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## *Full Length Research Paper*

# **The Insight of Human Resource Management Practices and Affective Organizational Commitment: An Empirical Study**

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**This study conceptualize the model of human resource management practices, and affective organizational commitment based on the social exchange theory. Data was collected via a self administered structured questionnaire gathered from 499 respondents who are managers, and top level executives of banks in Bangladesh. The study hypotheses were tested by using multivariate data analysis techniques and SEM-PLS. The results of the study show that apart from employee training, and rewards all other variables i e. staffing, job security, performance appraisal, participation in decision making, communication and information sharing are statistically significant on affective organizational commitment. Theoretically, the study contributes to the literature on HRM studies, and organizational behaviour by providing empirical support and conceptual thought of social exchange theory. The study also provides managerial insights to corporate leaders that absence of effective and aspects of HRM practices and employees' affective commitment may lead to poor employment relationship.**

**Keywords:** affective organizational commitment, human resource management, social exchange theory, SEM-PLS.

## **INTRODUCTION**

Managing people is more difficult than managing physical resources, capital or technology (Pfeffer 2010). Thus, the background of the study address the pressures of globalization, high production or service policy, and rapid changes in innovation forced human resource management (HRM) practices to become more practical, realistic, and competitive. As the organization requires to response these dynamic changes and challenges, HR managers need to concern on every issue of employee.

Nevertheless, human behavior is demonstrated by their ethics, experience, expectations, and other rational or psychological perceptions. Effective HRM practices necessarily expected interrelated and not to contradict on another (Obeidat et al. 2014). Essentially, to overcome these obstacles HR managers considered their employees as human capital and a critical resource for organizational success. The study point out the problem statement as due to the dilemma of inefficient HRM

practices employees' performance shows low and organization becomes failure to accomplish its goals, to overcome from this dilemma, corporate leaders and HRM heads are beginning to move beyond their efforts and concern on employees' psychological as well as organizational behavioural aspects (Chand et al. 2011). This phenomenon indicates employees' affective commitment may seem incongruous to immediate implement and execution of HRM practices as the true cornerstones to accomplish organizations goals.

Since, appropriate theory and concepts are able to conceptualized the model of HRM practices and affective commitment. Literature on HRM and organizational behavior propose to explore and investigate the interrelationships between comprise of HRM practices and affective commitment grounded on social exchange theory (Joarder et al. 2012). Moreover, the study address the gaps from previous literature that HRM practices is prerequisites for organizational success without managerial efficacy, organizational success is impossible and unrealistic. In addition, Ahmed (2015) mentioned organization needs to achieve its goals through right practices of HRM. This literature is also applicable to HRM practices in banks at Bangladesh. The economical contribution of the banks are growing in nature. Therefore, the match between this growth rate and management efficiency is add value to HRM practices. Essentially, more empirical research on HRM studies and affective commitment is significance to generalized the real conditions of HRM practices in this study settings to face the future challenges. Necessarily, the objectives of the study is to determine and identify the relationships between aspects of HRM practices and affective commitment.

## **THEORETICAL DEVELOPMENT AND HYPOTHESES**

### **Selective Staffing**

Employees are much more important assets than buildings or equipment, selecting qualified employees may give an organization the competitive edge. It is obvious that effective selective staffing is must match the organizational needs with the needs of employee standards refers employees talent, skill, and ability (Snell et al. 2011). Lower ability employee consumes more time and effort than higher ability employees. While, selecting the right employees for the right job is necessary in developing employee affective commitment (Pfeffer 2010). Chand et al. (2011) reported that staffing can reduce undesirable costs of management such as employee high turnover intention and poor performance etc. Thus, an effective and efficient selective staffing practice helps to improve the quality of affective commitment. Empirically, Geare (2005), and Pfeffer (2010) found statistically significant and positive relationship between selective staffing and affective

organizational commitment. Consistent with the above findings from the relevant literature, this study proposes the following hypothesis:

***Hypothesis 1: Staffing is positively related on employee affective commitment.***

### **Employee Training**

Employee training programs prepare staff to successfully carry out the mission of the organization. It stimulates them stronger and better equipped to carry out their mission as well (Obeidat et al. 2014). Bartlett (2001) suggested for social exchange theory to explore the relationships between employees' attitudes toward training are positively related to affective commitment. According to Snell and Dean (2011) wide range of training program either formal or structured helps employees' to improve their skills, ability, performance, and overall work quality. When organization arranges sufficient formal training program for each employee's regularly, their skills develop and job involvement increase rapidly. As a result, employees' psychological attachment towards organization also developed. Theoretically, employee training and affective organizational commitment have strong relationship. Therefore, the following hypothesis is suggested:

***Hypothesis 2: Training has a positive effect on affective commitment.***

### **Rewards and Compensation**

Reward management is concerned with the formulation and implementation with the aim to reward employee fairly, equitably and consistently in accordance with their value of the particular organization (Chong et al. 2007). It is evident that employee plays vital role in bringing about the process of production and services in motion. A fair reward and compensation practices may raise the morale, efficiency and cooperation among the workers, which also encourage employee to perform better, realistic, and achieve the standards fixed. Based on social exchange theory it can be informed that the greater the feeling of inequity for employee rewards and compensation, the greater the chance or drive for employees to reduce their affective commitment. Employees perceptions of equity affect their decisions to join, remain, and demonstrate their best performance for the organization. Equitable reward and compensation system is an investments designed by HR managers to induce individuals to join a firm and perform well over time (Azmi 2010; and Snell & Dean 2011). Thus the propose hypothesis is:

***Hypothesis 3: Rewards is positively related to affective***

commitment.

### Job Security

Job security requires a certain degree of reciprocity (Tan et al. 2013). An organization needs to convey a clear message that jobs are secure, the positive scenes in mind employee feel confident and committed to themselves to expend extra effort to accomplish organization's benefit, and organization with thought that job security contributes to its performance, pay more attention to make realize that employee are more secured in their organization. This degree of reciprocity creates a climate of confidence among the employees which cultivates their affective commitment. According to Ahmad et al. (2003) employees' job security ensured the stable employment relation and expected affective commitment. Thus, job security is the motivation of an employee to exchange their obligation and commitment by showing reciprocal behavior toward organization (Chang 2005). Empirical researches Boselie et al. (2001) reported negative and insignificant relationship between the variables. Researchers' e.g. Pfeffer (2010) and Snell et al. (2011) reported a positive, significant correlation between job security and affective commitment. Consequently, this study suggests the following hypothesis:

**Hypothesis 4:** *Higher job security perceived positive effect on affective commitment.*

### Performance Appraisal

Performance appraisal is the assessment of individual's performance in a systematic way (Pfeffer 2010). Employee performance is measured against on some factors such as job knowledge, quality of work, quantity of output, initiative, leadership, abilities, supervision, dependability, cooperation, judgment, versatility and health. Essentially, assessment should be confined to the past as well as potential performance. It's a regular formal process, structured system to measure, and evaluate employee's job related behaviors and outcomes. Performance refers to the completion of assigned duties and responsibilities, performance of assigned tasks, and other formal performance related to the job. Performance appraisal is significant to improve employees' role on service oriented organization. It is difficult to measure individual performance, when work is routinized and employee work as a part of entire organizational outcomes (Hofstede 2004). However, according to Shaw et al. (2003), affective commitment shows the most prominent predictor to measure employee's individual job performance. Hence, the proposed hypothesis is:

**Hypothesis 5:** *Performance appraisal is positively and significantly related to enhance employee affective commitment.*

### Participation in Decision Making

Employee participation in decision making is the motivational and cognitive thoughts of management. Its permit employee at all levels to exercise substantial influence over decisions and process with employee's current idea and valuable knowledge (Pfeffer 2010). The motivational and cognitive method include more upward communication skills, high knowledge and better utilization of information to deals with supervisors who do not have enough knowledge and information to make a high quality decision on their own. An organization will be benefited from the collaboration between managers and employees. One of the most effective tools or quality for HR managers is to motivate employees towards achieving organizational goals. From the social exchange point of view participation in decision making could contribute to individual sense of belongingness. High level of employee participation in decision making is associated with greater satisfaction with the organization (Wilkinson et al. 2010). Empirical studies by Pare et al. (2007) and Han et al. (2010) have shown positive correlations between participation in decision making and affective commitment and suggested for more empirical research. Thus, this study is proposed:

**Hypothesis 6:** *Participation in decision making is more likely positive and significant toward increase employee affective commitment.*

### Communication and Information Sharing

Communication and information sharing refers a quality of clear and successfully delivered, received and understood of a statement. The effective communication denotes skills and ability of management that peruse employees to well understand the specific conditions (Lee et al. 2010). When HR management are unable to convey their information smoothly either verbal or written toward their employee then it may creates misunderstanding, miscommunication, conflict, and destroying trust in employment relationships. Additionally, HR managers must have to practice two way communication systems, with honesty and dignity. Since, it may be shows the high positive feelings, affection, and employee empowerment. Eventually, this healthy work environment helps to improve the quality of teamwork, team speed, smooth decision making process and comparatively easy to problem solving phenomenon (Murphy 2006; Marumbu et al. 2015). Pfeffer (2005) used

social exchange theory to explain the relationship between communication and information sharing and affective commitment. Empirical studies by Boselie et al. (2001) and Thomas et al. (2005) reported positive and significant correlations between communication and information sharing, and affective commitment. Consistent with this literature, this study propose the following hypothesis:

**Hypothesis 7:** *Supportive communication and information sharing is positive to increase employee affective commitment.*

## **METHODOLOGY**

### **Sample Design**

The logic behind for selecting the study settings are financial organization especially banks have well established HR department to handle their employees. In terms of assets, financing, deposits and management efficiency bank shows continued to rapid and strong growth in the economy (Bangladesh Bank Annual Report, 2012). Additionally, banking sector in Bangladesh is fast growing thus managing these organizations would be very challenging and critical in near future (Absar et al. 2011). To keep harmony in between the growth rate and management efficacy HRM practices is very essential. The population size of these banks varies. Hence, the study employed proportionate random sampling design to generalization research objectives. The respondents are the executives, department heads and top management.

### **Data Collection**

The study settings are seven Islamic banks in Bangladesh, a total population size of 19,006 the sample size should be 377. This study proposes 500 questionnaires to be distributed based on the predetermined proportionate allocation sampling ratio. The data for this study were obtained through the distribution of a self-administered structured-questionnaire. Seven hundred (700) questionnaires were distributed to these banks' head office, regional main office, and branches situated across the country. In the data collection period researcher and the selective persons are maintain close monitoring and relationship with the respondent to understand and valued the questionnaire. Finally, personal contacts (i.e. friends, relatives, and colleagues) were requested to help to collect the fill up questionnaires and send it back to the researcher. Out of the total number of questionnaires distributed, 676 questionnaires were received. However, only 499 questionnaires were usable for further analyses. Thus, the response rate is 71.29 percent (%).

## **Measures**

The measures used in this study were drawn from literature on HRM, and affective commitment. For all concepts, respondents were asked to rate their level of agreement with statements using 7-point scales (7 = strongly agree and 1 = strongly disagree). Out of seven HRM practices, the measures for selective staffing 7 items, training and development 8 items, performance appraisal 9 items, and rewards and compensation 7 items are adopted from Snell and Dean's (1992) with some minor modifications. The rest i.e., job security, participation in decision making, and communication and information sharing 5, 4, 6 items are adopted from Boselie. (2001) respectively. In addition, the measures of affective commitment 8 items are adopted from Meyer and Allen (1991). In this study, respondents were asked to indicate "to extent the aspects of HRM practices relates with affective commitment" in employment relationships.

### **Test for Content Validity: Factor Analysis**

Validity refers to the extent to which the indicators accurately measure what they are supposed to measure (Hair et al. 2010). While content validity refers to the extent to which a measure represents all facets of a given social construct is logical and justified. The questionnaire is based on extensive literature review, survey and experts opinion in the HRM area. Hence, it demonstrates content validity of the study.

The most widely used method in factor analysis is the Principal Axis Factoring (PAF). The motivation behind the use of this method because of conceptual basis and exploratory analysis, and to establish correlations among measured variables (Qiu et al. 2006). Essentially this research employed extraction method for principal axis factoring; and varimax rotation method with Kaiser Normalization.

Table 1 demonstrates the outcomes of factor analysis of aspects of HRM practices factors i.e. staffing, training, rewards and compensation, job security, performance appraisal, participation in decision making, and communication and information sharing respectively. According to Hair et al. (2010) equal or greater than 0.04 loadings (eigenvalues) for each item represent high correlation and convergent validity among the variables. Here, all the 46 items of independent variables are measured, and the variables are retained up to a minimum factor loading of 0.527.

### **Test of Reliability**

Statistically the concept of reliability refers the degree of

Table 1. Result offactor analysis

Factors with Item Loaded in Each Factor	Factor Loading
My organization has wide range employee selection process.	.602
Organization feels important to select the best candidate for a job.	.542
It takes reasonable time to select someone for empty position.	.662
It has sufficient member in the selection board to take decision or select candidate.	.662
Organization spent necessary money in selecting candidates for a job.	.665
It emphasizes on a good number of applicants are screened for each person hired.	.581
It is important in my organization to practices a good staffing process.	.527
Organization has wide range training process for employees.	.711
It gives priority on employees' training.	.724
It has both formal and structured training process.	.716
We have good number of employees received training past year.	.685
It arranges sufficient formal training for each employee every year.	.703
Organization manages different kinds of training programs available for employees.	.706
My bank spent necessary money on individual employees' training.	.684
My organization feels training is as investment instead of cost.	.678
The pay level of my organization is satisfactory relative to other banks.	.747
It gives higher pay levels relatively past year.	.800
The salary that I received per month is encouraging for my job.	.823
The incentive system is employees based on their individual performance.	.666
My organization practices wide range in pay across employee in this job.	.720
It pays performance basis incentives and bonus to employees.	.723
My bank rewards to the compared merit employees.	.754
I am worried a lot that I will lose my job. (R)	.596
I am worried a lot that I can not make a career. (R)	.721
I am worried a lot about the future of my establishment. (R)	.709
I am worried a lot about the future of my branch/division. (R)	.667
I am worried about the future of the bank (R)	.534
My organization gives sufficient effort to measures the employees' performance.	.527
It practices fair performance standards for employees'.	.558
Bank encourages employees to participate in goal setting and appraisal.	.672
My organization discussed regarding performance with employees' regularly.	.645
Discussions focus on both present/future performances.	.801
Discussions emphasis on finding path of personal development for an employee.	.774
Discussions regarding promotion, etc., tied to performance appraisal raises closely.	.746
My organization used a good approach to discuss performance.	.702
It has sufficient board member to performance evaluation of each employee.	.577
There is a lot of effort done to get the opinions & ideas of employees in my bank.	.802
Management is willing to do something with my recommendations.	.856
Employees are encouraged to bring forward new solutions for problems.	.716
I am satisfied with my participation with decision making related to my function.	.732
I am well informed on the vision and future plans of my organization.	.594
I am well informed on the mission of my organization.	.686
I am well informed on the business results (profit/loss) of my organization.	.620
I am well informed on the full service package of my organization.	.615
I am well informed on the activities & future plans of other department of my bank.	.612
I am well informed on the service standards of my organization.	.595

accuracy and consistency of the estimate of the true score in a population of objects to be measured. Most of the psychometric measured addressing survey instrument and scales for internal consistency of reliability (Zhang et al. 2000). The study used Cronbach Alpha to test the variables reliability. Table 2 presents the reliability analyses of the key research variables. The Cronbach's alpha coefficient of aspects of HRM practices i.e. staffing, employee training, equitable rewards and compensation, job security, performance appraisal, participation in decision making, communication and

information sharing were 0.86, 0.88, 0.90, 0.80, 0.90, 0.87, and 0.82 respectively. While the score for the dependent variable affective organizational commitment was 0.86. Given the scores for all variables exceed the cut-off value of 0.70. The high reliability coefficient indicates high internal consistency among its statements (Nunnally 1978).

The variance explained and Kaiser-Meyer-Olkin (KMO) results of the aspects of HRM practices. Mean values (6.034 PA, 6.086 RC, 5.231 ET, 6.204 SS, 6.052 CIS, 6.149 PDM, and 6.207 JS) except for employee

**Table 2.** PLS algorithm and PLS Bootstrapping results

Variables	AVE / Communality	AVE Square Root	Composite Reliability	R <sup>2</sup>	Cronbach's Alpha	Redundancy	t statistics
AOC	0.514	0.717	0.894	0.386	0.863	0.063	
CIS	0.532	0.729	0.872		0.825		4.665
ET	0.543	0.737	0.904		0.887		1.250
RC	0.607	0.779	0.915		0.901		1.130
JS	0.561	0.749	0.864		0.804		2.293
PDM	0.731	0.855	0.916		0.877		2.155
PA	0.519	0.720	0.906		0.906		10.503
SS	0.476	0.690	0.864		0.864		2.825

Notes: Variables: AOC= Affective organizational commitment, CIS= Communication and information sharing, ET=Employee training, RC=Rewards and compensation, JS=Job security, PDM= Participation in decision making, PA= Performance appraisal, SS=Selective staffing; AVE= Average variance extracted.

training, all the other variables are given almost the same importance by the respondents. Cumulative loadings show an impressive percentage of variance explained by research variables (57.28%). Studies in social sciences consider 50% explained variance sufficient enough for factor model (Hair 2010). Performance appraisal (PA) recorded the highest score i.e., 16.42%, followed by rewards and compensation (RC), 9.70%, employee training (ET) 8.94%, selective staffing (SS) 7.55%, communication and information sharing (CIS) 5.57%, participation in decision making (PDM) 4.90%, and 4.20% for job security (JS). It also indicates the statistics for Kaiser-Meyer-Olkin (KMO) test, and Bartlett's test of sphericity i.e. 0.869 and 10416.15 (P=0.000) respectively. According to Kaiser (1974) a KMO statistic of 0.6 is acceptable for factor analysis. On the existence of Multicollinearity, the Pearson's Correlations Tolerance test of Variance Inflation Factor (VIF) registered for all the variables are less than 10. Hair (2010) suggests that for VIF score less than 10; no multicollinearity exists in the data set.

**RESULTS**

The demographic statistics presents 70% of the respondents are males, only 30% are females. According to Labour Force Survey (2010) in Bangladesh, only 3.6% urban and 12.6% rural females are employed in the total labour force. In terms of age, almost 43% belongs to the 26 to 35 age range, 39% within the age range 36 to 45 years; followed by approximately 18% for age above 46 years. As for level of education, most of the respondents are highly educated i.e. 95% are post graduates. With respect to designation, statistics showed that 37% are

senior officers, 33% are top and senior executives, and 30% mid level executives. 60% of the respondents have worked between six to ten years in the organization, where as 40%, within five years.

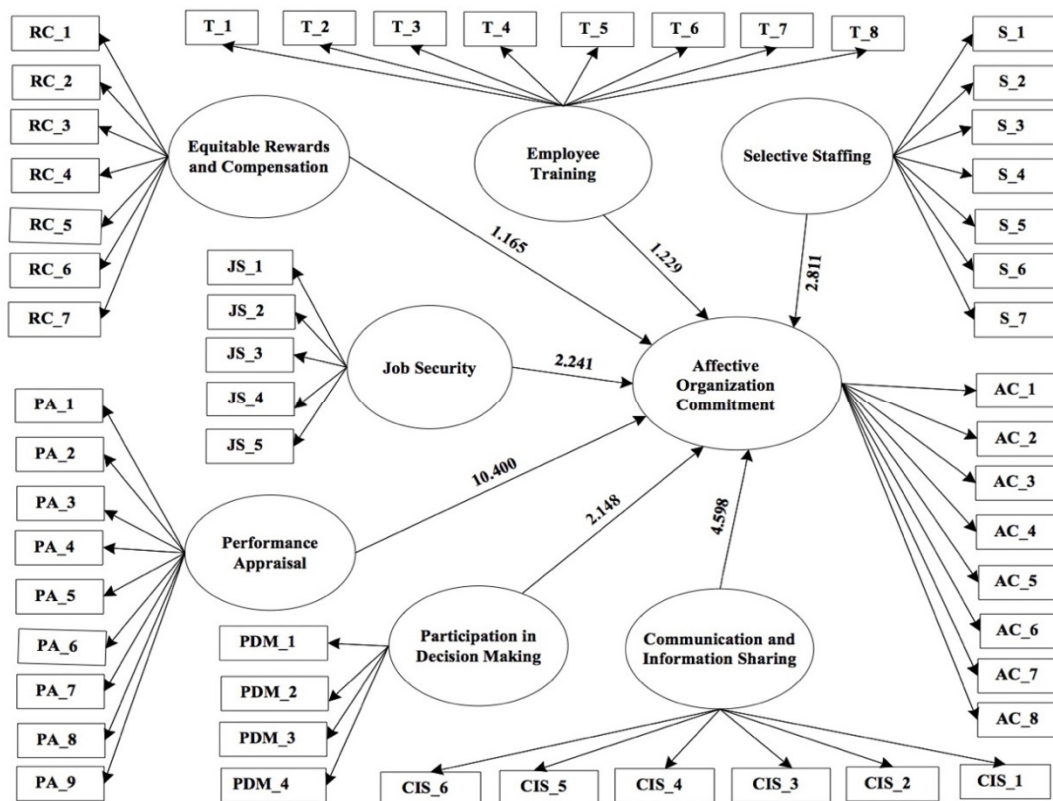
**DATA ANALYSIS: PLS ALGORITHM**

This study employed Partial Least Squares Structural Equation Modeling (PLS-SEM) to analyses for model fitting, calculation of quality indicator, scheming features for better understanding of the multivariate model data, a convenient user interface for importing and exporting (reflective and formative) model specification. This method a linear model specifies the (linear) relationship between a dependent (response) variable Y, and a set of predictor variables, the X's. Therefore, the equation is:

$$Y = b_0 + b_1X_1 + b_2X_2 + \dots + b_pX_p$$

This study employed smart PLS path model developed by Christian Ringle (2004). The results and findings are presented in Table 2. The structural model specification and t statistics of the key research variables comprising the Average Variance Extracted (AVE) and communality, composite reliability, R square, cronbach's alpha, and redundancy.

Average variance extracted (AVE) measures the amount of variance that is captured by the construct in relation to the amount of variance due to measurement error (Ringle et al. 2012). As shown in Table 2, AVE value of all the constructs except selective staffing (SS) are above 0.50. Any values more than 0.50 are acceptable (Ringle et al. 2012). Selective staffing (SS) shows an AVE value 0.476. Although this value can be improved by dropping one item with weaker loadings



**Figure 1.** Graphical analysis of PLS bootstrapping: Structural Model Specification of key research variables IVs and DV.

(item SS 1 = 0.106), the researcher decided to keep the item because of its contribution to content validity. Hair et al. (2011) argued that the decision to remove such item can affect validity. Weaker indicators are sometimes retained on the basis of their contribution to content validity. The result of AVE square root used for measured goodness of model fit. The study use Cronbach's alpha coefficient to assess the internal consistency of the variables. As shown in the Table 2 the value of Cronbach's alpha for all key research variables are more than 0.80 indicating good internal consistency. On the R square, a value of 0.386 was recorded. According to Hair et al. (2011)  $R^2$  values approximating 0.75, 0.50 and 0.25 are considered substantial, moderate and weak, respectively. Hence, the  $R^2$  value in this study can be considered as moderate in nature (Mathies et al. 2010; & Jabbour et al. 2013).

Communality refers to the total amount of variance an original variable shares with all other variables (Hair et al. 2014). Communalities explain the adherence of a given variable to the diverse factors of a factor analysis. In PLS algorithm analyses communality of the IV and DV is represented by the AVE value. The value for IVs (except SS), and DV are significant and within the suggested value by Ringle et al. (2012). On the other

hand, redundancy analysis measures the strength of the overall relationship between the two linear composites i. e. relationship between IV (aspects of HRM practices)

and DV (AOC). The result, indicated by a score of 0.063 is significant (Hair et al. 2005).

### PLS Bootstrapping Analyses

The study employed bootstrapping method for assigning measures of accuracy (defined in terms of bias, variance, confidence intervals, prediction error, and correlation coefficients) of the research variables. Further, this technique is also used for conducting hypotheses tests (Haenlein et al. 2004; and Ringle et al. 2012). Table 2 denotes the bootstrapping method of sampling with replacement used to estimate the precision of the measurement models, and predictive relevance of individual paths. All loadings, path coefficients, and associated bootstrap t critical values are computed on the basis of 5000 bootstrapping iterations. The results show that PA has the highest influence on AOC (t value 10.503), followed by CIS (t value 4.665), and SS (t value

2.825), at the 99% (percent) confidence level. While JS and PDM demonstrate significant correlations with AOC (t statistics 2.293 and 2.155 respectively), at the 95% (percent) confidence level, ET and RC shows weak or insignificant relationship with t values 1.250 and 1.130 accordingly. In sum, out of seven HRM practices except ET and RC all the other variables are statistically significant.

Figure 1 illustrates the graphical presentation of the Structural Model Specification and PLS bootstrapping analyses of aspects of HRM practices and AOC. The graphs indicate the t values and results of the key research variables as reported earlier.

### The Results of Discriminant Validity

The discriminant validity of the study measures the square root of AVE of each variable. According to Fornell and Larcker (1981), the square root of AVE of each latent variable should be greater than the correlations among the latent variables. A value less than 0.85 imply that likelihood discriminant validity exists among the variables. The authors added that a value of 0.80 or 0.90 obtained from correlation analysis is regarded as a high and close correlation, whereas, values of 0.20 and 0.30 are regarded as low or weak correlation among the variables. As shown in Table 2 the square root of the variables i.e. AOC 0.717, CIS 0.729, ET 0.737, RC 0.779, JS 0.749, PDM 0.855, PA 0.720, and SS 0.690 fulfil the criteria for discriminant validity of the variables.

### PLS Blindfolding analyses

The blindfolding approach in PLS-SEM is employed to measure cross validated communality and redundancy tests (Ringle et al. 2012). The quality of each variable (IVs and DV) in the structural equation is measured by the cross validated redundancy scores Q square. According to Ringle et al. (2012), Q<sup>2</sup> greater than '0' implies that the model has predictive relevance, where as, Q<sup>2</sup> less than '0' suggests that the model lacks predictive relevance. The study employed two Q<sup>2</sup> (at omission distance = 10, and omission distance = 25; as suggested by Chin (2011) for the comparative analysis prediction of the model. The results of PLS blindfolding Q<sup>2</sup> of the study showed all the variables (i.e. both IVs and DV) scores greater than '0' with maximum value 0.537, which indicate the model has good predictive ability. PLS blindfolding analyses show the findings of cross validated communality and cross validated redundancy aspects of HRM practices i.e. staffing (CV Red & CV Com: 0.307), training (CV Red & CV Com: 0.411), rewards and compensation (CV Red & CV Com: 0.477), job security (CV Red & CV Com: 0.342), participation in

decisionmaking (CV Red & CV Com: 0.537), performance appraisal (CV Red & CV Com: 0.400), and communication and information sharing (CV Red & CV Com: 0.345) on affective commitment (CV Red : 0.192 & CV Com: 0.375).

### Goodness of Fit of The Research Model

Tenenhausel et al. (2005) suggested a global criterion of fit measure for PLS path modeling, technically known as Goodness of fit (GoF). The GoF index is an index measuring the predictive performance of the measurement model. The GoF index (0 ≤ GoF ≤ 1) is defined as the geometric mean of the average communality (AVE) and R<sup>2</sup> (for endogenous constructs). The index is calculated as follows:

$$\begin{aligned} \text{GoF} &= \sqrt{\text{AVE} \times \text{R}^2} \\ \text{GoF} &= \sqrt{0.561 \times 0.386} \\ \text{GoF} &= 0.465 \end{aligned}$$

The formula presents the goodness of Fit of the model. According to Wetzels et al. (2009) goodness of fit (GoF) statistics, which measures the overall statistical fitness of the model tested, can have minimum values of GoF - small = 0.1; GoF - medium = 0.25; GoF - large = 0.36 is the significant level. The result demonstrates GoF value of 0.465, which is significant and implies a strong model fit. According to Hair et al. (2012) apart from the GoF a F<sup>2</sup> value (for GoF – large) > 0.35 can also indicate goodness of fit. The study recorded a F<sup>2</sup> of 0.628, which is higher than the cut off value. Hence, this reconfirms the good and strong goodness of model fit of the key research variables.

## DISCUSSION

The purpose of the study is to identify the major factors influencing on employees' affective commitment by the aspects of HRM practices at workplace. The study discussed regarding the results with theoretical contribution and implications for practitioners with respect to what can be done to improve the HRM practices.

### Selective Staffing

The first hypothesis of the study was to confirm whether employee staffing is positively and significantly related to affective commitment. The empirical results (PLS bootstrapping / t statistics) of the study provides a strong significant coefficient correlation (2.825) score on this



hypothesis. The results prove that based on social exchange process the relationship between staffing is indeed, positive and significantly related to affective commitment. Theoretically, the study suggests that if management practices a fair staffing system, with wide range of employee selection process and they have selected the best talented candidate for a particular job that indicates a strong psychological bonding of employees toward the organization. Empirically, the finding of this study is also consistent with past studies i.e. Chand et al. (2007), and Obeidat et al. (2014). Staffing is significantly related to employee work life balance by employee job fit and organization fit. If an employee feels satisfied with his/her job, it develops his or her positive behaviour to stay long and to accomplish organizational goals. Thus, exclusive reliance on staffing will help effective management practices and enhances employees' affective commitment.

### **Employee Training**

The organization that extensively trains its employees should be able to create a status for valuing and developing employee's perceptions and skills to influence strong employee affiliation to achieve organizational goals (Lee and Kim 2010). However, in this study the coefficient correlation of PLS-SEM score shows non significance between the variables (t statistics is 1.250). In the present study, the respondents' perception on employee training is negative. The probable causes of insignificant relationship may be unjustified management practices, weak design, and low budget for employee training programs. In the study, it has been found that management fails to perform to choose the right person for right training program. Most of the time management just picks someone (officers) who is available, which is a mismatch between the relevant person and training program. Additionally, sometimes the manager's practice irrational approach to send the employee for training program who are eligible for getting promotion.

Finally, the employee with high trained and skilled frequently change or leave their current job. As the demographic results of the study shows respondents are highly educated and experienced so their observation regarding employee training and affective commitment is very rational with the study coefficient results. Nevertheless, Joarder et al. (2011) conducted a study at the private university at Bangladesh and they also found statistically insignificant results (t value 1.217) of training and affective commitment.

### **Equitable Rewards and Compensation**

The study reported a statistically weakened and insignificant relationship between reward and compensation and

affective commitment (t value 1.130). The result of this study is consistent with other recent studies for example, Tan (2008) conducted a study on IT workers in Malaysia, and reported (t value 1.113) weak relationship between overall pay satisfaction and affective commitment. Indeed, this study respondents' satisfaction level for reward and compensation issues was reported to be very low. This may be probably due to the lesser attractive salary and compensation package including benefits such as incentives, bonus etc. received by the respondents compared to their counterparts in other financial organizations in the country. Theoretically, according to Gurbuz (2009) in order to sustain in the market HRM practices rewards and compensation is the most important issue. The more attractive compensation packages offered by the management influence employees to be loyal to the organization.

### **Job Security**

Employee job security is the most important HRM practice that influences affective commitment (Pfeffer 2010). The study result confirms significant relationship between the variables (t statistics: 2.293). Empirically, Lee and Kim (2010), and Azmi (2010) claim strong and positive correlation (0.83) between job security and affective commitment. This study suggests there are several reasons behind employees' feeling unsecured at workplace such as economic rationalism or free market, restructuring or downsizing the labor market, globalization threat, adopting new technology, and new corporate culture. Employees' who feel unsecured about their job will demonstrate a lesser degree of affective commitment toward their organization. Job security refers to a stable employment opportunity ensured by the management. It helps to develop employee psychology to stay long and less turnover intention.

### **Performance Appraisal**

Social exchange theory suggests that when employees feel their performance has been fairly appreciated by the management, in return they would respond with a higher level of commitment toward their organizational success. Based on this philosophy the study was hypothesized that employee performance appraisal is positively and significantly related to affective commitment and the findings (t statistics: 10.503) support this hypothesis. The results suggest that the respondents perceive positive feelings on the quality of their HR practice with respect to the performance appraisal process. The result is consistent with several studies such as Nik et al. (2011) recorded t value (5.22,  $p < 0.01$ ) of the variables. When management has standard performance planning, gives sufficient effort to measure employees' performance,

and evaluate it regularly it's encourage employees affective organizational commitment.

### **Participation in Decision Making**

The coefficient correlation shows statistical significance and positive relationships between participation in decision making process and affective organizational commitment (t statistics: 2.155). From the social exchange point of view, the study confirms participation in decision making could contribute to individual affiliation and belongingness toward their organization. By encouraging employees to bring forward solutions for their work related problems, organizations are perceived to involve employees in decision making process (Zeidan 2007). High involvement and participation in decision making process stimulate employees to be affectively committed to the organization. Empirically, Richard (2006), and Lee and Kim (2010) had found significant and positive relationship between employee participation in decision making process and affective commitment.

### **Communication and Information Sharing**

The study results confirm a positive and statistically strong significant (t statistics: 4.665) correlation between the variables. Communication provides pass information toward employee regarding changes in rules, regulations, policies, financial results, individual and group performance (Pfeffer 2010). When employees are well communicating about the organization's objectives, goals and future plans they feels high level of job empowerment. Similarly, if management is able to well inform about individual's assigned tasks, service standard, service package, employee would perceive management practices two way communications and information sharing system and they give proper attention which will motivate them to high job involvement and direct to increase affective commitment. According to Liu (2007) this positive perception that management is open and sincerity will influence employee's affective commitment. Empirically, researcher e.g. Nevas (2009) found positive and significant relationship between the variables.

### **THEORETICAL CONTRIBUTIONS AND PRACTICAL IMPLICATIONS**

The findings of the study grounded on theoretical and practitioners' implications. The major contribution of the study is with respect to a proposed model depicting, the simultaneous relationships between aspects of HRM practices i.e. staffing, training, rewards and compensation, performance appraisal, job security,

participation in decision making, communication and information sharing, and affective commitment. The model was statistically significant and good fit. Theoretically, the model contributes to the existing body of knowledge in the area of HRM and organizational behavioral studies. The model suggests that based on the social exchange relationships, while most aspects of HRM practices directly contribute to the enhancement of affective organizational commitment.

Theoretically, study suggests employees' emotional and psychological bonding toward their organization depends on the reciprocate relationship between employee and management. Affective commitment depends on employees' perceptions such as positive or rational feelings and strong beliefs and affiliation in organization and its goals and values, willingness to utilize and maintain standards to give their best effort, and strong desire of employees' to maintaining and enjoy the relationship with the organization. In management part, mostly social aspects included treating employees with dignity and respect, and motivate to increase employees' positive feelings. The high quality of HRM practices indicates high level of affective commitment.

The findings provide the potential implications for corporate leaders, policy makers, and practitioners of HRM. The study findings will aid organizations and professional groups in enhancing advance skills and knowledge regarding the psychological and behavioural pattern of employees. Additionally, it established that the respondents perceived negative to training, reward and compensation and positive to the others variables. However, regarding employee training, they mentioned management is not effective and efficient to organize formal and structured job oriented training, to select the right employee for the right training, and management feels training as cost instead of investment. With this conditions HR policy makers can obtain the real scenario and knowledge regarding what causes the failure of training program, and how to improve and monitoring this systems to enhance affective commitment. Similarly, employee's perception on reward and compensation system shows negative relationship toward affective commitment. Employees consider that the pay level of their organization is not satisfactory compare to others. As a result, they are not satisfied about reward and compensation practices and not feel belongingness to stay with their job. Hence, the corporate leaders and HR policy makers can get direction to enrich their future salary packages, and take consideration that employees' are rational beings they seeks for high rewards to affiliated with their organization.

### **DIRECTION FOR FUTURE RESEARCH AND CONCLUSION**

The present study extends the knowledge,

understanding, and empirical evidence to the existing literature in the fields of HRM and organizational behavior. Despite several strengths, this research is not without limitations, which needs to address. The study encompasses seven aspects of HRM practices. There may be various other issues of management practices and the dimensions of commitment which may also influence the success of an organization need to focus on. For example, explore the relationships between HRM practices and global threats, competitive advantages, HRD climate, technology, service quality, growth and innovations etc. The potential correlations between management practices with other variables i.e. gender, age, race, education level, years of experience may be investigated on future study. Employees' attitudinal, cognitive or normative behaviors can also be measured with the relationships between HRM practices.

The study pointed out that the rapid growth and changing nature of technology, economic liberalization, and globalization have extensively increased which influence the aspects of HRM practices. Essentially, this phenomenon has significance on the changes in management thought and concepts. Certainly, the role of HRM practices is through the development and the best

utilization of human potential. It directly involves in the enhancement of employee's individual personality, skills, ability to work, and attitude. Thus, management has to give more emphases not only employee's financial needs, benefit and demands but also their psychological and behavioural attachment to accomplish organizational success.

Apart from this, to get employees best performance management assume to be considers their practices as employee oriented. Indeed, organizational effectiveness depends on having appropriate HRM systems and a tight fit between organizational strategies and HR practices. The study recommends that the importance of ensuring the rationality and consistency across a range of HR practices is necessary for any organization, before implementing aspects of HRM practices understanding the underlying the principles of human behavior is important. Speed up the implementation, strategy adoptions, and change in HRM practices if required. Absence of perfect HRM practices in any organization is the reason behind low involvement, poor performance, and lower employment relationship. Employee's affective commitment depends on their perceptions and expectations of receiving tangible benefits in exchange. The demographic factors are also influencing and essential to enhance employee affective organizational commitment.

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