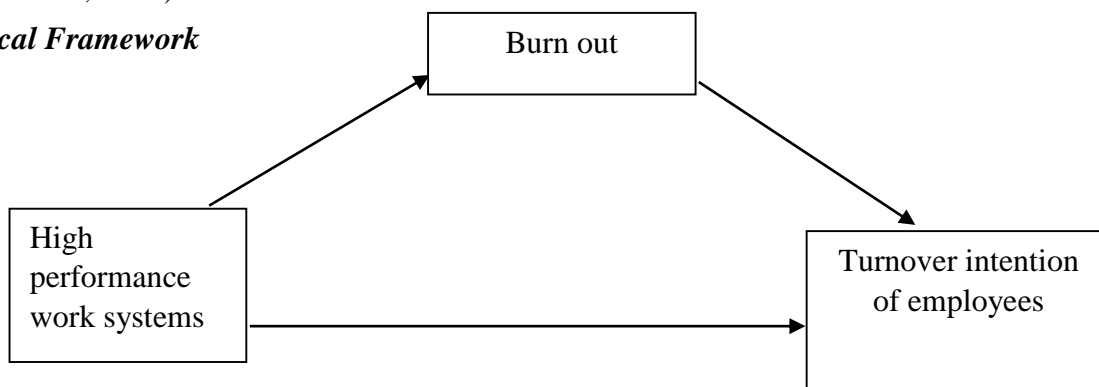
Empirical studies consistently show the effect of fatigue on profit motives (Moss, 2021). Emotional exhaustion, doubt, and decreased job satisfaction may cause employees to consider leaving their workplace or organization. In addition, burnout reduces employees' commitment to their organization, reduces their sense of purpose and achievement, and also increases the profit motive (Moss, 2021).

**High Performance System (HPWS) and turnover intention**

The relationship between High performance work systems and turnover intention has been a subject of significant interest in organizational research, particularly in high-stress industries like banking. HPWS, characterized by a set of human resource practices aimed at enhancing employee skills, motivation, and commitment, are often touted as a means to reduce turnover by fostering a supportive and engaging work environment. However, the effectiveness of HPWS in mitigating turnover intention is influenced by various factors, including organizational culture, job demands, and employee perceptions. Moreover, the effectiveness of HPWS in reducing turnover intention is contingent upon the perceived fairness and transparency of High performance work systems within the organization. If employees perceive that High performance work systems such as performance appraisal and reward allocation are unfair or biased, they may become disengaged and more likely to consider leaving the organization (Kim & Wang, 2022). Additionally, the organizational culture and leadership style play a crucial role in shaping employee perceptions of HPWS and their impact on turnover intention. A supportive and inclusive organizational culture, characterized by open communication and trust between employees and management, can enhance the effectiveness of HPWS in reducing turnover intention (Sun, 2021).

Research has also identified the mediating role of job satisfaction and organizational commitment in the relationship between HPWS and turnover intention. HPWS are theorized to enhance job satisfaction and organizational commitment by providing employees with opportunities for skill development, involvement in decision-making, and recognition for their contributions (Peccei, Van De Voorde, & Van Veldhoven, 2022). These positive outcomes, in turn, are expected to reduce turnover intention by increasing employees' attachment to the organization. However, the relationship between HPWS, job satisfaction, organizational commitment, and turnover intention is complex and may be influenced by various individual and contextual factors (Alfes, Shantz, Truss, & Soane, 2023).

**Theoretical Framework**



## Hypothesis

H1: High performance work system has a significant influence on burnout

H2: Burnout has a significant influence on turnover intention of employees.

H3: High performance work system has a significant influence on turnover intention of employees.

H4: Burnout mediates the relationship of high performance work systems and turnover intention of employees.

## Methodology

This study was conducted to investigate the relationship between High Performance System (HPWS) practices and employee turnover in the banking industry of Pakistan. To understand the complexity of interest, research uses positivism to identify trends, establish correlations, and analyze empirical data. By systematically measuring variables related to High performance work systems and burnout objectives, researchers can draw strong conclusions and identify meaningful patterns from the data. This approach allows researchers to formulate hypotheses based on empirical evidence and gain potential insights from statistical analysis.

Questionnaire was adopted and google forms was made for the online fill up of questionnaire and this included an informed consent for the targeted audience of this study in which only banking employees are incorporated as the targeted audience of this study. The scales were adapted from different resources. The study included banking employee as the population of the study and there was a sample collection around 300 participants by using convenience sampling technique. The statistical tool used for this study was SPSS.

## Results and Analysis

### *Reliability Analysis*

Reliability testing involves the calculation of Cronbach's alpha coefficient, which measures the internal consistency of the items in the scale. A high Cronbach's alpha value indicates that the items are highly correlated within the scale and consistently measure the same underlying construct. Generally, Cronbach's alpha values of 0.70 or higher are considered acceptable for research purposes.

Table 1 shows the Cronbach's alpha coefficient for each measurement scale used in the study. Results showed high internal consistency for all constructs, with Cronbach's alpha values ranging from 0.80 to 0.85. These results indicate that the items in each scale reliably measure the underlying construct and provide confidence in the validity of the measurement instrument.

Table 1: Sample Cronbach's Alpha Results for Measurement Scales

Construct	Cronbach's Alpha
High Performance work System (HPWS)	0.82
Burnout	0.85
Turnover Intention	0.80

The study's demographic characteristics, which include gender, age, marital status, and work experience, are analysed using descriptive analysis. The percentage of male participants is 72.7%, reflecting the fact that more men than women work in banks in Pakistan. And the percentage of female respondents is 27.3%.

The marital status of those surveyed indicated that a significant portion of them—75%—were married, while 25% were single. The sample's work experience varied; 41% of participants had between 11 and 20 years' experience, while 35% had less than ten years. and 24% who have worked for more than 20 years. This wide range of expertise offers a complex view of the workforce under study's professional history.

Utilising Statistical Software (SPSS), the gathered data was analysed. To determine the effect, bootstrap was applied, and a correlation was also run to show how the variables related to one another. Following analysis, the findings demonstrated support for the research model and the significance of the hypothesised correlations at  $p < .01$ .

It is evident from the stated hypothesis H1 that burnout has a negative and significant relationship with high performance work systems. Moreover, the beta coefficient ( $\beta_5$ ) is -0.40 with a p value of less than .05. This indicates that the hypothesis proposed in H1 is accepted and supported. Furthermore, the researchers' suggested range for  $\chi^2/df$  and the model fit indices values indicate that the model is fit. H1 is therefore approved.

It is evident from the data for the stated hypothesis H2 that employee turnover intention is positively and strongly correlated with burnout. Furthermore, the beta coefficient ( $\beta_5$ ) is .51, indicating that the H2 stated hypothesis is accepted with a p-value of less than .05. Furthermore,  $\chi^2/df$  and the model fit indices' values fall within the range recommended by the researchers, indicating that the model is fit. H2 is therefore approved.

Regarding the hypothesis H3, it is evident that a high-performing work environment has a negative and significant correlation with employees' inclination to leave. Moreover, the p-value for the beta coefficient ( $\beta_5$ ) is less than .05. This indicates that the hypothesis presented in H3 is supported. It is -0.33. Furthermore,  $\chi^2/df$  and the model fit indices' values fall within the range recommended by the researchers, indicating that the model is fit. H3 is therefore approved.

Table 2: Hypotheses summary H1 to H3

Variable relationships	Beta value	P-value	Decision/Remarks
$\beta_1$ (Burnout $\leftarrow$ HPWS)	-0.4	0.00	Supported
$\beta_1$ (Turnover Intention $\leftarrow$ Burnout)	0.51	0.00	Supported
$\beta_1$ (Turnover Intention $\leftarrow$ HPWS)	-0.33	0.00	Supported

### Analysis of Mediation

The table below shows the relationship, both direct and indirect, between a high-performance work system and employees' intention to leave, both with and without a mediator. The study's findings unequivocally show that there is partial mediation because the associations are significant both with and without brand marketing acting as a mediator. Additional tests were conducted in order to analyse the mediation relationship. For the aim of mediation analysis, Baron and Kenny's (1986) methodology was applied, drawing on the suggested relationships covered in H4. By extracting 5,000 bootstrap samples with 95 percent bias-corrected confidence intervals, the results were validated via bootstrapping (Preacher and Hayes, 2008) (Ng et al., 2014). This method is superior to previous strategies since it can test multiple mediations simultaneously (Ng et al., 2014).

Initially, H4 was examined for burnout as a mediator in the association between HPWS and employees' intention to leave. Employee turnover intention is significantly impacted by HPWS ( $\beta = .345, p = .001$ ), and the results are still significant when burnout is utilised as a mediator between HPWS and turnover intention ( $\beta = .114, p = .015$ ). Verifying that burnout is a partial mediator between HPWS and turnover intention, it can be observed that the indirect effect is equally substantial ( $\beta = .433, p = .001$ ). H4 is therefore only partially supported.

Table 3: Mediator model for Burnout

Variable	Total effects (H) $\beta$ (T)	Direct Effect (H') $\beta$ (T)	Indirect Effect (ab) $\beta$ (T)	Result	Mediation level
HPWS-B-TI	.345 (.00)	.114 (.01)	.433 (.00)	Significant	Partial

### Discussion and Interpretation of Results

As our analysis shows, the high performance work systems process is closely linked to the profit motive. Although positive perceptions of these processes are associated with increased turnover intentions, these findings support the notion of "task focus" in the organizational psychology literature. Researchers such as Mitchell et al. (2001) and Crossley et al. (2007) argue that employees who feel more engaged in their work through social interaction, belonging, and self-sacrifice are less likely to consider leaving. Therefore, an unexpected positive relationship

between high performance work systems processes and turnover intentions may indicate a mismatch between employee expectations and organizational reality. Recruitment methods should be carefully evaluated.

In contrast, the field of high performance work systems is closely related to the literature on employee retention. A study by Jiang et al. (2012) and Meir et al. (2012) highlighted the role of high performance work systems in increasing employee engagement and loyalty. By investing in employee skill development and career development, organizations not only create a sense of competence and effectiveness, but also foster deep commitment to the organization.

Furthermore, the importance of participation and decision-making in the formation of profit goals is consistent with research on organizational justice and employee voice. Studies by Cohen-Sharash and Spector (2001) and LePine and Van Dyne (2001) highlight the importance of employee participation in the decision-making process as a means of enhancing perceptions of organizational fairness and commitment. Our results highlight a negative relationship between decision-making participation and turnover intentions, with organizations that allow employees to participate in the decision-making process indicating that this is likely to persist.

### **Limitations and Future Research Areas**

While our study provides valuable insights into the relationship between High performance work systems and turnover intention in the banking sector of Pakistan, it is not without limitations. Firstly, the study's cross-sectional design limits our ability to establish causal relationships between variables. Longitudinal studies would provide a more robust understanding of the dynamic nature of employee turnover. Additionally, our reliance on self-reported data may introduce common method bias, potentially affecting the accuracy of our findings. Finally, the generalizability of our findings may be limited to the specific context of the banking sector in Pakistan, and caution should be exercised when applying them to other industries or geographical regions.

Building upon the findings of this study, future research could explore several avenues for further investigation. Longitudinal studies could help elucidate the temporal dynamics of High performance work systems and their impact on turnover intention over time. Moreover, qualitative research methods, such as interviews or focus groups, could provide deeper insights into the underlying mechanisms driving turnover intentions among employees. Additionally, comparative studies across different industries or countries could shed light on the contextual factors influencing turnover dynamics and the effectiveness of HR management strategies.

### **Practical and Theoretical Implications**

Our findings have several practical implications for HR practitioners and organizational leaders in the banking sector of Pakistan. By understanding the significant impact of High performance work systems on turnover intention, organizations can prioritize investments in employee development, performance management, incentives and rewards, and , to enhance employee retention and organizational effectiveness. Moreover, addressing burnout and promoting , can further mitigate turnover intentions and foster a positive work environment. By implementing targeted HR management strategies informed by our findings, organizations can cultivate a more engaged, committed, and resilient workforce.

From a theoretical perspective, our study contributes to the growing body of literature on HR management and turnover intention. By examining the relationships between various High performance work systems and turnover intention, as well as the mediating role of burnout, we provide empirical evidence that advances our understanding of the underlying mechanisms driving turnover dynamics. Our findings underscore the importance of considering both individual High performance work systems and their collective impact on turnover intention within organizational contexts. Moreover, our study highlights the significance of addressing employee well-being and stress management in retention efforts, adding to the theoretical discourse on occupational stress and turnover.

### **Recommendations and Conclusion**

Based on our findings, we present a set of recommendations aimed at organizations operating in the banking sector in Pakistan with the aim of improving employee retention and overall organizational effectiveness.

First, it is important for organizations to review and improve their HR processes. This includes high performance work systems processes, and turnout intention. By identifying areas for improvement, organizations can create a more profitable environment that fosters employee engagement and loyalty.

Continuous monitoring and evaluation of staffing processes is essential to ensure their effectiveness in reducing turnover targets. Organizations should solicit feedback from employees and stakeholders and adjust their HR strategies accordingly. Adopting a culture of continuous improvement and innovation allows organizations to stay ahead of the curve and drive organizational success in a competitive banking industry.

By implementing these recommendations, organizations in the banking sector in Pakistan can develop an active, dedicated and flexible workforce that will lead to organizational success and growth.

As a result of the study on the impact of High performance work systems on burnout objectives in the banking sector of Pakistan, some important conclusions have been reached based on the analysis and synthesis of the existing literature.

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