Human Resource Management Practices and Organizational Commitment in Different Organizations

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Human Resource Management (HRM) involves all management decision and practices that directly affects the people, or human resources, who work for the organization. The present study explored and compared various HRM practices in two different organizations—consultancy/research based organization and fashion industry. The present study also aimed at assessing how much of commitment in the two industries can be attributed to HRM practices. 45 participants each were randomly selected from the two organizations. HRM practices were measured by Geringer, Frayne and Milliman scale, while organizational commitment was measured by Meyer and Allen scale. Data were analyzed by t-test and multiple regressions. HRM practices were found significantly different in two organizations and mean scores on various HRM practices were found more in the fashion organization. Regression result showed that various HRM practices were significantly predicting organizational commitment in two organizations and also when they were combined. Performance appraisal and 'attitudes towards HRM department' were the significant predictors of organizational commitment in the both the organizations.

The world economic order is changing rapidly. Evolutionary changes are taking place at revolutionary speed, largely pushed by strong external forces, arising out of a desire to increasing competitiveness and efficiency (Geringer et al., 2002). The recent liberalization and bold economic reforms pronounced by the government has thrown up many challenges and opportunities to the industry with the explosion in the information technology, increased global competition, rapidly changing market deregulation etc. Not surprising, therefore, the HRM concepts and practices being created and carried out today are also increasingly different from those of the past. Like many other themes HRM is also American concept but is no longer confined to the American society.

Human resource Management (HRM) involves all management decision and practices that directly affects or influence the people, or human resources, who work for the organization. Human resources are significant strategic levers and the sources of sustained competitive advantage. Therefore, HRM practices should be central to the organizational strategy (Barney, 1991, 1995). Lado and Wilson (1994) suggested that HRM practices can contribute to sustained competitive advantage through facilitating the development of competencies that are firm specific, produce complex social relationships

and generate organizational knowledge. Keenoy (1999) compares HRM with a hologram— As with a hologram, HRM changes its appearance as we move around its image. Each shift of stance reveals another facet, a darker depth, a different contour. As a fluid entity of apparently multiple identities and forms, it is not surprising that every time we look at it, it is slightly different.

There are multiple of interpretations of HRM, some in the shape of formal models. The two most influential are the Harvard and Michigan models from the 1980s. More recently, 'best practice' approaches have featured of which the most significant have been by Pfeffer (1998), Ulrich(1997) and recently Geringer et al. (2002) . They argued in a series of books that the greatest competitive advantage is to be obtained from people rather than technology. They contend that investment in technology is not enough, because that technology is (or soon will be) available to competitors. The more complex the technology - the more it requires people skills anyway. Instead, we need that variant of HRM described as "high-performance management" in US or 'high-commitment management' elsewhere.

HRM as a function of management has come a long way. The traditional version of HRM, Personnel management (PM) is a concept that can be conveniently related to the old model of organization, is bureaucratic in nature, with less flexibility, and higher degree of centralization and formalization, i.e., adherence to rules and regulation. HRM, on the other hand, is compatible with the organic design of new organization. Such organizations have cross-functional and cross hierarchical teams. They are decentralized and flexible, with low formalization and somewhat looser control. The new look HRM focuses more on commitment than on mere compliance. With the high costs involved in employee selection and recruitment, companies are increasingly concerned with retaining employees. Generating employee commitment is an important consideration for large and small organizations. Commitment is one of the factors of HRM policy for an effective organization. Many major reviews of commitment theory and research are available (Mathieu & Zajac, 1990; Meyer & Allen, 1991, Meyer & Herscovitch, 2001). Meyer and Allen (1991, 1997) compiled a list of definitions and analyzed the similarities and differences. The similarities served as the basis for a definition of what they considered the "core essence" of commitment: "Commitment is a force that binds an individual to a course of action that is of relevance to a particular target".

Meyer and Allen (1997) proposed a three-component model of organizational commitment – affective, continuance, and normative commitment. This model has been subjected to the greatest empirical scrutiny and has arguably received the greatest support. (Meyer & Allen, 1997; Meyer, Stanley, Herscovitz & Topolnyutsky, 2002,). Affective commitment describes an alignment that employees feel between their organization and their personal value systems and desires. The continuous commitment refers to a state whereby employees are bound to their organization to the extent they "have to be" due to the benefits associated with staying versus the personal costs associated with leaving. Finally, the normative component refers to commitment based on a moral belief or obligation that "it is the right and moral thing" to remain with the organization. Each type of commitment ties the individual to the organization in different ways and will differently affect the manner in which the employee conducts him/herself in the workplace (Meyer et al., 2002).

It has been found that three dimensions of commitment are related significantly to many work-related outcomes. According to Allen & Meyer (1996) it is only affective and normative

commitment, which is found to be positively related with job performance and organization citizenship behavior (Organ & Ryan, 1995) and negatively correlated with W-F and F-W conflicts (Casper et al.,2002). On the other hand, continuance commitment is negatively related with performance and other work-related outcomes (Meyer & Allen, 1997).

Rationale of the Present Work:

Commitment is one of the original 4-Cs (Commitment, Congruence, Competence, Cost effectiveness) in the influential Harvard model of HRM (Beer et al., 1984). It is regarded as an immediate and, perhaps, the most critical outcome of human resource strategy. In this model, employees' commitment is seen as the key factor in achieving competitive performance. For Hendry (1995) commitment 'implies an enhancement of the individual and his or her skills, and not simply what this can deliver to the organization'.

Committed orientations would restore expression, emotion and sensitivity to the cold reality of rational-technical organizations (Pondy, Frost, Morgan & Dandridge, 1983). Post globalization and post liberalization witnessed the emergence of very different kinds of organization such as big shopping malls, multiplexes, IT, ITes , BPO/Call Centres, international fast food chains etc in India. These service organizations are the face of new India. The existing Indian literature on industry specific HRM practices and policies is fragmented and there are chances that HRM practices would vary sector wise. HRM policies and practices in BPO/ call centre, IT/ITes, hospitality industry, fashion industry etc would be very different from that of traditional organization and would differently affect organizational commitment. Therefore, the present study is a modest attempt to study HRM practices and commitment in two different organizations – a consultancy and research based firm and a fashion house.

Objectives:

1)   As mentioned earlier, HRM practices would vary across industries, therefore, an attempt has been made to assess and compare HRM practices in two different organizations (a consultancy/research based organization and a fashion house).

2)   Organizational commitment is largely influenced by organizational policies/practices and organization's seriousness towards its employees. Therefore, how three dimensions of organizational commitment differ from each other in two above-mentioned organizations is the second issue, which is being explored.

3)   Employees' commitment is an important goal of HRM. Therefore, how various HRM policies/practices influence commitment in different organization is the third agenda of the present work.

Method

Sample:

Data were collected from two organizations—a consultancy and research based organization (CMR) and a fashion house (Fashion International Pvt. Ltd) situated in NCR of Delhi. 45 persons each participated in the study thus making the total sample size 90. Scientists from CMR and junior level designers of Fashion International House comprise the sample. Efforts were made to control the age, experience and other demographical variables.

Tools:

Geringer et al. (2002) scale on Human Resource Management Practice was used to measure Human Resource Management Practice. There are 75 items in the scale. The scale measures HRM practices in terms of attitude towards HR department, hiring practices, training and development practices, performance appraisal practices, pay practices, and overall assessment.

Meyer and Allen (1997) scale was used to measure organizational commitment. There

are 18 items in the scale, 6 each for affective, continuance and normative commitment. Reliability coefficient for them was 0.79, 0.83, and 0.83 respectively.

Results

The obtained data were analyzed with the help of t-test and multiple regression analysis. t- test was used to compare different variables in two organizations and multiple regression was applied to ascertain how much of organizational commitment is influenced by different HRM practices in two organization and also as a whole.

Table-1: Descriptive statistics and t-ratio for different variables in two organizations.

Dimensions	Group	Mean	S. D	t- Value
Attitude towards HRM Deptt.	Org1 #	29.54	8.69	3.02**
	Org2	34.51	4.40	
Hiring Practices	Org1	29.40	8.43	4.11**
	Org2	35.89	4.04	
Training & Development	Org1	30.97	10.43	1.22
	Org2	33.43	5.78	
Performance Appraisal	Org1	32.29	10.52	2.46*
	Org2	37.46	6.62	
Pay Practices	Org1	19.60	7.48	8.83**
	Org2	32.57	4.43	
Overall HRM Practices	Org1	141.80	41.00	4.27**
	Org2	173.86	17.42	
Affective Commitment	Org1	19.06	3.28	1.12
	Org2	18.34	1.88	
Continuous Commitment	Org1	17.34	2.06	1.7
	Org2	18.14	1.88	
Normative Commitment	Org1	19.31	2.35	0.00
	Org2	19.31	2.46	
Total Commitment	Org1	55.23	6.26	0.06
	Org2	55.31	5.00	

Org 1 is the consultancy and research based organization and Org 2 is fashion house.

** Significant ay 0.01 level * Significant at 0.05 level

Table 1 indicates that the two organizations differ significantly on the attitudes towards HRM Department, hiring practices, performance appraisal and pay practices and on the composite score of HRM. The mean scores of the second organization (fashion house) were higher in comparison to the first organization on all the dimensions of HRM, which indicates that the HRM practices were perceived better in the second organization as compared to the

first organization. However, no significant difference was obtained for organizational commitment and its various dimensions in the two organizations.

Table-2: Multiple Regression for Organizational Commitment as a function of various HRM practices in two organizations individually and combined.

	Org 1	Org 2	Org 1&2 combined
Multiple R	0.53	0.41	0.35
R- Square	0.28	0.17	0.12
Adjusted R- Square	0.26	0.14	0.11
Std. Error of the Estimate	5.39	4.64	5.32
F- Value	12.84**	6.58**	9.18**

** Significant ay 0.01 level

It is clear from table-2 that the Multiple Correlations ranged from 0.35 to 0.53, indicating that the various dimensions of HRM practices and organizational commitment were highly correlated to each other. Adjusted R square measures give us an idea about how much of criterion variable could be explained by predictor variables. In the present case, we have values ranging from 0.11 to 0.26, implying that 26% of the variance in organizational commitment in the first organization can be attributed to various HRM practices and just 14% in the second organization. All the values of Adjusted R- Square were significant as indicated by the F-Values. To make things more clear, i.e., to know which HRM practices were more important than others in influencing organizational commitment, we need to focus on Beta values, presented in Table 3.

Table-3: Beta Values for two organizations individually and combined.

Dimensions of HRM Practices	Org 1	Org 2	Org1& Org 2 combined
Performance appraisal	0.53**	-0.10	0.35**
Attitude towards HRM Deptt.	-0.19	0.41**	0.15
Hiring practices	-0.25	0.09	-0.07
Training and Development	-0.22	0.09	0.03
Pay practice	0.11	0.10	0.08

The Beta Table reveals that performance appraisal dimension of HRM practices emerged as the significant predictor of commitment in the first organization while attitude towards HRM department   for the second organization. In the overall analysis, only performance appraisal was the significant predictor of organizational commitment.

Discussion

The present study was planned to compare various HRM practices and organizational commitment in two organizations and how much of commitment can be explained by HRM practices in two organizations individually and as a whole for both.

Table 1 clearly shows that two organizations differ significantly on the various dimensions of HRM and also on total HRM except training and development. The mean scores of the second organization (fashion house) were higher in comparison to the first organization on all the dimensions of HRM but training and development, which indicates that the HRM practices were perceived better in the second organization as compared to the first organization. We are aware that HRM practices differ from organization to organization due to both internal as well as external factors. External drivers could be globalization, market

oriented economy, re-structuring, Govt. policies etc. Globalization has made market very competitive and mergers, acquisition, take over etc are the order of the day. Internal pulls and push makes things even worse. For example- in the joint ventures, there would be pressures from the partners that may influence the organization in different ways (Shanker & Sheria, 1987). The existing Indian literature on industry specific HRM practices and policies is fragmented. Still there are chances that HRM practices would vary sector wise. In IT, ITes, fashion industry etc, the patterns of HRM practices would be very different from the traditional manufacturing organization. Generally, the academic achievements and background needed to get a job in these sectors are more specific as compared to some other industry. Due to the tight labour market and the rapid growth of these sectors, the salary structure and other benefits are much higher. Different mechanisms such as profit sharing schemes, share-option schemes, company housing, company cars etc are being offered to retain employees in such sectors (Budhwar & Sparrow, 1998). The fashion industry is one of the flourishing sectors in India and HR managers have always to be innovative and proactive to remain competitive and to control attrition. Therefore, they have to make extra efforts to ensure that HR practices such as hiring, performance appraisal, pay practices and the overall image of HR department are world class and employees are satisfied with all these initiatives as compared to traditional research based organization.

Table 1 also depicted that organizational commitment and its three dimensions were not significantly different from each other in the two organizations. The possible range of score for each of the commitment dimension would be 0-30 and in the present research, the obtained mean values were above average in both the organization. Organizational commitment refers to a force that binds an individual to a course of action that is of relevance to a particular target. Commitment could manifest in terms of three ways i.e., affective, normative and continuance and each type of commitment ties the individual to the organization in different ways and will differently affect the manner in which the employee conducts him/herself in the workplace (Meyer et al., 2002). The roots of affective commitment can be traced to exchange principle. An organization provides rewards or punishment at its disposal in return for the contribution employees make or fail to make and employees show commitment or lack of it in return of these rewards and punishment (Meyer & Allen, 1997). It is widely believed that anything that increases the cost associated with leaving the organization can lead to the development of continuance commitment. Literature suggests eight variables as determinants of continuance commitment—self-investment, general training, social support (supervisory, co-worker, spouse, parents, and friends) and opportunity (Meyer & Allen, 1991). Meyer & Allen (1991) suggested that socialization and exchange play important role in the development of normative commitment. The present findings suggest that the factors responsible for the development of different forms of commitment were of similar kind in the two organizations, hence the result.

The present study also proposed to explore how much of commitment could be attributed to various HRM practices in the two organizations and as a whole. Tables 2- 3 (Multiple regression analysis) showed this. In all the three cases, as shown by adjusted R-square, HRM practices were significantly predicting organizational commitment. Organizational commitment is the backbone of the modern HRM philosophy. A number of human resource experts (Beer et al., 1984, 1985; Guest, 1997) focus on organizational commitment and found ample support for their assumptions. Three reasons are generally

given for this focus. First assumption is that the more committed employees are to the organization, the more motivated they would be and more willing to work 'above and beyond contract.' Second, these approaches presume that committed employees feel greater responsibility, reducing the manager's need to monitor and supervise. Third, committed employees are expected to be less likely to leave the organization, resulting in the reduction of recruitment and selection expenditures. Result of the present study also strengthen the belief that HRM practice can contribute significantly to organizational commitment. Performance appraisal has emerged as the significant predictor of organizational commitment in the first organization (Consultancy and research based organization) and as a whole. Performance appraisal has both administrative and individual development focus and organization's sincerity towards performance appraisal goes a long way in developing commitment and trust among people. In the second organization (Fashion house), 'Overall attitude towards HRM department' was the significant predictor of organizational commitment. This aspect of HRM practice refers to how people see their HRM department, with respect, with disdain, with in-difference and so on. It refers to the fact that the acceptance of various HRM practices depend largely on the overall image of the HR department. In fluid industry like fashion, the HR department is not formally structured, as it is in other industries, therefore in order to reap the results, they have to be credible. The present result also highlights the same fact.

Conclusion

HRM refers to the overall philosophy about the organization and how people should be managed and is not merely limited to certain specific functions. HRM focuses on congruence and commitment instead of compliance and control. In the present day turbulent reality, there is a need to develop industry specific HRM policy and practices to remain competitive and to develop committed workforce.

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