The role of HRM practices on employee’s commitment to organization in private sector Banks of Pakistan. A case study of District Abbottabad

Waqar Ahmad¹, Noor Zaman² & Shoaib Hussain Shah³

¹Corresponding Author
Research Scholar, Department of Management Sciences, Hazara University Mansehra, Pakistan
Email. waqar5552@gmail.com

²Research Scholar, Department of Management Sciences, Hazara University Mansehra, Pakistan
Email. myasir@hu.edu.pk

³Research Scholar, Department of Management Sciences, Hazara University Mansehra, Pakistan
Email. sshah2184@gmail.com

Abstract

The world has become a global village. Every organization needs new innovation to meet the current scenario of the international market. Human resource management practices have a significant role to enhance the employees and organization productivity. Actually the main aim of this study was to know the relationship between the HRM practices and employees’ commitment to the organization in the private sector Banks of Pakistan. A case study of district Abbottbad 30 private banks was taken as a population. From these thirty banks a sample of 120 employees were taken on simple random sampling technique as respondents. The sample frame for this study consisted of employees in private sector banks of Abbottabad. Correlation and regression tests were applied to know the relationship between HRM practices and employees commitment. A positivistic research philosophy was the part of the study.

Lastly this study gives some recommendations on the basis of research conclusion and findings that private banks should adopt HRM practices for employees’ commitment to meet the current competitive environment.

1. INTRODUCTION

Organization (Luthans & Sommers, 2005) explained that in the current situation of the completion in the global market and extreme change in the environment has given utmost priority to the HRM practices. It is significant that for the success of the organization it is need of the day to implement best HRM practices for the
employees’ commitment to the organization. Different researchers also gave the significance of HRM practices for the organization success Harter, Schmidt & Hayes (2002). They have the views that for the effective and efficient management in the organization there is a strong need for implementing HRM practices in a proper way, it will promote the organization repo in the organization itself and also will strengthen the organization knowledge, career development, motivation for employees and long term planning. Huselid (1995) also in the favor of these researchers work that HRM practices gave an organization to mold its employee’s commitment level and their behavior and attitude. On the basis of these researchers views it can be said that HRM practices is the source of creation of an environment where employees and organization can polish themselves for the high level of potential benefit and employees work hard for the accomplishment of the organization goals.

Morrison (1996) explored in his study HRM practices is a process through which an organization manage its HR activities for the relationship of employer and employees for the short and long term. The researchers (Blau, 1964; Gouldner, 1960) mentioned that HRM practices strengthen the relationship between the employees and employer and through these activists a change occur in the behavior and attitude of the employees.

Tansky and Cohen (2001) explored that if the organization give proper opportunities and benefits to the employees than in response employees feel them secure and their commitment level increases with the passage of time. On the other side Eisenberger, Huntington, Hutchison, and Sowa (1986) suggested the when organization acknowledge the effort of the employees’in this way employees commitment level with the organization tend to move at the higher level.

In Pakistan HRM practices area was touched by few researchers in which like (Quresh, Akbar, Khan, Sheikh, & Hijazi, 2010) who explained that there is a strong need for the development of organization through HRM practices like performance appraisal, career development and benefits for the employees. Different researcher explored that research in the field of HRM practices to the development of employees’ commitment to organization is rare.
The study main objective was to explore the relationship between the HRM practices and employees commitment to the organization. This practice was analyzed in the private sectors banks of Hazara Division in Pakistan.

2. Literature Review

Human Resource practices can play a role to remove the turnover intension of the employees from the organization and in this way their commitment to the organization effectively improve (Griffeth & Hom, 1995; Igharia & Greenhaus, 1992). On the other side (Wong, Hui, & Law, 1995) claims in their study the employees who are honest and loyal with the organization they have less intension to leave the organization as compare to those who have less loyalty/commitment with the organization. However, the other researcher also explains that HRM practices (performance appraisal, career development and benefits) these all have a relevancy between employees and the employers (Rousseau & Greller, 1994).

2.1 ORGANIZATIONAL COMMITMENT

There has a lot of work related to HRM practices and organizational commitment has been done by the different scholars so for and they have tested the relationships of HRM practices and organization commitment of employees (Meyer & Allen, 1991; Shore & Wayne, 1993). Researcher have explained three main concepts of organizational commitment: normative commitment, affective commitment, continuance commitment (Meyer & Allen, 1990). Affective commitment is defined as that is strong attachment and involvement of the employees within the organization (Allen & Meyer, 1990). Mowday, Steers and Porter, (1979) argued that it is fully involvement of the employees with a special organization. However the strong believes and feelings of the employees with the organization make him committed to work for the organization. In this way employees started hardworking for the benefit of the organization and he/she want to work for the organization for a long time (Mowday et al., 1982). On the other way continuance commitment is defined as that it is a consistent involvement of the employees with the organization (Becker, 1960). This type of commitment is very fruitful for the organization to sustain his employees for the better productivity.
Kanter (1968) further explained that a commitment of employees mostly attach with the organization on the base of cost or investment an organization use on their employees. This cost may be motivated an employees or become a motivating factor for him to leave the organization. It means that organization investment on the employees has a positive relationship with the organization commitment but it can me negative when it utilization is not in proper direction (Meyer & Allen, 1984). The cost which an organization use to motivate the employees towards the commitment with the organization be consider by the employees valuable for him. However, lack of employment alternatives also increases the perceived costs associated with leaving the organization and therefore increases the continuance commitment of employees to the organization (Allen & Meyer, 1990). Meyer, Paunonen, Gellatly, Goffin, and Jackson (1989) explored that commitment with the organization from the employees side mainly depend upon the intrinsic and extrinsic level of motivation. Different studies have explained that motivation has a strong impact on employees’ commitment with the organization by employees (O’Reilly & Chatman, 1986).

According to Mowday et al., (1982), employees who are committed to an organization tend to strongly believe and accept the organization’s goals and values, exert considerable effort on behalf of the organization and maintain membership in the organization. Thus, organizational commitment not only enhances employee intentions to exert effort on behalf of an organization but also influence employees’ intentions to stay with the organization.

2.3 HRM PRACTICES

Organization which want to achieve a competitive advantage over the other organization than there is a strong need that organization should consider HRM practices a vital process to motivate the employees for commitment with the organization (Wheelen & Hunger, 2013). Edgar and Geare (2005) explain that HRM practices are those which different organization used for the hiring of the people for their organization. They further explored that these practices mostly give long term benefits to the organization for the long term survival. Those organization which mostly practices these HRM practices at the strategic level, they
feel potential benefit for the organization in long run.

Schuler and Jackson (1987) explained HRM practices as that it is a cluster of organizational activities that are useful to manage HRM process for the long term objectives of the organization. HRM practices can be conceptualized as that it is a set of internally consistent policies and practices designed and implemented to ensure that a firm's human capital contribute to the achievement of its business objectives (Delery & Doty 1996). Dittmer (2002) has the views that implementation of the strategic strategies, programs and plan of an organization to motivate most of the individual intrinsically and extrinsically towards the organization, so that way employees will able to make a commitment with the organization for the long. Different other researcher study explain that actually HRM practices are the main factor that make an employees to make a commitment with the organization (Ogilvie, 1986; Meyer & Smith, 2000; Arthur, 1994).

2.3.1 HR practices and organizational commitment:

Obeidat and Abdallah (2014) mentioned in their study that HRM practices play a significant role in the development of organization commitment and transfer of knowledge from one organization to the other. Many studies analyzed organizational commitment and affirm it as the outcome of HRM practices (DeCotiis & Summers, 1987; Mathieu & Zajac, 1990). Delaney and Huselid (1996) also interpreted that different other variables has also identical impact on employees’ commitment to organization like competence, information sharing, recognition, and fair rewards. This study also analyzed by the different researcher in the past (Mathieu & Zajac, 1990; Mowday, & Bouliaian, 1974) which explained that HRM practices is strongly correlated with the employees’ commitment to the organization. (Guzzo and Noonan (1994) judgment regarding HRM practices with employees commitment also explains a significant relationship of these two variables. Researcher (Steers, 1977; Mowday, Steers, & Porter, 1979) interpretation regarding Organizational commitment is that it is a long term the employee’s long-term, intensions, loyalty, linkages and relationship to of the employees to work for a long tie with the organization for the achievements of its strategic goals and objectives. Many studies have found link between HRM practices and OC but they found that it is not
necessary to have a direct link between these two. (Kinicki, Carson, & Bohlander, 1992) have found employee perception of organizational commitment to its HRM practices as a mediator between HRM practices and work attitudes. In another research, Koys (1988) HRM practices are used by the organization for attracting and maintaining their skilled workers and for their fair dealing. On the basis of these studies Meyer and Smith (2000) suggested that it cannot be assume that HRM practices has direct influence on the organizational commitment of the employees. Therefore each HRM practice show actual motive of the organization. Perceptions of employees about these motives in return influence their commitment level for the organization. Smith (2000) suggested that it cannot be assumed that HRM practices have direct influence on the organizational commitment of the employees. Therefore each HRM practice show aim of the organization. Perceptions of employees about these aims in return influence their commitment level for the organization.

Ogilvie (1986) described on the behalf of social exchange theory that HRM practices actually have an index of employees’ commitment to the organization, when organization is sensible to know the organization silence and move to the best options choices for the employees then commitment level of the employee to the organization will increase.

Eisenberger et al., (1986) suggested that reciprocity is important for developing organizational commitment and argued if employees see that their efforts are acknowledged they tend to commit to their organizations. Most of researchers have
studied relationship between OC and single HR practice. According to Ogilvie (1986) single HRM practice such as training or benefits could not affect the commitment level of employees they can work in better way on achieving organizational commitment of employees when they are part of incorporated system.

According to (chang,2005) variety of HRM practices such as training, sharing information, employment security, performance based compensation, employee participation, and ensuring employees’ well-being in combination effect organizational commitment of employees. Most of the studies done in past focus on examining the impact of HRM practices on performance of firm and only some, on attitudes of employees (Arthur, 1994; Batt, 2002; Huselid, 1995). Based on social exchange theory, Ogilvie (1986) proposed that employee’s perceptions of HRM practices reflect a sense of reciprocity and the level of organization’s commitment to the employees when an employee feels that the organization cares about their welfare and recognizes their contributions. Consequently, it leads to the belief that the organization will provide a variety of symbolic and tangible rewards in exchange of their efforts and commitment. Based on social exchange theory, Chang (2005) suggested that HRM practices act as a massager by which employees perceive more support from their organization and as a result of this perception they become more committed to their organization.

HRM practices is really have a concern with the well-being of the employees like their job security, psychological safety, compensation, orientation program and on the other hand performance appraisal, selection, recruitment, training and development, career development these all related to the development of the employees skills (Allen et al., 2003; Arthur, 1994; Delery& Doty, 1996; Huselid, 1995; Pfeffer, 1994).

2.3.2. PERFORMANCE APPRAISAL
Performance appraisal was explained by different research scholars that it is an actual techniques to measures the performance of the employees for the better future of the organization and employees as well (Kavanagh, Benson and Brown, 2007).
Performance appraisal is a mean of judgment about the employees’ level of experience and know about his work, the important of the performance appraisal is to
measure the performance of the employees and through which the overall commitment of the employees toward the organization increased (Enz & Siguaw, 2000).

Borman 1991 explained that a firm profitability mainly contingent with association between performance appraisal and employees compensation and which ultimately lead to employees commitment to the organization (Gerhart and Milkovich 1990).

Right, Gardener and Moynihan (2003) performance appraisal is a part of the HRM practices which keenly observed the employees working ability with respect to his performance on the basis of a time period. Strict performance appraisal system strengthen the performance evaluation process and through which a strong positive gesture occurred between the employer and employees.

**2. 3.3 CAREER DEVELOPMENT**

HR requirements mainly also depend on the strategy through which an employee career development process can be enhanced (William.Werther, & Davis 1996; Wood 1999& Guest 2002) researchers explored that HR process should be according to career development process.

Rehman, Saif, Khan, Nawaz, & ur Rehman, (2013) explore in their research that HRM practices move an employee’s towards organization commitment, career development, organizational change and also make an employee for the better achievement in his career. Talwar (2014) explained that career development process taken place in the organization when employer take an action to secure the employees job and also give employees different opportunities to make their future bright.

Niazi (2014) argue that HRM practices have a lot of effects on the employees’ career development. Better HRM practices give an organization to polish its employees for the better profit an also for their better career development. Researcher has the views that strong commitment of the employees and strong relationship of the organization with the employees are both motivation factors for the career development of the both organization and employees (Blader & Tyler, 2013).

**2.3. 4 BENEFITS**

Lucero and Allen (1994) study explains that benefits from the employer to the employees is a significant thing for the commitment of
the employees to the organization. However, they further explained that the higher the level of benefits the higher will be the level of commitment of the employees with the organization. Benefits has a psychological motive to strong the commitment level of the employees to the organization.

Different organization give different types of opportunities and benefits to their employees, in this sense employees feel these are a liabilities for them and mostly employees want to pay these liabilities in the form commitment with the organization (Tansky & Cohen, 2001). Further the researchers have explored that when the employees efforts within the organization are acknowledge then it will be fruitful for organization, and employees understands that these rewards and benefit from the organization side ensure their work worth and this way employees move ahead for the better productive work for the organization on the behalf of commitment. Landau and Hammer (1986) further explained that additional pay, packages, allowances, bounces also motivate the employees for a commitment with the organization. It explain that all these types of benefits have a positive and significant relationship with the employees’ commitment to the organization.

3. Hypotheses

H1: HRM practices is positively link to organization commitment.

H2: Performance Appraisal is positively link to organization commitment.

H3: Career Development is positively link to organization commitment.

H4: Benefits are positively link to organization commitment.

4. Research Design

The current study was conducted in the private sector banks of district Pakistan. Abbottabad districts private Banks were taken as a case study. In Abbottabad in 30 private banks total 350 employees were working. In these employees 120 work taken as sample. Five point likert scale was used to measure the Responses. A survey method technique was used collect the data from the respondents.

This research is quantitative in nature. This study was conducted in natural environment and cross-sectional approach was used for the collection of the data. Research philosophy for that study is positivistic and realistic in nature. 30 items were included to measure the relationship of the HRM practices and employees...
commitment. A pilot study was conducted to know the internal consistency of the questions. The Croch’s Alpha value remained .85 which is a satisfactory notion for the social sciences subjects.

The (Lim & Ling, 2012) research technique was used to employees commitment to the organization.

5. Discussion

The below table of correlation concluded from the values .67**, .697**, .77**, .71**, .61** expressed that all independent variables have a strong relationship with the dependent. The below table further explains that all independent variables are itself have positive and significant relationship with each other. The table also explains that overall all independents variables (performance appraisal, career development and benefits) brings 71% change in depend variable employees’ commitment.

In the findings of the study it is cleared that most of the private banks wanted to HRM practices on significant way for the benefit of the organization, so that the level of the commitment of the employees also high.

From the demographic variables of the study it is clear that most of the employees in the private sector banks of Abbottabad are new and they want HRM practices strategies for the better merit based policy an also for the benifit of the organization.

Employees are the intellectual capital of the organization, 85% employees expressed their views that HRM practices should be adopted by the organization for the strategic goals achievement by that organization and government should also work for the better career development and benefits of them. It is also 86% of the employees in this bank were young and highly qualified. Their new blood skills and practices were observed it is cleared that organization should do for the better of the organization.

This study findings were matched with researchers (Lim & Ling, 2012; Armstrong, 2001; Fiorito, 2002; Guzzo & Noonan, 1994; Koys; 1988, 1991; Yasmin, 2008).) work in which results of the study explain that there is a strong and positive relationship between the HRM practices and employees’ commitment to organization. The findings f

6. Conclusion

It is cleared from different researcher’s study that most of the organization are not working on HRM practices for the employee
commitment in the organization. In the perspective of the current situation it is necessary that organization should adopt such type of strategies that can meet the level of employees so that they can work for the best of the organization. From the study it is also cleared on the responses of the respondents that HRM practices is a learning process for the organization and through which different innovation in the organization can be brought by the executive/directors of the banks.

From the respondents views it can be concluded that HRM practices strengthen the trust level of the employees with respect to organization and also within the employees themselves.it is also can suggested that employees commitment with the organization have long term benefit for the benefit of the interagency trust between organization, employees and customers.

REFERENCES


Annexure: A

Figure 1: A model for the relationship between HRM practices and Employees’ Commitment to the Organization.

Table 1: Correlation

<table>
<thead>
<tr>
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<th>Performance Appraisal</th>
<th>Career Development</th>
<th>Benefits</th>
<th>HRM Practices</th>
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</thead>
<tbody>
<tr>
<td><strong>Performance Appraisal</strong></td>
<td>Pearson Correlation</td>
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<td>.671**</td>
<td>.697**</td>
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<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td><strong>Career Development</strong></td>
<td>Pearson Correlation</td>
<td>.671**</td>
<td>1</td>
<td>1.000**</td>
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<tr>
<td><strong>Benefits</strong></td>
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<td>1.000**</td>
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<td></td>
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<tr>
<td><strong>HRM Practices</strong></td>
<td>Pearson Correlation</td>
<td>.77**</td>
<td>.61**</td>
<td>.71**</td>
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<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.001</td>
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</table>

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

Table 2: Regression Analysis Model Summary

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<th>Adjusted R Square</th>
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