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Analysis of the Relationship Between Human Resources Management Practices and Organizational Commitment from a Strategic Perspective: Findings from the Banking Industry

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Abstract

The aim of this study is to evaluate the effects of human resources management practices on organizational commitment, singly and systematically. The data was gathered from 304 participants in Eskişehir, who work in the banking industry. For that purpose, a survey study was conducted in different banks in Eskişehir. To analyze the relationship between the variables included in the study, correlations and multiple-regression statistics were used. The findings from the study support the variables (choice, training, performance evaluation, promotion, performance-based rewards, information sharing, job security and human resources management system) and these variables are also supported by findings of previous studies. As findings from this study depict, human resources management practices have an effect on organizational commitment both singly and systematically. The findings obtained open new horizons in discussions that defend the unification of human resources management practices in the banking industry in Eskişehir

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1. Introduction

As service organizations are labour-intensive organizations, the efficiency of human resources practices and the organizational commitment of the employees is very important. One of the most important and variable resources in banking organizations which are located inside the service industry are the employees and the performance and productivity of employees is one of the top factors influencing organizational success. For the employees to show

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high performance and productivity depends on their job satisfaction.

The strategic human resources practices (SHRM) founded on organizational performance and employee behaviour, or colloquially human resources practices, has been one of the top study topics in the developing world for many years. (Delaney and Huselid, 1996; Huselid, 1995). There is a very limited number of studies about human resources practices in developing countries in general (Budhar and Debrah, 2001, quoted by Sing, 2004). The studies in the literature examine the modern human resources management practices and research.

The importance and value of Human Resources Management (HRM), which has ensuring that organizations achieve their goals by satisfying the individual expectations and needs of the employees as its main goal, and therefore the human resources department for organizations has increased. The content of the job done by human resources managers who have the key role in the SHRM process has changed dramatically. In this framework, it is suggested that new tasks such as joining the strategic planning process, being represented in the administrative board, being in constant cooperation with other department and line managers, may cause the human resources managers to be perceived as more meaningful and important, more powerful and autonomous.. Limited studies in foreign literature, indicate that these changes happening in the jobs of managers employed in human resources departments cause a positive change in attitude in them towards their jobs (job satisfaction) and their organizational commitment . (Budhar and Debrah, 2001).

Sing (2004) has suggested that human resources (HR) policies have to be made compatible with business planning. Organizations must not consider people as variable expenses, but as assets and have to keep in mind that they are precious and a source of competitive advantage (Sing, 2004). Budhar (2001) have indicated that "people and their total skills, capabilities and experiences, when they are joined with the company's skills towards the company's benefit, are considered an important resource and contribution to corporate success and competitive advantage".

According to Bratton and Gold (2007), SHRM "is the process to connect the human resources function to the strategic goals of the organization to improve performance". They have added that SHRM is a management practice that is required by the human resources policies and practices that will be connected to the organization's strategic goals.

There is an important, ongoing debate in the literature about whether SHRM and the related human resources strategies are an output or a process. Snell et al. (1996) and similar scholars see SHRM as an organizational system designed to gain sustainable competitive advantage through humans. For others, it is a process that connects human resources practices with the business strategies (Ulrich, 1997). Similarly Bamberger and Meshoulam (2000), define SHRM as the process in which the members of an organization research the methods to connect the human, social and intellectual capital to the strategic needs of the company. Many researchers (Huselid, 1995; Delaney and Huselid, 1996; Huselid et al., 1997) think that the human resources management practices in organizations help improving performance and therefore growth and gaining sustainable competitive advantage. These studies are studies that try to answer the question of whether human resources management has an important role to create a high financial performance and sustainable competitive advantage in a fast-changing environment. Traditionally, human resources is seen as a resource of creating strategic methods and values, which can have important economic effects on the organizational performance (Becker and Gerhart, 1996). As Becker and Huselid (1998) indicate, a skilful and motivated workforce may have a very important role in offering the organization the necessary speed and flexibility required to gain a competitive advantage, in a dynamical marketplace where the traditional competitive advantage resources (quality, technology, scale economy etc), have become easier to be copied by rival organizations.

There is a recent increase in the number of studies about SHRM practices and the relationship of these practices to organizational performance. In comprehensive studies conducted about the relation between human resources practices and organizational performance have also shown that, there is an undeniable relation between human resources practices and organizational performance (Wright, Gardner, Moynihan, & Allen, 2005). Although there are countless studies confirming the relation between HR and performance, empirical studies examining the mechanism that makes this relation work is are still inadequate (Wright and Gardner (2003). One of the methods to examine this mechanism is focusing on the role of human resources practices on the organizational commitment of employees. It is believed that this factor affects the motivations of employees, whether they do the best they can and finally the company's performance. Wright and Kehoe (2008). studies on the relation between HR practices & organizational commitment and performance evaluate HR practices singly and as HR system. It is thought that organizational commitment has singular effects on different variables such as skills, information sharing and awards

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