

Hrm Practices towards the Attainment of Organizational Commitment and Employee Retention

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ABSTRACT

Globalization has not only helped the organizations to look for proficient employees but also to retain the expert, talented and accomplished employees. Consequently, the role of HR practices in fostering employees' engagement, organizational practices in retaining employees and employees' commitment is paramount. The main purpose of this research is to investigate the HRM practises on organisational commitment and retention of employee in the organisation. Employees with high levels of job satisfaction will show lower absenteeism and low levels of turnover rate. HRM practices, help in career development opportunities and hence provide better job opportunities. This study recommends that each organisation has to ensure high levels of job satisfaction, better rapport among employees, growth opportunities and it leads to enhanced organizational commitment. For attaining this goal, organisation should emphasize more on HRM practices.

Key words: HRM practises, employee retention, employee commitment, HR activities.

I. INTRODUCTION

Human resource management (HRM) is the strategic and coherent approach to the management of an organization's most valued assets - the people working there who individually and collectively contribute to the achievement of the objectives of the business. Human Resource management is evolving rapidly. Human resource management is both an academic theory and a business practice that addresses the theoretical and practical techniques of managing a workforce. Human resources have become the key source of competitive advantage for the organizations that strive in challenging environments. In order to retain and satisfy their employees, organizations should design their human resource functions and practices consistent with the expectations of their

employees. In this sense, organizational commitment of employees has become very important for especially retaining employees in the organization. Human resource managers can increase the organizational commitment levels of their employees and retain them in the organization by designing HR functions and practices according to employee expectations and by that way employees can feel that they are the most important assets of the organizations.

RELEVANCE OF STUDY

The relevance of this study is to investigate whether there is any relationship between HRM practices and organizational commitment of employees; and employee retention. In today's modern world an organisation has to make a plan about the strategies to retain the competent employees. Human resource management correlated positively with employee job satisfaction and organizational commitment. HRM practises made significant individual contributions to the prediction of organizational commitment. In India, there is no published literature that describes the effect of HRM practices upon employee commitment as it broadly fails to correlate whether these are negatively or positively related to each other. Instead, more research reports exist showing the relationship between HRM practices and other dependent variables, such as organizational performance, labour turnover, absenteeism, etc. If higher attention will be on HRM practices then higher impact on firm 's performance will be there, and also every organization has unique approach to handle employees.

OBJECTIVES OF THE STUDY

1. To find out the significant relation between HRM practices and the employee turnover.

2. To identify the relationship between HRM practices and organizational commitment.
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II. LITERATURE REVIEW

Continuance commitment may develop as employees recognise that they have accumulated investments (Becker, 1960) that they could lose if they leave their organizations or if there are limited employment prospects. (Schneider and Bowen, 1985) suggested that if employees in service firms have positive perceptions of HRM practices, they are likely to put more effort and resources in delivering excellent customer services. He further explains that when employees perceive that their organization is facilitating their performance, enhancing career opportunities, providing positive supervision and so on...they will show their zing to achieve an organizational objective. (Fitz-enz, 1990) concludes that employee retention is influenced by many factors- recruitment & selection, training & development- which should be managed congruently and it implies that both organizational factors and HRM practices may influence retention of employees and their commitment. Their multidimensional approach integrates attitudinal and behavioural approaches to commitment in order to create three distinct dimensions of organizational commitment: affective, continuance and normative commitment. Affective commitment refers to employees' commitment through emotional bonds, links to, and engagement in, their organizations. Continuance commitment refers to employees' perceptions of the benefits and advantages they could lose if they leave their organizations. Normative commitment refers to employees' sense of indebtedness to their organizations. Employees may feel obligated to stay in their organizations because of social norms (Meyer and Allen, 1991). Lack of commitment to their organizations may cause employees to seek alternative positions (Reed, Kratchman and Strawser, 1994). Affective and normative commitments reflect employees' attitudinal dispositions whereas continuance commitment shows their behavioural orientations. Previous studies of the effects of HRM practices on commitment have typically measured affective commitment. (Meyer and Allen, 1997) suggested that, HRM practices might also influence continuance and normative commitments. An employee who gets attractive benefits-package might view the organization supportive and develop a stronger affective commitment. They also behave that losing such a package would be costly and experience greater continuance commitment and or feel indicted to the

organization and develop stronger normative commitment (Meyer and Smith, 2000). One generally assumes that organizational commitment reduces abandonment behaviours that include tardiness and leaving. In addition, employees who are committed to their organizations could be more willing to participate in 'extra role' activities, like being creative and innovative. These frequently guaranty Research by Martin shows that affective commitment influences normative commitment. (Metcalf and Dick ,2002) reported that organizational commitment of men and women. (Dockel ,2003) conducted uncovered six critical retention factors that organizations need to consider if they are to retain employees with high technology skills. These factors are relevant to the present study and include Compensation, Job characteristics, Opportunities for training and development, Supervisor support, Career opportunities, Work – life balance. Research by (Coetzee, Schreuder and Tladinyane,2007) showed no significant differences between the organizational commitment of Blacks and Whites and between men and women. Positively and normative and affective commitment influences continuance commitment. Affective commitment has a stronger effect than normative commitment does on the intention on employees to continue working in their organizations. Affective commitment creates emotional bonds that can cause employees to develop a sense of responsibility and duty to their organizations. Employees cannot behave as they want to because they feel an obligation to their organizations although they are unhappy in them. In addition, normative commitment can also lead to continuance commitment because employees' emotional involvement in their organizations may lead to a desire to continue (Martin, 2008). Research that (Manetje and Martins, 2009) a study suggests that employees, who are affectively committed to their organizations, are more willing to maintain their relationships with their organizations than are those who are normatively and continuance committed. (Ferreira and Coetzee, 2010) also found that older employees are more affectively and normatively committed to their organizations than their younger counterparts. Normative commitment develops because of socialization experiences that emphasise the importance of remaining loyal to their employers (Morrow, 2011) or through organizational benefits (like car allowances, medical aids or study leave). Recent research has shown that the affective commitment, or psychological attachment, of employees remains important for business leaders

if they are to attract, motivate and retain key talent (Morrow, 2011). The successfulness of Human resource management practices depends on a number of factors include compensation, recruitment selection policy adopted, training & development, job enrichment programmes, performance appraisal, career development, usage new technology etc. Various Human Resource Development (HRD) mechanism and Organisational Development (OD) intervention are holding the most attention in this area, because of the demand of the time and increasing competition in the changing business scenario. It is important to ensure effectiveness of HRM practices, because present day business; organisations are spending a huge amount in the HR policies, practices and its development. As per business strategies; if we are investing our time, ideas and capital, then it's our responsibility to evaluate the desired output.

III. DISCUSSIONS

HR practises involve the strategic operations of HR. They form the foundations and guidance for managing the company's affairs & their employees. A firm's destiny is more over depending on the HRM practises they adopt. The areas of HR practises involve recruitment, selection, training and development, compensation, career development, job satisfaction, work environment, employee participation, styles of leadership they impart etc. This practise may differ from industry to industry. An effective HRM practises can be formulated, and it is related with the organisational context, HR policies & programmes, integrate the functional strategies with each other.

Compensation

Compensation is the amount of wages or salary provided by the employer to the employee for taking their effort in the achievement of a work. Besides merely giving a salary scale, is not sufficient, additional perks also should be given, if they want to retain potential employees. In general practice salary scale is classified into non-executive, executive and managerial. A salary structure is commonly used by employers to set out the range of pay, from minimum to maximum, associated with each salary grade or band. By associating each position with a grade or band, employers can use a salary structure to help manage compensation in an optimal way. Setting a compensation policy is a complex process for the organisation. Before setting a salary scale the firm has to take care of the demand supply of labour, ability to pay, prevailing wage rate, productivity of

workers, cost of living and so on. The compensation function helps balance the budgetary needs of an organization with the need to use competitive compensation to attract and retain employees. Compensation analysts and managers develop job descriptions, set compensation levels for hourly and salaried positions, communicate with employees regarding compensation issues and determine how much it will cost to compensate employees. Salary plays a key role in the commitment among employees. When employees are given fare wages, it will ultimately bring a cordial relationship between the employer and the employee. This study has highlighted the reward- retention link. The organization which provides superior and attractive package to employees gets good commitment from them. Rewards helps the employer to enhance the commitment of the employees which results in enhanced employee performances.

Recruitment & Selection

The recruitment and selection function ensures that organizations have qualified employees. The recruitment process starts with a systematic review of the organization's requirements. Based on this review, job description & job specification should be planned. This is necessary because even in those situations where an individual is simply being replaced, there may still be changes in job requirements, especially if the individual being replaced has been with the organization for some time. There are a number of techniques that can be used for undertaking job analysis (Greuter and Algera, 1989) collection of systematic data related to a particular job from existing occupants and colleagues. This is usually involves interviews, questionnaires, observations or diaries. Data should be planned and the firm has to decide whether they go for internal or external recruitment. But most of the employer prefer internal because they that are keen to develop and nurture their own internal talent, along the lines advocated by proponents of a 'soft' human resource management approach. However, there are disadvantages of relying on internal recruitment because it prevents the organization while bringing in 'new blood' with outside experience. External recruitment brings in individuals from outside. The advantages of internal recruitment are basically the disadvantages of external recruiting. However, as organizational boundaries become more permeable with the rise of inter organizational networking the definition of internal versus external recruitment becomes less straightforward. Take the case of an individual who worked as an outside contractor or a

consultant for a number of years prior to being recruited by the same organization in a similar job as they were previously doing. Recruitment is a process of attracting individuals who might meet this specification. Selection is the process of measuring differences between these candidates to find the person who has the profile which best matches the person specification as indicated by the job profile or description. This process resembles an obstacle course with the organization putting up increasingly difficult obstacles for the candidates to overcome.

Training & Development

Designing a training programme is an integral part of managing a human resource. Big organisation hires a large number of persons every year. Since the vast majority of the newly employed persons do not know fully how to perform their task. They must be trained properly so that they may contribute to the well-being of the enterprise. These trained employees are responsible for the progress and stability of an organisation. On the basis of imparting knowledge, different training programmes designed by the company. This one involves on the job training and off the job training. Training & development are multidimensional and may be evident in cognitive, affective, or behavioural changes (Kraiger et al., 1993). The taxonomies categorize broad classes of outcomes affective, behavioural, and cognitive along with specific categories and outcomes under each class. The development of executives or managers is a process by which managers acquire not only skills and competencies in their present jobs but also capabilities for future managerial task of increasing difficulty and scope. The need of executive development in the modern times arises because of rapid technological changes, socio-cultural environment, tough competition, increased social responsibility in academic world. Training helps employees learn new information, reinforce existing knowledge and learn additional skills. The training department coordinates new employee orientation, which helps new hires grow accustomed to the policies and practices of the company. Existing employees also benefit from the training function in the form of seminars, workshops and presentations designed to reinforce existing skills and teach new skills. Training and development as well as educational investments aim to offer opportunities for advancement. Employees must perceive that their organization value them. This gives the employees a sense of self-worth and increases their commitment.

Career Development

A career is more than just the job or sequence of jobs a person holds over a life time. It is the individually perceived sequence of attitude and behaviours with work related experiences and activities over a person's life. In a person's life the individual undergoes a number of career development stages. Careers that hold long term commitments in an individual's life are referred to as 'Steady-State Careers.' Here an individual will work till his retirement with his specialised skills learned throughout his entire life. For career development a person requires new initiatives of growth and accepting challenging responsibility for taking a new role known as 'Linear Careers,' as every unique opportunity entails a more significant impact of responsibility and decision-making power on an organizational environment. An individual's personal initiatives to go for career development are primarily concerned with their personal values, goals, interests, and the way need to achieve that wants. To accomplish these goals, they feel a sense of urgency over a personal career development path and fulfil this through engaging an additional education or training programmes. John L. Holland's 6 career anchors categorizes people to be investigative, realistic, artistic, social, enterprising, and conventional, in which the career path will depend on the characteristic that an individual may embody. They will obtain a fabulous career development programme and obtain opportunities, if they know their exact personality type. Environmental factors play an important role to make a proper career goal decision. The selection of career path of an employee is decided on the basis of his work life balance, alignment of career options with their personal values and the stimulation of growth.

Job satisfaction

Job satisfaction is the amount of pleasure that an employee gets from his job. The level of job satisfaction is affected by a wide range of variables relating to individual, social, cultural, organisational, and environmental factors. While managing a workforce most of the employer faces the problem of providing job satisfaction to the employees under their command. Job satisfaction is not just like a motivation. It is more concerned with attitude, and internal state of a particular person. Job satisfaction is a complex concept and difficult to measure objectively. Productivity, absenteeism, employee turnover, loyalty all these factors are relates to these concepts. The performance of employee which leads to intrinsic rewards such as growth, challenging job etc are stem from the job itself. Extrinsic rewards are under the control of

management like salary, bonus etc. If a person holds the job, which gives little potential for intrinsic rewards, and the extrinsic rewards bear a little relation to the performance, the relation between satisfaction and performance tends to be weak. To manage this situation, employer should modify the job and rewards system to yield intrinsic reward for better productivity. Employee job satisfaction was found to be positively correlated with organizational commitment. The two independent variables made significant individual contributions to the prediction of organizational commitment.

Work environment

A work environment is the setting, social features and physical conditions in which the employees perform their job. These elements can impact feelings of wellbeing, workplace relationships, collaboration, and efficiency and employee health. The significant aspects of a work environment include physical environment, company culture, working conditions etc. What elements make for the best type of work environments depend on an organization's industry and age, the number of and types of employees, and the ideal environment the organization wants to cultivate. A suitable work environment will be identified by the prospective employee with the help of proper understanding of job description, learn more about the company through their websites, get clarification related to your doubts by asking to the interviewer at the time of interview, read positive and negative reviews to understand the pros and cons that a job or company may offer. If employees in the organization are given a good working environment, they show high organizational commitment, and ultimately it brings stability among employees. The working environment of the organization not only includes the physical infrastructure, but also the modern tools, technology & machinery. If the employees feel that the new technology and machinery improve his productivity, then loyalty towards the organization increases.

Employee Participation

Worker's participation gives employees the mental and psychological satisfaction and thereby increases their involvement in the affairs of the organization. Worker's participation in management is the most accepted principle of industrial relations in modern industry throughout the world and in India too. According to the British Institute of Management "Worker's participation in management is the practice in which employees take part in Management decisions and it is based on the assumption of commonality of interest between employer and employee in furthering the

long-term prospects of the enterprise and those working in it "It is one of the important aspects of industrial democracy. It is distribution of social power in the industry so that the power is shared among all categories or levels of employees in the organisation. The participation of employees in decision making will increase their self-esteem and thereby loyalty to the organization.

Leadership

Leadership, an important part of HR practices can increase the confidence of employees. They may be guided towards the right decision and feel a sense of protection. This will encourage them to remain committed to the organization. Management consists of controlling a group or a set of entities to accomplish a goal. Leadership refers to an individual's ability to influence, motivate, and enable others to contribute toward organizational success. Influence and inspiration separate leaders from managers, not power and control. The HRM practises depend on the kind of leadership style preferred by the organisation to guide & motivate their employees. Leadership is mainly a part of directing function of management. Leaders focus on listening, building relationships, teamwork, inspiring, motivating and persuading the followers. Leaders are highly sensitized to the emotional aspects of his transactions with people. Emotional Intelligence is basically the ability to recognize and understand one's own feelings and emotions as well as those of others and use that information to manage emotions and relationships. The 4 important aspects of EI as proposed by Daniel Goleman are self-Awareness, self-management, social awareness, relationship management or social skills. A leader tends to have a huge influence on the thoughts and motivation of people. The more committed a leader is to the organization's vision, the more they communicated that vision to followers and the more likely followers were to suggest improvements and raise concerns to benefit the organization and performed well in their roles.

HRM practises ensure the smooth functioning of an organisation. Even if the organisation implemented internal policies and procedures, HR practises won't just fall in to place. The firm need to focus on adopting what will best suit for their business. A winning set of HR practises is a combination of universal processes and best fit procedures that align the needs of the company with employee expectations.

IV. CONCLUSION

Employees who are selected according to the job requirements have more organizational

commitment, ultimately helping in employee retention. The concept of organizational fitness identifies convergent goals and values between the employee and organization as an important predictor of affective commitment. The propensity it leaves to the organization is always depended upon the level of satisfaction and the personality of the employees. So, while selecting the employees, not only values, education and experience should be considered, but also the personality of the employees must be carefully measures. If the employee is given training from time to time, it will create a feeling of belonging in the employee. The training may be on the job or off the job. The employees must be given equal opportunities to use their knowledge gained during training & career advancement, which ultimately gives them self-confidence and self-esteem, reduces the employee turnover and retain experienced ones. If the employees feel that the new technology and machinery improve his productivity, then loyalty towards the organization increases. If the organisation gives their employees an opportunity to take part in decision making, sense of belongingness will increase and their motivational level boost up. A positive work environment not only helps the attainment of organisational goal but also it generates a sense of commitment.

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