

-RESEARCH ARTICLE-

TO EXAMINE THE MEDIATING IMPACT OF WORK ENGAGEMENT AMONG THE RELATIONSHIP OF HUMAN RESOURCE MANAGEMENT PRACTICES AND SERVICE RECOVERY PERFORMANCE DURING PANDEMIC-19

Mohammed Aldoghan

Associate Professor, Department of Management
School of Business, King Faisal University
Pobox 400, Hofuf ahsa 31982 Saudi Arabia
E-mail: mdoghan@kfu.edu.sa
<https://orcid.org/0000-0001-6418-269X>

—Abstract—

This study seeks to examine the mediating impact of work engagement between the relationship of human resource management practices and service recovery performance of Takaful industry in Saudi Arabia during Covid-19 pandemic. For this purpose, data has been collected from 350 employees by using a convenient sampling technique constituting a response rate of 70 percent. Through a cross sectional research design, this research applies a quantitative research method to study this impact. The Structural Equation Modeling (SEM) had shown that all the HRMP namely human capital, training, rewards, internal career opportunities, job description, staff participation had a positive and significant relationship with the service recovery performance. On the other hand, work engagement had also a significant mediating effect among most of HRMP and service recovery performance except staff participation and service recovery performance. As work engagement has a mediating impact on most aspects of HRMP and service recovery performance, therefore, this contribution is considered to be substantial contribution to the existing body of literature. Based on these findings, this study could help managers and owners understand the importance of HRMP in enhancing service recovery performance. The design and context-based limitations of this study and the future directions that point to it are also discussed in the concluding sections of the study.

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1. INTRODUCTION

In the modern age, the Islamic practice encourages Islamic insurance especially the Takaful sale that is increasingly gaining popularity in southeast nations including, Saudi Arabia. Therefore, Takaful insurance may be understood as a fast-rising business trend in developing Muslim nations that provides services in accordance with Shariah Law. Moreover, the practice is also highly encouraged by Muslim academics across the world. Insurance practices that comply with Shariah standards as well as are recommended by Islamic laws and realize the true meaning of brotherhood by protecting people's wealth as well as assets from the disasters (Remli & Rosman, 2018). The Takaful sector in Saudi Arabia which has a majority Muslim population in the region of Southeast Asia, has a tiny market share as well as progress rate in evaluation to traditional insurance (Remli & Rosman, 2018). Due to its great potential and vast Muslim population, it is vital for the Takaful business to pay more attention on acquiring a place in the market and penetrating as an attractive alternative option. Research by ,Djafri and Noordin (2017) on Takaful agents in the Malaysian market, emphasizes the importance of promoting the insurance organization through an operative structure and approaches that lead to improved performance. Current research pays more attention on the role of the insurance agents instead as a driving factor for organizations competing over traditional insurance products. Additionally, Takaful industry entirely dependent on as well as encouraged through agents as limited consumers seek as well as establish contact with Takaful on their own.

There are various researchers like Amron (2018) who proposed to examine potential influential and herding elements in formation of "Sharia based Insurance (Takaful)". Islamic financial organizations have caught an attention of Islamic as well as modern researchers and economists. Takaful has drawn a considerable amount of interest in Southeast Asian Muslim nations such as Malaysia and Indonesia (Mihardjo, Jermstittiparsert, Ahmed, Chankoson, & Hussain, 2020). Moreover, Takaful is a type of Islamic insurance that developed for Muslim communities in Muslim-majority areas, such as Saudi Arabia, to offer insurance services by not charging any interest rate (Mihardjo et al., 2020). The worldwide market has witnessed drop in the life premium increase recently, on the other hand the economy rebounded significantly in 2017 because of recession as well as global financial crisis insurance organization remain in the stressed or underperform that has harmed the organizational long-term profitability and viability (Re, 2018). Moreover, researchers have discovered a number of hidden elements in developing countries that contribute to the insurance industry's poor performance when compared to industrialized countries. According to the Remli and

Rosman (2018) the market of Muslim countries more suitable for the insurance business expansion in place of a developing market in the Southeast Asia, as indicated by the rating agency. Due to consumer emotions, it has also been determined that the “family Takaful” industry may be very helpful for predictable as well as Takaful insurance development. As a result, due to the insurance industry and nature of business remain extremely people oriented, Takaful operators must recruit talented as well as active insurer agents to provide consolation, clarification, further persuade clients to adopt Takaful products (Djafri & Noordin, 2017).

In line with the previous discussion, human resource management (HRMP) plays a significant part in the insurance industry in terms of delivering correct, excellent information, and recruiting customers through their guidance on how to present their services to a competitive worldwide market. Therefore, this is very essential for an insurance organization to focus on their employees as to their effective recruitment, performance evaluation, training, and a reward strategy to increase their experience, skills, knowledge, education and trust for better performance. These kinds of skills will assist providers of insurance services to deliver better customer service and enhance their rate of organizational growth as specified in several past studies (Juhari, Bhatti, & Piaralal, 2016; S. K. Piaralal, Bhatti, Piaralal, & Juhari, 2016). Scholars have looked into service recovery including banking, lodging and health industry. A number of studies have also looked at “service recovery performance (SRP)” inside of western context while paying little attention on the developing countries especially, Saudi Arabia. On the other hand, results have been inconsistent and no conclusive association has been established which could be applied to the contexts of Southeast Asian or non-western countries (S. K. Piaralal et al., 2016). There is a lack of research and studies about the Saudi Arabia Takaful insurance market, making it difficult to assess the sectors of SRP. Moreover, previous studies on the subject mainly focused on three human resource management practices namely, human capital, training, rewards with the mediating effect of employee engagement and dependent variable service recovery performance (Mihardjo et al., 2020). Because, during the pandemic-19, human resources played an important role in terms of the survival and recovery of performance. Countries which have more valuable resources during the pandemic crisis have played a more prominent role in enhancing their performance (S. K. Piaralal et al., 2016). In this regard, the present study designed in the context of Saudi Arabia to show the importance of these specific resources at the time of pandemic-19 within the Takaful industry. Therefore, as per the researcher’s best of knowledge, a comprehensive study along with six HRMP namely, human capital, training, rewards, internal career opportunities, job description, and staff motivation cannot be assessed, especially in Saudi Arabia. Therefore, future researches are encouraged to determine the mediating effect of employee engagement on the relationship of human resource management practices and service recovery performance of Takaful industry in Saudi Arabia during the pandemic.

2. LITERATURE REVIEW

2.1 Service recovery performance (SRP)

Service recovery performance (SRP) enables organizations to retain outstanding employees in order to accomplish organizational objectives of obtaining new clients as well as satisfying the demands of existing clients. The insurance sector is heavily reliant on the agents whose successful performances extremely important to the operations of insurance corporations. SRP provides help in the improvement of operations and the achievement of organizational goals such as acquiring new clients while satisfying existing customers as well as building strong customer–employee connections. Employee capabilities, behavior, and the influence of employees on clients all have an impact on service recovery. Therefore, employees perform a critical part in service recovery toward managing complaints received by customers as level of customer satisfaction as it is a key aspect in defining an individual firm's reputation and service quality. SRP literature has been written in a variety of businesses, including the New Zealand banking sector. According to Turkey's health and banking sectors, a stronger recovery performance may be achieved by putting a better rewards system in place, assuring empowerment, improving teamwork, and making effective and swift decisions to put OP on better footings. Because the market is continually changing, every firm, including the insurance industry, must evaluate the most recent advancements in systems and competitive foundation. Moreover, ASEAN free trade agreements have further intensified competition. As a result, Malaysian insurance companies as well as Takaful service providers must evaluate newly implemented market reforms as non-responsive behavior could result in a loss of business. The SRP is influenced by effective HR practices. This is so because incorrect, inappropriate and insufficient HR practices could potentially lead towards the Takaful industry's failure, representing the larger shortcomings of Islamic financial practice. It bears to note that HR practices such as Employee Retention (ER), Human capital (HC) as well as Reward Strategy (RS) also affect Employee Commitment (EC), which in turn, influences SRP of Takaful agents in Southeast Asia. [Sonntag and Frese \(2012\)](#) distinct SRP as employees' theoretical as well as practical behaviors; first, numerous uncontrollable elements influence employee results; second, situational restrictions influence employee performance in the insurance sector; and third, opportunities play a critical part in measuring SRP. Moreover, the conduct of insurance company personnel is also taken into account when regulating SRP habits ([N. K. Piaralal, Mat, Piaralal, & Bhatti, 2014](#)). SRP has been described as a complex construct by researchers, with prior studies examining several sorts of recovery attempts such as refunds, regret, time-span, clarification, compensation, understanding as well as efforts. [S. K. Piaralal et al. \(2016\)](#) highlight that in existing researches there is a shortage of literature on SRP of insurance (Takaful) agents as well as insufficient awareness about significant factors/variables in this regard. Therefore, there is a pressing need to look into HR policies that have an impact on Takaful agents' SRP in the Muslim-majority Southeast Asian nations like Indonesia as well as Malaysia.

2.2 Employee commitment (EC) and SRP.

Employee commitment (EC) has been widely studied in literature by earlier researchers, who state that EC results in objective attainment and operational efficiency, and both of these affect productivity as well as OP (Meyer, Kam, Goldenberg, & Bremner, 2013). Earlier, throughout the previous few decades, researchers have focused on psychological aspects of study (Huang, You, & Tsai, 2012). Belonging to a workplace and organization also shows an employee's dedication to a firm or a department within it, as well as attachment to that organization or workplace (Meyer et al., 2013). According to the Constituent Model of the organizational Commitment (OC), employees' urge to connect themselves to their place of work as well as organizations is necessary for assurance as well as requirement. Employee desire is referred to as affective commitment, need is known to be continuous commitment, further obligation is referred to in place of normative commitment. A devoted employee, as posited by Meyer and Allen (1991), is one who stays with the firm through thick and thin, goes to work on regular basis, and performs full-day duty (plus possibly extra), defends corporate assets, and shares business objectives,. From an organizational viewpoint, taking a dedicated workforce is a distinct benefit. OC is distinct in terms of an individual's ability to become involved at work in a firm to reach goals and attain a high degree of performance in a quickly changing environment. Establishing an association between employee goals and organizational values and objectives as well as specific goals can also be used to measure organizational or EC (Djafri & Noordin, 2017; Mowday, Steers, & Porter, 1979).

Bielby and Bielby (1992) define EC as an attachment which is established and sustained through a person's identification by a part, value, performance, or organization as a source of their core identity. OC model includes three basic components i.e. effective commitment, normative commitment and continuance established by the (Meyer & Allen, 1991). These components remain distinct from one another and are grouped under commitment. Each component of the commitment influences employees' intentions to stay with an organization, but each employee's thinking differs (Djafri & Noordin, 2017). Formerly, Gupta, Kumar, and Singh (2014) explored the influence of spiritual aspects at work on EC, as well as numerous other academics who focused on the association between workplace spirituality and employee fulfilment, as well as EC and performance (Djafri & Noordin, 2017). This study finds that workplace spirituality influences both effective as well as normative commitment, with spirituality being less effective for long-term commitment. According to this study, when spirituality is present, attachment to one's workplace and coworkers rises, which leads to increased loyalty as well as more dedication. Formerly, academics discovered through empirical investigations that EC leads to higher outcomes and performance; moreover, it also reduces employee turnover intentions, unproductive behavior, and absenteeism (Djafri & Noordin, 2017).

According to several studies, additional effects of organizational commitment include employee citizenship behavior, as well as their wellness and health (Becker, Klein, &

Meyer, 2012). Since the examination of Cooper-Hakim and Viswesvaran (2005) experimentally evaluated as well as discovered a positive and significant relationship among of these dimensions, scholars have found a link among organizational commitment as well as performance in the empirical investigations. On the other hand, a positive association between performance and effective commitment has been examined empirically in research of the (Van Dick, Stellmacher, Wagner, Lemmer, & Tissington, 2009). Zayas-Ortiz, Rosario, Marquez, and Gruneiro (2015) investigated the association between employee conduct and commitment among banking sector employees. The study discovered a significant and positive association among EC as well as civic virtue and also in terms of behavioral indication. A strong association remains between citizenship behavior and civic virtue. In a summary, several researchers studied on commitment as well as its consequence on performance have been undertaken across industries and country-contexts, with conclusions that remain unsatisfying, as indicated into the previous section of the present study. In this study, two Islamic countries, Malaysia as well as Indonesia, are discussed in the “Southeast Asian context”. The relationship between EC and performance in the Takaful business has been studied by a number of scholars in the past (Remli & Rosman, 2018). These studies looked at several components or factors in the Southeast Asian Takaful sector, such as innovation, market orientation, and employee personality factors, in order to determine and assess Takaful agents' and operators' performance.

2.3 Human resource management and SRP in the Takaful industry

Globalization has increased to unprecedented levels in recent years, engendering more competition as well as creating new and unique challenges for every organization. The “Human Resource Management” (HRM) performs a significant part in the operational as well as strategic activities of businesses with a view to improve and maintain employee performance. Previous research pays more attention on the role of HR practices in improving OP in the service or manufacturing fields in a fast-changing environment. In addition, researchers looked at the HRM practices as well as performance-related results in various countries and firms and have found a positive association among HR as well as performance. There is still considerable debate on the impact of diverse techniques in any business (production or services) on employees and OP (Abu Keir, 2016). Earlier, a number of researchers recommend inspecting HR practices associated with service industry performance for the purpose of better understanding the impact of HR practices on the insurance industry as its influences at SRP for Takaful organization (Abu Keir, 2016; Djafri & Noordin, 2017; Remli & Rosman, 2018). The basic purpose of this research is to examine the service industry HR practices in order to determine Takaful industry’s SRP in Southeast Asia. Human capital, reward management, and employee retention are examples of HR practices, with employee commitment serving as a mediating factor.

2.4 Human capital to employee commitment and performance

People remained convinced to expend their energies at brainstorming rather than physical pursuits as a result of technical breakthroughs as well as the ushering in the digital information age. Human capital refers to new and updated knowledge as well as information that does not appear in financial data but still has a major impact on OP when compared to physical assets at that place (Abbas, Hassan, Asif, Junaid, & Zainab, 2018; Kalkan, Bozkurt, & Arman, 2014). The contribution of human capital (HC) to a firm's success can be analyzed for the purpose of maintain good performance (Abbas et al., 2018; Mihardjo et al., 2020). According to Hashim, Adeyemi, and Alhabshi (2018) HC is defined as an employee's knowledge and skills for value adding to attain desired performance inside of any sector. Moreover, knowledge management in organization also mentioned as a HC into the study of (Abbas et al., 2018). Furthermore, the current study defines HC characteristics as client capital, procedure, innovation as well as network (Bayburina & Golovko, 2009). The literature focuses on the research on HC as well as its characteristics in terms of potential to promote competitiveness and enhance employee's performance. Each attribute, particularly innovation, is discovered to be more important in gaining competitive benefits (Abbas et al., 2018). Studies on the association between management as well as HC abound in existing literature (Ramadan, Dahiyat, Bontis, & Al-Dalahmeh, 2017). In studies, knowledge capability has been defined as a firm's ability to manage HC. Rajesh, Pugazhendhi, and Ganesh (2011) and correspondingly Roos (2017) mentioned that HC is critical for OP in maintaining a competitive advantage in a volatile and fast-fluctuating organizational environment. Academics bifurcate HC into three basic categories i.e. human, structural and customer capital (Bontis, Keow, & Richardson, 2000). In addition, other researchers (Hashim et al., 2018) choose to study spiritual, capital, social and technological variables, whereas HC is defined as an employee's skills and expertise, customer capital is defined as customer and supplier relationships, and structural capital defined as an organization's processes, approaches, values, as well as its whole working system. Abbas et al. (2018) stated that for determining the performance of any organization, focus on human, consumer, and social, technological, structural, spiritual capital. HC and technical capital are shown to be more influential in determining OP, but HC is not shown to be particularly significant for performance.

2.5 Training to employee commitment and performance

Employees must improve their job-related skills or habits in order to build on their individual strengths and capabilities to be in a better position to provide ideal products or services to customers. Employee training to improve job-related talents and behavioral skills is shown to be critical in a global corporate environment for acquiring a competitive advantage (Yavas, Karatepe, & Babakus, 2010). As said by the CheRusuli et al. (2018), HRD practices implemented by employees for the purpose of enhancing performance services because of competencies between hotel business frontline employees. Existing research draws a significant association between practices of HRD

and service performance by employees; skills serving instead as a mediating factor. According to the current study, Takaful agents training for enhancing their performance is acknowledged as critical and essential in a highly competitive atmosphere, until that time; there are different scholars conducted various studies on association of multiple service organizations to address significances of employees training as a factor in improving performance like in banking business (Al-Ababneh, 2018; Mihardjo et al., 2020). There is a positive association between workplace connection and training for EC attaining (Hodgkinson, Hughes, Radnor, & Glennon, 2018; Messersmith, Patel, & Crawford, 2018). Academics have recommended looking into employees' training in service organizations as employee's professional development in order to improve employee's effectiveness and reduce attrition (Mihardjo et al., 2020). Employee training allows them to improve their capabilities, knowledge and skills although enhancing their satisfaction level with their workplace. According to another study, retention as well as loyalty can be attained successfully in the workers of health care, logging organizations and tourism business (Ananthkrishnan et al., 2018; Sharma & Gursoy, 2018). In addition, researcher also acknowledges the instrumental value of training contents in improving staff productivity by affecting changes in attitudes as well as behaviors. Organization must check contents of training and also impact of training on employees effort, turnover intentions, and commitment level (Bhatti, Juhari, Piaralal, & Piaralal, 2017).

2.6 Reward management and employee commitment and SRP

Compensation, appreciation, prestige, and identity in society are all terms used to describe the value received in exchange for services done by employees to businesses (Yavas, Karatepe, Avci, & Tekinkus, 2003). In order to improve performance, the rewards provided by the company in exchange for employee efforts, for example, recognition, promotion advancement prospects, salary, as well as personal development, should be able to match the requirements of workers or meet their expectation level (S. K. Piaralal et al., 2016). Employees' decisions at work are heavily influenced by the financial benefit they receive in exchange for their services. Effective rewards as well as remuneration enable organizations to acquire a competitive advantage through keeping competent staff (Bulimo, 2014; Njenga, 2018). Babakus, Yavas, Karatepe, and Avci (2003) discovered that compensation as a key aspect in delivering quality service towards consumers as well as provide help to the employees at the workplace to perform better (Njenga, 2018). For the purpose of better service, reward plans are studied in education, banking, health and services of life insurance on front line employees, as well as direct impact on SRP has been observed (Bhatti et al., 2017; Njenga, 2018; S. K. Piaralal et al., 2016). Compensation is found to be a substantial and positive impacting variable for motivation as well as job completion in dual public and also for private sector organizations in Malaysia, according to a sample of 619 employees from dual industries (Ogbari, Onasanya, Ogunnaike, & Kehinde, 2018).

Researchers also urge that incentive management and employee objectives for example motivation as well as objective completion be aligned for the purpose of achieving employee satisfaction (Samsudin & Ahmad, 2018). Current research studies multiple variables which consists of promotion, benefits, salary, and appreciation as factors which encourage employees, including employees of the Pakistan commercial banks (Karam, 2017). In the service business, rewards remain particularly significant for motivating personnel and resolving complaints (N. K. Piaralal et al., 2014). These research have been conducted in the banking industry in several countries, including Turkey as well as New Zealand; reward practices remain discovered as a positive and significant association towards service advantage at the frontline workers at SRP in service industry of Malaysia (S. K. Piaralal et al., 2016). According to the findings of Baron et al. (2005) the New Zealand hospitals nursing staff establish that rewards have an effect on SRP; at the same time, S. K. Piaralal et al. (2016) discover that rewards are significant elements in life insurance sector of Malaysia. As a result, the study posits those rewards perform a substantial role in ensuring emotional happiness as well as influencing service quality. Employees who are attractive and earn a high salary are deemed to be content and give outstanding services, which has an impact on SRP.

2.7 Staff participation, employee commitment and SRP

It provides organizations with constructive guidance. The participation in environmental initiatives leads to a higher degree of staff participation and lowered willingness to exit (Benn, Teo, & Martin, 2015). An analysis by Appelbaum et al. (2013) indicates a low level of employee jobs and staff participation due to inadequate involvement of decision-making (Zakaria, Ahmad, & Ahmad, 2020). In addition, if one party thinks that the other has worked hard to reward the other, then it considers it necessary to do so as to compensate for that effort or advantage. Kulachai, Narkwatchara, Siripool, and Vilailert (2018) states that when its workers are independent and take part in decision-making, the overall goals of an enterprise are more achievable. In a similar vein, (Lopez-Cabrales & Valle-Cabrera, 2020) have stated that involvement by workers in the main strategic decisions of the business could serve as a way forward and should be viewed by modern organizations as a revolutionary strategy.

Furthermore, Kulachai et al. (2018) reiterated the need for more competitive, professional and innovative methods such as employee preparation and engagement in different processes. As Cropanzano, Anthony, Daniels, and Hall (2017) suggested, social exchange theory allows for a special partnership between the employer and the worker to be established for the benefit of both parties. The partnership is important and ultimately leads to the well-being of the company and its workers. One group is making an effort to boost the other's well-being and hopes the same from the other. On the basis of the above discussion, the following hypothesis is drawn.

2.8 Job description, employee commitment and SRP

Defined as the idea of the work description as signifying the availability of information that is of value because of limitations proscribed under this information or improvements in information quality (Lyons, 1971). Nandal and Krishnan (2000) posited that organizational and individual role reflect the desires of each and every one. The role theory sets out role clarity as the degree to which the knowledge needed to do the job is provided. Clarity of roles contributes to work satisfaction and, in turn, it has a positive impact on one's performance (Nandal & Krishnan, 2000). Huff-Eibl, Voyles, and Brewer (2011) identified work duties as one of the dimensions for job satisfaction in order to operationalize job satisfaction and found that performance and tasks are closely connected. Based on another study carried out in the context of a banking organization, Belias, Koustelios, Sdrolias, and Aspridis (2015) found that the greater the conflict in position, the lower the levels of employment satisfaction. Onyemah (2008) have reported reduced levels of work satisfaction due to conflict of responsibilities and uncertainty. In studies by Um and Harrison (1998), researchers study the degree of work dissatisfaction as it relates to an increase in position conflict. Studies also show that a conflict of responsibilities has positive impacts in terms of instilling versatility in workers, encouraging adaptation to fulfil their diverse and dynamic responsibilities (Aeknarajindawat, Aeknarajindawat, & Aswasuntrangkul, 2020). When workers are fairly aware of their roles and are well equipped with relevant experience, knowledge and skills, they prefer to develop innovative solutions to help fulfil organizational strategic objectives, as demonstrated by (N. Ahmad, Ahmad, & Zakaria, 2019; Zakaria et al., 2020). In a report, Ohme and Zacher (2015) also indicated that the concept of employment and performance assessment matters a great deal for the learning staff of the business.

2.9 Internal career opportunities, employee commitment and SRP

Internal career opportunities have been one of the organization's strategic HRM practice that use incentive programs to inspire their workers (Oduma & Were, 2014). Progress in career leads to personal development in a company and to greater accountability for an employee. Weng, McElroy, Morrow, and Liu (2010) described career growth as the best way to achieve a place in an organization, in which they demonstrate competence and contribute to furthering the organization's objectives. The author further argues that career growth requires "vertical" problems such as promotion, upward mobility and even "horizontal" movement in the company (lateral work transfer). Career advancement includes different strategies and procedures that are developed by the corporation to enhance their employee's career performance during a single lifetime.

The performance of employees is directly related to service recovery performance in both monetary and non-monetary ways. This means that as employees succeed, they fulfil customer needs and improve the organization's overall efficiency as well as its reputation or prestige (Shields, Brown, Kaine, & North-Samardzic, 2015). Evans, Anderson, and Gilliland (2018) argue that the performance of workers can be increased

by incentive for work and decent reward policies, covering both internal and external benefits. It can also be stated that motivated workers perform better than the workers who are not motivated at work. Furthermore, research suggests that by giving better benefits and a wholesome work-life balance, it is possible to enhance the motivation levels of workers. [Aeknarajindawat et al. \(2020\)](#), too, have a clear association with employee engagement in terms of internal job prospects. When the company recruits external employees for a vacancy in the organization, internal employees of the company are demotivated, and cold management is provided. In addition, a lowered level of efficiency is noticed, and they do not perform their best. On the other hand, when the vacancies are filled by internally workers, i.e. the internal jobs of the company, employees are empowered and better able to accomplish their respective tasks, and in doing so, compete for better benefits ([Evans et al., 2018](#)).

2.10 Mediating impact of employee commitment among human capital, training, internal career opportunities, job description, staff participation, rewards and SRP

This study considers three key human resources practices, e.g., Human resources, training and reward management in Southeast Asia's Takaful industry and how they affect employee involvement and performance. Detailed relationships between independent variables (Human Capital, Training and Rewards) and dependent variable RPS are discussed in subsequent areas in all study structures which are the mediating role of employee commitment in the Southerly Asian country industry. In the past, researchers have conducted large-scale research, an important building for efficiency and productivity ([Jehanzeb & Mohanty, 2018](#); [Li, Yuan, & Torlak, 2018](#)). For two decades, researchers have shown extensively interest in to studying the background and outcomes of employee participation through organizational psychological research ([Hansen, Saridakis, & Benson, 2018](#); [Huang et al., 2012](#); [Owen, Boswell, Opton, Franco, & Meriwether, 2018](#)). Employee commitment to the job is known as employee membership, and employers' commitment feelings are described in the model for employee commitment as the desire for choice and duty. [Meyer and Allen \(1991\)](#) define employee engagement as follows: employees remain with the organisation, regularly work, protect company assets, share company objectives, etc (and possibly more). It is clearly an advantage from a corporate perspective for a dedicated workforce. This study discusses the mediating role of employee commitment in the Takaful industry in South East Asia between main human resources practices and SRPs. Employee commitments provide benefits to companies because they affect public sector workers, including healthcare, banking and insurance, in the SRP ([S. K. Piaralal et al., 2016](#)). The direct connection between the staff commitment and SRP by public and private frontier workers was explored in various countries including New Zealand, Turkey, Pakistan and Malaysia. Few studies have shown however that the SRP has little to do with obligations ([S. K. Piaralal et al., 2016](#); [Yave & Babakus, 2010](#)). Predictors, including HR practices such as rewards, training, empowerment and teamwork, have an effect on employee

engagement; however, employee engagement also plays an important role, in particular to improvements in customer service recovery and performance outcomes.

2.11 Theoretical Framework

The equity theory is used in the current study as the foundation of theoretical framework. This theory is used for examining the services and satisfaction features with the reason of failure and various criticisms (Akhgari, Bruning, Finlay, & Bruning, 2018) and performance. “Equity theory based on equity exchange and recognition of performance results and contribution to the success of companies as individuals (Bulimo, 2014). In the current study, SRP will lead to an increase in employees' engagement exchange, while itself being improved as a result of higher employees' workplace commitment. The RBV Theory shows direct implications for human resources practices, and influences the qualifications, attitudes and behavior of outcomes.” Resource-based approach theory argues that different resources influence the competitive edge based on expertise and skills. Therefore, focus on specific outcomes while applying significant human resource management practices, such as “Human capital, training, rewards, internal career opportunities, job description, and staff participation” to improve employee commitment and formerly increase performance of forefront employees. All of the above variables are shown in the following Figure.1 below.

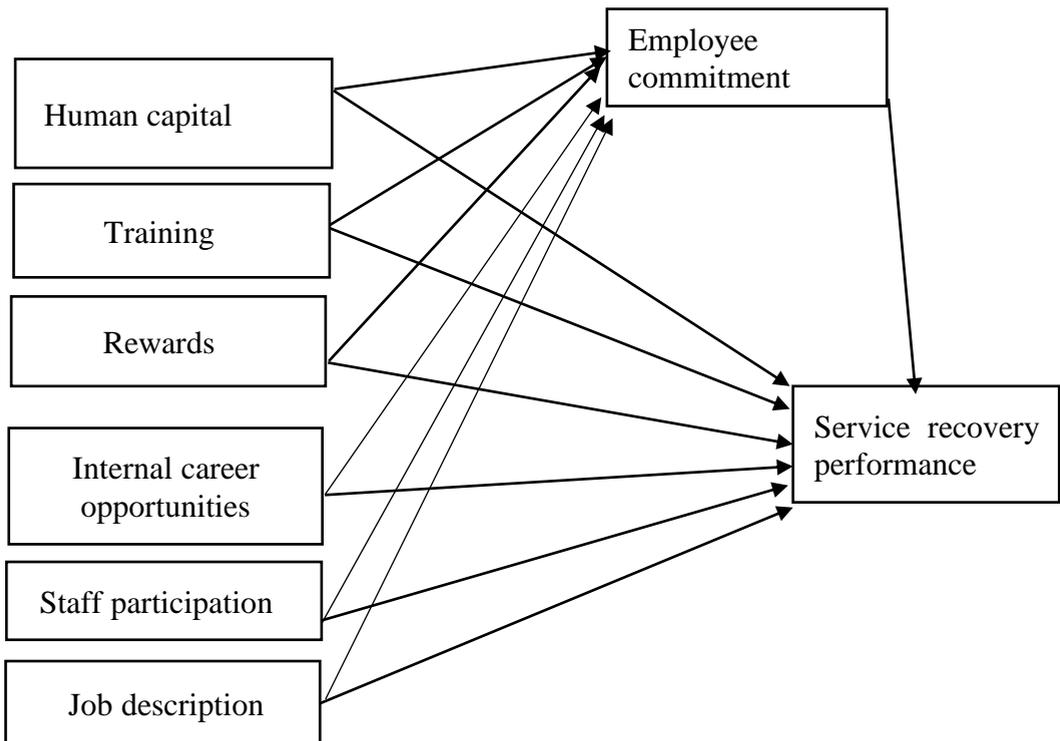


Figure.1: Research Framework

Based on the research framework, the following research hypothesis of the study had been formulated.

H1: Human capital has relation with the service recovery performance.

H2: Training has relation with the service recovery performance.

H3: Rewards has relation with the service recovery performance.

H4: Internal career opportunities has relation with the service recovery performance.

H5: Staff participation has relation with the service recovery performance.

H6: Job description has relation with the service recovery performance.

H7: Human capital has relation with the employee commitment.

H8: Training has relation with the service employee commitment.

H9: Rewards has relation with the service recovery performance.

H10: Internal career opportunities has relation with the employee commitment.

H11: Staff participation has relation with the employee commitment.

H12: Job description has relation with the employee commitment.

H13: Employee commitment has relation with the service recovery performance.

H14: Employee commitment has mediating impact between human capital and service quality performance.

H15: Employee commitment has mediating impact between training and service quality performance.

H16: Employee commitment has mediating impact between rewards and service quality performance.

H17: Employee commitment has mediating impact between internal career opportunities and service quality performance.

H18: Employee commitment has mediating impact between staff participation and service quality performance.

H19: Employee commitment has mediating impact between job description and service quality performance.

3. RESEARCH METHODOLOGY

This study has been designed with a view to measure the mediating effect of employee commitment on the relationship of human management practices and service recovery performance during the pandemic in the context of the manufacturing industry in Saudi Arabia. To achieve this, researchers have applied the quantitative research approach and used the cross-sectional research design. To obtain data, questionnaires have been distributed to respondents directly and electronically. Target respondents of the study are employees working in the manufacturing industry in Saudi Arabia. Respondents answered a series of questions from the questionnaire that had been distributed and divided into three sets. The first part consists of demographic profiles (respondent data, roles, background, and expectations for the government). The second part includes questions pertaining to the main independent, mediating and dependent variables. The third part consists of any suggestions which may be elicited from individual respondents.

A total of 500 questionnaires were distributed by using a convenient sampling. Among of them, there were 350 questionnaires were returned back which shows a 70 percent response rate. All of the questions were coded into the Excel-sheet.

3.1 Research instrument

The main research instrument of this study has been adapted from instruments used in previous studies. For this reason, this questionnaire has a greater predictive power as compared to an entirely new questionnaire altogether. Service recovery performance (SRP) i.e. dependent variable is measured by five items which are adopted from the study of (Boshoff & Allen, 2000). In addition, the human capital (HC) is measured by six items which have been adopted from the study of (Mihardjo et al., 2020). Moreover, the training (TR) is measured using six items which have been adopted from the study of Yavas et al. (2003). On the other hand, the rewards (REW) is measured by 5 items adopted from the study of Boshoff and Allen (2000). Similarly, employee participation with four items, job description with four items, internal career opportunities with four items. These items have been adopted from the study of (Mihardjo et al., 2020). In other employee motivation was measured by 18 items which have been adopted from the study of Meyer and Allen (1991). All of the variables in the study are measured on five-point Likert Scale which ranges from “1” strongly disagree to “5” strongly agree.

3.2 Data analysis and interpretation

The inferential analysis of the study is tested by using a Partial Least Square (PLS)-Structural Equation Modeling (SEM). There are various other studies which have also used the PLS-SEM for their analysis (R. Ahmad, Bin Mohammad, & Nordin, 2019). The two models were analyzed for conducting an inferential analysis, measurement model and structural model.

3.3 Measurement Model

The measurement model of the study can be assessed through convergent and discriminant validity. The convergent validity can be assessed through the factor loadings that values should be greater than 0.5, average variance extracted (AVE) that value should be greater than 0.5. For Cronbach alpha, that value should be greater than 0.7 and for composite reliability, that value should be greater than 0.7. These values are recommended by various researchers in past studies (Hair, Ringle, & Sarstedt, 2012; Hair Jr, Hult, Ringle, & Sarstedt, 2016). Table 1 predicts values and shows that all the values fulfill the criteria of recommended values. On the other hand, the discriminant validity can be assessed through the Fornell and Lacker, and hetrotrait-monotrait correlation (HTMT). For the assessment of Fornell and Lacker, all the diagonal values should be greater than below values. Table 2 predicts values and shows that all of the diagonal values are greater from the below values. In addition, for the HTMT, the correlation among the construct should be less than 0.85 or 0.90 (Henseler, Ringle, & Sarstedt, 2015). Table 3 predicts values and shows that all of the values are less than 0.85 that shows the discriminant validity of the study.

Table.1: Measurement Model Results

Variable	Item	Loading	Cronbach's Alpha	Composite Reliability	AVE
Service recovery performance	SRP1	0.838	0.850	0.892	0.675
	SRP2	0.875			
	SRP3	0.817			
	SP4	0.751			
Training	TR1	0.802	0.777	0.855	0.597
	TR2	0.84			
	TR3	0.737			
	TR4	0.703			
	TR5	0.873			
	TR6	0.780			
Human Capital	HC1	0.731	0.858	0.898	0.639
	HC2	0.781			
	HC3	0.845			
	HC4	0.826			
	HC5	0.809			
Internal career opportunities	ICO1	0.888	0.834	0.897	0.744
	ICO2	0.871			
	ICO3	0.827			
Staff participation	SP1	0.823	0.888	0.922	0.748
	SP2	0.878			
	SP3	0.884			
	SP4	0.873			
Job description	JD1	0.747			
	JD2	0.834			
	JD3	0.879			
	JD4	0.826			
Rewards	RE1	0.704	0.890	0.903	0.674
	RE2	0.654			
	RE3	0.759			

	RE4	0.600			
	RE5	0.784			
Employee Commitment	EC1	0.897	0.904	0.928	0.675
	EC2	0.762			
	EC3	0.567			
	EC4	0.785			
	EC5	0.675			
	EC6	0.871			
	EC7	0.659			
	EC8	0.870			
	EC9	0.631			
	EC10	0.503			
	EC11	0.604			
	EC14	0.804			
	EC16	0.862			
	EC17	0.850			
	EC18	0.764			

Note: SRP=service recovery performance, TR=training, HC=human capital, RE-rewards, JD= Job description, ICO= Internal career opportunities, SP= Staff participation, JD=job description, EC=employee commitment.

Table 2: Assessment of Fornell and Lacker Criterion

	SRP	TR	HC	ICO	IS	JD	RE	EC
SRP	0.822							
TR	0.176	0.772						
HC	0.176	0.468	0.799					
ICO	0.552	0.14	0.322	0.863				
SP	0.175	0.488	0.624	0.313	0.865			
JD	0.004	0.127	0.274	0.036	0.336	0.823		
RE	0.512	0.214	0.232	0.163	0.423	0.453	0.752	0.814
EC	0.271	0.388	0.424	0.213	0.215	0.341	0.275	0.188

Note: SRP=service recovery performance, TR=training, HC=human capital, RE-rewards, JD= Job description, ICO= Internal career opportunities, SP= Staff participation, JD=job description, EC=employee commitment.

Table 3: Assessment of Heterotrait-Monotrait Ratio (HTMT)

	SRP	TR	HC	ICO	IS	JD	RE	EC
SRP								
TR	0.126							
HC	0.474	0.265						
ICO	0.453	0.213	0.322					
SP	0.376	0.382	0.644	0.214				
JD	0.105	0.323	0.284	0.133	0.135			
RE	0.313	0.215	0.222	0.562	0.525	0.153		
EC	0.173	0.183	0.324	0.316	0.316	0.441	0.385	

Note: SRP=service recovery performance, TR=training, HC=human capital, RE=rewards, JD= Job description, ICO= Internal career opportunities, SP= Staff participation, JD=job description, EC=employee commitment.

3.4 Structural Model

The current study aims to determine the mediating impact of employee commitment (EC) on the relationship of human resource management practices (HRMP) and service recovery performance (SRP) of the Takaful industry in Saudi Arabia. To test this hypothesis, the structural model of the study is assessed by applying the 500-resampling technique. The SEM analysis shows that human capital (HC) has a positive and significant relationship with the service recovery performance (SRP) and employee commitment (EC) which supported the proposed hypothesis 1 and 7. In the same vein, training (TR) also show a positive and significant relationship with the SRP and EC, lending credence to proposed hypothesis 2 and 8 of the study. Similarly, rewards (RE) also have a positive and significant relationship with the SRP and EC that had supported to proposed hypothesis 3 and 9. In other words, the internal career opportunities (ICO) also have a positive and significant relationship with the SRP and EC, supporting proposed hypothesis 4 and 10. Moreover, the staff participation also has a positive and significant relationship with the SRP and EC which confirms hypothesis 5 and 11 of the present study. Furthermore, job description (JD) is also found to have a positive and significant relationship with the SRP and EC leading the researcher to accept hypothesis 6 and 12. On the other hand, EC also has a positive and significant relationship with the SRP, confirming hypothesis 13.

These above discussed findings had shown that human resource management practices (HRMP) are playing an important role in enhancing SRP of the tankful industry in Saudi Arabia. These findings in line with findings from previous studies which find there to be a significant relationship between HRMP and SRP (Mihardjo et al., 2020). In other words, the indirect effect shows that WE has a partial mediating effect on the relationship of HC, TR, RE, ICO, JD and SRP while showing an insignificant relationship between

SP and SRP. These findings demonstrate that WE have a significant mediating impact on the relationship of HRMP and SRP. These findings indicate that HRMP is considered to be the more important component for increasing the Takaful insurance service recovery performance at the time of pandemic COVID-19 position. While, WE do not significantly mediate on the relationship between SP and SRP. A possible reason for this explanation is that there could be overlapping of other variable on the relationship of SP and SRP because the SP had direct significant and positive effect on SRP. Another, possible reason for this explanation is that respondents failing to give importance to the WE as a mediating variable on the relationship of SP and SRP. Therefore, these findings show that for a comprehensive understanding, there is a need to study other variable between their relationships. Based on these findings, the WE is considered to be a significant mediating variable because it has a significant mediating effect on most of the exogenous and endogenous variables. These findings are further in line existing literature where WE has a significant mediating effect on the relationship between exogenous and endogenous variables (Mihardjo et al., 2020). All of above discussed values are predicted in Table 4 below.

Table 4: Structural Model Results

Hypotheses	Path	Beta	STDEV	T Statistics	P Values
H1	HC -> SRP	0.146	0.04	3.697	0.000
H2	TR -> SRP	0.180	0.050	3.603	0.000
H3	RE -> SRP	0.098	0.039	2.534	0.012
H4	ICO -> SRP	0.220	0.054	4.057	0.000
H5	SP-> SRP	0.329	0.050	6.583	0.000
H6	JD-> EC	0.162	0.037	4.355	0.000
H7	HC -> EC	0.16	0.055	2.909	0.004
H8	TR -> EC	0.151	0.036	4.146	0.000
H9	RE -> EC	0.293	0.054	5.406	0.000
H10	ICO -> EC	0.372	0.02	18.612	0.000
H11	SP-> EC	0.285	0.027	10.729	0.000
H12	JD-> EC	0.602	0.016	38.229	0.000
H13	EC-> SRP	0.234	0.490	3.285	0.000
H14	HC -> EC-> SRP	0.117	0.015	7.603	0.000
H15	TR -> EC-> SRP	0.705	0.024	28.945	0.000
H16	RE -> EC-> SRP	0.108	0.013	8.021	0.000
H17	ICO -> EC-> SRP	0.400	0.041	9.816	0.000
H18	SP-> EC-> SRP	0.044	0.088	0.506	0.613
H19	JD-> EC-> SRP	0.248	0.059	4.181	0.000

Note: SRP=service recovery performance, TR=training, HC-human capital, RE-rewards, JD= Job description, ICO= Internal career opportunities, SP= Staff participation, JD=job description, EC=employee commitment.

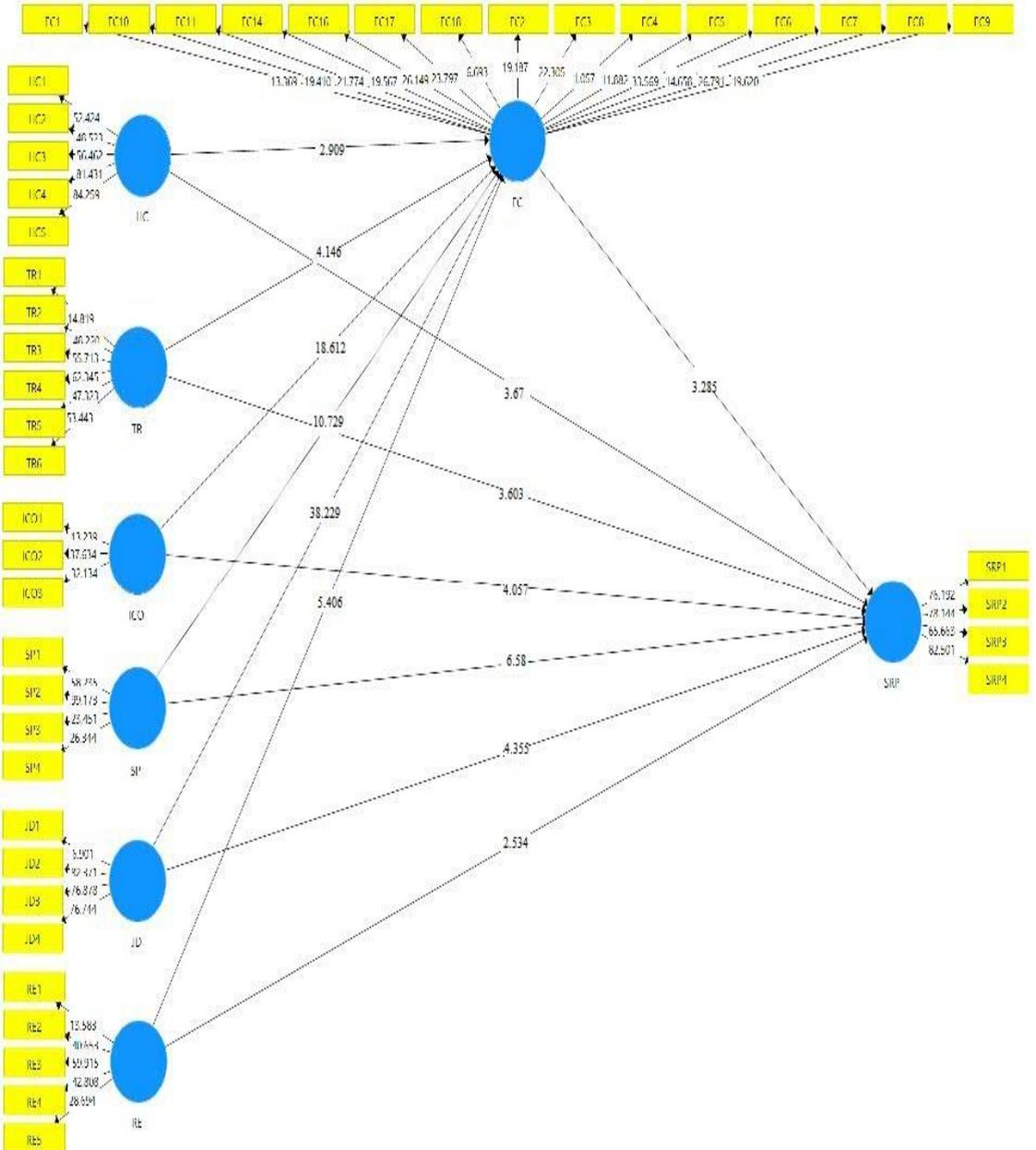


Figure 2: Structural Model

4. DISCUSSION AND CONCLUSION

This study aims to investigate the mediating effect of work engagement (WE) on the relationship of human resource management practices (HRMP) and service recovery performance (SRP) of Takaful insurance industry in Saudi Arabia during the global

pandemic caused in the wake of Covid-19. The results of this study show that HRMP such as (human capital, employee training, rewards, staff participation, job description, and internal Carrere opportunities) significantly influence SRP, particularly with the mediating role of SRP during pandemic-19. The results of this study corroborate findings from previous studies (Mihardjo et al., 2020; van Esch, Wei, & Chiang, 2018) conducted to investigate the SRP toward service performance. The research focuses on three distinct fields of literature. Firstly, the investigation yields evidence for positive links in the Takaful industry in Saudi Arabia between HRMP. The results of the study encourage managers to introduce the generally used and potentially relevant practices in Saudi Arabia community. Secondly, this study shows that creative approach has an increased effect on a few HRM practices that boost SRP, which is consistent with earlier studies on strategic management of human resources (van Esch et al., 2018). Lastly, the study contributes to strategic human resources management literature in Saudi Arabia, especially in the Takaful insurance industry. Moreover, in the relationship between the performances of the market in the business, the WE also exert a significant impact. The present conditions in Saudi Arabia Takaful industry show undeniable and stable results. Owing to this, most of the Saudi Arabia Takaful insurance companies are at very early stages and the management structure is in incubatory phases. In addition, organizations need to do what they can to incorporate high human resource management practices and genuinely combine these activities into their core strategies to lead to creative strategies. As the results of this study show, this should improve firm efficiency. According to Schlegelmilch, Diamantopoulos, and Kreuz (2003), management focuses on ensuring that human resource management practices in the external environment are optimally integrated and that the organization is prevented from any significant damage to the violent change method. In the particular context of Saudi Arabia Takaful insurance companies, the results of this study highlight the external fit of HRM practices which can boost firm efficiency and contribute to the creative business strategy.

4.1 Limitation and Future Research

It is important to note that the present study has a number of limitations. The research is firstly restricted to the Takaful insurance industry operating during Covid-19 pandemic. The generalization of results to other industries and in normal or non-crisis situation in Saudi Arabia is therefore limited. Future researches should explore similar phenomenon in other Saudi industries during a normal environment. Secondly, this analysis is based on a cross-sectional design and the results are not convincing enough for the study claim that all well-performing organizations in Saudi Arabia are or currently are using human resource management practices. Longitudinal studies should also be undertaken in future to support the point that human resource management practices affect organizational output directly. Thirdly, different facets of organizational success may be considered in future research to explore the impacts of human resource management practices on them. Finally, the study is limited on exploring the mediating effect or impact as opposed to determining the impact of other variables like organizational culture that could

potentially moderate and mediate on the relationship of human resource management practices and service recovery performance.

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