

## Employee Performance and Their Organizational Commitment In Relation To HRM Practices: A Literature Review

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**Abstract:** In today's competitive and rapidly changing business world, organizations especially in the service industry need to ensure maximum utilization of their resources to their own advantage; a necessity for organizational survival. This has increased the need for organizations to not only improve the way they deliver services but also to examine their practices, organization mission and goals, performance objectives and performance measures. Human resource management practices has the ability to create organizations that are more intelligent, flexible and competent than their rivals through the application of policies and practices that concentrate on recruiting, selecting, training skilled employees and directing their best efforts to cooperate within the resource bundle of the organization. The paper examines previous literature through secondary sources in different organizations.

**Keywords:** - Human Resource Management Practices, Organizational Commitment, Employee Performance, Organizations.

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### I. Introduction

Human Resource Management Practices can be defined as a set of organizational activities that aims at managing a pool of human capital and ensuring that this capital is employed towards the achievement of organizational objectives (Wright and Boswell, 2002). The adoption of certain bundles of human resource management practices has the ability to positively influence organization performance by creating powerful connections or to detract from performance when certain combinations of practices are inadvertently placed in the mix (Wagar and Rondeau, 2006). Organizational commitment is generally viewed as the level of attachment felt by an employee towards the organization in which he is employed (Bartlett, 2001). Later, Meyer and Allen (1991) defined organizational commitment as 'a psychological state that characterizes the employee's relationship with the organization and has implications for the decision to continue or discontinue membership in the organization'. HRM practices and policies have been suggested as influencing factors to increase OC (Organizational commitment) among employees (Ogilvie, 1986; Meyer & Smith, 2000; Arthur, 1994). 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. Hence HRM practices are proposed as a practical approach to develop employee commitment and found significant positive relationship between HRM practices and OC.

### II. Objectives of the Study

The present study aims in reviewing the available literature in context of Human Resource Management Practices and Organizational Commitment in different organizations.

### III. Methodology

Present study is based on use of secondary data from published sources. The secondary data sources include articles published in journals, magazines, books, doctoral thesis etc.

### IV. Review of Literature

Extensive literatures are available on the study of Human Resource Management Practices and Organizational Commitment. A review of the available literature is conducted to identify the development in the

field of HRM practices and Organizational Commitment. The literature review on HRM practices is extensive and includes practices such as recruitment, selection, training, performance appraisal, compensation, career management, employee engagement, work-life balance, supervisory support, job design, rewards and recognition and many more that are still structured and controlled by human resource department. This paper discuss about various studies conducted on Human Resource Management practices and organizational commitment in various organizations.

Yanqing et al. (2017) made a study to empirically examine the direct relationship between human resource management (HRM) practices and small and medium-sized enterprise (SME) performance in the United Kingdom, as well as the potential moderating effect of organizational commitment/job satisfaction on the HRM-performance linkage. They find a positive and direct relationship between the use of certain formalized human resource (HR) practices and SME performance, measured by financial performance and labor productivity. Rao & Singh (2017) conducted a study which aims to examine the role of human resource (HR) practices and learning-oriented culture to influence organizational human capital through knowledge management (KM) processes. Their study discusses the role of HR practices and learning-oriented culture to affect KM process and shows that the proposed relationship has the potential to positively influence organizational human capital. Mengyuan et al. (2017) developed and tested a multi-level model of the impact of high-commitment human resource (HR) practices on PCSP in the hospitality industry to explore the organizational antecedents of proactive customer service performance (PCSP). By adopting and effectively implementing high-commitment HR practices, service employees would become confident in performing their tasks, perceive high levels of support from the organization, and feel passionate in doing their tasks, which in turn leads to high levels of PCSP. Hence, to improve service employees' PCSP, hotel managers should consider adopting and effectively implementing high- commitment HR practices. Mohammad et al. (2017) examined the roles of emerging human resource management (HRM) plays in enhancing employee commitment to the organization from the perspective of social exchange theory (SET). Using structural equation analysis, the results indicated a significant and positive influence of the roles of emerging HRM, namely, procedural justice, organizational communication, empowerment, employee development and participation as determinants of employee commitment to the organization. Their findings shows that organizations and their top management should have interest in, and nourish, a supportive HRM environment, and must provide a strong priority to HRM through which they will demonstrate their commitment to open communication, empowerment, participation, investment in employee development and a just environment to get employee commitment in a long-lasting, high quality commitment-focused relationship. Delery & Gupta (2016) conducted a research study in a large sample of US Motors carriers to test alternative conceptualization of the relationship between system of Human Resource Management practices and Organizational Effectiveness. The HRM practices include Staffing, Training, Appraisal, Compensation and Participation. The Workforce Characteristics include Ability, Motivation and Opportunity where as Performance include Productivity, Quality and Effectiveness. Their study shows that components of HRM system interact in a complex manner to predict financial performance. Their results suggest competitive advantage can be obtained through investments in human capital or through other strategies. Wahidha et al. (2016) conducted a study to examine the impact of HRM practices on job satisfaction and organizational performance in BPO organizations in Tiruchirappalli. The findings of the research show that there is a positive relationship between HRM practices and, job satisfaction and organization performance. Sunitha & Arunadevi (2016) conducted a study which aims to measure the perception of school teachers on HRD Climate and Organizational Effectiveness in Coimbatore city. 233 Teachers working in corporation and private matriculation higher secondary schools were the target respondents. The findings showed that there is no significant difference in the perception of corporation and private school teachers on HRD Climate and organizational effectiveness with varying educational background, different years of experience and various income levels. Khatri & Gupta (2015) conducted research on human resource practices and organizational commitment. The variables of the study include hiring and selection, career management, learning and development, performance evaluation, management policies, grievance handling and organizational commitment. According to them HR practices have a positive impact on the organizational commitment of employees in the retail sector. Bruno et al. (2015) throw a light on to increase the understanding of the influence of high performance work systems upon job satisfaction organizational commitment and intention to quit. They concluded in their study that Organizations wishing to retain their skilled employees have strong incentives to implement practices related to the skills enhancing dimension. Mufeed & Gulzar (2015) made a study which aims at exploring the impact of human resource management practices on organizational performance in Jammu and Kashmir on State Bank of India. They concluded that the results of the study confirm positive relationship HRM practices that indicate the level of satisfaction of employees towards HRM practices as hypothesized with varying degree of correlation. Trehan and Setia (2014) in their research entitled :Human Resource Management Practices and Organizational Performance: An Indian Perspective| give a better understanding of the role of human resource practices in creating and sustaining organizational performance,

specifically in the Indian context. They found highly positive relationship between human resource practices and organizational performance.

Mallick et al. (2014) conducted study on organizational citizenship behavior, job performance and HR practices: a relation approach. The study concluded that the interaction effect of OCB and HR practices found to have an inverse effect on the relationship between OCB job performance which implies that the increase in HR practices will weaken the relationship between OCB and job performance and vice versa. Sheehan (2014) examines human resource management (HRM) practices in small and medium-sized enterprises (SMEs). Her study show that investment in the selected human resource practices has significant positive effects on performance. Since these relationships were maintained over time, human resource investment appears to be a key input for sustained competitive advantage in SMEs. Maina (2014) study to investigate the effects of HRM practice that influence employee retention in Kenyatta University, Kenya. Their study also found that employees training influence employees retention at Kenyatta University to a great extent. Training has a direct relationship with employee retention. The study also concludes that employee's recruitment and employees' retention at Kenyatta University correlate positively.

Su et al. (2013) found that both training and pay for performance had no significant relationship with employee affective commitment in the Australian public sector. Ang et al. (2013) found that Employee perceived high-performance work systems had a positive significant impact on affective commitment. Furthermore, both job satisfaction and employee engagement partially mediated this relationship.

Paul et al. (2013) revealed the use of HRM practices by multinational companies (MNCs) reflect their national origins or are practices similar regardless of context. Results suggest that MNCs configure their HRM practices in response to all three forces rather than to some uniform global best practices or to their national institutional contexts. Rafael et al. (2013) examine the moderator role of hierarchical distance (HD) in the relationship between human resources management (HRM) practices and organizational performance (OP, perceived/financial). The findings of their study suggest that there is no one unique and universal HRM system. In this sense, HRM practices should be connected and related to the business strategy in a coherent manner in order to achieve better business results. In a study of employees and managers in a regional Australian hospital. Ang et al. (2013) found that high-performance work systems had a significant positive relationship with job satisfaction. García-Chas et al. (2013) found that high-performance work systems had a significant positive relationship with the job satisfaction of engineers in Spain. In a study of local government workers in the UK, Gould-Williams et al. (2013) found that high commitment HR practices were positively associated with job satisfaction. Narang & Singh (2012) examine the role of perceived organizational support as a mediator in the relationship between human resources practices and organizational trust which indicates that perceived organizational support significantly but partially mediates the relationship between human resource practices and trust in the organization. They concluded that their study also contributes to the general theme of HRM firm performance because POS and organizational trust are possibly significant intermediate variables. Mukhtar et al. (2012) found that training and development, empowerment and recognition had significant positive relationships with the organizational commitment of employees of non-government organizations in Pakistan.

Gardner et al. (2011) found in their study of employees in the United States that formal performance evaluations, merit pay, bonuses, promotion opportunities, complaint processes, cross-department and company communication, and formal participation programs had a significant positive relationship with employee affective commitment.

In the study conducted by Nayaab et al (2011), it has been found that HRM practices contribute to the enhanced banks performance. Further, the result indicated that HRM practices like training, employee participation in decision making was found significantly related with banks performance. Soomro et al. (2011), it has been found that HRM practices (training, selection, career planning, employee participation, job definition, compensation, performance appraisal) were correlated positively with the employee performance. Messersmith et al. (2011) found in their study of Welsh public sector employees that high-performance HR practices had a significant positive relationship with employee organizational commitment. They also found that organizational commitment mediated the relationship between high performance HR practices and OCBs. Mendelson et al. (2011) examined the effects of high involvement work systems on the attitudes of employees in Canada. Using structural equation modelling, they found that high involvement work systems had significant positive effects on job satisfaction.

Narang & Singh (2010) conducted study on Human Resource Practices in Indian organizations which makes an attempt towards the adoption of selected HR practices in the selected Indian organizations. Their study is also focusing on the establishment of relationship between perception of employees and adoption of HR practices. The results of the study shows that HR practices like Selection and Staffing, Training and Development and Performance Appraisal has to be paid higher attention for improving employee competencies. Boselie (2010) examined the impact of high-performance work practices on the commitment of 157 employees in a Dutch general hospital. Using regression analyses, he found that skills training, general training, and

coaching had significant positive effects on employee commitment levels. Katou & Budhwar (2010) found in their study of 178 manufacturing organizations in Greece that job evaluation, compensation, promotion, incentives, and benefits had significant positive effects on employee commitment. Gould & Gatenby (2010) found that performance related reward schemes, training and development, and performance appraisals had significant positive effects on the commitment and job satisfaction of local government workers in the UK. Singh. et al. (2008) conducted a study to examine the impact of Human resource policies and practices on organizational performance. This study reveals that empowering people through extensive information sharing, job rotation, and multi-tasking and decentralizing decision making powers is more likely to help improve the various dimensions of performance, and thus organization can take initiative to introduce best human resource practices for enhancing organizational performance. Empowerment and Meritocracy also emerged as significant predictors of overall performance. Chew & Chan (2008) made an attempt to examine the impact of key Human Resource Practices on Organizational Commitment and Intention to stay. The results of the study shows that organizational commitment and intention to stay are significantly related to Person-organization fit. And also there is a relationship of remuneration and recognition with organization commitment and intention to stay. Ileana & Simmons (2008) found in their study of UK workers that job autonomy, employee involvement, training and learning, and supervision had significant relationships with job satisfaction.

Macky & Boxall (2007) examined the relationship between high-performance work system practices and the attitudes of employees in New Zealand. They found that high-performance work system practices had significant positive relationships with job satisfaction. Schmidt (2007) found a significant positive relationship between training satisfaction and overall job satisfaction of 301 customer and technical service employees in the United States and Canada.

Smeenk et al. (2006) examined the effects of HRM practices on the commitment of Dutch university employees. They found that HRM practices had significant effects on organizational commitment and that different configurations of HRM practices are appropriate for organizations with dissimilar identities. According to Karia & Asaari, (2006) training and education have a significant positive effect on job involvement, job satisfaction, and organizational commitment. Chang (2005) argued that employee organizational commitment was increased because the commitment HRM practices send messages to employees about the organization's commitment to them, which in turn makes the employees more committed to their organizations.

Kinnie et al. (2005) found in their study of UK employees that employee satisfaction with different combinations of HRM practices had significant relationships with employee commitment levels. Maheshwari et al. (2005) conducted a study to find out the commitment of health officials and its implications for HR practices in Maharashtra. The study also suggests that investing in development of multiple strategies for the growth and career development of health professionals is required.

Gould-Williams (2004) examined the impact of high commitment HRM practices on the attitudes of 206 local government employees in the UK. He found that training, team working, involvement in decision making, interpersonal relationships between peers, and interpersonal relationships between workers and supervisors had significant positive effects on worker commitment. He also found that reduced status and communication had significant negative effects on commitment. Paul and Anantharaman (2004) studied the effect of HRM practices on organizational commitment of 370 software engineers in India. Using regression analyses, they found that employee-friendly work environment, career development, development-oriented appraisal, and comprehensive training had significant positive effects on organizational commitment.

Rondeau & Wager (2001) examined the relationship between HRM practices, workplace climate and perceptions of organizational performance, in a large sample of Canadian nursing homes and found that nursing homes, which had implemented more 'progressive' HRM practices and which reported a workplace climate that strongly valued employee participation, empowerment and accountability tended to be perceived to generally perform better on a number of valued organizational outcomes. It is important to note that career development practices were found to be the best predictor of affective and normative commitment (Meyer & Smith, 2000). HR practices have significantly impacted on employee commitment to their organizations

Huselid (1995) conducted a study to evaluate the link between systems of High Performance work practices and firm performance and found that these practices have a statistically significant impact on intermediate employee outcomes (turnover and productivity) and short and long term measures of corporate financial performance.

Arthur (1994) reported that organizations with "commitment" human resource systems, emphasizing the development of employee commitment, had higher productivity measured with lower scrap rates and lower employee turnover than firms with "control" systems, emphasizing efficiency and the reduction of costs, when he collected data from 30 steel mills.

Eisenberger et al., (1986) suggested the importance of reciprocity for developing organizational commitment and argued that employees tend to commit to their organizations if they see that their efforts are

acknowledged and reciprocated. Ogilvie (1986) suggested that commitment levels could not be changed by a single HRM practice such as a training program or a new benefit program. HRM practices can best influence commitment levels when they are a part of a systematic program.

## V. Conclusion

The commitment of any organizations and firms is to achieve the higher productivity whereby the employees as functioning organizational system. The idea that motivated and committed workers are the essential condition for accomplishing the organizational goal. The human resource management practices have to be addressed in this position, in order to examine the behavior and performance of the employees. This literature review focusing that the certain human resource management practices create the favorable approach towards the job satisfaction and employee performance which will be explicated reversely on the organizational commitment. Strong evidence exists in literature about different HRM practices and organizational commitment. Researcher found positive relationship between HRM practices namely effective recruitment and selection, training and development, compensation and reward, performance appraisal, employee relation with firm performance. Review of literature indicated that essential HR practices heavily researched as career management, training and development, recruitment and selection, performance appraisal, compensation, supervisory control, employee participation, rewards and recognition, job design and employee engagement. This paper will guide the researcher and practitioner in formulating new practices for organizations and will open a new way towards development and implementation of human resource management practices in various organizations.

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