

Empirical Evidence on the mediation of Perceived Organizational Support in the relationship between HRM Practices and Organizational Commitment among the Bankers in Khyber Pakhtunkhwa, Pakistan

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Abstract

This study aims to investigate the mediating role of perceived organizational support in the relationship between HRM practices (recruitment & selection, training & development, performance appraisal, career planning, compensation) and organizational commitment. The data were collected from employees of the selected six public/private sector banks in southern region of Khyber Pakhtunkhwa, Pakistan. 225 questionnaires were distributed into the respondents and 218 questionnaires were returned. Data was analyzed using 'Statistical Package for Social Science' (SPSS 21.0). Correlation analysis and mediation regression analysis was employed for analyzing the data. The results show that all human resource management practices and perceived organizational support were positively and significantly correlated with organizational commitment. Both of these variables also predict the organizational commitment verifying the cause and effect relationship between independent and dependent variables. In addition, perceived organizational support when treated as mediator showed partial mediation between (recruitment & selection, training & development, career planning, compensation) and organizational commitment. Full mediation has been established between performance appraisal and organizational commitment.

Keywords: HRM practices (HRMP), Organizational Commitment (OC), Perceived organizational support (POS)

Introduction

Human resource is one of the essential part and considered valuable asset within an organization which play a significant role in organizational effectiveness (Wheelen & Hunger, 2013). The term

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human resource management widely used across the globe which comprised (a) some particular practices related to human resources like recruitment, selection and appraisal (b) formal human resource policies that directly constrain the development of specific practices and (c) key human resource philosophies, which specify the values that inform an organization's policies and practices (Gilley, Egglund & Gilley, 2002). It was observed that employees' commitment can be enhanced through well designed HRM practices (HRMP) and help the organization to accomplish their goals. Both HRM practices and employees' satisfaction level develops employees' commitment towards the work and organization (Kumar & Krishnaveni, 2008). An effective HRM practices enhance the competencies, commitment and culture of an organization. One of the prime function of manager is aware about the HRM practices, in order to boost the commitment and motivation of employees towards organization (Rao, 1999). Perceived organizational support (POS) play a vital contribution in the development of employees' commitment. POS can be influenced by various aspects by treatment of organization such as reward system, rank, pay, job enrichment and policies of organization (Eisenberger, Huntington, Hutchison & Sowa, 1986). It was found that POS is enhanced the employees' commitment, attendance, work performance and level of satisfaction (Allen, Shore & Griffeth, 2003). Based on the social exchange theory POS is an originator of OC. Therefore, workers seek a balance in their exchange relationships with organization in which they working (Eisenberger, Fasolo and LaMastro, 1990). It was observed that when employees feel that they are being valued and their efforts are obliged, then they feel proud as member in the organization. Thus, high level of POS is enhanced the employees' commitment to the organization (Rhoades, Eisenberger & Armeli, 2001).

There are numerous studies in which POS treated as mediating variable. Moorman and Niehoff (1998) conducted a study in which POS is treated as mediating variable in the relationship between procedural justice and organizational citizenship behavior. Another study explored by Allen et al. (2003) regarding the relationship between supportive HRM practices (participation in decision making, fairness in rewards, and growth opportunities) and OC with the mediating role of POS. Masterson et al. (2000) investigated a study in which procedural justice perceptions influence on organizational performance with the mediating role of POS. According to Ozdemirci and Behram (2014) POS partially mediates in the relationship between HRM practices and corporate entrepreneurship. Nasurdin et al. (2008) found that HRM practices has significantly impact on OC with the partially mediation of POS.

According to Hemdi (2009) POS has proven partially mediation in the relationship between HRM practices and OC.

Research Model

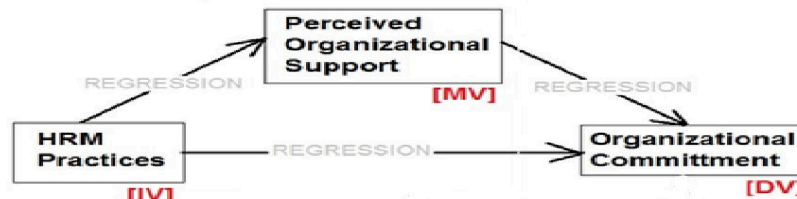


Figure 1: *Research Model*

In the above research model five HRM practices namely recruitment & selection (RS), training & development (TD), performance appraisal (PA), career planning (CP), and compensation (COM) are considered as independent variable (IV), organizational commitment act as dependent variable (DV) whereas perceived organizational support treated mediating variable (MV) in the study.

Research Hypotheses

- H1: HRMP and POS are significantly correlated with OC.
- H2-H6: POS significantly mediates in the relationship between HRMP and OC.

Methodology

Approach

The current study was survey in nature. The main aim of survey research is collecting information from the people being investigated about some phenomenon in order to explain their knowledge, attitude and behavior. Several activities are performed while conducting survey research such as formulating objectives and research hypotheses, developing and administering research instrument, collecting data and analyzing to get statistical results (Fink, 2003).

Population

The target population of the study was comprised all employees 512 working in different public and private sector banks of five districts (D.I.Khan, Tank, Lakkimarwat, Bannu, Karak) of KPK.

Table 1: Framework

| Kind of Banks | Banks Name | Branches* | Total Employees** |
|----------------------|------------|-----------|-------------------|
| Public Sector Banks | NBP | 32 | 175 |
| | BOK | 07 | 56 |
| | ABL | 10 | 68 |
| Private Sector Banks | UBL | 10 | 66 |
| | HBL | 17 | 92 |
| | MCB | 09 | 55 |

* No. of Branches in five Districts

**Total No. of Employees in five Districts

Sample

A sample of 225 bankers (Officer Grade-III, Officer Grade-II, Officer Grade-I, Assistant Vice President) were selected through stratified random technique from six banks. Yamane (1967) formula were used for computing the sample size from a finite population:

$$n = \frac{N}{1 + N(e)^2} = 225$$

n = Sample Size

N = Population 512

e = 0.05

Measurement

An adapted questionnaire was used for data collection. This questionnaire has three parts consists of HRMP, OC and POS on five point Likert scale having options from strongly agree to strongly disagree. Researcher received 218 correct and filled questionnaires. (96% response rate). The overall and parts reliability of the questionnaire is as given below table 2:

Table 2: Reliability

| Items | Number of Questions | Cronbach's Alpha |
|-------|---------------------|------------------|
| HRMP: | | |
| RS | 5 | 0.878 |
| TD | 5 | 0.706 |
| PA | 5 | 0.832 |
| CP | 5 | 0.710 |
| COM | 5 | 0.784 |
| OC | 10 | 0.799 |
| POS | 10 | 0.822 |

Data Analysis

Statistical Package for Social Sciences (SPSS, 21) were used for data analysis. The collected data is arranged and put into SPSS. The descriptive statistics (Mean and Std. Deviation) whereas Pearson Product Correlation and mediation regression analysis were used.

Descriptive & Normality Statistics

Table 3: Descriptive & Normality Statistics

| | Mean Statistics | Standard Deviation Statistics | Skewness | Kurtosis |
|-------|--------------------|----------------------------------|----------|----------|
| HRMP: | | | | |
| RS | 3.6433 | .87969 | -0.15 | -1.13 |
| TD | 3.7657 | .70851 | -0.01 | -0.79 |
| PA | 3.1632 | .97469 | 0.59 | -0.83 |
| CP | 3.6025 | .74685 | 0.19 | -0.77 |
| COM | 3.2893 | .86241 | 0.47 | -0.17 |
| POS | 3.4272 | .69457 | 0.19 | -0.71 |
| OC | 3.2377 | .75856 | 0.61 | -0.27 |

Table 3 shows descriptive and normality statistics of each variable. The acceptable range of normality data by using skewness and kurtosis falls between the values of ± 1.96 (Hair et al., 2007). The above table indicates that all values falls between the acceptable ranges. Thus, the assumption of normality for parametric test is fulfilled.

Correlation Analysis

H1: HRMP and POS are significantly correlated with OC.

Table 4: Correlation

| | 1 | 2 | 3 | 4 | 5 | 6 |
|-------|--------|--------|--------|--------|--------|--------|
| 1 RS | 1 | | | | | |
| | r | | | | | |
| | p | | | | | |
| 2 TD | .427** | 1 | | | | |
| | r | | | | | |
| | p | .000 | | | | |
| 3 PA | .436** | .286** | 1 | | | |
| | r | | | | | |
| | p | .000 | .000 | | | |
| 4 CP | .459** | .506** | .502** | 1 | | |
| | r | | | | | |
| | p | .000 | .000 | .000 | | |
| 5 COM | .453** | .307** | .467** | .612** | 1 | |
| | r | | | | | |
| | p | .000 | .000 | .000 | .000 | |
| 6 POS | .420** | .343** | .597** | .575** | .492** | 1 |
| | r | | | | | |
| | p | .000 | .000 | .000 | .000 | .000 |
| 7 OC | .400** | .488** | .427** | .583** | .586** | .673** |
| | r | | | | | |
| | p | .000 | .000 | .000 | .000 | .000 |

The above table 4 shows that all five HRM practices and POS are positively and significantly associated with OC ($r=.400$, $r=.488$, $r=.427$, $r=.583$, $r=.586$, $r=.673$).

Mediation Analysis

While conducting mediation analysis, Baron and Kenny (1986) four step model was followed. For this purpose, “*PROCESS macro*” by Hayes (2013) was used to test the mediating role of POS in the relationship between HRM practices and OC.

H2: POS significantly mediates the relationship between RS and OC

Table 5: Mediation

| | β | p |
|--------------------------------|---------|------|
| Step 1 | | |
| DV: OC | | |
| Recruitment & Selection | 0.3123 | .000 |
| Step 2 | | |
| DV: POS | | |
| Recruitment & Selection | 0.3545 | .000 |
| Step 3 & 4 | | |
| DV: OC | | |
| Perceived Organization Support | 0.5664 | .000 |
| Recruitment & Selection | 0.1115 | .009 |

The table 5 indicates the relationship between RS and OC with the mediating role of POS. The table describes the four steps of Baron and Kenny (1986) of mediation model. In the first step, there is significant relationship between RS and OC ($\beta = 0.3123$, $p = .000$) which fulfilled the first requirement of the model. In the second step, there is significant relationship between RS and POS ($\beta = 0.3545$, $p = .000$) which fulfilled the second requirement of the model. In the third step, the relationship is significant between POS and OC ($\beta = 0.5664$, $p = .000$) which fulfilled the third requirement of the model. In the last step, beta value is remain significant ($\beta = .1115$, $p = .009$) which shows POS partially mediates in the relationship between RS and OC. Moreover, we employ Sobel test to see the mediating effect of POS between RS and OC. The result showed that mediating effect is found between these variables.

H3: POS significantly mediates the relationship between TD and OC.

Table 6: Mediation

| | β | p |
|--------------------------------|---------|------|
| Step 1 | | |
| DV: OC | | |
| Training & Development | 0.4742 | .000 |
| Step 2 | | |
| DV: POS | | |
| Training & Development | 0.3606 | .000 |
| Step 3 & 4 | | |
| DV: OC | | |
| Perceived Organization Support | 0.5297 | .000 |
| Training & Development | 0.2831 | .000 |

The table 6 indicates the relationship between TD and OC with the mediating role of POS. The table depicts the four steps of Baron and Kenny (1986) of mediation model. In the first step, there is significant relationship between TD and OC ($\beta = 0.4742$, $p = .000$) which fulfilled the first requirement of the model. In the second step, there is significant relationship between TD and POS ($\beta = 0.3606$, $p = .000$) which fulfilled the second requirement of the model. In the third step, the relationship is significant between POS and OC ($\beta = 0.5297$, $p = .000$) which fulfilled the third requirement of the model. In the last step, beta value is remain significant ($\beta = .2831$, $p = .000$) which shows POS partially mediates between TD and OC. Moreover, we employ Sobel test to see the mediating effect of POS between TD and OC. The result showed that mediating effect is found between these variables.

H4: POS significantly mediates the relationship between PA and OC

Table 7: Mediation

| | β | p |
|--------------------------------|---------|------|
| Step 1 | | |
| DV: OC | | |
| Performance Appraisal | 0.3026 | .000 |
| Step 2 | | |
| DV: POS | | |
| Performance Appraisal | 0.4582 | .000 |
| Step 3 & 4 | | |
| DV: OC | | |
| Perceived Organization Support | 0.6005 | .000 |
| Performance Appraisal | 0.0275 | .537 |

The table 7 indicates the relationship between PA and OC with the mediating role of POS. The table represents the four steps of Baron and

Kenny (1986) of mediation model. In the first step, there is significant relationship between PA and OC ($\beta = 0.3026$, $p = .000$) which fulfilled the first requirement of the model. In the second step, there is significant relationship between PA and POS ($\beta = 0.4582$, $p = .000$) which fulfilled the second requirement of the model. In the third step, the relationship is significant between POS and OC ($\beta = 0.6005$, $p = .000$) which fulfilled the third requirement of the model. In the last step, beta value is insignificant ($\beta = 0.0275$, $p = .537$) which shows POS fully mediates in the relationship between PA and OC. Moreover, we employ Sobel test to see the mediating effect of POS between PA and OC. The result showed that mediating effect is found between these variables.

H5: POS significantly mediates the relationship between CP and OC

Table 8: Mediation

| | β | p |
|--------------------------------|---------|------|
| Step 1 | | |
| DV: OC | | |
| Career Planning | 0.5395 | .000 |
| Step 2 | | |
| DV: POS | | |
| Career Planning | 0.5756 | .000 |
| Step 3 & 4 | | |
| DV: OC | | |
| Perceived Organization Support | 0.4665 | .000 |
| Career Planning | 0.2709 | .000 |

The table 8 indicates the relationship between CP and OC with the mediating role of POS. The table depicts the four steps of Baron and Kenny (1986) of mediation model. In the first step, there is significant relationship between CP and OC ($\beta = 0.5395$, $p = .000$) which fulfilled the first requirement of the model. In the second step, there is significant relationship between CP and POS ($\beta = 0.5756$, $p = .000$) which fulfilled the second requirement of the model. In the third step, the relationship is significant between POS and OC ($\beta = 0.4665$, $p = .000$) which fulfilled the third requirement of the model. In the last step, beta value is remain significant ($\beta = .2709$, $p = .000$) which shows POS partially mediates between CP and OC. Moreover, we employ Sobel test to see the mediating effect of POS between CP and OC. The result showed that mediating effect is found between these variables.

H6: POS significantly mediates the relationship between COM and OC

Table 9: Mediation

| | β | p |
|--------------------------------|---------|------|
| Step 1 | | |
| DV: OC | | |
| Compensation | 0.4730 | .000 |
| Step 2 | | |
| DV: POS | | |
| Compensation | 0.4299 | .000 |
| Step 3 & 4 | | |
| DV: OC | | |
| Perceived Organization Support | 0.4693 | .000 |
| Compensation | 0.2712 | .000 |

The table 9 indicates the relationship between COM and OC with the mediating role of POS. The table shows the four steps of Baron and Kenny (1986) of mediation model. In the first step, there is significant relationship between COM and OC ($\beta = 0.4730$, $p = .000$) which fulfilled the first requirement of the model. In the second step, there is significant relationship between COM and POS ($\beta = 0.4299$, $p = .000$) which fulfilled the second requirement of the model. In the third step, the relationship is significant between POS and OC ($\beta = 0.4693$, $p = .000$) which fulfilled the third requirement of the model. In the last step, beta value is remain significant ($\beta = .2712$, $p = .000$) which shows POS partially mediates between COM and OC. Moreover, we employ Sobel test to see the mediating effect of POS between COM and OC. The result showed that mediating effect is found between these variables.

Conclusion, Implication and Future Direction

This study aims to investigate the mediating role of POS in the relationship between HRM practices and OC. The study was conducted in banking sector of Khyber Pakhtunkhwa province, Pakistan. First, the findings of the current study depicts that HRM practices and POS are positively and significantly correlated with OC. Secondly, POS when treated as mediator showed partial mediation in the relationship between RS and OC, partial mediation in the relationship between TD and OC, partial mediation in the relationship between CP and OC, partial mediation in the relationship between COM and OC. Same result of the study was mentioned by Guchait (2007), Hemdi (2009), Tan (2008), Nasurdin et al. (2008) and Dinc (2015). They found that POS act as partially mediates between RS and OC, TD and OC, CP and OC, COM and OC. The result of the study indicates that POS proven full mediation between PA and OC. The finding of the current research is in line with

(Meyer & Smith, 2000). They explored that there is no relationship between PA and OC in the presence of mediating variable POS.

Therefore, it is concluded that transparent selection process, arranging training programs for employees, unbiased performance appraisal, the career planning system is based on clear career ladder, aligned goals with organizational vision and reward system in the organization with proper support and care of organization is maximize the commitment of employee to the organization.

Researcher was taken five HRM practices as independent variables in the study. This study may be conducted by the future researcher by using some other HRM practices like job security and rotation, information sharing. Research was taken POS as mediating variable, the future researcher may use some other mediating variables such as organizational justice and employee satisfaction. The future researcher may conduct this study in other departments such as education, health and manufacturing industry.

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