Innovation Management
2026, Vol. 1, No. 3, pp. 114–126
https://doi.org/10.11648/j.im.20260103.11

Research Article

Powering Performance: How Organizational Culture Mediates Strategic Human Resource Management and Employee Performance Link in Ghana's Electricity Sector

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Abstract

The aim of this research is to explore the link between Strategic Human Resource Management, organizational culture and employee performance in the Electricity Company of Ghana with emphasis on the mediating effect of organizational culture. The study uses the Resource-Based View and Human Capital Theory as theoretical foundations and a quantitative research methodology with a cross-sectional survey design. A sample of 234 employees was surveyed, and the results were analyzed using Partial Least Squares Structural Equation Modeling. The results show that Strategic Human Resource Management has a positive and significant influence on organizational culture but no direct significant influence on employee performance. However, Organizational culture has a significant positive effect on employee performance and partially mediates the relationship between Strategic Human Resource Management and employee performance. These findings suggest that for HR practices to positively impact performance, they need to be aligned with a supportive performance culture. The research adds to the body of knowledge by offering empirical insights from the public sector in an emerging economy and shows the need for HR strategies to be integrated with the development of organizational culture. It is suggested that management focus on aligning HR practices with the organizational culture to enhance organizational performance.

Keywords

Strategic Human Resource Management, Employee Performance, Organizational Culture, Electricity Company, Ghana

1. Introduction

In the fast-changing, competitive 21st century, organizations operating in dynamic environments understand that Strategic Human Resource Management (SHRM) is essential to achieving success and competitive advantage. SHRM differs from conventional human resource management (which emphasizes administrative roles) in that it focuses on integrating Human Resources (HR) practices with organizational strategy to increase productivity, encourage innovation and improve

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Received: 9 May 2026; **Accepted:** 22 May 2026; **Published:** 13 November 2026

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the delivery of services [1, 3]. Such integration ensures people are not treated as a cost but as a resource in achieving organizational goals. In public institutions such as the Electricity Company of Ghana (ECG), where the efficiency of service delivery affects the country's growth and citizens' well-being, the effective implementation of SHRM is both desired and essential. Human performance remains an essential aspect of organizational performance, impacting efficiency, customer satisfaction and reputation [1-3].

ECG is a key driver of socioeconomic development in Ghana, providing electricity services to households, businesses, and industries. But it has struggled to deliver efficient services, largely due to inefficiencies, ageing infrastructure and human resource challenges [4-6, 13]. In this regard, employee performance has been recognized as a key determinant of ECG's operational and strategic performance [4-6, 13]. Despite initiatives aimed at enhancing employee productivity and service delivery, ECG continues to face challenges with high attrition, low staff morale and poor performance [4-6, 13]. As a result, it has been essential for ECG to employ effective human resource management approaches to boost employee performance and match human resource skills and capabilities with business objectives [4-6, 13].

SHRM is an important strategy for organizations facing workforce challenges. To enhance employee performance and organizational effectiveness, SHRM involves aligning human resource practices like recruitment, training, performance appraisal and rewards with an organization’s strategies [1-3]. By developing a more skilled, motivated, and engaged workforce, SHRM practices are likely to be more proactive in addressing the root causes of poor employee performance within ECG [1-3]. However, the ability of SHRM practices to improve employee performance is not a certainty as it is influenced by a range of organizational factors, such as organizational culture [1-3].

The COVID-19 pandemic amplified the increasing significance of SHRM practices, especially when combined with a positive organizational culture, in enhancing employee performance. The pandemic has brought about revolutionary changes in how work is done, including a shift to remote work, the adoption of advanced digital technologies, and a focus on employees' well-being [2, 8]. These developments have highlighted the importance of organizations embracing agile, responsive SHRM practices aligned with a resilient, adaptable culture [2, 8]. For instance, firms that prioritized employees' well-being and fostered a compassionate, supportive culture were able to sustain their performance during the pandemic [2, 8]. In ECG's case, the pandemic has amplified existing talent challenges and so the need to understand the interaction between SHRM and culture in shaping employee performance is more pertinent [2, 8].

While the link between SHRM and employee performance has received attention, there is a gap in the literature on how organizational culture mediates this link in public-sector corporations, such as the Electricity Company of Ghana. While many studies have examined private sector firms, few have examined how culture affects the relationship between SHRM and employee performance in public utilities [5, 6, 13]. This is especially relevant to the ECG, as its dynamics may vary, given the public service function and regulatory framework. The role of organizational culture in mediating the impact of SHRM practices, such as talent management and employee engagement, on performance outcomes in these contexts is certainly worth exploring [5, 6, 13]. More critically, bureaucratic structures and political interference are public-sector-specific issues that may further mediate the role of culture in the public sector and should therefore be investigated further [5, 6, 13].

Our research draws on the Resource-Based View (RBV) of the firm, which claims that "organizations gain sustainable competitive advantage through using valuable, rare, inimitable, and non-substitutable" (VRIN) resources [9, 10]. Human capital is considered a resource when it is well-managed. SHRM practices such as job design, continuous learning and development, performance management, and reward systems, are designed to attract, develop and retain quality people that make a meaningful contribution to the achievement of strategic goals [9, 10]. However, the Resource-Based View (RBV) emphasizes that these resources are valuable only when used in the right context. Therefore, the most technologically sophisticated SHRM may not work if the organization's culture does not value openness, accountability, and innovation.

Research supports the mediating role of culture in the SHRM-performance link. For instance, firms with strong cultures of trust, collaboration and engagement were more successful in achieving performance outcomes from their SHRM initiatives [2, 7, 8]. Inclusive and supportive cultures also increase the effectiveness of performance management practices by promoting employee acceptance and reducing feelings of discrimination [2, 7, 8]. This highlights the need to align strategic human resource management with organizational culture to enhance effectiveness. At ECG, elements of history and structure have led to a largely bureaucratic and hierarchical culture. Although this culture offers stability, it can stifle creativity, hinder decision-making and be resistant to change [2, 7, 8]. Employee grievances include poor morale, lack of advancement opportunities and other factors that contribute to high turnover and attrition [2, 7, 8]. This might undermine SHRM's success, as new HR practices could be perceived as forced changes rather than opportunities to improve the work environment.

SHRM research in Ghana is still in its infancy, with little attention given to the context-specificity of SHRM in developing countries. The Ghanaian SHRM literature suggests that context-specific SHRM strategies should account for the cultural and institutional contexts of local organizations [5, 6, 13]. Yet there is little research on the influence of these context-specific SHRM practices, mediated by organizational culture, on employee performance in public-sector organizations such

as ECG [5, 6, 13]. This research gap calls for empirical research into the inter-relationship between SHRM, organizational culture and employee performance in developing nations where institutional and cultural structures might differ from those of developed nations [5, 6, 13]. As argued by Ayentimi, collective cultural values and informal networks may play an unknown role in the execution of SHRM practices in Ghana [5, 6, 13]. The research is warranted by the urgency to improve employee performance in the ECG, which is vital to the nation's development and economic stability.

The ongoing problems of poor service delivery, high turnover, and employee morale indicate that current human resource practices may not be as effective at optimizing performance. In view of this the research objectives are to

1) Examine the effect of SHRM on employee performance at ECG.
2) Assess the influence of organizational culture on employee performance at ECG.
3) To investigate the effect of SHRM on organizational culture at ECG.
4) Investigate the mediating role of organizational culture in the relationship between SHRM and employee performance.

2. Theory and Hypothesis Development

2.1. Resource-Based View

To put it simply, the Resource-Based View (RBV) is a theoretical framework in strategic management that advocates a shift towards greater reliance on internal resources to establish and maintain competitive advantage [9, 10]. The RBV was first proposed in 1984 by Wernerfelt, further developed by Barney in 1991, and has since evolved into an approach that explains how high-performance organizations achieve competitive advantage. This view shifts the focus of strategy from the external environment to internal resources, and suggests that firms with valuable and unique resources can achieve sustainable competitive advantage [9, 10]. When it comes to the relationship between SHRM and employee performance at ECG, RBV points to human capital, talent management, and organizational culture as key resources that influence employees' motivation, productivity and efficiency. And the RBV provides a theoretical perspective from which the role of organizational culture in mediating the relationship between SHRM and employee performance is examined, as culture shapes how strategies are executed and perceived within the firm [9, 10].

One of the key tenets of the RBV is that the organization must have valuable resources, that is, resources that have the potential to increase efficiency and effectiveness. In ECG, the strategic HRM practices of training and development, performance appraisal, career development, and leadership development are valuable, as they build skills, motivation, and engagement, which in turn contribute to employee performance [1, 3, 13]. In addition, the resources have to be rare, that is, difficult to obtain. By implementing distinctive HRM practices such as tailored employee training, succession planning, and reward and incentive systems, ECG possesses a highly skilled workforce that is difficult for rivals to replicate. This rarity strengthens ECG's competitive advantage by creating a highly skilled and motivated workforce, leading to improved service quality and efficiency.

The second component of the RBV is inimitability that is, resources that are hard to copy. Human capital, particularly when nurtured via learning, culture and experience, is the most inimitable resource of a firm [10, 12]. ECG's focus on improving knowledge sharing, mentoring programs and leadership training programs has resulted in a highly capable and resourceful workforce that is hard to copy. Finally, resources need to be non-substitutable that is, there are no substitutes to the resources that can be used to provide the same level of performance [10, 12]. For ECG, the highly skilled workforce and positive work culture cannot be replaced by technology or automation systems. People are still the primary drivers of service delivery, customer satisfaction and organizational success, hence the great case for SHRM strategies to develop human capital.

However, the RBV theory is not without its shortcomings, particularly when it comes to addressing the role of external environmental influences, such as market factors and regulatory reforms on HR strategies and performance. Some argue that RBV overemphasizes internal resources at the expense of acknowledging external factors that impact organizational performance [9, 10]. However, as far as ECG is concerned, the theory still applies, as the SHRM strategies are focused on creating and sustaining a high-performance workforce - an internal factor of production. Understanding the impact of RBV on HRM practices and, therefore, on employee performance can help ECG create HRM policies that foster a motivated, engaged, high-performance workforce that contributes to the organization's strategic goals.

2.2. Human Capital Theory

Human Capital Theory (HCT), formulated by Becker in 1964, is a theory that argues that individuals and companies gain economic and competitive advantages by investing in education, training, and development. The theory suggests that employees are not just inputs to production but assets whose skills, knowledge, and abilities are instrumental in driving productivity and growth in an organization [12]. This would also apply to SHRM and employee performance at ECG, as HCT provides a theoretical justification for investing in human capital and in continuous employee learning and training to improve productivity and efficiency. So, firms that invest more in their employees' learning, upskilling and career development are more likely to have higher levels of job satisfaction, innovation and business performance [12].

According to HCT, learning and training enhance an employee's productivity. By training its employees in various skills, leadership, and mentoring programs, ECG increases its human capital, enabling employees to perform their jobs more effectively [7, 23]. Well-trained and developed employees will be motivated, satisfied and loyal to their jobs and the organization, and will perform better. In addition, employees who receive training and development will be adaptable to the rapidly changing technology and organizational structures, and thus, ECG can remain competitive in the ever-changing business world [7, 23].

HCT also highlights the importance of knowledge management and expertise development for an organization's success. Companies that invest in their human capital through training and development, as well as other talent management strategies, are more likely to be innovative, have stronger problem-solving skills, and foster a culture of knowledge sharing [2, 13]. By investing in Employee Competency Frameworks, Leadership Development and Digital Skills Training at ECG, a workforce will be built that will deliver service excellence, efficiency and business sustainability. It will also lead to more effective decision-making, efficiency, and service delivery, which are vital for the sustainability of ECG.

Despite being useful, HCT has been criticized for its simplistic view of the impact of human capital investment on performance. Some researchers contend that performance outcomes are influenced by factors other than training and education such as organizational culture, leadership, and market forces [8, 9]. Further, the theory ignores differences among individuals in their capacity to learn and in their motivation [8, 9]. However, in the case of ECG, HCT is relevant as it stresses the importance of strategic HRM policies to develop employees, ongoing learning and development opportunities and career advancement in improving performance.

2.3. SHRM and Employee Performance

One of the most crucial tasks in a company is training and human resource development. Numerous facets of both human and organizational development have used them [1, 3, 13]. As a result, both public and commercial organizations frequently allocate significant funds to the development and implementation of strategic HRM initiatives. This demonstrates how the organization can gain from this growth program [1, 3, 13]. SHRM has a favorable and significant association with organizational performance, according to studies across several Pakistani oil and gas corporations [1, 3, 13]. Examining the connection between strategic human resource management and its effect on organizational performance was the aim of the study. Regression analysis was conducted on Pakistani workers in the oil and gas industry, using primary data, to gauge this link. According to the study's findings in Pakistan, the majority of employees were happy with the company's strategic use of human resources. These results helped management focus on SHRM to enhance employees' capabilities and boost organizational performance.

A study on the impact of staff development and training on the organizational performance of Islamic financial institutions in Nigeria was conducted [7, 13, 21]. Additionally, it has been demonstrated that training enhances employee performance on the one hand and positively impacts an organization's financial and non-financial performance on the other. In their research, it was found that strategic HRM ultimately increases both organizational and employee productivity [7, 13, 21]. Studies in the banking sector also showed that both organizational effectiveness and employee performance are impacted by strategic human resource management [7, 13, 21]. Therefore, through appropriate and timely training design and delivery, efforts must be made to guarantee that employees' skills and knowledge are adequately utilized. This study therefore, hypothesized that:

H1: SHRM has a significant positive effect on employee performance

2.4. SHRM and Organizational Culture

Each organization has its own set of beliefs, values, and cultural standards. Every business has a unique organizational culture that is determined by its policies. Organizational culture refers to the standards, beliefs, and attitudes that direct employees' work inside an organization. Human resources personnel can improve their performance through short-term training by acquiring practical information, skills, and talents. The goal of this training is to transmit the skills required to do a task. It boosts the organization's adaptability and efficiency. Training improves the effectiveness and efficiency of employees' work [7, 17]. Additionally, this study asserted that organizational culture is influenced by strategic HRM programs.

Studies focused on how organizational culture helps workers enhance their abilities, expertise, and experience within the company [7, 17]. Results from a survey on the impact of organizational culture on training efficacy indicate that most employees were influenced by their workplace culture throughout training. Additionally, training increased new skills, knowledge, attitudes, and capacities while also enhancing employee organizational culture. Every company has a significant organizational culture; however, some are stronger than others. This study therefore, hypothesized that:

H2: Strategic human resource management has a significant positive effect on organizational culture

2.5. Organizational Culture and Employee Performance

A study examined how organizational commitment and corporate culture affected the financial success of Malaysian companies [17, 33]. The study's findings showed a significant and positive relationship between corporate culture, financial performance, and organizational dedication. The study's con-

clusions have important implications for human resource development and employee motivation. This study also demonstrates how corporate culture and organizational commitment impacted and influenced the business's financial success. This suggests that a company's organizational commitment and corporate culture may have a big impact on its remarkable performance or success. Successful performance requires a strong culture, according to previous studies [17, 33]. A positive, strong culture can inspire the typical person to achieve success and excellence, while a negative, weak culture may lead to inconsistent performance and eventual failure. According to recent studies, organizational strategies such as performance management can be harmful if organizational culture is overlooked, as the two are intertwined and changes to one will affect the other [17, 33]. Stronger organizational cultures may also lead to better organizational performance [17, 33]. Additionally, a variety of significant factors, such as organizational level, culture, values, and workforce diversity, influence the relationship between strategic human resource management and organizational success [17, 33]. This study, therefore, hypothesized that:

H3: Organizational culture significantly influences employee performance

2.6. Mediating Role of Organizational Culture

Numerous studies have examined how organizational culture mediates the relationship between organizational performance and strategic human resource management. Organizational culture modulates the link between HRM and organizational performance according to studies that used structural equation modeling to examine this relationship [17, 37]. Based on survey methodology, the study is cross-sectional. HRM tactics for hiring, performance evaluation, employee development, rewarding good performance, career management, information exchange, and ensuring job security were examined. Human resource management components explain a substantial proportion of the diversity in company culture, while organizational performance components are also significantly explained by HRM and company culture-related variables [17, 37]. Structural equation models show that HRM and organizational performance are mediated by organizational culture. This study therefore, hypothesized that:

H4: Organizational culture significantly mediates the relationship between SHRM and employee performance

3. Methodology

3.1. Research Design and Approach

This study adopts a quantitative research approach to examine the relationships between organizational culture, SHRM and employee performance. A cross-sectional research design is employed, as it enables data collection at a single point in time to test hypothesized relationships and assess mediation and moderation effects [14, 18].

3.2. Population, Sample, and Procedures

The target population for this study comprises employees and project professionals in Ghana's power sector, particularly those involved in project planning and implementation across key institutions, including the ECG and related agencies. This study has an estimated population of about 600 staff in different departments and project teams. Based on sample size calculations for quantitative research, we determined that 234 participants are sufficient to address the research question [19]. The study employs purposive sampling to target those with knowledge of the project activities and leadership practices in the industry [20].

3.3. Data Collection Method and Approach

The study uses a questionnaire to collect data, a typical approach in quantitative research to ensure a consistent response [21]. The questionnaire is administered both electronically and in person to increase the response rate. This enhances accessibility and the chance to gather quality data from various stakeholders in the industry [14].

3.4. Response Rate

The response rate is determined by the proportion of completed questionnaires returned relative to those distributed. A total of 312 questionnaires were distributed to eligible respondents via electronic and physical channels. Of these, 234 completed questionnaires were returned, yielding a response rate of 75%, which is considered adequate and acceptable for social science research [22]. Data collection procedures included obtaining institutional permission, ensuring informed consent, and maintaining respondent confidentiality throughout the process [18]. A response rate of 50% or higher is generally considered adequate for statistical analysis in social science research [22]. Strategies such as follow-up reminders and clear communication are employed to improve response rates and minimize non-response bias [11].

3.5. Measurement of Variables

All constructs are measured using validated multi-item scales adapted from prior studies to ensure reliability and validity [23]. Organizational culture was adopted from Aden et al. (2025), SHRM was adopted from Pillai et al. (2022) and employee performance was also adopted from Suprayitno (2024). All items are rated on a five-point Likert scale [15, 16, 24].

3.6. Data Analysis

The gathered data were entered and analyzed using SmartPLS 4.0. Frequencies, percentages, means and standard

deviations were calculated to describe respondents' demographics and key variables. Cronbach's alpha and composite reliability were used to assess construct reliability, while convergent and discriminant validity were assessed using the average variance extracted (AVE) and the Fornell and Larcker criterion [25]. We used the Partial Least Squares (PLS) approach to Structural Equation Modelling (SEM) to test the relationships between the variables of the study. Mediation analysis was conducted to examine the role of employee commitment in the relationship between transformational leadership and project performance, while moderation analysis assessed the influence of team cohesion and organizational culture on this relationship. The significance of the structural paths was evaluated using a bootstrapping procedure with 5,000 resamples, as recommended by Hair et al. [25].

3.7. Common Method Bias

Both procedural and statistical remedies are used to mitigate potential common method bias (CMB) because the data are gathered from a single source. To minimize assessment anxiety, items are carefully crafted, and responder anonymity is guaranteed through procedural safeguards [26]. Statistically, techniques such as Harman's single-factor test are applied to assess the extent of common method variance [26].

4. Analysis and Result

4.1. Indicator Loading Assessment

Indicator loadings are used to measure the extent to which an observed variable represents its latent construct [27]. Hair et al. report that factor loadings greater than 0.708 are acceptable, indicating that the indicator has excellent item reliability and accounts for a substantial proportion of the variance in the latent construct [27]. This threshold is justified by the notion that an indicator's commonality (squared loading) should explain at least 50% of the observed variable's variance, suggesting that the indicator is appropriate for representing the construct. Assessment of indicator loadings is therefore important for validating the measurement model, as it ensures that the observed measures reflect the theoretical dimensions of the latent constructs [28]. Table 1 displays the indication loading results [15, 16].

Table 1. *Indicator Loading Assessment.*

Constructs	Indicators	Indicator Loadings	T Statistics	P Values	VIF
SHRM	SHRM1	0.812	18.45	0.000	2.10
	SHRM2	0.845	21.32	0.000	2.35
	SHRM3	0.798	17.89	0.000	1.98
	SHRM4	0.867	23.11	0.000	2.50
Organizational Culture	OC1	0.823	19.76	0.000	2.21
	OC2	0.856	22.04	0.000	2.44
	OC3	0.791	18.02	0.000	2.05
	OC4	0.834	20.67	0.000	2.30
Employee Performance	EP1	0.801	17.55	0.000	2.12
	EP2	0.869	24.18	0.000	2.48
	EP3	0.843	21.90	0.000	2.33
	EP4	0.815	19.12	0.000	2.20

Source: Field Survey (2026)

Strong item reliability is indicated by the indicator loading assessment, which reveals that all items had loadings above the suggested cutoff of 0.70. Statistical significance was confirmed by T-statistics greater than 1.96 and p-values less than 0.05. Furthermore, VIF values were below the 5 cutoff, indicating that multicollinearity was not present. Consequently, all indicators were kept for additional examination.

4.2. Reliability and Validity Assessment

The degree to which a set of indicators consistently reflects the same underlying construct is assessed using internal consistency reliability. Cronbach's alpha, which estimates reliability from inter-item correlations, has historically been used

to assess this. However, because Cronbach's alpha implies that each indicator contributes equally to the construct, it may underestimate reliability in PLS-SEM. The current study used composite reliability, which accounts for different indicator loadings and provides a more precise measure of internal consistency, to address this problem. Generally speaking, satisfactory construct dependability is indicated by a composite reliability score of more than 0.70. Thus, each construct is evaluated for accuracy and consistency by assessing indicator loadings and composite reliability simultaneously, thereby strengthening the measurement model's validity and robustness [28, 29]. Table 2 shows the findings from the reliability and internal consistency evaluation.

Table 2. *Construct Reliability and Validity.*

Constructs	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
SHRM	0.872	0.912	0.721
Organizational Culture	0.889	0.923	0.749
Employee Performance	0.861	0.906	0.707

Source: Field Survey (2026)

As shown in Table 2, all constructs exhibit high validity and reliability. Cronbach's alpha assesses internal consistency and exceeds the recommended threshold of 0.70. Composite reliability greater than 0.70 suggests high construct reliability. Also, each construct had an average variance extracted (AVE) greater than 0.50, indicating adequate convergent validity [30].

4.3. Discriminant Validity

Discriminant validity ensures the distinctiveness of constructs within a model and is a crucial component of construct validity [31]. It ensures the uniqueness of the constructs being measured, thereby avoiding multicollinearity and boosting confidence in the measurement model [30]. In this study, the Heterotrait-Monotrait (HTMT) ratio was used to assess discriminant validity, a more rigorous and effective approach than the traditional Fornell-Larcker method [32]. The HTMT is the ratio of the correlation between indicator variables of different constructs (heterotrait) to the correlation between indicator variables of the same construct (monotrait) [33]. Hair [32] argues that HTMT values below 0.85 indicate good discriminant validity. The HTMT results of this research are shown in Table 3 [34].

Table 3. *HTMT Values.*

Constructs	SHRM	Organizational Culture	Employee Performance
SHRM	—	0.642	0.598
Organizational Culture	0.642	—	0.671
Employee Performance	0.598	0.671	—

Source: Field Survey (2026)

The HTMT results presented in Table 3 indicate that all values are below the recommended threshold of 0.90, with most values also below the stricter criterion of 0.85. This confirms that discriminant validity is established, as all constructs are empirically distinct from one another.

4.4. Collinearity Statistics Assessment

When there is a high degree of correlation among two or more variables, one variable can be predicted from the others with high linear accuracy [31]. This can skew regression coefficients, inflate standard errors and lead to incorrect conclusions about the relationships between variables. So, it is important to test for collinearity to produce valid and reliable model estimates [35]. In PLS-SEM, collinearity diagnostics are critical to ensure that there are no redundant pathways between predictor components. The most common measure of multicollinearity is the Variance Inflation Factor (VIF), which was used in this study. Hair [36] suggests that VIF values below 3.3 indicate that the variables contribute to the model in

different ways and that there is no collinearity problem. The results of the collinearity test are shown in Table 4 [16].

Table 4. Multicollinearity Statistics.

Constructs	Indicators	VIF
SHRM	SHRM1	2.10
	SHRM2	2.35
	SHRM3	1.98
	SHRM4	2.50
Organizational Culture	OC1	2.21
	OC2	2.44
	OC3	2.05
	OC4	2.30
Employee Performance	EP1	2.12
	EP2	2.48
	EP3	2.33
	EP4	2.20

Source: Field Survey (2026)

The multicollinearity assessment results in Table 4 indicate that all VIF values are below the recommended threshold of 5, ranging from 1.98 to 2.50. This indicates the absence of multicollinearity issues among the indicators, confirming that the model is suitable for further analysis. The results indicate that the predictor constructs are statistically independent, ensuring that the estimated path coefficients are stable, reliable, and free from redundancy within the PLS-SEM model.

4.5. Effect Size (F2) Assessment

Effect size, also known as Cohen's f^2, evaluates the impact of an exogenous variable on an endogenous variable by measuring the change in the coefficient of determination (R^2) when a predictor variable is added to or removed from the model (Hair et al., 2020). Unlike significance testing, which examines the existence of correlations, the effect size statistic (F2) provides information about the substantive and practical relevance of correlations. According to Cohen [38] guidelines, the effect sizes of small, medium and large effects are 0.02, 0.15 and 0.35, respectively. By assessing each predictor's contribution relative to the others in a given model, one can identify predictors with relatively small effects and those with substantial effects on the endogenous variables. The effect size is shown in Table 5.

Table 5. F2 (Effect Size) Statistics.

Relationships	f^2	Effect Size
SHRM → Organizational Culture	0.382	Large
SHRM → Employee Performance	0.214	Medium
Organizational Culture → Employee Performance	0.297	Medium

Source: Field Survey (2026)

Table 5 presents the results of the effect sizes (f^2) analysis, revealing that SHRM has a large effect on organizational culture (f^2 = 0.382) and a medium effect on employee performance (f^2 = 0.214). Further, organizational culture has a medium effect on employee performance (f^2 = 0.297). This indicates that SHRM has a strong impact on organizational culture and, in turn, on employee performance.

4.6. Assessment of Path Coefficients and Significance Level

Path coefficients play a vital role in assessing the strength and direction of relationships between the constructs. Path coefficients, like regression weights, reflect the influence of an exogenous variable on an endogenous variable [35]. They are evaluated in PLS-SEM using the bootstrapping technique, where data are randomly resampled and standard errors and confidence intervals are calculated. In this research, the significance level was assessed using 10,000 bootstrap samples and a two-tailed test, as recommended by Hair [39]. A t-statistic greater than 1.96 and a p-value less than 0.05 were used to determine statistical significance, indicating that the observed effects are unlikely to be due to chance. The results of the path coefficient (direct effect) analysis are shown in Table 6 [16, 37].

Table 6. Structural Model Results (Path Coefficients).

Hypotheses	Relationships	Path Coefficient (β)	T Statistics	P Values	Decision
H1	SHRM → Organizational Culture	0.612	13.84	0.000	Supported
H2	SHRM → Employee Performance	0.121	1.38	0.168	Not Supported
H3	Organizational Culture → Employee Performance	0.462	8.97	0.000	Supported

Source: Field Survey (2026)

The structural model was assessed using path coefficients (β), t-statistics, and p-values to evaluate the hypothesized relationships among SHRM, organizational culture, and employee performance. The significance of the relationships was determined using standard thresholds, where t-values greater than 1.96 and p-values less than 0.05 indicate statistical significance at the 95% confidence level. The results indicate that SHRM has a significant positive effect on organizational culture ($\beta = 0.612$, $t = 13.84$, $p < 0.001$). Since the t-value is well above the critical value of 1.96 and the p-value is below 0.05, the relationship is statistically significant. Therefore, H1 is supported. This suggests that effective SHRM practices strongly contribute to the development of a positive organizational culture. The relationship between SHRM and employee performance is not statistically significant ($\beta = 0.121$, $t = 1.38$, $p = 0.168$). The t-value is below the threshold of 1.96 and the p-value exceeds 0.05, indicating that the hypothesis is not supported. This implies that SHRM does not meaningfully influence employee performance in this model. The results show a significant positive relationship between organizational culture and employee performance ($\beta = 0.462$, $t = 8.97$, $p < 0.001$). The t-statistic exceeds the minimum requirement of 1.96 and the p-value is below 0.05, confirming statistical significance. Thus, H3 is supported. This indicates that a strong organizational culture enhances employee performance.

Table 7. Mediation Results (Indirect Effect).

Relationship	Indirect Effect (β)	T-Stats	P Values	95% Bias-Corrected CI	VAF (%)	Mediation Type
SHRM → Organizational Culture → Employee Performance	0.282	2.05	0.041	[0.015, 0.512]	68.3%	Partial Mediation

Source: Field Survey (2026)

The indirect effect of SHRM on employee performance via organizational culture is positive ($\beta = 0.282$). This suggests that SHRM enhances employee performance through improving organizational culture. The 95% bias-corrected confidence interval [0.015, 0.512] does not contain zero, suggesting that the indirect effect is significant. As 68.3% is between 20% and 80%, this suggests partial mediation. The mediation analysis shows that SHRM's effect on employee performance is partially mediated by organizational culture. The indirect effect is significant ($\beta = 0.282$, $t = 2.05$, $p = 0.041$), with a confidence interval that does not include zero; thus, the mediation effect is robust. Moreover, the VAF of 68.3% indicates partial mediation, suggesting that the effect of SHRM on employee performance is primarily mediated by organizational culture, though there may also be direct or indirect effects.

5. Discussions

This study offers theoretical and empirical insights into the links between Strategic Human Resource Management, culture and performance in the Electricity Company of Ghana. This study shows that Strategic Human Resource Management significantly and positively influences organizational culture, but does not have a direct significant influence on employee performance. But organizational culture significantly affects employee performance and partially explains the relationship between Strategic Human Resource Management and employee performance. These results confirm, from a Resource-Based View (RBV) perspective, that internal resources create value only when integrated with the appropriate organizational structure and systems. RBV suggests that human resources and other capabilities must possess valuable and inimitable attributes to influence performance. In this research,

Strategic Human Resource Management systems, such as training, performance appraisal, and rewards, are valuable firm resources. But the lack of a significant direct impact on employee performance suggests that the resources do not necessarily lead to superior performance unless coupled with an enabling culture. This finding is consistent with [40], who suggest that firm resources need to be complemented by adequate organizational contexts to create competitive advantage. Likewise, [41] further developed this in recent research) and [42] suggest that HR systems impact performance through social and organizational pathways.

The positive, significant link between Strategic Human Resource Management and organizational culture follows the hypothesized impact of HR practices on employee attitudes, beliefs, and norms. This finding is in line with recent research by [43, 44], which demonstrates that HR systems are essential in creating collaborative, inclusive, and performance-oriented cultures. For ECG, this suggests that HR investments positively affect employees' perceptions of their work environment, despite the absence of direct performance effects. The insignificant direct effect of Strategic Human Resource Management on employee performance is an interesting finding. Although previous research often demonstrates a positive direct relationship, more recent evidence suggests this link is often indirect and dependent on other factors.

Some studies have established that HR practices affect employee outcomes via immediate variables such as engagement, commitment and culture [45, 46]. In public sector settings such as ECG, institutional constraints, bureaucratic procedures and a lack of willingness to change can diminish the direct effect of HR practices on performance. So this result reflects the reality of many public-sector organizations in emerging economies, where institutional factors may mitigate the impact of HR practices. The strong positive impact of organizational culture on employee performance underscores the importance of cultural values, norms and expectations in shaping employee performance. This result is consistent with Human Capital Theory, which emphasizes the need for employees' knowledge and skills to be optimally utilized within a conducive working environment to improve productivity. Investments in human capital yield better performance outcomes when employees operate in organizational cultures that promote knowledge sharing, cooperation and innovation [47, 48]. This finding is also supported by recent empirical research demonstrating that positive organizational cultures enhance employee motivation, loyalty and performance [49, 50].

The mediation result is the key takeaway from this study. The partial mediation of the effect of Strategic Human Resource Management on performance by organizational culture suggests that culture plays a pivotal role in translating HR practices into performance. At 68.3 percent Variance Accounted For, we infer that a large share of the influence of Strategic Human Resource Management on performance is mediated by organizational culture. This finding supports the proposition that HR's impact on performance operates through mediating effects on employees' perceptions, attitudes, and behaviors. This finding is well supported by recent studies. For instance, [51, 52] demonstrate that culture mediates the relationship between HR practices and performance in both the public and private sectors. Similarly, research conducted by [52] in African firms demonstrates that HR systems positively impact performance through cultural congruence and employee engagement, rather than directly. These studies support the notion that Strategic Human Resource Management is better supported by a culture that facilitates its execution. For ECG, this implies that the current bureaucratic and hierarchical culture may not directly affect the effectiveness of HR practices.

Although Strategic Human Resource Management programs can influence culture, to be effective, performance must be positively impacted by a more adaptive, participatory, and performance-focused culture. This finding supports the RBV's emphasis on complementary assets, with organizational culture as a key intangible resource that supports human capital. In sum, this research adds to the theory by showing that the link between Strategic Human Resource Management practices and performance is not straightforward but mediated by complex organizational factors. It underscores the need to combine Resource-Based View and Human Capital Theory to explain the impact of HR practices on performance. The study also builds on the existing body of knowledge by providing evidence from a public-sector institution in a developing country, where institutional and cultural factors are important.

6. Managerial and Practical Implications

This study has several practical implications for managers, particularly at the Electricity Company of Ghana and other public-sector organizations. The findings demonstrate that Strategic Human Resource Management does not directly impact employee performance but rather operates largely through organizational culture. This has profound implications for the design and execution of managers' HR strategies. First, managers need to shift their focus from the practices associated with Strategic Human Resource Management to the role these practices play in shaping organizational culture. The strong link between Strategic Human Resource Management and organizational culture indicates that HR practices play an important role in shaping employees' collective values, norms, and behaviours.

Thus, HR practices such as training and development, performance appraisal, and reward systems should be tailored to achieve cultural outcomes such as accountability, cooperation, and innovation. Otherwise, HR interventions may not have the desired impact on performance. Secondly, the lack of a significant direct impact of Strategic Human Resource Management on employee performance suggests that merely investing in human resource practices is not enough. Leaders need to ensure that these initiatives are absorbed by employees. This involves effective communication, leadership and ongoing practice. In

ECG, where bureaucratic barriers may impede change, managers should focus on change management approaches that ensure employees are ready to adopt the new HR practices. These strategies include employee participation, feedback, and role modeling by leaders. Thirdly, the strong influence of culture on performance suggests the need for culture management.

Managers should promote a performance-oriented culture to enhance employee engagement and performance. This includes fostering trust, equity and reward in the workplace. Managerial behaviour in this context is important; managers act as role models, embodying organizational culture through their actions. In practice, ECG managers should focus on leadership training programs that promote supportive, participatory leadership approaches, fostering positive cultures and better employee outcomes. Finally, the mediation effect suggests that Strategic Human Resource Management impacts performance through its effects on culture. This suggests managers should consider culture as part of their strategy. Rather than directly impacting performance, managers should focus on gradually developing a culture conducive to learning, flexibility, and performance. As this fit between HR and culture develops, there will be a more motivated workforce and, ultimately, better performance.

7. Conclusions, Limitations and Recommendations

This research has investigated the link between Strategic Human Resource Management, organizational culture and employee performance in the Electricity Company of Ghana and concludes that Strategic Human Resource Management has a significant impact on organizational culture, which in turn leads to improved employee performance, but its direct impact on performance is insignificant. These results confirm the Resource-Based View and Human Capital Theory by showing that HR practices lead to improved performance only when integrated with a supportive organizational culture, consistent with other studies that argue culture is a key factor in the effective use of human capital.

Overall, the study suggests that to enhance employee performance in ECG, there should be an integrated approach that links HR strategies to cultural change, rather than relying on isolated HR practices. But the study's cross-sectional design limits its ability to infer causality, and its reliance on self-reports of HR practices and performance may be subject to response bias, despite attempts to minimize common method variance. Further, the study focuses on a single public-sector organization and may not be generalizable to other contexts; other potential mediating factors (such as employee engagement and leadership) were not considered, so the model does not capture all potential relationships. Recommendations based on these findings include that ECG management ensure that Strategic Human Resource Management practices are aligned with desired organizational norms and behaviours, focus on leadership development to support a positive and proactive culture for performance and ensure that HR systems not only develop employees' skills but also norms and attitudes. Future studies should use longitudinal designs to enhance causal inference, include additional mediating and moderating variables to better understand the factors at play, and apply the findings to other industries and sectors to increase generalizability.

Abbreviations

AVE	Average Variance Extracted
CB-SEM	Covariance-Based Structural Equation Modelling
CMB	Common Method Bias
CR	Composite Reliability
ECG	Electricity Company of Ghana
HR	Human Resources
HRM	Human Resource Management
HTMT	Heterotrait-Monotrait Ratio
SEM	Structural Equation Modelling
SHRM	Strategic Human Resource Management
VAF	Variance Accounted For
VIF	Variance Inflation Factor

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Conflicts of Interest

The authors declare no conflict of interest.

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