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IMPACT OF HRM PRACTICES AND EMPLOYEE COMMITMENT ON PERFORMANCE OF BANKING SECTOR IN NORTH KASHMIR

ABSTRACT

In a world in which all work is knowledge, work and intellectual-capital is crucial for economic success, it is logical that the ability to attract, retain, and use the talents of people provides a competitive edge. An organization requires the utilization of a complex array of resources to grow, survive and achieve the ultimate mission or objectives that sustains its existence or creation. The mobilization and deployment of these resources – human, financial and material – in the right resource-mix, gives the organization leverage toward the desired end of these resources. The organization therefore gains sustained competitive advantage through the committed workforce of an organization. The human resource of an organization offer the potential synergy for sustained competitive advantage, when properly deployed, maintained and utilized. Human resources, their knowledge, skills and competencies as well as synergy among them, become the most valuable asset, the new source of wealth, and the key ingredient of competitive advantage. This study believes that, an intensive involvement of HRM practices is a probable approach for increasing employee commitment and firm performance in competitive markets with certainty. Data were generated by means of questionnaires to 500 employees of Banking Sector in North Kashmir. Responses from the survey were statistically analyzed using descriptive statistics with the help of SPSS. This study helps to better understand the relationship between HRM practices and employee commitment in the banking sector. The results of the study indicate a statistically significant relationship between HRM practices and Employee commitment as well as reveals organizational strengths and areas for improvement. The implications of this study include the need for various banks to demonstrate high level of commitment to employees for performance enhancement

KEY WORDS

Competitiveness, workforce, Employee Commitment, HR practices, Performance

INTRODUCTION
The enormous transformation processes that take place in the social, political and economic areas drive the need for organizations to become more responsive to the rapid development of the global strategies and the local operational levels. Research in the field of strategic management suggests that firms obtain sustainable competitive advantages by implementing strategies that exploit their internal strengths, while neutralizing external threats and avoiding internal weaknesses. Recent work has tended to focus primarily on analyzing a firm’s opportunities and threats within its competitive environment.

Success in today's competitive market depends less on advantages associated with economies of scale, technology, patents but are more derived from organizational human resources and high involvement of human resource management practices. HRM is becoming more important than ever before because organisations need to ensure that those individuals who add value to the bottom line will want to stay in the organisation and will want to continue pouring their effort into their work to the benefit of the organisation. Human Resource Management focuses on personnel related areas such as job design, resource planning, performance management system, recruitment, selection, compensations and employee relations. For an organization to be more effective it should have skilful and innovative employees to work and should also try to retain them. No organisation in today’s competitive world can perform at peak levels unless each employee is committed to the organisations objectives and works as an effective team member.

OBJECTIVES OF THE STUDY

1. To critically review the literature on the construct under study.
2. How HRM practices affect employees’ feelings of commitment to the organisation.
3. To determine the major/core drivers of the organisational performance and commitment of Employees.

HYPOTHESES

H1: Affective Leadership will exert a significant positive impact on Employee Commitment and organisational performance.

H2: Training and development will exert a significant positive impact on Employee Commitment organisational performance.

H3: Work Environment will exert a significant positive impact on Employee Commitment organisational performance.

RESEARCH METHODOLOGY
Study area: The study is based on the responses of banking sector employees in North Kashmir.

Research design: The study is quantitative in nature; on the basis of three parameters viz: HRM practices, employee commitment and Organisational Performance.

Sample universe: Sample has been selected from North Kashmir.

Sample unit: Employees working in Public and Private Banks.

Sample size: 500 Respondents

DATA COLLECTION
Data is collected by using detailed questionnaire with open and close ended questions, and respondents were categorized according to demographic characteristics. Data were collected by face-to-face interview of the sample employees and were analyzed according to the scale developed by Griffin (1999): Strongly Agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1. Secondary data were collected from the annual reports, books, journals and other published materials. Secondary data were collected from the annual reports, books, journals and other published materials.

DATA ANALYSIS
The collected data were being analyzed using a program called Statistical Package for Social Science (SPSS ver.16.0 For Windows). The data analysis is carried out by calculating mean, frequencies, standard deviation. Regression and variance analysis was used to ascertain the amount of variations in the dependent variable which can be associated with changes in the value of an independent variables or predictor variable in the absence of other variables. The difference between means of variable was estimated by using t-test.

LIMITATIONS
The generalization of the results is limited because instead of using psychological test, the study has evaluated on the self rating of the banking sector employees. The sample size is not large enough and do not cover all banks. The non-serious attitude of the respondent and other delicate issues might manipulate the responses to some extent. However, given the above mentioned limitations, the results of this study highlighted some significant factors and brought to light the need for the future research.
RESULTS

H1: Affective Leadership will exert a significant positive impact on Employee Commitment and organisational performance.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
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<tr>
<td>1</td>
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<td>.302</td>
<td>.296</td>
<td>1.08249</td>
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</tbody>
</table>

a. Predictors: (Constant), Q4, Q1, Q3, Q2

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
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<th>Mean Square</th>
<th>F</th>
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<td>830.982</td>
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<td></td>
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</table>

a. Predictors: (Constant), Q4, Q1, Q3, Q2

b. Dependent Variable: Q29

The analysis of variance table shows that the overall model is proven significant when the independent variable organizational leadership were entered into the regression equation. The results proved support for the effect in hypothesis 1 hence the hypothesis Affective Leadership will exert a significant positive impact on Employee Commitment and organisational performance is accepted (Overall model: F=53.539, df =4, p < 0.001; R=.550, R2 = .302, adjusted R2=.296).

Thus, there is enough evidence that the organizational leadership is significantly related to and have a significant impact on employee commitment and organisational performance. Therefore leaders need to develop and implement new processes for understanding employee experiences and translating them into improved business practices. Organizations depend upon capable leadership to guide them through unprecedented changes. We believe the turmoil we are currently observing has something to do with leadership, and that if we don’t change our current approach to leadership development, we will see even more of the same.
H2: Training and development will exert a significant positive impact on Employee Commitment and Organisational performance.

Model Summary

<table>
<thead>
<tr>
<th></th>
<th>Model</th>
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<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
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a. Predictors: (Constant), Q12, Q9, Q10, Q11

ANOVA

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<th>Mean Square</th>
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<td></td>
<td>Total</td>
<td>841.142</td>
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</table>

a. Predictors: (Constant), Q12, Q9, Q10, Q11

b. Dependent Variable: Q30

The analysis of variance used to examine the influence of training and development on the employee commitment and organisational performance reveals that there is a significant impact (F=58.146, df = 4, p < .001). That means the more pleasant, satisfying, interesting, and challenging the training is, the lower the intention of employees to turnover. Adversely, the more boring, unpleasant, disappointing the training is, the higher the intention of employees to quit the job. Therefore, Hypothesis 2 Training and development will exert a significant positive impact on Employee Commitment and Organisational performance is accepted.

The organization should therefore provide regular training opportunities that would realize the career goals of employees. Training and development activities are designed to reinforce strength, overcome limitations, provide relevant, new competencies, and broaden outlook. Such activities usually include formal courses, acting assignment, attachments, job rotation, and delegation.
H3. : Work Environment will exert a significant positive impact on Employee Commitment and Organisational performance.

Model Summary

<table>
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<tr>
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<th>Std. Error of the Estimate</th>
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a. Predictors: (Constant), Q20, Q18, Q19, Q17

ANOVA

<table>
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<td>Total</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Q20, Q18, Q19, Q17
b. Dependent Variable: Q30

The results of testing the impact of the work environment on the employee commitment and organisational performance revealed positive impact. The ANOVA test reveals a significant impact of work environment on the employee commitment. The results proved support for the effect in hypothesis 3 hence the hypothesis **Work Environment will exert a significant positive impact on Employee Commitment and Organisational performance** is accepted (Overall model: F=69.739, df =4, p < 0.001; R=.648, R2 = .420, adjusted R2= .416). Since money is not a sufficient motivator in encouraging the workplace performance required in today’s competitive business environment. Managers and supervisors will need to be comfortable with working with the whole gamut of workplace factors that influence employee motivation.

A positive work environment makes employees feel good about coming to work, and this provides the motivation to sustain them throughout the day. The workplace environment impacts employee morale, productivity and engagement - both positively and negatively. The work place environment in a majority of industry is unsafe and unhealthy.
FINDINGS

Managers seeking to control employee turnover should keep in mind that a talented pool of employees may be exceedingly attractive to other employers. The more knowledgeable, informed, and skilled the workers, the more aware they are of their ability to move freely across organizational boundaries.

However, managers can take steps to offset potential increases in turnover by increasing workers’ commitment. Motivation-enhancing practices, such as merit pay, promotion opportunities, and other performance incentives – at the individual, group, or organizational level – can help decrease workers’ tendency to leave.

In a like fashion, commitment can be enhanced by the use of empowerment-enhancing practices, such as those to increase employees’ participation in decision making and information sharing, which make employees feel that they can have a say in the organization’s actions and that they are respected by their employer.

1. Employees’ “collective affective commitment” can be described as a shared desire to help the organization achieve its goals. What they refer to as affective commitment is what organizations would call employee engagement. When employees as a group feel committed to their employer, they have a lower tendency to leave the organization.

2. HR practices affect worker commitment and turnover in various ways. They must be broken into three different categories – motivation-enhancing, empowerment enhancing, and skill-enhancing – in order for practitioners to gauge their effect on worker commitment and propensity to leave.

3. Two types of practices increase workers’ commitment. The first are those that enhance motivation – practices that help employees feel related to the organization and competent in their roles. The second type enhances empowerment by enabling employees to share information and provide input for business decisions.

4. Motivation- and empowerment-enhancing practices, through increasing employee collective commitment, decrease workers’ tendency to leave the organization.
RECOMMENDATIONS
Finally, on the basis of empirical evidence this study suggests some recommendations for effective utilization of human resources in an organization that can act as a tool for enhancing the competitive advantage of the firms. Such as: (a) to increase the superiority of the firms’ managers should provides a framework that not only offers performance measurements, but helps planners to identify what should be done and measured; (b) to get the best output management should provide better opportunities for their employees truly to implement and execute their modern strategies for business development; (c) to increase the excellence of the firm management should offer education and guidance about the development and advancement of their members; and (d) to improve the firms’ competitiveness managers should develop cooperation with other firms in order to enhance joint development as well as to reduce cultural divergences.

CONCLUSION
The operational model in this study advocates that HRM practices such as organization’s leadership and planning, Work Environment, Training and development; Stress management and Performance appraisal directly influence employee commitment such as collective skills, attitudes, and behaviours, and thus, indirectly through HRM outcomes improve organisational performance. Furthermore, it argues that HRM policies are significantly, positively and directly related to organisational performance and employee commitment. Thus, the findings of this study support that the relationship between HRM practices and organisational performance is partially mediated through employee commitment. In conclusion, it can be said that HRM is playing an indispensable role in contemporary enterprises, and that HR practices should be therefore fully integrated into their competitive management systems. Since, in a modern world, competitive advantage of an enterprise resides upon its employees, the role of HRM function should be that of a strategic partner. The research results provide strong empirical support for the proposed theoretical model. The study demonstrates that HRM practices can influence perceptions of employee commitment in a significant manner and also enhance the organisational performance as well.
REFERENCES


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