



## HRM PRACTICES A WAY FOR IMPROVING SKILLS AND COMMITMENT OF THE EMPLOYEES IN ORGANIZATION (A CASE STUDY OF BANKING SECTOR IN PAKISTAN)

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### ABSTRACT

*This study inquired the correlation between human resource management practices and employee commitment. Furthermore, study addressed the employee's attitude and sensitivity towards different HR practices i.e. selection, training, job definition, career planning, and employee participation. Human resource practices are helpful in promoting and improving the commitment of employee. For the matter, more than 18 private sector banks are studied. The findings reveal that human resource management practices are not only the important determinant of the employee commitment but can also play important role to improve the performance of employee. During this research study, the role of human resource management practices including selection, training, job definition, career planning, employee participation and performance on the commitment of employees is observed analyzed in order to determine their effectiveness on employee's performance.*

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## INTRODUCTION

Firms have increasingly the potential for their people to be a source of competitive advantage (Pfeffer, 1994). Private banks organization in the world are experiencing the tremendous growth. Those need skillful, qualified and committed employees to continue the progress. Committed employees perform to the best of their skills thus prove to be more productive than others.

Pakistan has come through the phase of privatization in last few years. It is worth mentioning that after privatization growth. It is worth mentioning that after privatization, the banking sector continued to experience the ups and down and failed to achieve a sustainable growth rate due to excessive politicization in the financial sector.

The facts stated above indicate that the privatized banks have better performance as compared to rest of the three banks running in the public sector. The better performance shows by the privatized banks are attributed to their aggressive marketing and banking policies. However, some professionals are expressing doubts about sustainability of their banking operations. The patriots are of the view that the remaining banks in the public sector will be handed over to the foreigners as a result of privatization process being carried out by the government.

Private Banks in Pakistan are facing problem of turn over. Employees are the key players of the organizations. They play vital role in the achievement of organization's goals. Employee commitment with organization assures the performance of employee. More committed employee would produce more value for organization. Therefore banking sector in Pakistan need the best system of Human resource management practices to develop and improve the commitment of the employees. It would not only help the organization to grow further but also open the ways for employee to boost his career through acquiring the skills and contribute to achieve his own goals and organizational goals that leads to success of the organization and society well being.

## LITERATURE REVIEW

Different scholars have studied employee commitment. Jacqueline A-M Coyle, et al (2005) studied and concluded that employee's affective attachment to their employing organization mediates the effect of psychological contract fulfillment on client affective commitment. Commitment of employee is very necessary for the growth and performance of organization. Scholars have endeavored to help in resolving that problem. Charles R, et al (2005) has found the strong relationship of quality practices, employee commitment and control initiatives on the perceived result. Joyce Iun, Xu Huang (2007) explained that older employee with the high level of commitment can contribute as much as young employee can. Philip Cheng, et al, (2007) stated his findings as there are two important elements that effect the commitment employee. Those are 'family' relationship and interpersonal relationship. The highly committed employee would contribute towards the objective of the organization and as a result organization gain value of his

performance. Huselid (1995), who examined the relationship between HR practices and corporate turnover, profitability and market value, has done the similar work. Guy pare , et all (2000) produced and work on relationship between human resource practices and I.T personal work attitude, extra role behaviors and turn over intentions. One of a source of competitive advantages for any business is its human resource (Becker & Huselid, (1998) .Guest (2002) has argued that the impact of HRM on performance depends upon worker's response to HRM practices, so the impact will move in direction of the perception of HRM practices by the employee. Zubair Aslam (2008) studied the impact of human resource management practices on the performance of employees. He produced the positive correlation between human resource practices and performance of the employees. The area of the study is that case was Telecom sector of Pakistan. While it is endeavored to cover the impact of human resource practices on the commitment in the banking sector of Pakistan.

## **EMPLOYEE COMMITMENT**

William. J. Tallon defined employee commitment as organizational and task commitment, and is related to personal, job and organizational characteristics. They further added that employee commitment could have three properties, acceptance of the organizational values and beliefs, desire to work for organization with full spirit and willingness to serve organization and remain there as an employee. Paul R. Jackson, found that older workers and women are more committed to the quality and the organization. While working on the implementation of team concept David A. Foot et al (2005) found that employee with clear understanding of there role in a team work are more committed to the organization than who are not clear about there role in a team. Human resource management plays vital role in securing the commitment of the employee to the organization José' Alatrasta and James Arrow smith, (2004). Employee commitment could be pursued by different techniques i.e. performance appraisal related to employee development, team work practice, providing employment security, bilateral communication, respect and reward focusing on employee development and performance. Investigation of employee commitment with organization is important not as it affects other organizational out comes like turnover intentions and sales of the company and profitability (Hian Chye Koh and El'fred H. Y. Boo, 2004). Performance of employee depends of his commitment to the organization. Employee can only be effective and productive to the organization if he is willing to contribute to achieve the goals of organization.

## **SIGNIFICANCE**

Employee commitment has direct impact on the performance of the employee. Committed employee contributes positively towards the development and growth of the organization and helps it in achieving individual and organizational goal . Thus, this study would help the banking sector organizations in motivating and increasing their loyalty, and commitment for the organization.

## **DELIMITATION**

Researcher can not explore the whole private banks due to paucity of time and resources. Therefore, sample included only 18 private banks organizations of Peshawar region. The sample consists of middle level managers and employees of the private banks.

### **Objectives :**

The main objectives of the research study are following.

1. To analyze the impact of human resource practices on the behavior of the employees.
2. To analyze the validity of human resource practices in private banks.
3. To analyze the relationship between employee commitment and employee performance .

### **Hypothesis :**

H1: Selection is positively correlated with the commitment of employee.

H2: Job definition is positively correlated with the commitment of employees .

H3: Training is positively correlated with the commitment of employees.

H4: Employee participation is positively correlated with the commitment of employees.

H5: career planning is correlated with the commitment of employees.

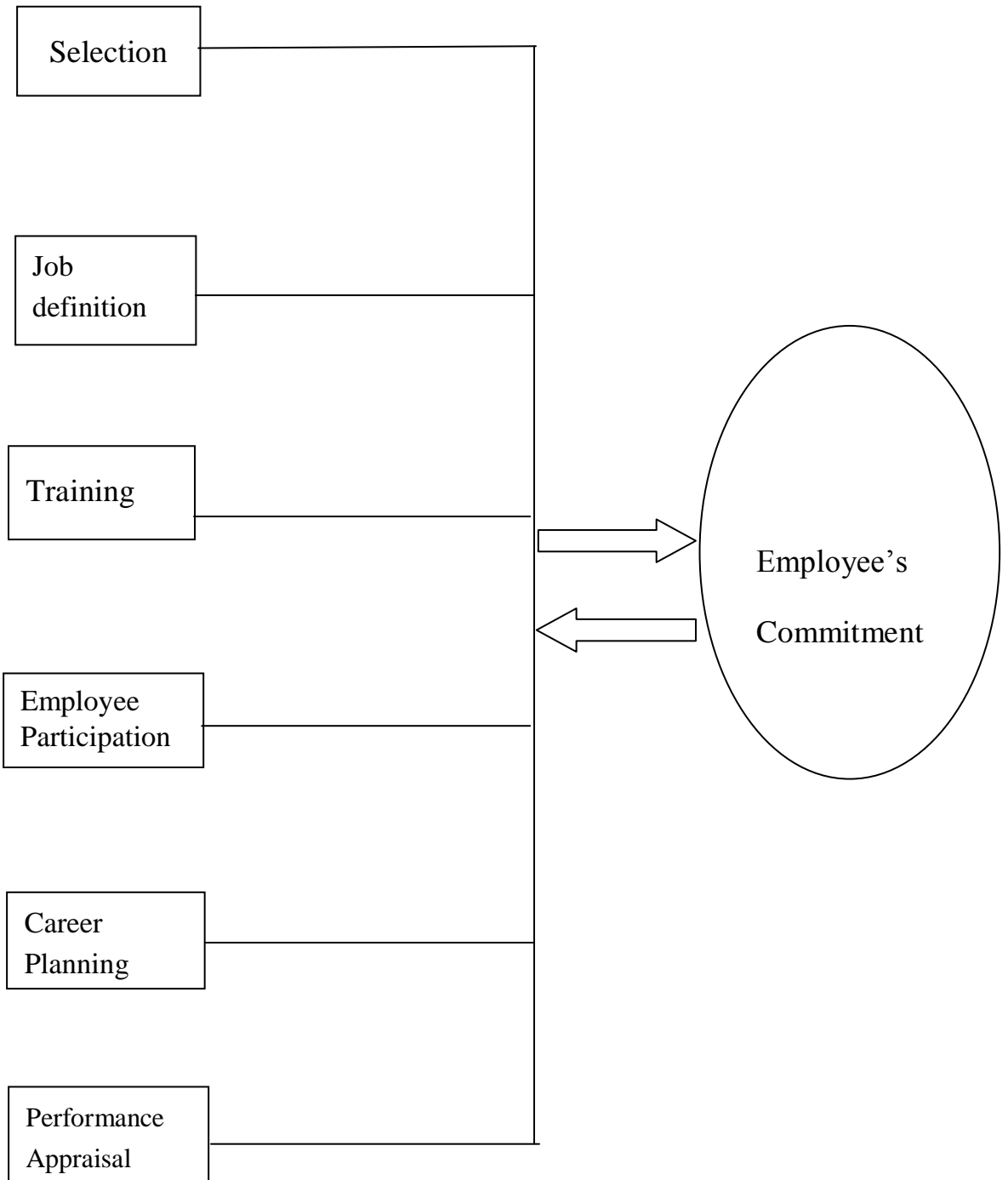
H6: Performance appraisal is positively correlated with the commitment of employees.

## **RESEARCH METHODOLOGY**

### **Data Collection Clooection and Analysis**

Sample of this research study is the middle level managers and employee of the private banks sector organizations of Peshawar region. Selected sample size is 120 and 103 returned out of the total distribution questionnaires . Response rate is 88% Questionnaires of Singh (2004) and Qureshi M Tahir (2006) is selected for data collection . Five Likert scale questionnaires in which 1 represented Strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree and 5 represented Strongly Agree . While the necessary amendments in dependant variable are made. 5 Likert scale questionnaires. The study explored the relationship between human resource management practices and commitment of employee. 'PERSON CORRELATION' and 'Descriptive Statistics' are used to analyze the data numerically.

**THEORITICAL FRAMEWORK**



## FINDINGS AND RECOMMENDATIONS

All the variables have positive correlation with the employee commitment .Like training (651\*\*), selection (728\*\*), job definition (554\*\*), Employee participation(676\*\*),

Career –planning (578\*\*) and performance appraisal (544\*\*). Thus, refer that all the above-mentioned human resource management have positive correlation with the employee’s commitment.

### Descriptive statistics.

	N	Minimum	Maximum	Mean	Std. Deviation
Employee Commitment	123	1.00	5.00	3.7398	1.15117
Selection	123	1.00	5.00	3.6179	1.19095
Job definition	123	1.00	5.00	3.2033	1.49841
Training	123	1.00	5.00	3.4390	1.26845
Employee participation	123	1.00	5.00	3.5691	1.08704
Career Planning	123	1.00	5.00	3.4715	1.29517
Performance appraisal	123	1.00	5.00	3.4390	1.46627

### Correlations

	Employee commitment	Selection	Job definition	Training	Employee Participation	Career Planning	Performance appraisal
Employee Commitment	1	.728	.554	.651	.676	.578	.544
Selection	.728	1	.402	.893	.727	.389	.421
Job definition	.554	.402	1	.587	.562	.639	.347
Training	.651	.893	.587	1	.626	.407	.644
Employee participation	.676	.727	.562	.626	1	.734	.521
Career Planning	.578	.389	.639	.407	.734	1	.412
Performance Appraisal	.544	.421	.347	.341	.521	.412	1

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