

# **Impact of HR Practices on Employee Commitment: An Empirical Study**

**Umar Mufeed\***

Research Scholar  
Department of Management Studies  
University of Kashmir

## **ABSTRACT**

The present paper is aimed to examine the impact of HR practices on organizational commitment of employees in sample select organizations. It is also aimed to examine the relationship between HR practices and Organizational Commitment. The findings of the study revealed that there exists a positive and favourable relationship between HR practices and Organizational commitment. Moreover, the study found that HR practices significantly influences Organizational commitment among employees. The study suggests that HR practices need to be further strengthened in order to promote and enhance organizational commitment among employees of selected organizations.

**Keywords:** HR practices, Organizational commitment, selection, performance appraisal, training and development, reward system.

\* **Umar Mufeed** is a Research Scholar in the Department of Management Studies, University of Kashmir

## **Introduction**

The present dynamic environment is witnessing a paradigm shift due to change in nature of doing business at global level. The competitive business scenario has forced organizations to adopt strategies in order to ensure their relevance and sustainability among market players. It calls for attracting and selecting dynamic and capable workforce who would contribute towards organizational objectives. Human resources are considered as the most important asset of an organization and human resources management function plays a vital role for organizations to gain competitive advantage. It is imperative that management retains its best workers and keeps them committed to the organization in order to attract other quality employees (Zaitouni et al., 2011). In order to retain these employees, organizations should make efforts to increase the motivation and commitment of their employees. HR practices of organizations have an important role in increasing the motivation and commitment level of employees because the development of organizational commitment needs effective HR practices.

## **HR Practices**

For an organization to be more effective it should have skillful and innovative employees to work and should also try to retain them. In today's competitive business world both HR managers and line managers have become responsible for all HRM processes and practices. Several studies have shown that human resources (HR) practices have an impact on performance and competitive strategies of organizations. The success factor in today's competitive and knowledge driven environment depends less on advantages associated with economies of scale, technology, patents but are more derived from organizational human resources and high involvement of human resource management practices (Tahir et al., 2010). HR practices play a critical role in attaining organizational objectives in terms of enhancing profitability, low employee turnover, high product quality, and lower production costs (Schuler & MacMillan, 1984). Effective HR practices leads to high employee motivation and thereby increases their performances (Stewart & Brown, 2011).

## **Organizational Commitment**

Organizational commitment is the individual's psychological attachment to the organization. Commitment represents something beyond loyalty to an organization. It involves an active relationship with the organization such that individuals are willing to give something of them in order to contribute to the organization's well-being (Lamba & Choudhary, 2013).

Today organizational commitment is even more important since it is considered as the driving force behind organizational performance and a desirable quality which can reduce employee turnovers (Meyer et al., 1989). The concept of commitment has been defined in different ways in the literature by various researchers (Kumar & Krishnaveni, 2008). Organizational commitment as defined by (Mowday et al., 1982) has three major components; a strong belief in and acceptance of the organization's goals, a willingness to exert considerable effort on behalf of the organization, and a definite desire to maintain organizational membership (Angle & Perry, 1981). Organizational commitment comprises three types: i) *affective commitment*: the psychological feeling and attachment of an employee to stay in the workplace socially and organizationally) ii) *continuance commitment*: the cost-benefit evaluation of whether to stay or leave, and iii) *normative commitment*: the feeling of being obliged to stay in the organization because of moral factors (Meyer & Allen, 1997;. And Meyer & Smith, 2000)

## **HR Practices and Organizational Commitment**

Effective HR practices can increase the organizational commitment levels of employees. Functions such as recruitment, participation to decision making process, training and development, performance evaluation, working conditions and compensation management can help to improve organizational commitment. Past studies (Browning, 2006; Conway, E., 2004; Wright, and Finegold, et al 2002) have stressed on promoting HR practices for enhancing employee motivation and satisfaction which would eventually lead to their commitment towards their organizations. The dynamic nature of human resource management in recent decades affirms the need for more research studies on the impact of human resource practices on employee organizational commitment. Meyer and Allen (1997) believe that the relationship between human resource practices and employee commitment should be examined more fully. The concept of organizational commitment has been investigated and proven to be a consequence of HR practices in many studies (Kumar & Krishnaveni, 2008; Shahnawaz & Juyal, 2006; and Guest, 1995). Relationships between Human resource practices such as selection, performance appraisal, training and development, compensation and organizational commitment have received wide considerable attention from the researchers in the recent years (Chang, 2005; Lin & Chang, 2005).

### **Research Objectives**

- i) to study the relationship between HR Practices and organizational commitment,
- ii) to examine the impact of HR practices on organizational commitment, and
- iii) to draw conclusions and suggest measures for improving HR practices for enhancing employee commitment.

### **Research Hypotheses**

- 1) HR practices have positive and significant relationship with organizational commitment
- 2) HR practices significantly influences organizational commitment

### **Research Methodology**

The present paper gathered responses from employees working in two banks in Srinagar district namely HDFC and J&K Bank. Organizational commitment scale developed by Meyer and Allen (1997) was used to measure organizational commitment. To measure HR practices a scale developed by Demo et al., (2012) was used. The questionnaires were distributed among 50 employees in each bank. Among 100 questionnaires distributed, only 84 questionnaires were returned. Of those 84 returned questionnaires, seven were not found fit for further analysis and thus were rejected. Therefore, only 77 questionnaires were used for final analysis with usable response rate 77.00%. The data whatsoever collected were analyzed using SPSS 20.0.Version. Descriptive statistics such as mean score, % mean score, Std. deviation, frequency were used to study the employee's perception with respect to HR practices and organizational commitment Inferential statistics such as Pearson correlation was employed for hypotheses testing purpose.

## Data Analysis and Interpretation

**Table 1. Descriptive Statistics and Reliability values of study variables**

Dimension	n	mean	Std. dev	Cronbach alpha
Selection	77	3.32	0.66	0.77
Performance Appraisal System	77	3.20	0.75	0.72
Training and Development	77	3.30	0.69	0.81
Employee Engagement	77	3.26	0.70	0.74
Reward system	77	3.18	0.73	0.79
Work Conditions	77	3.15	0.64	0.81
Affective Commitment	77	3.34	0.65	0.84
Normative Commitment	77	3.26	0.72	0.80
Continuous Commitment	77	3.20	0.70	0.82

Table 1 depicts the perception of employees towards HR Practices and Organizational commitment. It can be inferred from the table 1 that all the HR practices were perceived positively by employees. However, the highest satisfaction level of employees among HR practices was shown in selection process with mean score of (3.32) whereas the least satisfaction level among HR practices was found towards working conditions with mean score of (3.15). With respect to organizational commitment, employees have shown favorable perception. Similarly, highest satisfaction level was shown towards affective commitment while as perception towards continuous commitment showed least satisfaction with mean score of 3.20.

**Table 2: Relationship between HR practices and Organizational Commitment (Correlation)**

		HR practices	Organizational Commitment
HR practices	Pearson Correlation	1	.533**
	Sig. (2-tailed)		.000
	N	77	77
Organizational Commitment	Pearson Correlation	.533**	1
	Sig. (2-tailed)	.000	
	N	77	77

\*\* . Correlation is significant at the 0.01 level (2-tailed).

From the above table 2, it can be seen that there is a positive and significant relationship between HR practices and Organizational Commitment in sample select organizations. It depicts that the more we exhibit HR practices in organizations the more it will result in enhancing organizational commitment among employees. The correlation between HR practices and Organizational Commitment was found ( $r=.533$ ,  $p=0.000$ ) which is both positive as well as statistically significant. Thus our hypothesis 1 is accepted. Hypotheses 1 state that HR practices have a positive and significant relationship with Organizational Commitment.

**Table 3: Effect of HR practices on Organizational Commitment (Regression Analysis)**

Model Summary					
Model	R	R Square	Adjusted R Square	F-Value	Sig.
1	.533 <sup>a</sup>	.392	.391	98.77	.000 <sup>a</sup>
a. Predictors: (Constant), HR practices					

Further, in order to examine the effect of HR practices on Organizational Commitment, regression analysis was performed (table 3). The regression analysis indicates that the perception of employees regarding HR practices has a significant positive effect on Organizational Commitment prevailing in sample select organizations. The value of  $R^2 = 0.392$  Shows that 39.20 % variance is explained by independent variable (HR practices) in dependent variable (Organizational Commitment). Thus our hypothesis 2 is accepted. Hypotheses 2 states that HR practices influence Organizational Commitment.

## Conclusions

The present study examined the influence of HR practices on organizational commitment and moreover the study aimed to examine the relationship that exists between HR practices and organizational commitment. On the basis of findings it was found that there exist a positive relationship between HR practices and organizational commitment. Further findings of the study revealed that HR practices significantly influences organizational commitment of employees working in sample select organizations.

The present study is faced with some limitations. Firstly, the study targeted only two banks in Srinagar district as such findings of the study cannot be generalized to whole population. Therefore, future research can include more banks from other districts in order to cover wider geographical representation. Secondly, the sample size was quite less, therefore more sample can be included in future research in order to reduce the biasness. Lastly, the present study did not take into account the influence of demographic factors such as age, gender, and experience on study variables. Therefore future research can explore this gap by including these factors as well.

## References

- Angle, H. L. & Perry, J. L. (1981). An empirical assessment of organizational commitment and organizational effectiveness, *Administrative Science Quarterly*, 26 (1), 1-14
- Browning, V. 2006. The relationship between HRM practices and service behaviour in South African service organizations. *International Journal of Human Resource Management*, 17, 1321-1338.

Chang, E. (2005). Employee's overall perception of HRM effectiveness. *Human Relations*, 58(4), 523- 544.

Chew J., Girardi, A., & Entekin, L. (2005). Retaining core staff: the impact of human resource practices on organizational commitment. *Journal of Comparative International Management*, 8(2), 23-42.

Conway, E., 2004. Relating career stage to attitudes towards HR practices and commitment: Evidence of interaction effects? *European J. Work and Organizational Psychol.*, 13(4): 417-446.

Demo, G., Neiva, E. R., Nunes, I. & Rozzett, K. (2012). Human resources management policies and practices scale (HRMPPS): Exploratory and confirmatory factor analysis, *Brazilian Administrative Review*, 9 (4), 395-420.

Finegold, D., S. Mohrman and G.M. Spreitzer, 2002. Age effects on the predictors of technical workers' commitment and willingness to turnover. *J. Organizational Behavior*, 23: 655-674.

Guest, D. (1995). *Human resource management: A critical text*. London: Routledge.

Kumar, N.R. & Krishnaveni, R. (2008). Role of HRD practices in building organizational commitment, *Journal of Contemporary Research in Management*, April-June, 59-68.

Lamba, S. & Choudhary, N. (2013). Impact of HRM practices on organizational commitment of employees, *International Journal of Advancements in Research & Technology*, 2 (4), 407-423

Lin, S. C. and J. L. Chang, "Goal orientation and organizational commitment as explanatory factors of employees' mobility," *Personnel Review*, 34, 331-353(2005).

Meyer, J., & Allen, N. (1997). *Commitment in the workplace: Theory, research and application*. Thousand Oaks, CA: Sage Publications.

Meyer, J.P., Paunonen, S.V., Gellatly, I.R., Goffin, R.D. & Jackson, D.N. (1989). Organizational commitment and job performance: It's the nature of the commitment that counts, *Journal of Applied Psychology*, 74 (1), 152-156.

Meyer, J.P. & Smith, C.A. (2000). HRM practices and organizational commitment: Test of a mediation model, *Canadian Journal of Administrative Sciences*, 17 (4), 319-331.

Mowday, R.T., Porter, L.W. & Steers, R.M. (1982). *Employee-organization linkages: The psychology of commitment, absenteeism and turnover*, New York: Academic Press.

Schuler, R.S. & MacMillen, I.C. (1984). Gaining competitive Advantage through human resource management practices, *Human Resource Management*, 241-255.

Shahnawaz, M.G.. & Juyal, R.C. (2006). Human resources management practices and organizational commitment in different organizations, *Journal of the Indian Academy of Applied Psychology*, 32 (3), 171-178.

Stewart, G. L. & Brown, K. G. (2011). *Human resource management*. 2nd edition, USA: John Wiley & Sons.

Tahir Masood Quresh, Ayisha Akbar, Mohammad Aslam Khan, Rauf A. Sheikh and Syed Tahir Hijazi, (2010) Do human resource management practices have an impact on financial performance of banks?

Zaitouni, M., Sawalha, N.N & ElSherif, A. (2011). The impact of human resource management practices on organizational commitment in the banking sector in Kuwait, *International Journal of Business and Management*, 6 (6), 108-123.