IMPACT OF HRM PRACTICES ON ORGANIZATIONAL COMMITMENT OF EMPLOYEES

Shruti Lamba*, Nirmala Choudhary**

*Research Scholar, University School of Management, K.U.K., Email: Lamba.shruti88@gmail.com, Mob:+917276117048
**Professor, University School of Management, K.U.K, Email: nirmalakuk@yahoo.co.in, Mob:+919896436069

ABSTRACT

In this era of highly competitive environment, organizations in Manufacturing sector and Service sector are trying hard to win the mind of customers by providing them value added service and quality innovative products to remain competitive in the market. The objective of this study is to investigate the impact of HRM practices on Organizational commitment of Employees in various sector in India. The study revealed that how HRM practices provide an edge to employee’s commitment towards an organization goal in the global competitive market. Through study it is found that HRM practices influence the Organizational Commitment of Employees.

Key words: HRM practices, Organizational Commitment, Employees.
INTRODUCTION

HUMAN RESOURCE MANAGEMENT PRACTICES

Success in today's competitive market 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 Masood Quresh, Ayisha Akbar, Mohammad Aslam Khan, Rauf A. Sheikh and Syed Tahir Hijazi, 2010). For an organization to be more effective it should have skillful and innovative employees to work and should also try to retain them.

There is not a single HR Practice which a company aspires to retain its employees. There are different HR Practices which a company combines to manage its HR system. A company should always combine “Number of Best HR Practices” which they should implement for the survival and sustainability of the organization. ”Best practices" in HR are subjective and transitory.

They enhance internal capabilities of an organization to deal with current or future challenges to be faced by an organization. Good HR practices also energize people working in the organization. The commitment and motivation built through good HR practices can lead to hard work. The culture so built can help to create a sustainable and lasting capability of the organization to manage itself and not only cope with the external turbulence (Aneet, 2006).

Good employees are supposed to have such characteristics as high satisfaction with their jobs, high commitment towards the organization, high motivation to serve the public and strong intentions to work for the organization willingly and devotedly. (Sangmook Kim, 2004).

There are different HR Practices for the organization to adopt. HR practices contribute to the organization’s bottom line, areas such as recruitment, selection, training, development and performance appraisal which should be consistent, integrated and strategically focused. Firms need to build long-term commitment to retain their work force.
The researcher has taken following combination of Human Resource Practices in the study:

**HRM Practices**

1. Recruitment and Selection
2. Training and Development
3. Compensation and Benefits
4. Promotion and Transfers
5. Welfare activities

1. **RECRUITMENT AND SELECTION**- It is the process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization (Edwin B. Flippo, 1980). Some organizations like public sector adopt centralized recruitment whereas other organizations resort to decentralized system. There can be different sources of recruitment namely internal sources like vacancies, transfers, promotions, retired and retrenched employees, dependants and relatives of deceased and disabled employees or it can be external sources like education and training institutions, search engines, employment exchanges etc.

   Recruitment technically precedes selection. Selection is the process of choosing the most suitable persons out of all applicants. It is the process of matching the qualifications of applicants with job requirements. According to Dale Yodder (1972) Selection involves Test, Interview and Medical examination of the candidates. Referrals of candidates are also checked for predicting their behavior and performance.

2. **TRAINING AND DEVELOPMENT**- Training is the process of increasing the knowledge and skills for doing a particular job. The purpose of training is basically to bridge the gap between job requirements and present competence of an employee. Training is aimed at improving the behavior and performance of persons. There are different types of training programmes like Orientation training, Job training, Safety training, Promotional training, Refresher training, Remedial training etc.to enhance the skills of employees.
Executive development is a systematic process of learning and growth by which managerial personnel gain and apply knowledge, skills, attitudes and insights to manage the work in their organizations efficiently and effectively. It is necessary for the managerial personnel so as to cope up with the size and complexity of organization, technological changes. It is also necessary to recognize their social and public responsibilities etc.

3. COMPENSATION- Wage, Salaries and other forms of employee’s compensation constitute a very large component of operating costs. No organization can expect to attract and retain qualified and motivated employees unless it pays them fair compensation. Employee compensation can be classified into two categories- Basic or Primary compensation and Supplementary compensation. Basic pay refers pay in the form of wages and salaries. It is fixed and non-incentive payment. Supplementary compensation consists of incentive and variable payments, based on either individual output or output of group as a whole.

4. PROMOTIONS AND TRANSFERS- Promotion refers to advancement of an employee to a higher post carrying greater responsibilities, higher status and better salary. Promotion can be made on different criteria’s like seniority, merit etc. They help to recognize an employee’s performance and commitment. It also helps to boost the morale and also help to develop a competitive spirit among employees for acquiring knowledge and skills.

Transfers refer to a horizontal or lateral movement of an employee from one job to another in the same organization without any significant change in status and pay. There are different purposes of transfers like to meet both organizational and employee needs, to make employee more versatile, to adjust workforce, to provide relief etc.

6. WELFARE SCHEMES- It means anything done for intellectual physical, moral and economic betterment of employees by employers, Govt. or other agencies. These welfare services may be classified into Intramural and Extramural. In Intramural services are provided within establishment and in Extramural services are provided outside the
establishment. They help to increase employee’s productivity, morale, industrial relation, goodwill etc.

Employee’s operational performance depends on four intervening factors: Competence, Teamwork, Organizational Commitment and Customer Orientation. Individual performance and organizational effectiveness cannot be achieved without organizational commitment, i.e. readiness to exert considerable effort on behalf of the organization (Becker, 1960; Porter et al., 1974; Mowday et al., 1979; Allen and Meyer, 1996; Mowday, 1998; Beck and Wilson, 2000). Good HRM Practices lead to high organizational commitment and different researches in USA and now Britain justify them. (Mick Marchington and Adrian Wilkinson, 2005). Thus many researches show that organizational commitment of employees plays a very important role in the increased efficiency of employees and organization.

In an individual-level analysis, Paul and Anantharaman’s (2004) study of software professionals showed that HRM practices had a significant positive relationship with organizational commitment. HRM systems have also been found to relate to commitment in samples of frontline employees from car rental, retail, and hospitality organizations in South America (Browning, 2006). Payne and Huffman (2005) found in a longitudinal study that organizational commitment mediated the relationship between mentoring, an HRM practice in the organization studied, and employee turnover over time. In a unit-level study, Wright, Gardner, & Moynihan (2003) found a positive relationship between HRM practices and organizational commitment in a study of 50 business units from a large food service corporation.

Recent research has found that an employee’s career commitment is a moderator between the perception of company policies and practices and organizational commitment (Fred Luthans, 2002).

Thus, above discussed HR Systems and Researches, shows a significant relationship between HRM Practices and Organizational Commitment.
ORGANIZATIONAL COMMITMENT

Organizational commitment is the individual's psychological attachment to the organization. Higher is the rate of commitment, more is the attachment towards the organization. Commitment represents something beyond mere passive 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.

It can be characterized by at least three factors: (a) a strong belief in, and acceptance of, the organization’s goals and values; (b) a willingness to exert considerable effort on behalf of the organization; and (c) a strong desire to maintain membership in the organization (Porter et al.)

Commitment is a sort of bond between employee and the organization. The Organizational Commitment attitude is determined by a number of personal (age, tenure in the organization, and dispositions such as positive or negative affectivity, or internal or external control attributions) and organizational (the job design and the leadership style of one’s supervisor) variables. Even non-organizational factors, such as the availability of alternatives after making the initial choice to join an organization, will affect subsequent commitment (Fred Luthans, 2002)

Model of commitment

According to Meyer and Allen's (1990) three-component model of commitment and (Removed), prior research indicated that there are three "mind sets" which can characterize an employee's commitment to the organization:

- **Affective Commitment**: AC is defined as the employee's positive emotional attachment to the organization. An employee who is affectively committed strongly identifies with the goals of the organization and desires to remain a part of the organization. This employee commits to the organization because he/she "wants to".
• Continuance Commitment: The individual commits to the organization because he/she perceives high costs of losing organizational membership, including economic costs (such as pension accruals) and social costs (friendship ties with co-workers) that would be incurred. The employee remains a member of the organization because he/she "has to".

• Normative Commitment: The individual commits to and remains with an organization because of feelings of obligation. These feelings may derive from many sources. For example, the organization may have invested resources in training an employee who then feels a 'moral' obligation to put forth effort on the job and stay with the organization to 'repay the debt.' It may also reflect an internalized norm, developed before the person joins the organization through family or other socialization processes, that one should be loyal to one's organization. The employee stays with the organization because he/she "ought to".

However, affective commitment is more important to organizational performance than continuance or normative commitment.

Organizational Commitment is a sort of strong magnetic force which binds employees with their willingness to remain attached to its organization. If employees are committed towards their organization they will perform their job well and the ultimately performance of the organization will be better.

Organizational commitment of employees can also be increased by committing the values of people first by giving them proper compensation, promotion, training, fringe benefits etc. Also by communicating and clarifying the mission, vision and objectives of the organization, comprehensive grievance procedure provide for extensive two way communication, support employee development, security etc. (Fred Luthans, 2002). All these practices highlights the attractive features of the job for the career development of employees, which is reciprocated by commitment (Robert J. Vans, 2006). Organizationally committed employees will usually have good attendance records, demonstrate a willing adherence to company policies, and have lower turnover rates which is directly related to employees retention.
HRM Practices

- Recruitment & Selection
- Training & Development
- Compensation
- Promotion & Transfer
- Welfare Schemes

Commitment

Retention of Employees

Figure-1

RESEARCH METHODOLOGY

The idea of writing this paper is to study, analyze and examine the impact of HRM Practices on Organizational Commitment of Employees. So, this research paper aims to develop a research model which can justify this paper and find out the possible ways of influential role of HRM practices on Organizational Commitment. Hence, we have used Secondary data for our research. The source of data was secondary data which has been collected while studying various research paper and result will be analysed with the help of literature reviews.

LITERATURE REVIEW

Mohd H. R. Joarder et al (2012) studied intervening effects of Affective commitment on the relationship between certain human resource practices and turnover intention in the context of private university in Bangladesh and reveal that HRM Practices did have significant impact on affective commitment except job autonomy. S.G.A. Smeenk, et al in 2006 examined the factors that affect organizational commitment among Dutch university employee’s two faculties with different academic identities (separatist versus hegemonist). The results empirically give an argument which tells there can’t be same HRM policies for two different set of identities.
Affective commitment mediates the proposed relationship between HRM practices and turnover intention among the private university faculty members. HRM Practices mainly Job Security, Compensation, Job Autonomy, Working Condition, Training & Development, Supervisory Support were conducted and found that compensation, supervisory support and job security were highly significant and negatively related to turnover intention (Mohd H. R. Joarder in 2011).

Komal Khalid Bhatti et al (2011) has shown that direct participation has effect on Organization commitment has significant and positive impact among Banking Sector Employees of U.S.A and Pakistan. Furthermore, research on the Impact of Human Resource Management Practices on Organizational Commitment in the Banking Sector was conducted across permanent, full-time, and part-time employees (managers and non-managers) of five large private banks in Kuwait. The HRM practices were measured on a scale for recognition, competence development, fair rewards, and information sharing and study showed that competence development, fair rewards has impact of HRM practices on Organizational commitment and other factors doesn’t show an impact on organizational commitment (Nicole Renee Baptiste, 2008).

A K Paul in 2004 has made a research on Influence of HRM practices on organizational commitment among software Professionals in India which revealed that HRM practices such as employee-friendly work environment, career development, development oriented appraisal, and comprehensive training show a significant positive relationship with organizational commitment.

Among Army man it was found that higher levels of Affective Commitment and Normative Commitment predicted higher leadership evaluations, whereas higher levels of Continuance Commitment were associated with lower leadership evaluations (Angela in 2003).

Employees Job satisfaction and commitment can enhance the voluntary turnover, motivation and job performance towards Organization except supervisors' ratings of job performance among managerial employees. (T A DeCotiis, 1987).

Thomas Tellefsen, 2005 analysed the potential for business service customers to form separate bonds of commitment with the service firm and the service representative. Findings suggest that
personal and Organizational Commitment did influence the degree of relational exchange between the customer and the service firm.

The study examined by Jacqueline A-M Coyle-Shapiro in 2006 shows that Organizational and client commitment among contracted employees in four large contracting firm in U.K. It was found that client organizational support and attractiveness of the client organization were positive to employees affective commitment.

The correlation between employees' justice perceptions, perceived organizational support, organizational commitment and intention to leave conducted on practicing solicitors in Law firms in Hong Kong. And found that procedural and distributive justice contributed to the development of organizational commitment and affect the intention to leave while organizational commitment negatively related to intention to leave. (Raymond Loi et al, 2006).

Christopher M Lowery et al, 2002 found that Blue collar workers in United States were more concerned on satisfaction with coworkers, satisfaction with supervision, and satisfaction with pay, but less concerned about satisfaction with opportunities for advancement, satisfaction with the work itself and organizational commitment.

Among retail salesperson, rewards play a very important role in increasing the commitment level. Also friendly environment, participatory approach decreases role stress and increases career commitment (William R Darden, et al 1989).

In Canadian based organizations, it was found that development-oriented, stability-oriented, and reward-oriented human resource management practices affects the employee commitment (Ian R Gellatly et al in 2009). The research conducted by Michel Tremblay et al in 2010 examined the role of linking HRM practices, organizational commitment and performance of Employees in Canadian Hospital. The findings revealed that relationship between HRM practices and performance HRM practices can stimulate greater in-role and extra-role. Supportive HRM policies also assist to enhance org commitment.

John P Meyer in 2000 focuses on a study which examined the mechanisms involved in observed relations between HRM practices and employee commitment in Canada. The findings revealed
the positive evidence of relations between HRM practices and commitment and shows that employee oriented HRM policies enhance the commitment level towards an Organization.

The research conducted by Olivier Herrbach in 2009 designed the relations among perceived HRM practices, organizational commitment, and voluntary early retirement in France and found that training opportunities is most favorable factor which enhances the higher affective and high-sacrifice commitment and reduced voluntary early retirement. It was also found that flexible working conditions and promotion of older employees to new role such as mentor or coach did not have positive effects on Organizational Commitment. Steven M Sommer in 1996 found that as the organization size increased, commitment level decreased but the commitment level in Korean firms. Among Mexican Employees in U.S. firms, job satisfaction, participative decision making, and age were the factors towards achieving organizational commitment (J Kline Harrison, 1998)

Asta Savaneviciene et al in shows that HRM practices has major impact on organizational commitment, while engagement-enhancing HRM practices stimulate job satisfaction which in turn improve affective commitment. However Career development opportunities have a positive effect on the Affective commitment of employees (Tek-Yew Lew, 2011)

Promotion, satisfaction, job characteristics, communication, leadership satisfaction, job satisfaction, extrinsic exchange, intrinsic exchange, extrinsic rewards, and intrinsic rewards are positively and significantly related to commitment among employees of organizations. Contrary to expectations, pay satisfaction did not correlate significantly with commitment among employees working in hospitals (Brian S Young, Stephen Worchel, David J Woehr, 1998)

Also, the study conducted by Taly Dvir, Naama Kass, Boas Shamir in 2004 on relationships of vision and Organizational commitment among high-tech employees, to the emotion-focused affective commitment versus the cognition-focused continuance commitment to the organization showed that vision formulation, content of social-oriented values, and assimilation were positively related to Affective Commitment to the organization, and unrelated to Continuance Commitment.
RESEARCH FINDINGS

The purpose of the study was to determine the extent of impact of HRM practices on Organizational commitment can be explained by differences in Training & development, Compensation and Welfare HRM Practices.

The study found out that HRM practices such as Compensation, Training & development and Employee participation play a significant role on Organization Commitment in Banking sector. While it is found that HRM practices such as Compensation, Job security and Job performance has significant importance on Affective commitment but same HRM policies cannot be set for two different set of identities among private Universities across globe. In academics sector, HRM practices viz. career development and job satisfaction has significant impact on Organization Commitment. In Hospital industry, supportive reward oriented HRM Practices increases employee commitment towards Organization. In contrast to this, Employees from IT software industry are influenced by HRM policies such as Training, Career development and friendly work environment. In high-tech industries, affective commitment has pivotal role. However, the research on blue collar employees in manufacturing industries found that HRM policies such as job satisfaction and pay satisfaction has significant role in achieving organizational commitment. On the other hand, research conducted on Law firms suggested that Employee welfare and process oriented HRM policies might be the path in achieving better organizational commitment.

CONCLUSION

The conclusion builds on previous researches shows that HRM practices such as Training & development, compensation and welfare activities has significant effect on Organizational commitment and are associated with superior organizational performance. Study depicts the result from the various sector viz. Banking, Academics, IT software industry, high tech Innovation Industries, Manufacturing Industries etc. However, it is very difficult to achieve customer-centric strategic management without first achieving employee satisfaction. Also when employees are satisfied, it results to customer satisfaction which ultimately increases the
profitability and goodwill of the firm. Therefore, it is proved in the study, HRM practices have significant impact on Organizational commitment and which is further related to Retention of knowledgeable and skilled Employees.

**RECOMMENDATIONS**

It was found that HRM practices have a significant role on Organizational Commitment of Employees but there need to be improvement in the area like Training & Development, Compensation and Employee welfare. To avoid such gaps, Organization must have to take care of Employees Training & Development, Compensation and Welfare Schemes. Apparently, it has to be on regular interval which not only improve & enhance their skills but increase the productivity of the organization. In an era of cut-throat competition, it is also important to retain resources while offering other benefits like welfare, promotion, skill development, participative approach, two way communications etc.
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