

Effect of Human Resource Practices on Organizational Commitment in Pakistani Universities

¹Muhammad Adnan Sial, ¹Syed Mukhtar Ahmed Jilani, ²Rabia Imran and ³Arshad Zaheer

¹MS Scholar, Air University, E9 Sector, Islamabad, Pakistan

²University Institute of Management Sciences, PMAS Arid Agriculture University, Rawalpindi, Pakistan

³Visiting Faculty, Air University, Islamabad, Pakistan

Abstract: Pakistan is a developing country, which has a dire need of providing best possible educational facilities to the university students. In today's technologically advanced world highly educated and technical human resource is required to operate and manage developmental tools/infrastructure. Supply of such human resources to various sectors of a country is possible only through universities having high educational standard and faculty members with strong organizational commitment. The purpose of this research is to probe into the effects of HRM practices namely promotion, performance evaluation and compensation on organizational commitment of faculty members of Universities in Pakistan. 206 teachers of various Pakistani universities were selected randomly, irrespective of gender, race and designation and dispensed with a questionnaire. The results show that organizational commitment is strongly, positively influenced by compensation practices adopted by the universities. However performance evaluation and promotion practices were found to have no significant relationship with Organizational commitment.

Key words: HR practices • Performance evaluation • Promotion • Organizational Commitment • Compensation • University teachers

INTRODUCTION

The organizations working in a competitive environment require their employees to perform given tasks, demonstrate innovative behavior and perform beyond expectation [1]. For this purpose organizations invest in human capital by introducing human resource practices such as recruitment, promotion, training, positioning, performance appraisal, rewards etc. to retain employees [2, 3].

Past literature authenticates the role of HR practices in augmenting an organization's value for example Arthur [4]; Huselid [5] and Koch and McGrath [6]. These practices are found to effect performance, effectiveness of the organization and commitment of the employee [7, 8, 9]. Hiltrop and Despres [10] and Yeung and Berman [11] found HR practices building employee commitment.

Education sector plays a pivotal role in the progress of any nation. In Pakistan the education sector is gaining importance as the practitioners have realized that investing in this sector would bring prosperity to the

country. The major problem faced by the universities in Pakistan is lack of organizational commitment of their faculty members. This has resulted into lack of concentration of the teachers towards achievement of University's goals and imparting knowledge to the students which has resulted in low participation of students and worth of education and high turnover of University faculty members. The development and progress of a country is represented by standard of Higher education [12]. In a report published by World Bank Task Force on Higher Education (TFHE) it has been pointed out that higher education sector of Pakistan was facing multiple problems nevertheless the quality of university faculty members was given the top most importance [13].

A fair number of researches like Batt [14], Huselid [5] and Patterson, West, Lawthom, & Nickell [15] linked HR practices with a number of outcomes including productivity, performance, absenteeism and turnover. However, there is no substantial evidence related to the impact of these practices on employee attitudes including

commitment. Secondly, majority of the researches were carried out in developed and western countries but little has been done to investigate this issue in the perspective of university teachers in Asian, especially in Pakistan. Present research is aimed at finding the effect of HR practices on organizational commitment of faculty members of the universities of Pakistan. Three out of all the HR practices were selected. These included compensation, promotion and performance evaluation because these seem more relevant in case of a developing country like Pakistan [13].

Literature Review

Organizational Commitment (OC): An important concept since 1970's appeared to be organizational commitment [16]. However, it has been a controversial issue as majority of researchers have defined it as the recognition of a person with respect to an organization's goals and values for example Buchanan [17] and Porter, Steers, Mowday, & Boulian [18] whereas some believe it to be moral affection of an individual with the organization for example Hall & Schneider [19]; Wiener [20]. Present research assumes organizational commitment as professional loyalty and deep identification with the organization [21].

Organizational commitment is typically believed as mutual association between individuals and organizations where, they remain attached with each other in exchange of certain outputs, returns, rewards or payments [22, 23, 24]. New entrants in an organization are expected to utilize their skills to accomplish their goals. It is perceived that the organizations would facilitate the employees to achieve these ends thereby enhancing likelihood of increased commitment to the organization. Alternatively, organizational commitment is likely to reduce if employees perceive that organization is not providing sufficient opportunities [25].

HR Practices: The present working environment emphasizes on a resource based view of the organizations as all the organizations treat human resources as capital and develop them to gain competitive advantage e.g. Barney [26] and Barney, Wright and Ketchen [27]. Investing in HR practices the organizations create capable workforce, equip them to find opportunities in external environment and be more responsive than their competitors [28].

There is a significant relationship between HR practices and OC [29, 30]. HR practices can be segregated to the extent they lead to organizational commitment

[31, 11]. We will now discuss the three HR practice selected for the present research and the extent they effect organizational commitment.

Compensation Practices: Compensation is a reward for employees in turn of their services [32]. The reward may be in the form of pay, promotion, benefits, recognition and motivational factors. Compensation should be designed in a way that reinforce the desired behavior [33, 34]. Compensation is believed to be an important concern for employers and employees as it also affect employee commitment [35].

Promotion: Promotions are considered to play an important role in organizational career development process [36]. The research focusing on promotion has increased in recent years. Yet, it is focused on the effect of race [37], gender [38, 39] and other factors that influence promotion. However there are studies that investigate the effect of promotion decision on behavioral outcomes like commitment to the organization [40]. It was also noted that promotion enhanced employee performance thus increasing organizational commitment [41]. Promotion practices serve as a strong motivator for the development of OC in a University's faculty members.

Performance Evaluation: Evaluation of the performance is undertaken to monitors employee work in order to improve employee performance and productivity [42]. If used properly it can play a significant role in enhancing organizational commitment [43]. It is a certified method for improving performance and enhancing satisfaction and commitment to the organization [44-47].

Hypotheses:

H1: Higher the compensation practices higher would be organizational commitment.

H2: Better the promotion practices more would be organizational commitment.

H3: If there are proper performance evaluation practices then there would be more organizational commitment.

MATERIALS AND MEHTODS

Sample: A random selection of 10 universities, (3 private and 7 from public sector), was made from 5 cities of Federal Capital, Punjab and Baluchistan for the research

Table 1: Data Collection Statistics

Province	S No	City	Universities	
			Public	Private
Federal Capital	1	Islamabad	41	16
Punjab	1	Rawalpindi	13	
	2	Lahore	19	35
	3	Taxila	8	
Baluchistan	1	Quetta	22	
Sindh	1	Karachi	21	31

presented in this paper (Table 1). A random sample of 206 members from faculties of various universities was selected. The sample included respondents from both genders of different age / experience categories working at various designations. The sample therefore can be declared as representative of the population.

The population for this paper comprised of faculty members of private and public sector universities of Pakistan. A questionnaire comprising 29 items was prepared. It was divided into five sections. The first four sections were aimed at collecting data about four variables that is OC (8 items), Compensation practices (6 items), performance evaluation practices (6 items) and promotion practices (3 items). The fifth section related to demographic data about the respondents (9 items). Each respondent was personally briefed by the surveyors to ensure accuracy of data and removal of any unknown fears related to anonymity/privacy.

Three major components of OC are continuous commitment, normative commitment and affective commitment [48, 49]. To measure OC, we used the eight-item scale developed by Porter [18]. The reliability and validity of this scale stands established.

Five points Likert scale ranging from “*Strongly Disagree=1*” to “*Strongly Agree=5*” was used to measure the response.

Tessema and Soeters [50] developed scales to operationalize HR practices. The scales developed for measuring Compensation, Promotion and Performance Evaluation Practices comprised 6, 3 and 6 items, respectively. The demographic section of the questionnaire consisted of 7 items which revolve around various demographic dimensions e.g. institutions, designation, work experience, qualification, gender, marital status and age.

Analysis: Table 2 shows complete picture of the demographic section. It shows that the data was the representing the whole of the country, as data was collected from public and private sector universities. 60% of the total data was collected from Public limited

Table 2: Demographics Statistics (N = 206)

		Frequency	Percentage
Institution Type	Public	124	60.0
	Private	82	40.0
Designation	Lecturer	122	59.0
	Assistant Professor	48	22.3
	Associate Professor	18	9.0
	Professor	18	9.0
Experience	Less than 1 Yr	25	12.0
	Between 2 and 3 Yrs	74	36.0
	Between 4 and 6 Yrs	54	26.0
	Between 7 and 10 Yrs	25	12.0
	More than 11 Yrs	28	14.0
Qualification	Bachelors	17	8.0
	Masters	74	36.0
	M Phil / MS	74	36.0
	Doctoral	41	20.0
Gender	Male	120	58.0
	Female	86	42.0
Marital Status	Married	110	53.0
	Unmarried	92	45.0
	Widow	2	1.0
	Separated	2	1.0
Age	Between 20 and 30 Yrs	91	44.0
	Between 31 and 40 Yrs	70	34.0
	Between 41 and 50 Yrs	27	13.0
	Between 51 and 60 Yrs	14	7.0
	More than 61 Yrs	4	2.0

Table 3: Descriptive Statistics and Correlation Analysis (N=206)

	Mean	S.D.	I	II	III	IV
I Compensation Practices	3.37	.73	(.84)			
II Performance Evaluation	3.41	.68	.53*	(.82)		
III Promotion	3.50	.76	.62*	.55	(.67)	
IV Organizational Commitment	3.91	.62	.40*	.22	.27	(.89)

*p<.01, Chronbach alpha in parenthesis

Table 4: Regression Analysis for HR practices and Organizational Commitment (N=206)

Model	B	S.E.	β	t
1				
Constant	2.72	.23	-	11.81*
Compensation Practices	.33	.07	.80	4.43*
Performance Evaluation	.01	.07	.01	.04
Promotion	.02	.07	.03	.75
R ² = .16, ΔR ² = .15				
F=12.88, df (3,202), P<.001				

* p<.01 Note: B= Unstandardized beta; SE= Standard error; β= Standardized beta

universities and remaining 40% was collected from private organizations. The gender portion of the table shows that 57.8% of the respondents were male and remaining 42.2% were female. The table shows that data covered all dimension of the population and was representing the population very well.

Table 3 shows the descriptive statistic, reliabilities and correlation for the study variables. The reliability coefficients for all the variables exceeded .60 as recommended by Nunnally [51] showing that the instruments are reliable to be used in the current setting.

It is also revealed that HR practices like Compensation Practices ($r=.40, P<.01$) are positively and significantly related to organizational commitment. Whereas, Performance Evaluation ($r=.22, P>.05$) and promotion ($r=.27, p>.05$) do not have any relationship with organizational commitment.

The impact of HR practices like compensation practices, performance evaluation and promotion on organizational commitment was examined through the regression analysis. The value of R^2 shows that 16% of the variation in organizational commitment is accounted for by HR practices (i.e. compensation practices, performance evaluation and promotion) with $F(2,202) = 12.88, p<.001$. Beta values of .80 ($p<.01$) shows that there is significant, positive and strong relationship between compensation practices and organizational commitment. However, the beta values of Performance evaluation .01 ($p>.05$) (Performance evaluation) and .03 ($p>.05$) (promotion practices) shows that there is no significant impact of performance evaluation and promotion practices on organizational commitment.

DISCUSSION

The objective of this research was to find out the impact of three different HR practices i.e. Compensation practices, Promotion and performance evaluation on organizational commitment.

First hypothesis anticipated that if there are higher compensation practices then there would be more organizational commitment. The hypothesis was substantiated. Very small number of literature is available on this relationship. However, the results are in-line with available previous researches. Compensation practices are a source of motivation for the employees [32, 33, 34]. If these practices are adequate then employees are more committed to their work [35].

Second hypothesis predicted that the better the promotion practices more would be organizational commitment. The results did not support this hypothesis. The results were also very different from the previous available literature which claims that promotional practices help in building organizational commitment [40, 41].

The third hypothesis anticipated that if there are proper performance evaluation practices then there would be more organizational commitment. This hypothesis was

also not supported by the results. The results were also not aligned with the past literature where, performance evaluation was found to have an impact on organizational commitment [44-57] and the committed employees are considered as better performers [52].

Pakistan has not been able to stabilize economically. Even after 64 years of independence it is still a developing country. Its per capita income is very low. People in Pakistani culture are closely knit in family circles and have to look after the well being, prosperity and social status of not only own self but also the family members. Therefore any source that provides economic stability to individuals would provide the gauge for measuring their organizational commitment, Pakistani university faculty is no exception. Financial compensation practices provide a direct economical boost to an individual while promotion offers a position with higher status and power but not many financial benefits. Similarly, based on performance evaluation, an individual either gets promoted or receives small amount of extra bonuses. Therefore, in each case the individuals are not much benefited economically.

The results are strongly supported by the fact that due to poor economical conditions and closely knit family system, foremost preference of a majority of Pakistani employees, including Universities faculty, is compensation instead of performance evaluation or promotion practices. Therefore, it is evident that compensation practice plays a vital role in increasing or decreasing OC in the faculty members of universities in Pakistan.

Limitations and Suggestions: This study is causal in nature and has its own limitations. First, Pakistan is a country of heterogeneous and diverse socio cultural habitat. The study was limited to a randomly selected sample of Public and private universities from only a few cities, therefore, the results might not be true reflection of entire population. Second, effects of only three variables were studied on OC which do not cover entire spectrum of HR practices. Third, only University faculty members have been studied for OC whereas more in-depth study would require inclusion of faculty members of Schools and colleges, who form foundations of education system.

CONCLUSION

A number of studies have been conducted in European and American States to find impact of various HR practices on other variables like OC, Performance etc. However, not much has been done in the perspectives of

Pakistan. It is proposed that future researchers should probe into various factors affecting organizational and National growth.

Development of any country is crucially dependent upon the quality of education. This, in turn, is dependent upon the commitment of University faculty members. Pakistan has a very weak educational infrastructure and needs an immediate and sound uplift of commitment by teachers and students alike. In order to have committed faculty better HR practices should be adopted.

It is suggested that future studies into organizational commitment may be carried out on a broad population base and include faculty members of schools and colleges as well.

ACKNOWLEDGEMENT

Special thanks to Dr. Arshad Zaheer who was kind enough to us and was available, whenever we approached him and this research would not have been possible without his guidance. We are also thankful to Engineer Ali Imran and Mr. Muhammad Ali who helped us for data collection.

REFERENCES

1. Katz, D., 1964. The motivational basis of organizational behavior. *Behavioral Sci.*, 9: 131-133.
2. Dessler, G., 2009. *Human Resource Management*, (11th Ed.), Florida: Pearson.
3. Snell, S.A. and J.W. Dean, Jr., 1992. Integrated manufacturing and human resource management: A human capital perspective. *The Academy of Management J.*, 35(3): 467-504.
4. Arthur, J.B., 1994. Effects of human resource systems on manufacturing performance and turnover. *Academy of Management J.*, 37: 670-687.
5. Huselid, M.A., 1995. The impact of human resource management practices on turnover, productivity and corporate financial performance. *Academy of Management J.*, 38(3): 635-672.
6. Koch, M. and R. McGrath, 1996. Improving labor productivity: human resource management policies do matter. *Strategic Management J.*, 17: 335-354.
7. Rao, T.V., 1990. *The HRD Missionary*. New Delhi and Oxford: IBH, pp: 11-15.
8. Yeung, A.K. and B. Berman, 1997. Adding value through human resources: reorienting HRM to drive business performance. *Human Resource Management*, 36(3): 321-35.
9. Zornitsky, J.J., 1995. Making effective HRM a hard business issue. *Compensation and Benefits Management*, 2(1): 16-24.
10. Hiltrop, J.M. and C. Despres, 1994. Benchmarking the performance of HRM. *Long Range Planning*, 27(6): 43-57.
11. Wood, S. and L. De Menezes, 1998. High commitment management in the UK: Evidence from the WIRS and EMSPS. *Human Relations*, 51: 485-515.
12. Peril and Promise, 2000. *Higher Education in Developing Countries*. World Bank, Available at [Www.tfhe.net](http://www.tfhe.net)
13. Shahzad, K., K.U. Rehman and M. Abbas, 2010. HR practices and leadership styles as predictors of employee attitude and behavior: evidence from Pakistan. *European J. Social Sci.*, 14(3): 417-426.
14. Batt, R., 2002. Managing customer services: Human resource practices, quit rates and sales growth. *Academy of Management J.*, 45: 587-597.
15. Patterson, M.G., M. West, R. Lawthorn and S. Nickell, 1997. Impact of people management practices on business performance. London: Institute of Personnel and Development.
16. Swailes, S., 2002. Organizational commitment: A critique of the construct and measures. *International J. Management Reviews*, 4: 155-178.
17. Buchanan, B., 1974. Building organizational commitment: The socialization of managers in work organizations. *Administrative Science Quarterly*, 19: 533-546.
18. Porter, L.W., R.M. Steers, R.T. Mowday and P.V. Boulian, 1974. Organizational commitment, job satisfaction and turnover among psychiatric technicians. *J. Appl. Psychol.*, 59: 603-609.
19. Hall, D.T. and B. Schneider, 1972. Correlates of organizational identification as a function of career pattern and organizational type. *Administrative Science Quarterly*, 17: 340-350.
20. Wiener, Y., 1982. Commitment in organizations: A normative view. *Academy of Management Review*, 7: 418-428.
21. Steinhaus, C.S. and J.L. Perry, 1996. Organizational commitment: Does sector matter? *Public Productivity and Management Review*, 19(3): 278-288.
22. Mowday, R., L. Porter and R. Steers, 1982. *Employee-organizational linkages*. New York: Academic Press.
23. Angle, H. and J. Perry, 1983. Organizational commitment: individual and organizational influences. *Work and Occupations*, 10: 123-146.

24. Mottaz, C., 1986. An analysis of the relationship between education and organizational commitment in a variety of occupational groups. *J. Vocational Behavior*, 28: 214-228.
25. Steers, R., 1977. Antecedents and outcomes of organizational commitment. *Administrative Science Quarterly*, 22: 46-56.
26. Barney, J.B., 1991. Firm resource and sustained competitive advantage. *Journal of Management*, 17(1): 99-120.
27. Barney, J., M. Wright and D.J. Ketchen, Jr., 2001. The Resource-based View of the Firm: Ten Years after 1991. *J. Management*, 27: 625-641.
28. Wright, P.M., B.B. Dunford and S.A. Snell, 2001. Human resources and the Resource-based view of the firm. *J. Management*, 27: 701-721.
29. Conway, E., 2004. Relating career stage to attitudes towards HR practices and commitment: Evidence of interaction effects? *European J. Work and Organizational Psychol.*, 13(4): 417-446.
30. Finegold, D., S. Mohrman and G.M. Spreitzer, 2002. Age effects on the predictors of technical workers' commitment and willingness to turnover. *J. Organizational Behavior*, 23: 655-674.
31. Walton, R.A., 1985. From control to commitment in the workplace. *Harvard Business Review*, 63: 77-84.
32. Weeratunga, L., 2009. C3 Managing Human Resource, (3rd ed.), Islamabad: Allama Iqbal Open University.
33. Jenkins, D., 1994. Use of skill-based pay in the private sector. Paper presented at the Consortium for Policy Research in Education Conference on Alternative Models of Teacher Compensation, Washington DC.
34. Lawler, E.E., III., 1990. Strategic pay. San Fran-cisco: Jossey-Bass.
35. Miller, B., (n.d.). Compensating restaurant employee through tips: an antecedent for organizational commitment? Retrieved from http://udel.edu/~blm/pdfs/Scholarship/unlv_conference.pdf
36. Souza, G.D., 2002. A Study of the influence of promotions on promotion satisfaction and expectations of future promotions among managers. *Human Resource Development Quarterly*, 13(3): 325-340.
37. Powell, G.N. and D.A. Butterfield, 1997. Effect of race on promotions to top management in a federal department. *Academy of Management J.*, 40: 112-128.
38. Blum, T.C., D.L. Fields and J.S. Goodman, 1994. Organization-level determinants of women in management. *Academy of Management J.*, 37: 241-268.
39. Ohlott, P.J., M.N. Ruderman and C.D. McCauley, 1994. Gender differences in manager's development job experience. *Academy of Management J.*, 36: 46-67.
40. Schwarzwald, J., M. Koslowsky and B. Shalit, 1992. A field study of employees' attitudes and behaviors after promotion decisions. *J. Appl. Psychol.*, 77: 511-514.
41. Markham, W.T., S.L. Harlan and E.J. Hackett, 1987. Promotion opportunity in organizations: Causes and consequences. In K.M. Rowland and G.R. Ferris, (Eds.), *Research in personnel and human resources management*. Greenwich, CT: JAI Press.
42. Brown, M. and J.S. Heywood, 2005. Performance appraisal systems: determinants and change, *British J. Industrial Relations*, 43(4): 659-679.
43. Brown, M. and J. Benson, 2003. Rated to exhaustion? Reaction to performance appraisal processes. *Industrial Relations J.*, 34(1): 67-81.
44. DeCarlo, T.E. and T.W. Leigh, 1996. Impact of salesperson attraction on sales managers' attributions and feedback. *J. Marketing*, 60: 47-66.
45. Babakus, E., D.W. Cravens, M. Johnston and W.C. Moncrief, 1996. Examining the role of organizational variables in the salesperson job satisfaction model. *J. Personal Selling and Sales Management*, pp: 33-46.
46. Babin, B.J. and J.S. Boles, 1996. The effects of perceived co-worker involvement and supervisor support on service provider role stress, performance and job satisfaction. *J. Retailing*, 72: 57-75.
47. Brown, S.P. and R.A. Peterson, 1994. The effect of effort on sales performance and job satisfaction. *J. Marketing*, 58: 70-80.
48. Meyer, J.P. and N.J. Allen, 1991. A three-component conceptualization of organizational commitment. *Human Resource Management Review*, 1: 61-89.
49. Allen, N.J. and J.P. Meyer, 1990. The measurement and antecedents of affective, continuance and normative commitment to the organization. *J. Occupational Psychol.*, 63: 1-18.
50. Tessema, M. and J. Soeters, 2006. Challenges and prospects of HRM in developing countries: testing the HRM-performance link in Eritrean civil service. *International J. Human Resource Management*, 17(1): 86-105.
51. Nunnally, J.C., 1978. *Psychometric Theory*. New York, NY: McGraw-Hill.
52. Irfan, S.M., M. Mohsin and I. Yousaf, 2009. Achieving Service Quality Through its Valuable Human Resources: An Empirical Study of Banking Sector of Pakistan. *World Applied Sciences Journal*, 7(10): 1222-1230.