Fostering a safe workplace: the transformative impact of responsible leadership and employee-oriented HRM

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Abstract
Purpose – Promoting a safe workplace for everyone is a key tenet of Sustainable Development Goal 8 (SDG-8), which focuses on promoting inclusive and sustainable economic growth, employment and decent work for all. Therefore, this study explores how responsible leadership ensures a psychologically safe workplace for everyone, leveraging employee-oriented human resource management. Specifically, drawing on signalling theory, this study aims to examine the impact of responsible leadership on employee-oriented HRM and the subsequent effect of employee-oriented HRM on employees’ psychological safety. Furthermore, it investigates the mediating role of employee-oriented HRM in the relationship between responsible leadership and psychological safety.

Design/methodology/approach – Data was collected from banking professionals through a survey questionnaire. A total of 270 samples were collected using both online and face-to-face data collection strategies. The data was analysed using the Partial Least Squares Structural Equation Modelling (PLS-SEM) approach.

Findings – The findings reveal that responsible leadership ensures employee-oriented HRM, which subsequently enhances employees’ psychological safety. Further, the results suggest that employee-oriented HRM acts as a mediator between responsible leadership and psychological safety.

Originality/value – Past studies have often emphasized HRM practices as antecedents of various attitudes and behaviours. The present study offers a novel contribution by conceptualizing and empirically validating employee-oriented HRM as a mechanism that links responsible leadership and psychological safety. It stands as the first of its kind to establish this significant relationship, shedding new light on the dynamics between responsible leadership, HRM practices and employees’ sense of psychological safety.

Keywords Responsible leadership, Employee-oriented HRM, Psychological safety, Signalling theory

Paper type Research paper

Introduction
In today’s workplace milieu, employees need to voice their opinions, actively participate in proposing innovative ideas or suggestions and acquire new knowledge continuously. Notwithstanding, in a world occupied with intricate challenges, these actions often entail the risk of being imperfect and making mistakes, resulting in unfavourable and negative perceptions of others (Sjöblom et al., 2022). This is where psychological safety emerges as an
imperative factor for employees within the organization. A recent survey of 2,000 full-time US employees highlighted that 21.6% of employees don’t perceive their workplace as ensuring psychological safety, and 50.8% express that their work environment contributes to their burnout (Hudson, 2022). These statistics indicate a growing need for fostering psychological safety in the workplace.

The term psychological safety coined by Amy Edmondson in 1990, fundamentally denotes the absence of interpersonal risk (Cadet, 2022). It refers to “the belief that the work environment is safe for interpersonal risk-taking” (Edmondson, 2018, p. 8). Psychological safety emerged as an outcome of interpersonal interactions at the workplace. Organizations that evaluate their psychological safety levels and search for methods to increase it across teams and departments can foster an atmosphere where workers feel more engaged and productive (Minnick, 2023).

There are a multitude of advantages associated with psychological safety in relation to employee behaviours and attitudes (Agbanobi and Asmelash, 2023; Burkus, 2024). Previous studies have established that companies that foster a high level of psychological safety in the workplace experience a 27% reduction in employee turnover, 76% more engaged workforce, 50% more productivity, 74% less stress, 29% more life satisfaction, 57% more collaborative workforce and 26% greater skill preparedness since when employees feel psychologically safe they learn at a faster pace (Monet, 2021). Additionally, psychological safety not only enhances decision-making but also nurtures healthy relationships and stimulates creativity and innovation among employees as employees are not worried about the consequences of expressing their opinions (Cadet, 2022).

An organization’s capacity to handle dynamics in an effective way that fosters an environment of psychological safety for workers may serve as a buffering element for stress among employees and cultivate a sense of safety while interacting with others (Lee, 2021). In this regard, researchers discovered leadership style, as an important factor within an organization, having the ability to influence the behaviour and attitude of employees (Deng et al., 2022; Fu et al., 2022a, b). Psychological safety among employees relies on managerial or leadership effectiveness. Recent data published by Ecsell Institute (2022) indicated that “Managers who rate highly in areas like psychological safety lead teams who bring in an average of $4.3 million more per year”.

Another survey by McKinsey found that only 26% of leaders create psychological safety. The survey also highlighted that consultative and supportive leadership behaviours promote psychological safety, whereas authoritative leadership behaviours are detrimental to psychological safety (Mckinsey, 2021). When leaders demonstrate their consistent support for employees, it creates an environment that promotes psychological safety, encouraging employees to authentically express their true selves (Yardley, 2022). These are the key traits of a responsible leader. Responsible leaders actively interact with stakeholders, carefully consider conflicting demands, balance competing interests and make best-suited decisions for all. Researchers suggest that through stakeholder engagement, the responsible leader develops valuable relationships that gradually build employees’ trust in both the leader and the organization (Javed et al., 2020). Responsible leadership was found to have a negative effect on turnover intention, improve employee commitment to the organization (Haque et al., 2017) and encourage employees to be involved in organizational citizenship behaviour (Zhao and Zhou, 2019).

Researchers believe that a responsible and proactive leader with the ability to encourage and inspire employees towards greater professional development must establish and implement HRM practices to have an impact on employee behaviour and improve organizational outcomes (Demo et al., 2022; Fatema, 2018). Salas-Vallina et al. (2021) emphasized the belief held by many researchers that the advantages of HRM practices are restricted to managerial outcomes which may come at the expense of burdening employees
with intense workload. However, Guest (2017) presents a unique perspective and argue that it depends on how HRM procedures are set up, notably whether organizations prioritize their employees. Employee-oriented HRM practices are focused on meeting employee’s needs and prioritizing them (Newman et al., 2016). Employee loyalty and dedication are influenced by the employee-oriented HRM which leads to low turnover intentions among employees (Darwish et al., 2013). Employee-oriented HRM policies and practices are grounded on the belief that “lifelong development is human nature; hence, investment in “human resources” is profitable” (Ludwikowska, 2022, p. 137).

The objective of this study is twofold. Firstly, it examines the impact of responsible leadership on employee-oriented HRM, and subsequently, the impact of employee-oriented HRM on psychological safety. Additionally, it seeks to investigate the mediating role of employee-oriented HRM between responsible leadership and psychological safety. By achieving these objectives, this study makes several theoretical contributions. First, this is one of the first studies that links responsible leadership, employee-oriented HRM practices and psychological safety. Different leadership styles were found to have a great impact on employee outcomes such as transformational leadership (Detert and Burris, 2007), ethical leadership (Walumbwa and Schaubroeck, 2009) and servant leadership (Schaubroeck et al., 2011). However, responsible leadership is rarely studied in the context of human resource management and psychological safety. Recently, Lv et al. (2022) recommenced to study responsible leadership as an antecedent to employees’ attitudinal and behavioural outcomes. Although responsible leadership has been considered as an antecedent to several individual-level outcomes such as turnover intention (Doh et al., 2011), organizational commitment (Voegtlin et al., 2012) and job satisfaction (Doh et al., 2011; Voegtlin, 2011). However, the relationship between responsible leadership and psychological safety has received little attention from researchers. Notably, how responsible leaders emphasize and ensure psychological safety is rather absent. The present study addresses this research gap.

Secondly, the role of employee-oriented HRM as a mediator between responsible leadership and psychological safety has been overlooked by researchers in the past. Previous studies have primarily focused on employee-oriented HRM as a predictor of employee outcomes (Estifo et al., 2019a; Hu and Jiang, 2018; Lin et al., 2020). However, the mediating role of these HRM practices has been rarely investigated. A research call has been made to investigate how leadership uses employee-oriented HRM practices to improve employee behaviours and attitudinal outcomes (Ludwikowska, 2022). Based on a systematic literature review, Van Beurden et al. (2021) recommended considering employee perception of HRM practices as a mediating mechanism in the relationships other than the relationships of managerial perspective of HRM practices and motivational outcomes of employees. In response to these research calls, current studies have investigated the mediating role of employee-oriented HRM in the relationship between responsible leadership and psychological safety from the employee’s perspective. Hence, this study makes a valuable contribution to the existing literature by investigating and elucidating these relationships.

Drawing upon the theoretical foundation of signalling theory, the hypothesized relationships between responsible leadership, employee-oriented HRM and psychological safety are developed in the following section. Later, the research methodology used in the study is briefly explained, along with a discussion of the data analysis and findings. Furthermore, a discussion of the study’s findings in the context of previous research is provided, offering insights and implications for both theory and practitioners. Finally, the study concludes by outlining future research directions.
Theoretical background and hypothesis development

**Signalling theory**
Signalling theory, extensively utilized in HRM research (e.g. Estifo *et al.*, 2019b; Guest *et al.*, 2021; Karasek and Bryant, 2012; Potnuru *et al.*, 2019), integrates concepts from social and cognitive psychology, economics and finance. The theory, coined by Spence in 1973, proposes that organizational cues and signals play a crucial role in shaping employees’ perceptions of an organization’s objectives, procedures, practices, values and rules. Avery *et al.* (2007) further elucidate in their study that cues entail the features of an organization that employees perceive, while signals refer to messages conveyed by organizations. The fundamental premise of signalling theory is to reduce information asymmetry between employers and employees (Dang and Nguyen Viet, 2021).

Signalling theory serves as a theoretical foundation for several leadership studies. Researchers have utilized the lens of signalling theory to gain a comprehensive understanding of charismatic leadership (Grabo *et al.*, 2017) and the ethical leadership phenomenon (Banks *et al.*, 2021). Signalling theory suggests that leaders’ actions serve as signals to employees, providing a foundation to build their opinions or perceptions about the leaders. The signals conveyed by leaders can shape and influence employees’ behavioural and attitudinal outcomes (Reh *et al.*, 2017). For example, a study conducted by Xu *et al.* (2020) concluded that congruence in the proactive personality of a leader had a significant influence on psychological safety, which subsequently positively influences employee voice behaviour. Not only leadership but the HRM practices of an organization also function as cues to employees regarding the expected, valued, incentivized/rewarded attitudes and behaviours, which in turn serve as the basis for their perceptions of the psychological climate within the organization (Presbitero *et al.*, 2022). Klimchak *et al.* (2020) stated in their study that employees often receive signals from HRM procedures and practices, making it essential to consider HRM practices as a signalling mechanism. According to Purcell and Hutchinson (2007), the leadership of an organization and HR practices together play a pivotal role in communicating signals to employees that influence their perceptions, behaviours and attitudes.

Drawing on signalling theory, the present study has conceptualized that responsible leadership and employee-oriented HRM can serve as signals that reduce information asymmetry between leadership and employees and foster psychological safety. A responsible leader signals transparency through open communication and decisive action, while employee-oriented HRM complements this with initiatives like employee training and development, feedback mechanisms and work–life balance. These signals foster a positive work environment where employees are comfortable sharing information and concerns, which reduces information asymmetry between employees and leaders. Overall, signalling theory provides firm theoretical support for this study.

**Responsible leadership and employee-oriented HRM**
Employee-oriented HRM refers to “HRM practices that address employees’ personal and family needs and so go beyond what is required by law” (Newman *et al.*, 2016, p. 442). Employee-oriented HRM policies and practices prioritize employees by promoting and stimulating their participation in decision-making, incentivizing them to exceed their regular job expectations, flexible work hours and offering opportunities for skills development (Newman *et al.*, 2016; Shen and Jiuhua Zhu, 2011). For employees to perceive HRM practices as employee-focused and a source to nurture the workforce as a valuable asset, there is a need for leadership such as responsible leadership to instil this confidence among employees (Doh *et al.*, 2011). Responsible leadership is defined as “an orientation or mind-set taken by people in executive level positions toward meeting the needs of a firm’s
stakeholder(s). As such, it deals with defining those stakeholder(s), assessing the legitimacy of their claims, and determining how those needs, expectations, or interests can and should best be served” (Waldman et al., 2020, p. 5). Responsible leadership acts as a force that has a great impact on HRM practices for workforce development and motivation (He et al., 2019).

From a signalling theory perspective, a leader’s actions and behaviours serve as a signal. Responsible leaders foster an atmosphere of trust and respect by demonstrating concern and care for employees and making efforts to meet their needs which in turn contributes to the development of a trustworthy corporate culture (Voegtlin et al., 2020). Such signals from a responsible leader are crucial for the effective implementation of employee-oriented HRM practices. A past study found that leaders with different leadership styles have a significant role in implementing HRM practices effectively in the organization (Wang et al., 2010). So, it is hypothesized that:

\[ H1. \text{ Responsible leadership has a positive effect on employee-oriented HRM.} \]

**Employee-oriented HRM and psychological safety**

Psychological safety is defined as “the belief that the work environment is safe for interpersonal risk-taking” (Edmondson, 2018, p. 8). Researchers believe that when employees experience psychological safety, they are more inclined to openly discuss problems and admit errors without being concerned about humiliation or retaliation (Edmondson, 2018). For employees to feel secure and motivated to change their behaviour, an environment that promotes psychological safety must be created (Kark and Carmeli, 2009; Schein and Bennis, 1965). Researchers claimed that through the HR practices of an organization, employees make sense of their work environment (Barnard and Rodgers, 2000; Bowen and Ostroff, 2004). Employee-oriented HRM fosters a collaborative environment which influences employees’ loyalty, and dedication and ultimately leads to lower turnover and high satisfaction (Ludwikowska, 2021). Employee motivation and performance are improved by psychological safety, which can be attained by paying attention to employees’ needs, exhibiting care for them and fostering trust within the company (Pang et al., 2023). Such actions can be facilitated by implementing employee-oriented HRM practices.

Signalling theory’s perspective considers HR practices as a signal to employees which shape their perceptions and behaviours (Wang et al., 2020). According to Newman et al. (2015), employee-oriented HRM practices serve to increase employees’ trust in management because they provide signals that management cares about their well-being and respects their needs. Trust in HR procedures and practices might encourage employees to take interpersonal risks without worrying about the repercussions at work, which may result in psychological safety (Maximo et al., 2019). Given the importance of HR practices in improving employees’ attitudes and behaviours, employee-oriented HR should enhance employee’s psychological safety in an organization. Therefore, it is hypothesized that:

\[ H2. \text{ Employee-oriented HRM has a positive effect on psychological safety.} \]

**The mediating role of employee-oriented HRM**

Edmondson (2018) highlighted the significance of HRM practices in strengthening the sense of psychological safety among employees. Employee-oriented HRM functions as a critical path for translating the aspirations of leadership into actionable measures within the organization (Hu and Jiang, 2018). Doh and Quigley (2014) explained that responsible leaders take a flexible stance to foster an atmosphere of psychological trust, safety and respect, welcoming employees’ unique perspectives and implementing effective processes
and practices within the organization. Responsible leaders aspire to cultivate an open, collaborative work atmosphere where employees are encouraged to freely express themselves and report ethical concerns (Maak and Pless, 2006). Practices such as workplace democracy, transparent communication and support for work-life balance cultivate trust, a fundamental component of psychological safety (Newman et al., 2016). When employees feel that their personal and professional needs are met, they are more likely to speak up and take interpersonal risks in the workplace (Edmondson and Lei, 2014).

Drawing on signalling theory, employee-oriented HRM practices function as powerful signals that communicate the values and principles of responsible leadership and foster psychological safety among employees. These signals reduce information asymmetry between the leader’s vision and employees, empower employees and reinforce an environment where employees can explicitly express themselves, thereby contributing to the realization of psychological safety within the organization. Researchers have found leadership and HRM to be key antecedents that influence employee attitudes and behaviours (He et al., 2019; Jiang et al., 2015; Leroy et al., 2018). Thus, based on the foundation of signalling theory and existing literature, it is hypothesized (see Figure 1).

\[ H3. \] Employee-oriented HRM mediates the relationship between responsible leadership and psychological safety.

**Methodology**

**Instruments**

All the 16-items were measured using a 5-point, Likert-type scale (1 = strongly disagree to 5 = strongly agree) for responsible leadership and employee-oriented HRM and a 7-point Likert-type scale for psychological safety.

A 5-item scale was utilized to assess responsible leadership originally developed by Voegtlin (2011) and adapted from Freire and Gonçalves (2021). Responsible leadership refers to “an orientation or mind-set taken by people in executive level positions toward meeting the needs of a firm’s stakeholder(s). As such, it deals with defining those stakeholder(s), assessing the legitimacy of their claims, and determining how those needs, expectations, or interests can and should best be served” (Waldman et al., 2020, p. 5). Sample items include “My supervisor involves the affected stakeholders (employee, customers, and shareholders) in the decision-making process.” The reliability of this scale was 0.94.

A 4-item scale developed by Shen and Jiuhua Zhu (2011) was used to measure employee-oriented HRM. Employee-oriented HRM is defined as “HRM practices address employees' personal and family needs and so goes beyond what is required by law” (Newman et al., 2016,
Fostering a safe workplace

Sampling and data collection
Purposive and snowball sampling techniques have been utilized in the current study for collecting data from employees working in the banking sector of Pakistan. Purposive sampling involves the deliberate selection of participants based on predefined criteria that align with the objectives of the research study (Saunders et al., 2019). The present study selects individuals who work as permanent employees in the banking sector of Pakistan, have more than 1 year of work experience with their current organization and possess at least a bachelor’s degree as a minimum qualification. Following the purposive sampling, snowball sampling was subsequently employed. Snowball sampling is defined as “a small pool of initial participants to select, with the help of their social networks, other participants who meet the eligibility criteria and can potentially take part in a specific study” (Ejaz and Akbar, 2015, p. 29). Snowball sampling allowed access to a geographically dispersed network of bank employees across the country, which would have been difficult to approach otherwise.

To ensure an effective data collection process, numerous banks were contacted. Out of 20 banks that agreed to participate in data collection, data from 9 banks were collected through an online survey and 11 banks were approached for face-to-face data collection. The data was collected in two phases. In the first phase, which took place in December 2022, a sample of 131 respondents was gathered over 6 weeks through an online survey questionnaire. We initiated the online data collection process by contacting HR managers within the banking sector via email. They were provided with a comprehensive overview of our study’s purpose and objectives. Additionally, we formally requested that they provide us with employees’ official email IDs for data collection. During this interaction, we assured HR managers of our commitment to safeguarding employees’ data confidentiality.

The HR managers played a pivotal role in acting as gatekeepers for this process as they facilitated our access to the email IDs of employees within their respective organizations. Subsequently, an email was sent to all employees with an online survey link to seek their participation. Moreover, we encouraged participants to extend the survey to their colleagues working in the banking organization. Furthermore, to enhance the precision of our data collection process and to maintain the integrity of snowball sampling, we added a filter question at the start of our survey questionnaire. This question was designed to ensure that participants were affiliated with the banking organization and met the study criteria. This approach helped us screen out respondents who did not belong to the banking sector.

Data collection through online surveys was a bit challenging since bank employees had immensely occupied schedules due to financial year-end closings. However, respondents willingly agreed to participate in this study and requested that reminders need to be sent so they could spare time to fill out the survey. Two reminders were sent. Initially, 95 responses were collected, and an additional 25 responses were received after the first reminder. Subsequently, another reminder was sent 4 days after the first reminder, resulting in 11 more responses.

p. 442). The sample item includes “My firm provides adequate training and development opportunities to employees.” The Cronbach’s alpha for this scale was 0.83.

A 7-item scale was used to assess psychological safety adapted from Akan et al. (2020) and developed by Edmondson (1999). Psychological safety is defined as “the belief that the work environment is safe for interpersonal risk-taking” (Edmondson, 2018, p. 8). Sample item includes “People in this organization do not reject others for being different.” The reliability of this scale was 0.86.
The second phase of data collection took place from January to February 2023 and was conducted face-to-face mainly in Islamabad over 22 days. The bank representatives requested to distribute questionnaires to the employees, allowing them to fill out the survey questionnaire at their convenience. During this phase, 150 questionnaires were circulated and 144 were returned. Along with that, an additional 12 responses were received from an online survey as well. Consequently, by the end of the second phase, a total sample of 287 have been collected through a combination of face-to-face and online data collection methods.

During the initial screening process, a few samples out of 287 were excluded because they did not align with the scope of this study. Such samples included respondents, who incorrectly filled the questionnaire, such as provided suspicious demographic information or straight lines patterns \(n = 9\), who have work experience of less than 1 year with the current organization, and respondents who are not permanent employees of the organization, such as interns. \(n = 8\). After excluding responses \(n = 17\), the final sample size of 270 was used for final data analysis. The sample size above 200 is considered as large for a moderately sized, non-complex quantitative study (Kline, 2005; Memon et al., 2020a, b) was the premise for the final sample size of 270 samples.

The total sample size of 270 participants, comprised of 205 males and 65 females. The age distribution of participants shows that the majority of respondents fall within the age bracket of 31–40 \(n = 105\), followed by the range of 21–30 \(n = 101\) and 40–50 years \(n = 45\). The majority of respondents have 1–3 years of experience with their current organization \(n = 108\), followed by those with over 10 years of experience \(n = 90\). The remaining respondents had work experience of more than 3 years but less than 10 years \(n = 72\). Within the banking sector, the workforce is highly competent, as most of the respondents hold a master’s degree \(n = 166\), followed by those with a bachelor’s degree \(n = 87\) and few of them have also obtained professional certifications \(n = 17\). The demographic results are shown in Table 1.

**Common method bias**

A potential bias to which a survey method is vulnerable is known as common method bias (CBM). CMB in behavioural research refers to “the variance that arises from the measurement method itself rather than to the constructs the measures represent” (Podsakoff et al., 2003, p. 879). Therefore, efforts have been made to address this issue by employing both procedural and statistical techniques (Podsakoff et al., 2003). Procedurally, an informative cover sheet

<table>
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Table 1.
Demographic information

Source(s): Author’s own creation/work
was used to clarify the purpose of this study and provided explicit instructions for each section of the survey questionnaire to ensure that respondents comprehended the question easily. Furthermore, the study clearly distinguished the independent and dependent variables within the survey (Jordan and Troth, 2020). At the statistical level, Harman’s Single Factor test (1967) was conducted to identify common method bias. The results of this test revealed that the highest Eigenvalue accounted for less than 50% (34%), indicating that CMB did not pose a substantial concern in this study (Podsakoff et al., 2003). CMB arises when the same method is utilized to gather data across all variables (Jordan and Troth, 2020). To mitigate this issue, it would be beneficial to reduce the similarity in scale properties used for different variables. Employing multiple Likert-type scales, such as using both 7-point and 5-point scales, while ensuring that the content validity of the questionnaire remains intact is an effective approach to reducing CMB (Memon et al., 2023).

Data analysis and results
The current study used Partial Least Squares Structural Equation Modelling (PLS-SEM) using SmartPLS 4.0. McDonald (1996) referred to PLS-SEM as a “silver bullet”. Anderson and Gerbing (1988) proposed a two-stage analytical method which was applied in this study. The first stage focused on the measurement models, including internal consistency reliability, convergent validity (CV) and discriminant validity (DV), while in the second stage structural model was assessed, a stage for hypotheses testing.

Measurement model assessment
The measuring model assessed the internal consistency reliability, CV and DV of the constructs under study. The degree to which indicators assessing the same construct are related to one another is known as internal consistency reliability (Hair et al., 2017). Composite reliability (CR) was used to test internal consistency (Hair et al., 2017). CR has a threshold value of 0.7 (Nunnally and Bernstein, 1994; Richter et al., 2016). The results showed that the CR for each construct—RL (0.894), EOHRM (0.813) and psychological safety (0.833), exceeded the cut-off value (0.7), resulting in the high internal consistency of the measures.

CV is another measure that analyses “the extent to which a measure correlates positively with alternative measures of the same construct” (Hair et al., 2017, p. 112). To calculate CV, the study examined the outer loading of each item and the average variance extracted (AVE). Typically, an outer loading of 0.708 or higher is considered satisfactory, and a score of 0.5 is mostly considered acceptable for AVE (Avkiran, 2017). According to Hair et al. (2017), indicators with lower factor loadings (0.4–0.7) should be retained if factors with higher loadings can reflect at least 50% of the variance (AVE = 0.50). The results of CV indicated that most indicators had satisfactory loadings, except PS1 and PS4 (CV < 0.4). Furthermore, all constructs, responsible leadership (0.629), employee-oriented HRM (0.526) and psychological safety (0.500) had acceptable AVE scores, confirming the validity of the constructs. The results of the internal consistency reliability and CV tests are presented in Table 2.

To validate the discriminant validity (DV), the Heterotrait–Monotrait Ratio (HTMT) approach was used in this study (Henseler et al., 2015). When the constructs are significantly different, a threshold value of 0.85 is advised to consider (Henseler et al., 2015). As demonstrated in Table 3 the constructs of this study did not deviate from the assumptions of discriminating validity. The outcomes of the entire measuring model indicate acceptable CV, internal consistency reliability and DV.

Structural model assessment
The structural model is assessed by examining path coefficients, the coefficient of determination ($R^2$) and effect size ($f^2$) (Hair et al., 2014). To calculate the statistical
significance, the bootstrapping method (5,000 subsamples, one-tailed significance) was used. The results indicated that responsible leadership (H1, $\beta = 0.626$, $t = 15.683$, $p = 0.000$) was significantly positively related to employee-oriented HRM. Moreover, employee-oriented HRM (H2, $\beta = 0.528$, $t = 12.153$, $p = 0.000$) was significantly positively related to psychological safety (Figure 2).

A mediation analysis was performed to test H3 which proposed the mediating effect of employee-oriented HRM between responsible leadership and psychological safety. This study followed Preacher et al.’s (2007, p. 186) definition of mediation effect according to which “an indirect effect or mediation, is said to occur when the causal effect of an independent variable (X) on a dependent variable (Y) is transmitted by a mediator (M)". The findings for

![Diagram of the model]

**H1**: $\beta = 0.626$  
$p = 0.000$, $t = 15.683$

**H2**: $\beta = 0.528$  
$p = 0.000$, $t = 12.153$

**H3**: $\beta = 0.331$  
$p = 0.000$, $t = 7.944$

**Note(s):** Dotted lines represents indirect effect  
**Source(s):** Author’s own creation/work
the indirect effect indicated that employee-oriented HRM (H3, $\beta = 0.331, t = 7.944, p = 0.000$) mediates the relationship between responsible leadership and psychological safety. In summary, the direct and indirect relations between constructs are proved significant in this study with findings reported in Tables 4 and 5.

Hair et al. (2017) recommended that researchers should not only report the significance of the correlations but also the coefficient of determination ($R^2$) and effect size ($f^2$). $R^2$ is a metric used to determine the model’s general predictive ability (Hair et al., 2014). Cohen (1988) suggested that $R^2$ values of 0.02, 0.13 and 0.26 should be considered as small, medium and large. Results of $R^2$ showed that responsible leadership in an organization explains 39% of its employee-oriented HRM practices ($R^2 = 0.392$) and 27% of employees’ psychological safety ($R^2 = 0.273$). Hair et al. (2014, p. 117) defined effect size ($f^2$) as “the change in the $R^2$ when a specified exogenous construct was omitted from the model which could be used to evaluate whether the omitted construct had a substantive impact on the endogenous variable”. Cohen (1988) suggested to consider values of 0.02 as small, 0.15 as medium and 0.35 as large size effect. The results of $f^2$ indicate that responsible leadership ($f^2 = 0.644$) has a large effect on employee-oriented HRM and employee-oriented HRM ($f^2 = 0.387$) also has a large effect on psychological safety.

To assess the model’s ability to predict, a PLS predict analysis was conducted. We utilize 10-fold and 10-repetitions. The analysis focused on both employee-oriented HRM and psychological safety, as both were criterion variables. For employee-oriented HRM, the results show high predictor power, as PLS-SEM was less than LM for all indicators (Shmueli et al., 2019). Furthermore, as presented in Table 6, the PLS-SEM score of the indicators of psychological safety was less than LM, except PS3. Thus, it can be concluded that the model has medium to high predictor power (Shmueli et al., 2019). Additionally, all $Q^2$ values were above zero (0) thus further confirming that both constructs have substantial predict power (Hair et al., 2020).

To clarify, data were analysed twice, once with and once without control variables. We controlled for age, gender, experience and education during the structural model analysis. However, we noticed no significant difference between the results of both analyses. Thus, the study results are reported without controlling for any demographic variables (Bernerth and Aguinis, 2016).

<table>
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<td>H1: RL $\rightarrow$ EOHRM</td>
<td>0.626</td>
<td>0.040</td>
<td>0.000</td>
<td>15.683</td>
<td>0.549</td>
<td>0.683</td>
<td>Supported</td>
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<tr>
<td>H2: EOHRM $\rightarrow$ PS</td>
<td>0.528</td>
<td>0.043</td>
<td>0.000</td>
<td>12.153</td>
<td>0.439</td>
<td>0.587</td>
<td>Supported</td>
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</tbody>
</table>

**Note(s):** STDEV = Standard deviation; CI = Confidence Intervals; LL = Lower Level; UL = Upper Level; RL = responsible leadership; EOHRM = employee oriented HRM; PS = psychological safety  
**Source(s):** Author’s own creation/work

<table>
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<tr>
<th>Hypotheses</th>
<th>Beta</th>
<th>STDEV</th>
<th>$p$ value</th>
<th>$t$ value</th>
<th>CI LL</th>
<th>CI UL</th>
<th>Decision</th>
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</thead>
<tbody>
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<td>H3: RL $\rightarrow$ EOHRM $\rightarrow$ PS</td>
<td>0.331</td>
<td>0.042</td>
<td>0.000</td>
<td>7.944</td>
<td>0.239</td>
<td>0.403</td>
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</tbody>
</table>

**Note(s):** STDEV = Standard deviation; CI = Confidence Intervals; LL = Lower Level; UL = Upper Level; RL = responsible leadership; EOHRM = Employee-oriented HRM; PS = psychological safety  
**Source(s):** Author’s own creation/work
Discussion and implications
This study examined the impact of responsible leadership on employee-oriented HRM practices and the psychological safety of employees. Additionally, the current study investigated the mediating role of employee-oriented HRM between responsible leadership and psychological safety. The findings indicate that responsible leadership positively affects employee-oriented HRM (H1). This implies that responsible leadership inculcates a supportive work environment by implementing employee-oriented HRM practices that prioritize employee needs. These practices may include providing employees with training and development opportunities, involvement in decision-making processes, feedback and flexibility in work arrangements that promote employee motivation, satisfaction and overall work performance. This finding aligns with past studies concluding that leadership positively influences an organization’s HRM practices (Demo et al., 2022).

The findings of H2 indicate that employee-oriented HRM practices influence employees’ perceptions of psychological safety. This implies that employees feel safe, valued and encouraged to share their ideas, concerns and opinions freely when HRM practices are formulated to prioritize employees’ needs. Such feelings cultivate psychological safety among employees as they perceive that their contributions and opinions are valued and appreciated, and they will not face retaliation for voicing their issues and problems. Guest (2002) noted that HRM practices focusing on employee involvement, training and development positively influence employees’ behaviours and attitudes.

The findings of H3 reveal that employee-oriented HRM is a significant mediator through which responsible leadership influences psychological safety among employees. This confirms that responsible leaders raise psychological safety by shaping HRM policies and practices to be more employee-oriented. In other words, having responsible leadership ensures the implementation of employee-oriented HRM practices. They do so by ensuring practices fully cater to the needs of employees. Employees feel safe when they experience that they are the centre of attention of HRM policies and practices. They feel valued. Such a positive experience makes them feel safe and does not hesitate in sharing ideas and voicing concerns about the issues they face without any fear. Past studies concluded that both leadership and formal and effective HR practices need to be in place in organizations to influence employees’ behaviours (Günther et al., 2022; McClean and Collins, 2019).

Theoretical contribution
This study makes several contributions to the existing literature. Firstly, in their comprehensive literature review, Newman et al. (2017) observed that most researchers have primarily focused on studying the effects of individual and team-level factors on psychological safety. However, there is a critical need to explore the impact of organizational-
level factors, such as HR practices and leadership, on employees’ psychological safety. Thus, the present study has responded to the research call by examining the effect of responsible leadership on employee-oriented HRM and the psychological safety of employees.

Secondly, this study utilizes signalling theory to enrich the responsible leadership literature, which is considered a new and underdeveloped area that needs to be explored (Afsar et al., 2020). Past studies suggested that the signals sent by an organization, particularly those concerning the transparency of information, can influence current employees more than the signals aimed at potential employees (Earnest et al., 2011; Klimchak et al., 2020). The findings of the present study reinforce the notion of signalling theory by demonstrating that organizational signals, channelled through responsible leadership and employee-oriented HR practices, are instrumental in fostering psychological safety among employees.

Thirdly, the present study establishes employee-oriented HRM as a mediator between responsible leadership and psychological safety. Past studies in the fields of HRM and OB have connected employees’ perceptions of general HRM practices, like recruitment and selection, training, performance management and compensation, with psychological safety and other outcomes (Rabiul et al., 2023). The present study builds on this research by establishing and considering employee-oriented HRM practices as a mechanism through which responsible leaders can enhance psychological safety among employees. Thus, this study brings a fresh perspective that employee-oriented HRM is must for responsible leaders to foster employees’ perceptions of psychological safety.

Lastly, past studies conducted on the banking sector across the globe mostly focused on the role of leadership in enhancing behavioural outcomes of employees such as job creativity (Fu et al., 2022a, b), job satisfaction (Bellas and Koustelios, 2014), organization commitment (Mozammel and Haan, 2016) and innovative work behaviour (Awan and Jehanzeb, 2022). The present study is novel in its examination of the impact of leadership coupled with effective implementation of HRM practices on attitudinal or perception outcome, i.e. psychological safety of employees – an area which is not widely studied previously. Thus, this study not only contributes to the theoretical enrichment of leadership, HRM and OB literature but also strengthens the assumptions of signalling theory.

Practical implications
Employee psychological safety in an organization is of utmost importance to bring out the best in employees and for organizational success as well. Hence, the findings of the current study have numerous implications for practitioners looking to enhance psychological safety among employees. First, the findings indicate that responsible leadership plays a crucial role in implementing employee-oriented HRM practices. To meet employees’ needs and interests in the best possible way, there is a need to have more responsible leaders. This can be achieved by customized training, workshops and leadership development programs that focus on instilling responsible leadership skills and attributes. Such initiatives can be helpful for managers and leaders to upscale their behaviours and attitudes.

Additionally, managerial tasks should be designed with a focus on accountability and strong repercussions to promote responsible leadership behaviour. This can be achieved by developing performance metrics that assess responsible leadership behaviours and holding leaders accountable for upholding these behaviours. Furthermore, organizations should regularly monitor and evaluate leaders’ and managers’ behaviours and their efforts in implementing employee-oriented HRM practices. This can be achieved by conducting performance assessments and getting feedback from employees. By gathering and analysing information, organizations can pinpoint areas for improvement and make informed decisions accordingly.
This study also suggests that psychological safety among employees can be fostered by employee-oriented HRM practices in the organization. To foster a sense of psychological safety among employees, managers should offer their support and trust. This makes employees feel comfortable seeking guidance and admitting their mistakes because they are assured that they will receive assistance from managers rather than punishment. Regular meetings and discussion sessions between leaders and employees would be fruitful in reducing the information gap and fostering mutual trust.

Furthermore, employees should be empowered and granted autonomy in their job roles. When they feel a sense of control and ownership over their work, it encourages them to take risks and express their opinions and suggestions without fear of repercussions. By conducting regular reviews, acknowledging employees’ achievements and discussing their work-related challenges, organizations can reinforce the culture of autonomy and ownership. Managers should actively embrace and implement employee-oriented HRM practices by ensuring that their managerial approach is well aligned with the principles of empowerment, support, trust and continuous development. By doing so, managers can establish a positive and inclusive work environment that fosters psychological safety among employees and leads to overall organizational success.

Conclusion
The objective of this study was to examine the significance of responsible leadership in influencing employee-oriented HRM and subsequently the impact of employee-oriented HRM on psychological safety. Furthermore, employee-oriented HRM was submitted to mediate the relationship between responsible leadership and psychological safety. The results showed that responsible leadership has a direct significant influence on employee-oriented HRM and an indirect influence on psychological safety. Hence, the findings provided support for the hypothesized relationships and brought valuable insights to the existing literature.

This study is not without limitations. First, it is important to note that this study is exclusively based on data collected from employees working in the banking sector of Pakistan. It is worth considering that the attitudes and perceptions of employees are often influenced by their cultural settings. Therefore, it is crucial to exercise caution when applying and generalizing the findings of this study to employees in diverse cultural settings. Secondly, the current study only considers the banking sector for data collection. In the future, this study needs to be assessed in different industries and geographical contexts to enhance the theoretical resonance and generalizability of the findings. Lastly, this model assessed psychological safety as an outcome variable. Future studies can examine the synergetic effect of responsible leadership and employee-oriented HRM on other behavioural and attitudinal outcomes of employees.

References


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Further reading


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