

Relationship between HRM Practices and Organizational Commitment of Employees: An Empirical Study of Textile Sector in Pakistan

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Abstract *The objective of this study is to examine the relationship between HRM practices and organizational commitment of employees in various sectors in Pakistan. In this era, organizations are striving hard to attract and retain the talented employees to achieve competitive advantage in order to survive in the challenging global market. A survey consisted of 60 employees was conducted. Statistical tool of Pearson correlation and regression is used to investigate the relationship between HRM practices and organizational commitment of employees. The result of this study revealed that HRM practices positively influence the organizational commitment of employees.*

Key words Organizational commitment, HR practices, training and development, performance appraisal, compensation

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1. Introduction

Organizations are facing challenging, rapidly changing and competitive environment in this era due to globalization, advanced technology, rapidly changing customer demands, diverse work force etc. Organizations need to attract and retain talented employees in order to succeed in global market. Huselid (1995) argued that organizations can use HRM practices to shape the attitude and behavior of employees. In this way, management can use HRM practices to motivate the employees in order to accomplish the organizational objectives.

A review of the literature revealed that most of the researchers conducted the research to determine the impact of HRM practices on employee's performance and organizational performance. A research to examine the association between HRM practices and organizational commitment of employees has been considered less important than it deserves (Meyer and Smith, 2000). Human Resources have become a significant factor for the organizations to gain a competitive advantage especially to survive in this era of globalization. Before employees were searching for a better firm but in this era companies are striving hard to attract and retain talented employees.

HRM practices played an important role in increasing the organizational commitment of employees. Human Resource management needs to implement the HR practices effectively in order to align the employee's objectives with organizational objectives.

Due to diversity, globalization and job dissatisfaction, employee's turnover rate is increasing day by day. Organizations need to pay much more attention on HR practices in order to be competitive in this global market. This study is conducted to observe the relationship between HRM practices and organizational commitment of employees. Furthermore it will help the organizations to manage their human resources in an effective way in order to succeed in the global market by gaining the competitive advantage. Organizations can make it possible by increasing the organizational commitment of employees. This research is significant in understanding the importance of HRM practices and its implementation in increasing the organizational commitment of employees. This study further contributed in achieving the organizational goals by retaining the best work force.

1.1. Objectives

1. To explore the relationship between training & development and organizational Commitment of employees.
2. To observe the relationship between compensation and organizational commitment of employees.
3. To prospect the relationship between performance appraisal and organizational commitment of employees.

2. Literature Review

2.1. HRM Practices

A company should implement best practices to enhance the capabilities of human resources that are important for the survival of the organization. Human Resource Management Practices are identified as an important factor in gaining competitive advantage (Obeidat and Abdallah, 2014). Appropriate management of human resources played an important role in the development of employee commitment that helps in attaining organizational goals (Mohyin *et al.*, 2012). A Study conducted by Tiwari and Saxena (2012), indicates that Human Resource Management is much more difficult than technology management. Sial *et al.* (2011) conducted a research on universities and indicate that effective management of HRM practices lead to the development of organizational commitment. Another research conducted on Construction professional services firms indicates that strategic management of human resources foster the organizational commitment of employees (Mohyin *et al.*, 2012). HRM practices can be significant source of employee's satisfaction that lead to lower absenteeism, reduce turnover and increase employee's loyalty to the organizations (Ijigu, 2015).

2.2. Compensation

Compensation made to employees depends on their performance, Knowledge, skills etc. (Lim and Ling, 2012). Compensation is defined as a package comprises of medical compensation, accommodation, travelling benefits, salary and other rewards (Lim and Ling, 2012). A Study conducted by Sial *et al.* (2011) on Pakistan universities to evaluate the impact of HRM practices on organizational commitment stated that Compensation has a significant relationship with employee's commitment and leads to higher performance.

2.3. Training and Development

In this era, organizations are facing tremendous challenges due to globalization. To deal with these challenges, organizations have to invest in human capital to increase their skills and knowledge. Today human Resources have become an important asset for the organizations. Organizations can enhance the performance of employees by providing them effective training that in turn increase the productivity (Vlachos, 2009). Trainer can be internal or external but external trainer can be more effective than internal (Lim and Ling, 2012).

2.4. Performance Appraisal

Performance appraisal can be used by the management to evaluate the performance of employees in order to determine their promotions and rewards and appraisal has become the necessity of the organizations (Lim and Ling, 2012). Organizations are focusing more on performance appraisal to increase the organizational outcomes. A Study conducted by Nasurdin (2008) on 214 employees of Malaysian manufacturing sector determines that performance appraisal has a positive relationship with organizational commitment.

2.5. Organizational commitment

Organizational commitment is defined as the extent to which individuals are involved with the organization (Porter *et al.*, 1974). Organizational commitment increases the loyalty of employees so they can work hard to achieve organizational objectives. Aligned organizational and employees values indicate high commitment (Mowday *et al.*, 1982). Organizational commitment is strong link that is developed

between organizations and employees. High commitment of employees reduces absenteeism and turnover rate and increase performance of employees (Mowday *et al.*, 1982). Organizational commitment increases the work potential of employees. A highly committed employee has: (1) a strong belief in the values of the organization and its goals, (2) a willingness to put effort for the betterment of the organization, and (3) a strong desire to work long term in the organization (Mowday *et al.*, 1982). The consequences of commitment reflect in attitudes and behaviors that lead to long term employment (Horn *et al.*, 1979; Rusbult and Farrell, 1983; Werbel and Gould, 1984), positivity and loyalty (O'Reilly and Caldwell, 1981), involvement (Mowday *et al.*, 1982; Scholl, 1981), and high performance (Angle and Perry, 1981).

2.6. Effect of HRM Practices on Organizational Commitment of employees

Organizational commitment is defined as the willingness of employees to put their effort to achieve the organizational goals by aligning the employees and the organizational objectives (Mowday *et al.*, 1979). In the study conducted by Whitener (2001), performance appraisal, compensation and training development are reflected as important factors in enhancing the organizational commitment of employees. The study conducted by Wright *et al.* (1994) indicates that effective management of HRM practices bring a positive change in the attitude of employees that in turn enhance their commitment towards organization.

2.7. Research Framework

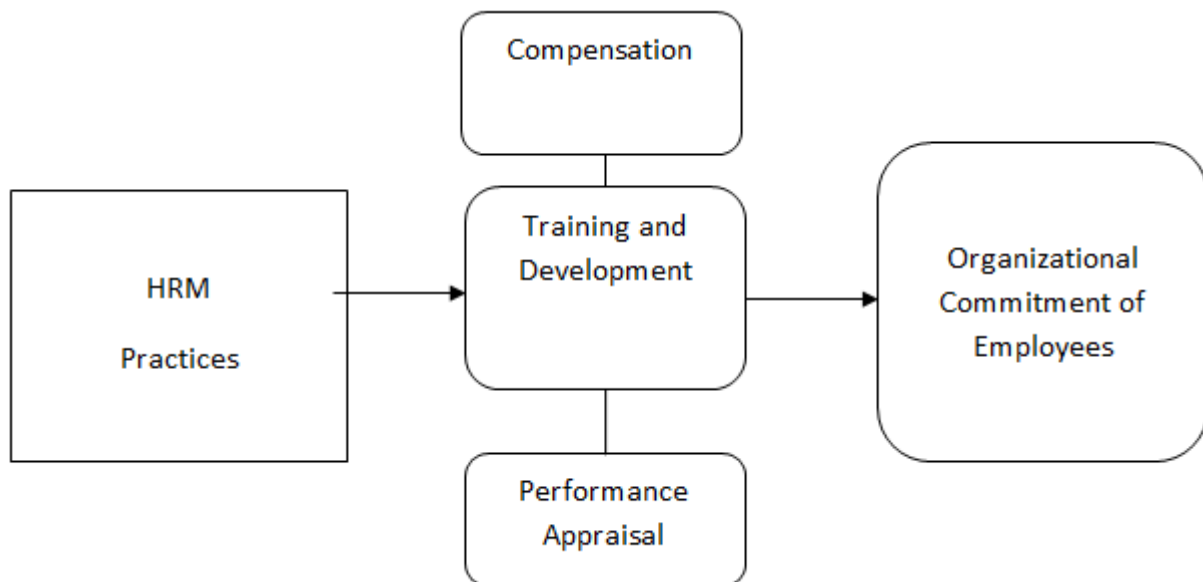


Figure 1. Research framework

3. Methodology of research

3.1. Research Design

A review of literature revealed that organizational commitment researches tend to use quantitative approach. Accordingly, this study adopts a quantitative approach to explore HRM practices that increase organizational commitment.

3.2. Data Collection Instrument and Sampling Technique

A questionnaire is well designed to examine the complex commitment phenomenon in textile industry of Pakistan. This research project involved 50 employees from textile industry of Pakistan to collect in depth complex data for analysis. A questionnaire comprised of three parts: demographic, HRM practices and organizational commitment. All questions were answered on the five points Likert scale ranged from strongly disagree to strongly agree.

3.3. Data Analysis

After the collection of data, descriptive statistics (mean & standard deviation) and regression was applied to determine the association between dependent and independent variables and draw the conclusion.

3.4. Findings and Discussion

Table 1. Descriptive Statistic

| Descriptive Statistics | | | |
|------------------------|--------|----------------|----|
| | Mean | Std. Deviation | N |
| Avg_OC | 4.1339 | .40634 | 61 |
| Avg_C | 4.1639 | .52091 | 61 |
| Avg_PA | 4.0885 | .56512 | 61 |
| Avg_T | 4.3803 | .63214 | 61 |

The descriptive statistics table revealed the level of HRM practices comprised of compensation (Mean: 4.16, S.D : .521), Performance Appraisal (Mean: 4.09, S.D : .565) and Training (Mean: 4.38, S.D : .632) in relation to organizational commitment of employees (Mean: 4.13, S.D: .406). The results indicate that HRM practices of the organizations regarding compensation, Performance Appraisal and Training, heightened the satisfaction level of respondents. The Organizations are implementing the HRM practices effectively. The respondents showed positive attitude towards organizational commitment indicating that employees are attached to the organization emotionally and are not willing to leave the organization. The results of the table indicated that employees are satisfied with the HRM Policies of the Organizations and therefore wants to stay with the organization.

Table 2. Regression Analysis ANOVA

| ANOVA ^b | | | | | | |
|--------------------|------------|----------------|----|-------------|--------|-------------------|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 7.117 | 3 | 2.372 | 48.472 | .000 ^a |
| | Residual | 2.790 | 57 | .049 | | |
| | Total | 9.907 | 60 | | | |

a. Predictors: (Constant), Avg_T, Avg_C, Avg_PA

b. Dependent Variable: Avg_OC

The ANOVA table results revealed that proposed model is statistically significant i.e. the significance value of statistic F is less .05.

Table 3. Regression Analysis Model Summary

| Model Summary ^b | | | | | |
|----------------------------|-------------------|----------|-------------------|----------------------------|---------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | .848 ^a | .718 | .704 | .22123 | 1.850 |

a. Predictors: (Constant), Avg_T, Avg_C, Avg_PA
 b. Dependent Variable: Avg_OC

The result of model summary indicates the value of coefficient of determination (R²) is 0.718 that shows 71% variation in organizational commitment of employees is due to the proposed model. It means

independent variables (compensation, training & development and performance appraisal) contribute positively towards change in the independent variable (organizational commitment of employees).

4. Conclusions

A positive relationship was found between HRM practices (training and development, performance appraisal and compensation) and organizational commitment while examining the regression. The overall results indicate that employees who are satisfied with HRM practices are committed to the organization. Compensation is considered more important variable in fostering the organizational commitment of employees (Sial *et al.*, 2011). The results of the research are consistent with (Mohyin *et al.*, 2012) who revealed that formal and informal training strategies adopted by organizations are helpful to develop committed and professional employees. Further the study revealed that another important factor is Performance Appraisal that has a positive impact on organizational commitment of employees.

4.1. Recommendations

The research based on organizational commitment has strong implications for management and organizations. Effective implementation of HRM practices play an important role in increasing organizational commitment of employees that in turn lead to lower absenteeism and turnover. This research is an important contribution to the existing literature as the research lacks in examining the HRM practices linked to organizational commitment of employees particularly in textile industry of Pakistan. Moreover, this study helps to understand the nature of HRM practices in textile sector of Pakistan.

4.2. Limitations

This research is based on a cross sectional study i.e. employees were assessed one time whereas further research can be done based on a longitudinal study. For this research, small number of respondents has been selected. Statistical significance would be increased with large sample size. This study is limited to textile industry and considered few HRM practices (training and development, performance appraisal and compensation). Therefore, further research can be conducted by selecting more HRM practices and can be extended to other sectors and cities. The data is collected through questionnaire whereas future research can be conducted by collecting data through multiple sources and methods i.e. Internet, interviews, company data and records etc.

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