Examining The Influence Of High Commitment Human Resources Practices (HRM) On Organizational Commitment: The Social Exchange Approach

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ABSTRACT

Much recent writing on Human Resource Management (HRM) has emphasized the desirability of a committed workforce and the central role of HRM practices in establishing and maintaining employee commitment. However, little research has examined the psychological links of perceived organizational support, trust and procedural justice according to the social exchange theory which underlines the relationship of HRM practices on employee commitment, especially in the context of higher education in Malaysia. Hence, this review and conceptual paper makes a timely contribution to the research literature by reviewing the relevant literature and recommending propositions to guide future research in this area for faculty members at higher educational institutions in Sarawak, Malaysia. Theoretically, it adopts the social exchange theory by proposing the possible mediating effects of perceived organizational support, trust and procedural justice into the above relationship between high commitment human resource management practices (HRM) and employee commitment.

INTRODUCTION

In the context of the higher education industry, Malaysia aims to be an international hub for world class education and targets about 50,000 foreign students every year. It has 20 public universities, four foreign branch campuses of foreign universities and many more private higher institutions of higher learning. This trend of globalization, liberalization and reforms to the educational system to improve the ranking of the universities brings many challenges on developing ways to improve staff commitment to universities. One primary criteria for world class universities is the ability to attract and retain excellent and experienced academics. This is because each faculty member is an important part of the institution. He interacts, facilitate and motivate students to achieve greater heights and his work makes a difference towards the academic reputation of the institution apart from other factors such as excellence in facilities, size and location. On this note, the turnover rate of faculty members between institutions of learning in Malaysia and overseas is a growing concern in Malaysia. It is obvious that the institutions cannot get a return from their investment on faculty members’ promotion, training and sabbatical leave. Therefore, understanding the factors that precede organizational commitment can enhance better administrative decisions for the financial support program of faculty members and also the ability to attract and retain good academics.

Employee commitment is among the most researched topics in the area of organizational behaviour and education because of their impact on behaviour at work such as compliance with directives, effective performance in their jobs or lower turnover, absenteeism etc. (Testa 2001). To date, very few studies have investigated the relationship between high commitment human resource management practices (HRM) and employee commitment for faculty members at higher education institutions in Malaysia, especially in Sarawak. In view of the emphasis of the Sarawak State Government on the importance of higher education to drive the State’s knowledge economy, this review and conceptual paper makes a contribution to the research literature regarding the relationship.

Based on the above logic, this conceptual paper attempts to contribute to the commitment literature by examining the possible influence of perceived organizational support, trust and procedural justice as mediators on the relationship between high commitment human resource management practices (HRM) and employee commitment in terms of affective, continuance and normative commitment for faculty at higher educational institutions in Sarawak, Malaysia.
Furthermore, creating a team of committed academic staff is also a necessary prerequisite as it is a first step towards achieving one of the five thrusts of the National Mission which focused to raise the country’s capacity for knowledge, creativity and innovation and nurture “first class mentality” which would enable the nation to achieve Vision 2020 (“RM220 billion development blueprint,” 2006). In Sarawak, the importance of the higher education sector is also emphasized through one of the strategy unveiled by the State Government ie. to develop human capital and research and development (R & D) capability which is necessary to propel the State to achieve all objectives of the Ninth Malaysian Plan or 9MP (“Taking Sarawak to the next level”, 2006).

In the following sections, the conceptualization of the key terms such as organizational commitment, high commitment human resource management practices, perceived organizational support, trust and procedural justice will be presented. This is followed by a discussion on the development of the propositions incorporating the concepts. Finally, the conclusion highlights the importance of investigating employee commitment for the higher education sector.

**CONCEPTUALIZATION OF KEY CONCEPTS**

**Human Resource Management (HRM) Practices**

Human Resource Practices can be classified as “control” or “commitment” practices. The control approach aims to increase efficiency and rely on strict rules and rewards are based on outputs while the commitment approach aims to increase effectiveness and rely on conditions that encourage employees to identify with the goals of the organization and work hard to accomplish those goals. High commitment human resource strategies work well synergistically, reflective of a general commitment strategy by forging psychological links between organization and employee goals by developing committed workforce who can be trusted to use their discretion to carry out job tasks in ways that are consistent with organization goals (Whitener, 2001; Meyer and Allen, 1997).

Pfeffer (1998) suggested that soft or high commitment human resource management practices are those that generate trust in employees and these practices include giving employees empowerment and involvement in decision making; extensive communication about functioning and performance of the employees’ service; designing training for skills and personal development of employees; selective hiring; team-working where idea are pooled and creative solutions are encouraged; rewards system that commensurate with effort; reduction of status between the management and staff and all workers are valued regardless of their role. These prescribed bundle of HR practices results in greater employee commitment and committed employees are more likely to exert themselves on behalf of the organization. Further, the most fundamental process to influence affective commitment is an employee’s personal fulfillment based on met needs and positive work experiences (Meyer and Allen, 1997). High commitment human resource management practices shapes employee behaviours and attitudes (job satisfaction and commitment) by developing psychological links between the organization and employee goals (Gould-Williams, 2003; Edgar and Geare, 2005; Chew, Girardi and Entrekin, 2005). This is supported by Williams (2004) that eight out of ten high commitment practices examined such as training, team working, reduced status, communication and involving employees in decision making had significant effects on worker attitudes based on the logic of normative theories of HRM. On the other hand, Marchington and Grugulis (2000) criticized Pfeffer’s work idea of ‘best practice’ HRM practices of putting people first which suggest that particular bundle of HR practices can increase profits via commitment irrespective of organizational, industrial, or national context. They justify that these practices may not be so beneficial to workers, there is a decline of mutual commitment between the organization and the employees and employees’ perceptions of work are what really matter. This is probably due to similar HR techniques may be perceived in dissimilar ways by employees in different situations.

**Organizational Commitment (OC) and Employee Commitment**

Earlier studies have conceptualized employee commitment as the employees’ commitment to their organization. Organizational commitment has attracted researchers interested in behaviours of individuals in organizations and it is also a relatively stable attitude over time compared to job satisfaction (Porter et al. 1974).
The concept of organizational commitment has been defined in many ways. Steers (1977) is among the first to view organizational commitment as an employee attitude and as a set of behavioral intentions; the willingness to exert considerable effort on behalf of the organization and a strong desire to maintain membership of the organization. Then, Mowday, Steers and Porter (1979; 1982) refined that the concept of organization commitment can be characterized by at least three factors: (a) a strong belief in, and acceptance of, the organization’s goals and values, (b) a willingness to exert considerable effort on behalf of the organization; and (c) a strong desire to remain in the organization. The researchers defined organizational commitment as the strength of an individual’s identification with the goals of an organization’s multiple constituencies and it is about positive involvement, which is integral to developing shared goals and objectives in a particular organization. In short, organizational commitment can be considered to be affective responses or attitudes which links or attaches an employee to the organization.

During the last decade, it has become clear that organizational commitment is a multidimensional construct that involves three dimensions: affective, continuance and normative. This paper will adopt this conceptualization of organizational commitment which is commonly known as the Meyer and Allen’s (1991) Three-Component Model of OC. Affective commitment refers to the employee’s emotional attachment to the organization. Employers with strong affective commitment remain with the organization because they want to do so. Continuance commitment refers to the extent to which the employee perceives that leaving the organization would be costly. Employees with strong continuance commitment remain because they have to do so. Finally, normative commitment refers to the employee’s feelings of obligation to the organization and the belief that staying is the ‘right thing’ to do. Employees with strong normative commitment remain because they feel that they ought to do so (Meyer and Allen 1991). Later, a revision of the three scales was undertaken (Meyer, Allen and Smith 1993). Taking the cue from Allen and Meyer (1996) which revealed satisfactory construct validity and internal reliability, Meyer et al. (2002) conducted a meta analysis of the antecedents, correlates and consequences of the Three-Component Model of OC and discovered that the model seems to be the most suitable conceptualization of organizational commitment and that the model might indeed be applicable in other countries and cultures outside North America. In this respect, a recent study by Chin and Sheehan (2004) of 500 managers in Malaysia provides evidence of a three-component structure of organizational commitment as conceptualized by Meyer and Allen (1991).

Even though organizational commitment has been the focus for most HRM theorists as it is more beneficial to the organization compared to other foci (targets) of employee commitment such as career commitment, recent studies have focused on the meaning of employee commitment which is a force that binds employees to an action which is relevant to the targets of commitment which include entities or behaviours. The targets or focus can be the organization, job, career, different units of different levels in the organizations such as top management, supervisors, groups, teams and leaders, or behaviours such as publishing their academic work, excellent teaching, customer/client etc. (Meyer and Herscovitch, 2001; Swailes, 2002).

Studies of commitment follows either the psychological approach (psychological identification with the goals and beliefs of the organization, the extent organizational experiences are perceived as helping individuals to attain the goals of mastery and support, individuals will identify with the organization and be committed to it) or the exchange approach (OC is a function of cognition evaluation of the costs and benefits of maintaining organizational membership (Ogilvie, 1986). The social exchange approach to commitment suggests that the employees’ commitment to an organization is a function of the extent to which an organization is committed to them (Eisenberger et al., 1986, 1990) and they will reciprocate their perceptions of the organization’s commitment to them accordingly in their own commitment to the organization. The exchange-theory approaches to commitment suggests that the more favorable the rewards and experiences of the employee, the more he is willing to offer in return.

**Perceived organizational support (POS)**

The concept of POS (Eisenberger, Huntington, Hutchison & Sowa 1986) suggests that employees develop a general perception concerning the extent to which the organization values their contributions and cares about their well-being. POS acts as assurance that help will be available from the organization when needed to carry out one’s job effectively.
POS embodies the social exchange process, reflecting employees’ interpretations and perceptions of the organization’s actions and POS is shown to be positively correlated with affective commitment. Normative commitment might be the manifestation of organizational support as part of the psychological contract to employees (Rousseau 1995). Continuance commitment has negative correlation with POS (Allen and Meyer 1990).

Organizational Justice

Past studies eg. Folger and Konovsky; Sweeney & McFarlin (as cited in Meyer and Smith, 2001) suggest that procedural justice is a better predictor of employee commitment than distributive justice. This relationship may be due to that the use of fair procedures in decision making provides evidence of a genuine caring and concern for the well being of employees. Normative commitment is also positively related to procedural justice while procedural justice is unlikely to have much impact on continuance commitment (Meyer and Smith, 2001).

Trust

The study of trust in organizations has remained problematic because of problems with the definition of the construct itself. The most common definition of trust is given by Mayer, Davis and Schoorman (1995), ie. ‘the willingness of one party to be vulnerable to the actions of another party based on the expectation that the other party will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party’. (p. 712). Besides, Rousseau et al. (1998, p, 395) defined trust as “psychological state comprising the intention to accept vulnerability based on positive expectations of the intentions or behaviour of another. It reflects employee faith in corporate goal attainment and organizational leaders and the belief that organizational actions will prove beneficial for employees. Hence, trust is a social phenomenon and the exchange theory looks at trust as an essential tool for achieving a stable social relationship (Blau, 1964). Trust develops through a social exchange process in which employees interpret the actions of management and reciprocate in kind (Blau, 1964). Blau (1964) and Whitener (1997) suggested that trust is a critical component in developing social exchange relationship as the act of initiating social exchange relationships requires the originator to trust that the recipient will respond in kind. Elements of uncertainty and vulnerability is present in social exchange relationships.

Social exchange theory

Social exchange is the most basic form of exchange (Blau, 1964) and social exchange is based on the norm of reciprocity ie. managerial expectations that recognition, empowerment and investment in human assets will be reciprocated. This reliance on the goodwill and obligation of the other actors may create uncertainty and trust. Hence, there is a need to create a climate of trust that binds the organization and the employee together. There are many studies that suggest that the influence of high commitment HRM practices on employee commitment is not direct but indirect through the psychological links of procedural justice, perceived organizational support and trust as suggested by the social exchange theory (Ogilvie, 1986; Kinicki et al. 1992; Whitener, 2001; Agarwala, 2003; Gould-Williams, 2003; Gould-Williams and Davies, 2005). Hence, both organizations and employees need to develop and fulfill their psychological contracts by creating a climate of trust.

DEVELOPMENT OF PROPOSITIONS FOR FUTURE RESEARCH

Based on the notion that high commitment human resource management practices as suggested by Pfeffer (1998) shapes employee behaviours and attitudes (for example organizational commitment) by developing psychological links between the organization and employee goals and supported by recent studies (Gould-Williams, 2003; Edgar and Geare, 2005; Chew, Girardi and Entrekin, 2005 ), the following proposition is suggested:

P1: High commitment human resource practices will be positively related to the level of employee commitment to the organization.

Since organizational commitment is conceptualized as consisting of affective, continuance and normative commitment (Meyer and Allen, 1991), the above generic proposition will be refined into the following proposition:-
**Pla:** High commitment human resource practices will be positively related to the level of affective, continuance and normative employee commitment to the organization.

The above proposition will examine the influence of high commitment human resource management practices such as training, team working, reduced status, communication and involving employees in decision making, empowerment and involvement in decision making and rewards system that commensurate with effort on employee commitment as suggested by many researchers such as Pfeffer (1998) and Williams (2004).

Many studies (for example, Ogilvie (1986); Iles, Mabley and Robertson (1990); Kinicki, Carson, and Bohlander (1992); Agarwala (2003)) have suggested that HRM practices to foster commitment should consider the importance of the employees’ perception compared to reality. This may be due to that unexpected outcomes might have resulted from the fact that employees’ perception were influenced in ways that were quite different from what was intended and that HRM practices may signal organizational care and trust to the employees such as fairness of promotion practices and merit system accuracy (procedural justice). Other examples include, participation in the stress counseling might have made employees aware that the organization was a major contributor to the stress they are experiencing or participation in the developmental awareness centers might have increased the employees’ awareness that they are in the wrong path.

This suggests that perceptions of high commitment HRM practices will influence the readiness with which managers identify with the goals of the company and felt that their efforts and investments were reciprocated by the organization. Organizational efforts to demonstrate continued concern for employees with long service records can help employees to develop active rather than passive or trapped commitment (Ogilvie, 1986). Attributions employees make for an organization’s actions including practicing the particular HRM practices will also influence their commitment level. Employees are more likely to respond in the desired direction (with increased commitment) to a policy or practice if they believe that the organization was responsible for its introduction and considered employees’ interests rather than compliance with legal requirements or a desire to increase productivity [Meyer and Allen (1997); Koys (1988, 1991)] A recent study by Edgar and Geare (2005) also suggest that high levels of employee commitment is related to “appropriate” HRM practice and results from investing in HRM practices which benefit employees (not the number of HRM practices implemented) and whether they are being treated fairly.

Tsui et al., (1997) used the term ‘employee - organization - relationship strategy’ to refer to the employer’s perspective on employment relationship i.e. the employer’s expectations about specific contributions that it desires from the employees and the inducements that it uses to effect the desired contributions and demonstrates the ‘mutual-investment employee-organization balanced exchange relationship’. It involves some degree of open-ended and long-term investment in each other by both the employee and the employer. This is the opposite of under investment and over-investment relationship and when employees believe that their organization is introducing HR innovations, they are likely to perceive these actions as investments that the organization is making in the employees. Blau (1964) also argued that social exchange engendered feelings of personal obligation, gratitude and trust that pure economic exchange does not. In the context of higher education, Garavan (2001) suggested that HRM practices are likely to contribute to human capital accumulation and employees place value on the investments that organization’s make in their human capital enhancement. Hence, organizations should view investment in human capital as important as human competencies are one of the resources available to organizations. Consistent with the social exchange theory which suggest that these high commitment HRM practices build psychological links between employees and organization, the studies above suggest the following:

**P2:** Employees’ positive perception of high commitment HRM practices will positively influence their level of commitment to their organization, especially affective commitment.

Hislop (2003) extended the ideas of Garavan (2001) and Kumar and Idris (2006) and proposed a model that considers how the knowledge workers motivational level may be shaped by HRM practices that leads to perceptions of fairness, trust and delivery of the psychological contract deals. These will create the attitudinal consequences of commitment.

One of these is McElroy (2001) and Meyer and Allen (1997) who suggested that HRM practices implemented as a package eg. selective hiring, self-managed teams/decentralization, high compensation tied to organizational performance, extensive training, reduction of status differentiation and sharing information could increase the forms of
commitment i.e. feelings of affective commitment, normative and continuance commitment towards various commitment targets (behaviours/entities) such as organization, job, profession, at the same time. However, the side effects from continuance and normative commitment is minimal. Further, they also suggested that the relationship between HRM practices and the three forms of commitment is due to the creation of the sense of organizational support, trust, perception of justice/fairness, and the employees’ sense of self worth and importance.

More specifically, Meyer and Smith (2001) suggested that the influence of HRM practices (performance appraisal, benefits, training and career development) on affective and normative commitment were largely mediated by organizational support and to a lesser extent by procedural justice, hence HRM effect on commitment are neither direct nor unconditional. Further, they also suggested that the links between some of the HRM evaluation ratings and organizational support were fully (performance appraisal) or partially (career development, benefits) mediated by procedural justice, and hence procedural justice might be an important factor in shaping employees’ perceptions of support, and ultimately commitment. Besides, Ogilvie (1986) also suggested that organizational commitment is strongly influenced by employees’ perceptions of HRM practices such as fairness of promotion practices (procedural justice).

HRM practices might serve as one means for organizations to show their care and support or commitment to the employees and in turn, foster affective commitment and reciprocal attachment by employees. (Eisenberger et al., 1986). This findings suggest that HRM practices might only contribute to employees’ affective commitment if they are viewed by employees as evidence of the organization’s commitment to them.

Stinglhamber, Cremer and Mercken (2006) suggested that perceived organizational support partially mediated the effect of procedural justice on trust in organizations. It is plausible that such a fair treatment enhances feelings of trust in the organization because it elicits among employees a feeling of being cared about and supported by the organization. Human resources practices that facilitate the fair treatment (procedural justice) of employees thus not only engender their perceived organizational support but also directly influence their trust in the organization. The employment relationship is a function of employees’ exchanges with the organization as a whole. This reflects that social exchange theory (Blau, 1964) is a dominant theoretical framework used to examine the employment relationship in the organizational psychology literature and trust and perceived organizational support should play a central role as a mechanism through which human resource management practices affects employee commitment.

Gould-Williams (2003) suggested that HR practices are powerful predictors of systems and interpersonal trust with systems trust positively predicting changes in employee satisfaction and organizational commitment. Consistent with social exchange theory, trust was found to be an significant intervening variable explaining how HR practices impact on employee attitudes (Robinson and Rousseau 1994). This relationship between HR practices and trust may be due to the logic that HRM practices communicates to employees the extent to which organization trust them and also send very ‘tangible’ signs to the workforce of the extent to which the organization cares/trust about them (Iles et al., 1990; Whitener, 1997; Pfeffer, 1998).

Employees are likely to perceive well designed, developmental performance appraisal and internally equitable and externally competitive compensation systems as indicative of the organization support and commitment to them and they will in turn reciprocate their perceptions with their own commitment and trust to the organization (Whitener, 2001). Employees interpret HRM practices and trustworthiness of management (Eisenberger et al 1990) as indicative of the personified organization’s commitment (employees form general perceptions about the intentions and attitudes of the organization towards them from HRM practices, attributing human –like attributes to their employer on the basis of the treatment they receive) and support to them (Whitener, 2001).

Hence, the relationship between HRM practices and employee commitment may not be direct, but mediated by psychological factors such as procedural justice, perceived organizational support and trust. Hence, the mechanism through which HRM practices influence various forms of commitment (affective, continuance, normative) and foci (targets) of commitment (career, organization, teaching and learning, research and development) might be different.

Based on the above studies, it is proposed that:

P3: High commitment HRM practices will be positively related to the employees’ level of commitment to the organization and this relationship will be mediated by the level of procedural justice.
P4: High commitment HRM practices will be positively related to the employees’ level of commitment to the organization and this relationship will be mediated by the level of perceived organizational support.

P5: High commitment HRM practices will be positively related to the employees’ level of commitment to the organization and this relationship will be mediated by the level of trust to the organization.

CONCLUSION

In view of the emphasis of the Malaysian Government and the Sarawak State Government on the importance of higher education to produce the right human capital and drive the knowledge economy, this review and conceptual paper makes a timely contribution to the research literature regarding the relationship between high commitment human resource management practices (HRM) and employee commitment in terms of affective, continuance and normative commitment. It will guide future research in this area for faculty members at higher educational institutions in Sarawak, Malaysia. Theoretically, it adopts the social exchange theory by emphasizing the possible mediating effects of perceived organizational support, trust and procedural justice into the above relationship between high commitment human resource management practices (HRM) and employee commitment.

REFERENCES


