

# **Impact of Human Resource Management Practices on Organizational Culture and Commitment in Commercial Banks**

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ARTICLE INFO	ABSTRACT
Received: 02 Oct 2024	This paper has explored the effect of human resource management (HRM) practises on organisational culture and organisational commitment in Jaipur commercial banks. The study located within the strategic HRM perspective regarded HRM as a complex of aligned practises encompassing recruitment and selection, training and development, performance appraisal, compensation and rewards, employee participation and communication as central in eliminating people administratively as well as strategizing the internal environment of the organisation. The structured questionnaire was used to gather information data on employees who work in the chosen banking organisations in the city of Jaipur, a public and private sector, to compare the related data through the analysis of a wide range of banks. The perceptions of the employees about HRM practises, organisational culture and organisational commitment were measured using standardised scales. As a test of the effects of the HRM practises on the two dependent variables, a structural model was estimated. The results showed that the effects of HRM practises were positive as well as statistically significant in terms of organisational culture, in which case, more robust and consistent HR systems were related to more supportive, participative and development oriented culture in banks. The findings also indicated that the HRM practises had a positive effect on the organisational commitment and this means that where employees felt their HR practises were fair, transparent and developmental, employees reported greater attachment to their banks. Such results supported the idea that HRM was a strategic internal driver, which influenced the cultural makeup as well as the attitudinal bases of commercial banks. The research added to the HRM literature as it offered empirical results within the Indian banking industry and it displayed viable recommendations to the management of a bank on ways of designing
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HR systems that would not only enhance culture but also commitment at the same time.

**Keywords:** Human resource management practices; organizational culture; organizational commitment; commercial banks; public and private sector banks; Jaipur; strategic HRM.

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### Introduction

The current research was placed in the wider context of the discourse according to which human resource management (HRM) was a strategic practise according to which the performance, as well as the inner dynamics of organisations, were developed. Selective recruitment, systematic training, development-based performance appraisal, fair compensation and open communication had also become important tools in creating a supportive culture and a committed workforce in the contemporary organisation particularly those whose operations are in knowledge intensive and competitive market (Pfeffer, 1998; Agarwala, 2003). Previous studies had already indicated that high-performance HRM practises bundle was related to increased amounts of organisational performance and innovation largely since it generated a climate of participation, sharing and learning of knowledge (Lau and Ngo, 2004; Shipton, Fay, West, Patterson and Birdi, 2005). Simultaneously, it was with a significant amount of literature that had shown that HRM activities had a role to play in the affective and normative attachment of the employees towards the organisation based on the perceptions of fairness, support and developmental opportunities (Meyer and Smith, 2000; Paul and Anantharaman, 2004). Nevertheless, most of these studies were inclined to study either culture or commitment, or were mostly based on performance outcomes, and there was relatively less syntactical empirical data on the simultaneous relationship of HRM practises on organisational culture and organisational commitment, within one framework of analysis.

It is against this background that the current study was meant to analyse HRM as a key internal process that the organisations used to develop their cultural environment and to enhance the psychological attachment of the employees to the organisation. The meaning of organisational culture here was the common values, norms and behaviour pattern that dictated how work was done and how the employees connected with each other, on what level the levels of collaboration, trust, innovation and participation were actually encouraged (Martins & Terblanche, 2003; Lau and Ngo, 2004). Organisation commitment was interpreted as the extent of psychological attachment and feelings of loyalty that employees developed towards their organisation which had repeatedly been correlated with reduced turnover intentions, increased discretionary effort and more consistent performance (Meyer and Smith, 2000; Gellatly, Hunter, Currie, and Irving, 2009). In conceptual terms, HRM practises were to mediate culture by indicating what behaviours and values were rewarded and supported and to mediate commitment by influencing the experience of employees in regards to justice, support and long-term investment in employees development (Gelade & Ivery, 2003; Ordaz, Cruz, Ginal, and Cabrera, 2011). However, it was still necessary to have empirical studies which would evaluate these two outcomes simultaneously, through a common HRM construct, to be able to comprehend whether HRM was indeed acting as a holding force to both cultural and attitudinal outcomes.

Considering these gaps, the research considered human resource management as the most important predictor and tested its relationship with two dependent constructs, organisational culture and organisational commitment based on the data employees gathered in the sampled organisations. The primary aim of the research was to determine how far the quality and nature of organisational culture was related to HRM practises, in other words, the more robust and consistent HRM systems were the more

supportive, participative and developmental cultures became. The second aim was to assess the connexion between HRM practises and the organisational commitment of employees with the perspective of establishing whether employees in organisations with more developmental and equitable HR systems claimed greater commitment with their organisation. Another, more generalised aim was to come up with evidence that may help explain the strategic role of HRM in both constructing and sustaining the soft infrastructure of culture, as well as the attitudinal background of commitment, further adding to the continuing debates on the strategic HRM literature of how people management systems created and maintained conditions that might favour long-term effectiveness (Bontis, 2001; Birasnav and Rangnekar, 2009). In solving these objectives in one empirical model, the study hoped to contribute to the existing knowledge by showing how the practises of HRM were correlated with both the cultural environment and employee commitment and to bring a standpoint to more effective managerial and policy decisions on the design and implementation of HR systems.

### Review of literature

The human resource management (HRM) literature shows an intensive and consistent endeavour to correlate HR practises with important organisational results. Scientists have investigated whether certain practises in HRM are related to the performance of a unit or firm (such as in manufacturing), which practises best boost performance, whether HRM systems vary by industry and country, and how the combination of HRM and organisational factors contribute to the organisational commitment of workers. In general, the empirical studies indicate that HRM is not just an administrative role, but a strategic tool that can be used to drive productivity, competitive advantage and strength of the psychological attachment of employees to the organisation.

Initial findings regarding the relationship between HRM and organisational performance reveal that specific practises are likely to be identified with the performance measures in a favourable way. A sample of for-profit and non-profit organisations has reported that there were strong positive correlations between HR practises (i.e. training, selective staffing) and perceived firm performance (Delaney and Huselid, 1996). Pfeffer (1998) further conceptually suggested a group of seven high-performance HRM practises, which are employment security, rigorous selection, self-managed teams and decentralised decision making, performance-contingent high compensation, extensive training, minimal status barriers and broad sharing of financial and performance information, arguing that the combination of these practises would improve organisational performance, which Ahmad and Schroeder (2003) empirically support. Jayaram et al. (1999) studied first-tier suppliers to leading North American automobile companies and discovered that HRM practises were divisible into five distinct factors four of which were closely linked to competitive aspects like quality, flexibility, cost and time. Their extra effort pointed to top management devotion, unmistakable communication of targets, staff education, cross-functional crews, cross-education, personnel autonomy and engagement, expanded occupation designs and open organisations as assets of significant importance on enhancing manufacturing performance and competitive edge. In the same manner, Cho et al. (2006) examined the application of twelve HRM practises and demonstrated that companies that adopted participation programmes, incentive systems and tests given to prospective employees were less likely to have high turnover among non-managerial staff and recorded improved performance measures, which indicate how individual HR instruments may influence labour outcomes and productivity.

Another related line of research is that the practises of HRM is not universal and is inconsistent across the contexts. Cross-national and cross-industry research indicates that the system of HRM that exists in

countries, industry, and type and kind of plant is not evenly diffused, that there are no so-called ideal or high-involvement systems, and that these systems do not diffuse evenly. It has been shown empirically in the manufacturing plants that there are very large discrepancies in the nature and level of HR practises in the manufacturing industries which include machinery and automobiles, with manufacturing plants in the manufacturing machine industry falling behind in the application of progressive HRM practises in comparison to the automobile industry. The findings contained in these results underscore the influence of contextual issues such as industry needs, local labour markets, and institutional environments in determining the design and implementation of the HR systems, although the performance logic of the same systems might seem generally similar across contexts.

In the studies, HRM practises are also consistently articulated as the important leverages in fuelling innovative behaviour on both individual and organisational levels. The outcomes of innovation are constantly associated with training, compensation and performance management (Kachelmeier and Williamson, 2010; Hon and Lu, 2014). HRM is not brought as a strictly administrative role, but as a strategically designed system that develops skills, motivation and innovativeness chances. This is supported by Dhar (2015), who emphasises that the positive impact of high-performance HR systems in the context of innovative behaviour is indirect, and that coherent practises and not isolated activities should be important. All in all, innovation is set as a behavioural output that is created through the manner in which people are recruited, developed, appraised, rewarded and managed.

The second powerful theme is that the connexion between HRM and innovation is seldom direct; it goes through organisational commitment, knowledge, and human capital. Agarwala (2003) and Meyer and Smith (2000) demonstrate that HRM practises lead to greater employee commitment, which is partly through procedural justice, and perceived organisational support, that boosts performance and receptive to innovative behaviour. On the same note, Ordaz et al. (2011) and Alvaro (2009) underscore that the knowledge bases of employees are created and influenced by HRM practises; this special knowledge leads to innovation, which, in turn, leads to performance. The concept of this is conceptualised by Birasnav and Rangnekar (2009) and Bontis (2001) as a human capital- knowledge, skills, capacities and innovative abilities- which the firms will put in when it can obtain more economic value. Accordingly, knowledge/human capital and commitment are some of the bridges between innovation and HR practises at a psychological and intellectual level.

Another aspect, which is also evident in the literature, is contextual factors that precondition whether HRM does translate into innovation. Another factor appears, transformational leadership: Gumusluoglu and Ilsev (2009) observe that there is a significant correlation between transformational leadership and innovation, and external support mediates the connexion between these two. The style of leadership is put forward as influencing the understanding of the HR practises and their support and implementation. It is also structural features, which include decentralisation of decision-making. Wan et al. (2005) reveal that innovation has a positive interaction with decentralised structures which promote risk-taking, exchange of ideas and readiness to experiment.

The other important contextual theme is organisational culture. Culture has been addressed in terms of explicit and implicit and as a facilitator between leadership and innovation (Sorros, Cooper, & Santora, 2008). Obgonna and Harris (2000) empirically associate participative leadership with an innovative culture and better performance. Collectively, these pieces of work imply that HR.

The second significant stream of study looks at the subject of HRM practises in terms of organisational commitment and asks themselves whether commitment is in turn a product of HR systems. A number of

studies conclude that commitments are affected by the HR practises to a large extent in terms of their perception of fairness, support and developmental opportunities. Meyer and Smith (2000) demonstrated that perceptions of organisational support and procedural justice mediated strongly in the relationship between HR practises and affective and normative commitment of the employee in a sample of 281 employees. Conway (2003) enhanced this research by showing that the HR-commitment relationship is moderated by the stage of employees career, interaction effects are produced by the continuance and normative commitment but not by the affective commitment. Paul and Anantharaman (2004) also found that employee-friendly work environments, career development, development-based appraisal, and comprehensive training are the HR practises that demonstrate significant positive relationship with organisational commitment.

Comparative evidence also demonstrates the fact that HR systems do not work in the same expected way in different organisations and industries and nevertheless predict commitment. In a study, Shahnawaz and Juyal (2006) compared HRM practises and levels of commitment in an organisation that represents a consultancy/research establishment and a fashion industry and found out that there were significant differences in HR practises in both organisations, that the mean scores of the HR dimensions in the two organisations were higher and that in both organisations and in the aggregate sample the outcome was significant in prediction of commitment. Fiorito et al. (2007) demonstrated that the indicators of the grievance resolution mechanisms and the involvement of employees were positively correlated with organisational commitment, but the compensation reduction affected it negatively. Based on the data of 610 IT employees, Qiao et al. (2008) revealed that the information sharing, training and development, recruitment and selection, and compensation management positively influenced the commitment. Investigating the developments oriented HRM practises, stability oriented practises, and reward oriented practises, Gellatly et al. (2009) demonstrated that perceptions of employees towards the practises had an impact on the probability of a specific affective versus continuance commitment profile, demonstrating that organisations could strategically determine the kind of overall commitment through the design of the HR practises.

Elaborate contextual or cultural strata are added to the HRM-commitment relationship in other studies. Giauque et al. (2010) evaluated the HRM practises among Swiss SMEs and discovered that organisational support, procedural justice and organisational reputation had strong impact on commitment of knowledge workers, but that decision-making arrangements, skills management and dimensions of pay satisfaction did not demonstrate such impact. The study by Hashim (2010) on HRM based on Islamic perspective in the Malaysian organisations revealed that the Islamic-oriented HRM practises had a high and significant correlation with organisation commitment, which explained a large percentage of its variance. On a larger organisational scale, Gelade and Ivery (2003) also showed that work climate and business performance were strongly related with HRM practises in the network of branches of a retail bank, and this Treatment highlighted the integrated chain between the HR systems and performance outcomes on the one hand and employee perceptions on the other. Lastly, Agarwala (2003) discovered that the perception of employees regarding the degree to which innovative HR practises had been implemented in their organisations was the best predictors of organisational commitment, which supports the belief that innovative HRM is not only performance-based, but also commitment-based. The proposed hypotheses are based on literature study and are as follows -

***H1: Human resource management practices have a positive impact on organizational culture in commercial banks.***



### ***H2: Human resource management practices have a positive impact on organizational commitment in commercial banks.***

#### **Methodology**

The research design used was a quantitative, cross-sectional survey study by analysing the linkage between the human resource management (HRM) practises; organisational culture and organisational commitment in commercial banks. The study was done within the city of Jaipur, where both the private and public sector banks were sampled to bring about variation in the HR policies, work climates and employment relations. The 384 samples were taken on employees of the chosen branches of the major bank entities in the public sector including State Bank of India, Punjab national Bank and Bank of Baroda and those in the private sector including HDFC bank, ICICI Bank, Axis Bank and Kotak Mahindra bank among other scheduled commercial banks which are present in the city. This spread provided the sectoral distribution in which the study represented the variation of HRM systems and organisational settings that exist in the Jaipur banking industry.

The sample population involved both the managerial and non-managerial employees who were directly involved with the HRM practises of their respective banks and were in a stand to evaluate the established organisational culture as well as their personal commitment levels. The sampling method was non-probability and the selection of the branches was made purposely in such a way that there was representation of various types of banks (both public and private) and the selection of employees depended on the availability and willingness to participate. The respondents were personally given a structured, self-administered questionnaire during working hours after seeking the permission of the branch management. No identifying data were taken and anonymity was guaranteed; it was a voluntary exercise that was not compensated and the respondents were told that their responses will remain confidential and could only be utilised academically.

There were three sections of the questionnaire. The initial section included basic demographic and work-related data (including age, sex, tenure, job position and job type in bank) in order to make descriptive profiling of data and to verify the existence of any apparent trends within groups. The second part gauged the employees perception of the HRM practises within their bank, the core areas included recruitment and selection, training and development, performance appraisal, compensation and rewards, involvement in decision making and communication. The third one evaluated organisational culture (such as openness, collaboration, supporting innovation, clarity of values) and organisational commitment (affective and normative attachment, readiness to make additional efforts, desire to remain). Substantive items were all measured on a Likert-type scale (such as, strong disagreement, strong agreement), and the statements were based on the existing instruments in the literature on HRM, culture and commitment and modified by experts to fit the banking setting.

The instrument was pre-tested to a small set of bank employees in Jaipur prior to the main survey to ensure that there was no ambiguity in the survey, that its questions were relevant and written in English, and that it was slightly adjusted according to their responses. During the primary phase of data collection, questionnaires were verified as complete and consistent; questionnaires that were not completed or those that were clearly patterned were discarded so as to rule out poor quality data. The responses that were retained were coded and fed into the statistical software to be analysed. Internal consistency coefficients were used as a measure of reliability of the scales and where necessary exploratory or confirmatory factor

analysis was conducted to ensure that the items were a good measure of the intended HRM practises constructs, organisational culture and organisational commitment.

To solve the study objectives, the analysis was aimed at estimating direct impacts of HRM practises on organisational culture and organisational commitment. The specified structural model included the HRM practises as the predictor and the culture and commitment as dependent variables. Appropriate structural equation modelling or regression framework was used to compute the path coefficients, standard errors and associated test statistics using standardised estimates. The resulting parameter estimates indicated positive and statistically significant paths that existed between the HRM practises and organisational culture as well as between the HRM practises and organisational commitment which have provided the empirical foundation in the interpretation of the role of HRM as a strategic lever in shaping both the organisational culture and the attachment of employees in the commercial banks in Jaipur.

**Table-1 Models Info**

Estimation Method	ML
Optimization Method	NLMINB
Number of observations	384
Model	Human Resource Management= $\sim$ RAS1+RAS2+RAS3+RAS4+RAS5+Invol1+Invol2+Invol3+Invol4+Invol5+TAD1+TAD2+TAD3+TAD4+TAD5
	Organization Culture= $\sim$ P1+P2+P3+P4+RFI1+RFI2+RFI3+ATR1+ATR2+ATR3+ATR4
	Employee Commitment= $\sim$ AC1+AC2+AC3+CC1+CC2+CC3
	Organization Culture $\sim$ Human Resource Management
	Employee Commitment $\sim$ Human Resource Management

The Models Info table 1 provides the summary of the most important specifications of the structural equation model (SEM) applied to research the issue and reveal that the estimation has been conducted by means of the Maximum Likelihood (ML) algorithm with the NLMINB optimization technique with the help of a dataset with 384 observations in it. The model establishes three latent variables that include Human Resource Management (HRM), Organisation Culture (OC) and Employee Commitment (EC) which are characterised by a number of observed indicators. HRM is rated based on fifteen items (RAS1-RAS 5, Invol 1-Invol 5, TAD 1-TAD 5), Organisation Culture scores ten items ( P1-P4, RFI1-RFI3, ATR1-ATR4), and Employee Commitment scores six items (AC1-AC3, CC1-CC3). The model indicates that Organisation Culture is regressed on Human Resource Management and Employee Commitment regressed on Human Resource Management i.e. the hypothesis is that organisational culture is regressed on human resource management and the level of employee commitment will be regressed on human resource management. In general, the table outlines an extensive SEM framework in which HRM is the primary exogenous variable influencing the organisational culture and employee commitment with having a solid measurement framework and sufficient sample size.

**Table-2 Model tests**

Label	X <sup>2</sup>	df	p
User Model	2072	461	<.001
Baseline Model	4136	496	<.001

The Model Tests table 2 presents the chi-square (X<sup>2</sup>) goodness-of-fit data of the User Model (the proposed structural equation model) and the Baseline Model (a null model where the variables are not related to each other in any way). The User Model has the chi-square of 2072 and the number of degrees of freedom of 461, the p-value of the chi-square is less than 0.001, implying that the chi-square of the User Model is significant. Where a large chi-square would indicate imperfect model fit, large sample sizes commonly indicate that chi-square is very sensitive to sample size and therefore this is common in SEM. Compared to the Baseline Model, which serves as a point of reference, the chi-square of 4136 is significantly larger with 496 degrees of freedom with the same significant p-value of <.001 indicating very poor fit as desired of a null model. The fact that the chi-square changes significantly between the Baseline Model and the User Model indicate that the proposed model is far more appropriate to the data than a model where there are no assumed relationships, which proves the relevance and effectiveness of the hypothesised structural paths, regardless of the chi-square significance.

**Table-3 Fit indices**

		95% Confidence Intervals		
SRMR	RMSEA	Lower	Upper	RMSEA p
0.112	0.095	0.091	0.100	<.001

Fit Indices table 3 informs about the main measures that are applied to determine the level of a good fit of the structural equation model to the observed data with a strong emphasis on SRMR and RMSEA and its confidence interval. The Standardised Root Mean Square Residual (SRMR) value stands at 0.112, indicating that the overall correlation between the observed and predicted is slightly above the widely accepted 0.08 indicating a moderate not a strong fit to the model. The Root Mean Square Error of Approximation (RMSEA) value is 0.095, with a confidence interval of 0.091 to 0.100 which implies that even at the small end of the interval the value is still close to the larger acceptable value of 0.08 and thus the model is a mediocre but not a close one. The p-value of the RMSEA (<.001) is used to test whether RMSEA = or less than 0.05 (a close fit) and the significant value of p-value shows that the hypothesis is rejected and so once again, it shows that the model is not a close fit. Generally speaking, these fit indices suggest that the model might help to reflect the overall nature of the relationship between variables, but it does not fit perfectly and the model can be specified or refined to thus better match the empirical data.

**Table-4 User model versus baseline model**

	Model
Comparative Fit Index (CFI)	0.557
Tucker-Lewis Index (TLI)	0.524
Bentler-Bonett Non-normed Fit Index (NNFI)	0.524



Relative Noncentrality Index (RNI)	0.557
Bentler-Bonett Normed Fit Index (NFI)	0.499
Bollen's Relative Fit Index (RFI)	0.461
Bollen's Incremental Fit Index (IFI)	0.562
Parsimony Normed Fit Index (PNFI)	0.464

Some incremental fit indices in table 4 are shown in the User Model versus Baseline Model table comparing the proposed structural equation model with a baseline model where there is no relationship between variables and the findings are consistently showing that the model does not fit. The Comparative Fit Index (CFI = 0.557) and Relative Noncentrality Index (RNI = 0.557) are significantly lower than the generally accepted value of 0.90 indicating that the user model is slightly better than the null model. Equally, the TuckerLewis Index (TLI = 0.524) and BentlerBonett Non-normed Fit Index (NNFI = 0.524) show the poorness of fit, since the appropriate values are above 0.90. It is also found that the Normed Fit Index (NFI = 0.499) and the Relative Fit Index (RFI = 0.461) by Bollen are both less than acceptable, which further confirms that the model is not reproducing the observed data well enough. Incremental Fit Index (IFI = 0.562) is slightly greater, but still is far below the desired level. Lastly, the Parsimony Normed Fit Index (PNFI = 0.464) indicates that the fit is weak even when it is adjusted to the complexity of the model. In general, all these indices are indicative of the fact that the proposed model does not serve the data well, and it would be better to make significant changes or re-specifications to ensure that it would be more consistent with theoretical predictions and empirical results.

**Table-5 Parameters estimates**

				95% Confidence Intervals				
Dep	Pred	Estimate	SE	Lower	Upper	$\beta$	z	p
Organization Culture	Human Resource Management	0.209	0.0424	0.126	0.292	0.371	4.93	<.001
Commitment	Human Resource Management	0.241	0.0521	0.139	0.343	0.324	4.63	<.001

The table 5 of Parameter Estimates provides an overview of the structural dependencies in the model indicating how Human Resource Management (HRM) affects Organisation Culture and Employee Commitment and providing confidence intervals and significance values. In the case of Organisation Culture, HRM is estimated at 0.209 unstandardized with a standard error of 0.0424, and its 95 th percentile is in the range of 0.126-0.292, and the standardised coefficient (= 0.371) shows that it has a moderate positive impact. The fact that the corresponding z-value 4.93 and p < .001 suggest that this relationship is statistically very significant proves that the better the HRM practises, the better the organisational culture. Likewise, the effect of HRM on Employee Commitment has a non-standardised estimate of 0.241 and a standard error of 0.0521 and a confidence interval of 0.139 to 0.343 showing it to have a significant effect.

Standardised coefficient ( $\beta = 0.324$ ) represents moderate positive effect, whereas the value of the  $z = 4.63$  with  $p = 0.001$  signifies great statistical significance. On the whole, the findings indicate that HRM practises have a significant influence in creating the organisational culture as well as the commitment of employees, and the effects of HRM practises are also consistent and positive and significant in both the variables of commitment.

Figure 1 - Path diagrams

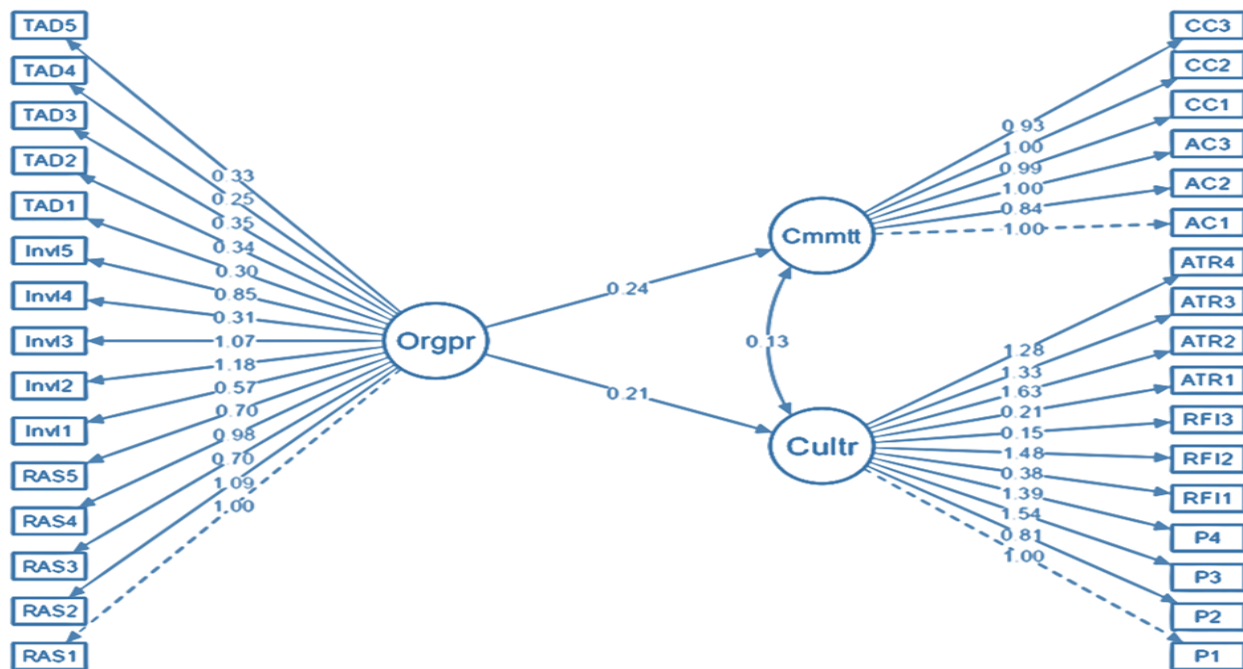


Table-6 Measurement model

				95% Confidence Intervals				
Latent	Observed	Estimate	SE	Lower	Upper	$\beta$	z	p
Human Resource Management	RAS1	1.000	0.0000	1.0000	1.000	0.5930		
	RAS2	1.086	0.1099	0.8701	1.301	0.6810	9.875	<.001
	RAS3	0.699	0.1240	0.4555	0.942	0.3353	5.633	<.001
	RAS4	0.976	0.1089	0.7624	1.189	0.5899	8.958	<.001
	RAS5	0.697	0.0965	0.5081	0.886	0.4475	7.227	<.001
	Invol1	0.569	0.1230	0.3282	0.810	0.2704	4.628	<.001
	Invol2	1.181	0.1205	0.9445	1.417	0.6724	9.796	<.001

	Invol3	1.067	0.1117	0.8477	1.286	0.6464	9.546	<.001
	Invol4	0.309	0.0870	0.1384	0.480	0.2043	3.551	<.001
	Invol5	0.850	0.1146	0.6256	1.075	0.4619	7.417	<.001
	TAD1	0.297	0.0921	0.1165	0.477	0.1849	3.225	0.001
	TAD2	0.344	0.1192	0.1107	0.578	0.1651	2.889	0.004
	TAD3	0.354	0.0945	0.1691	0.539	0.2163	3.750	<.001
	TAD4	0.254	0.0888	0.0796	0.428	0.1631	2.856	0.004
	TAD5	0.329	0.1193	0.0951	0.563	0.1573	2.757	0.006
Organization Culture	P1	1.000	0.0000	1.0000	1.000	0.4872		
	P2	0.809	0.1751	0.4659	1.152	0.2789	4.620	<.001
	P3	1.543	0.1850	1.1808	1.906	0.6584	8.341	<.001
	P4	1.386	0.1730	1.0470	1.725	0.6084	8.014	<.001
	RFI1	0.380	0.2071	-0.0256	0.786	0.1032	1.836	0.066
	RFI2	1.484	0.1894	1.1130	1.855	0.5836	7.836	<.001
	RFI3	0.147	0.1969	-0.2384	0.533	0.0417	0.749	0.454
	ATR1	0.214	0.1713	-0.1214	0.550	0.0699	1.251	0.211
	ATR2	1.627	0.1923	1.2500	2.004	0.6786	8.462	<.001
	ATR3	1.327	0.1673	0.9996	1.655	0.5972	7.935	<.001
	ATR4	1.283	0.1590	0.9717	1.595	0.6165	8.069	<.001
Employee Commitment	AC1	1.000	0.0000	1.0000	1.000	0.6106		
	AC2	0.836	0.0933	0.6534	1.019	0.5712	8.960	<.001
	AC3	0.999	0.1052	0.7928	1.205	0.6169	9.492	<.001
	CC1	0.985	0.1102	0.7691	1.201	0.5697	8.942	<.001
	CC2	1.000	0.0991	0.8053	1.194	0.6720	10.084	<.001
	CC3	0.930	0.1008	0.7321	1.127	0.5937	9.226	<.001

The table 6 of Measurement Model shows the loads of factors, standard errors, and confidence interval, standardised coefficient ( $\alpha$ ), and the level of significance of each observed indicator in relation to the three latent constructs, i.e. Human Resource Management (HRM), Organisation Culture and Employee Commitment. In the case of HRM, RAS1, Invol1 and TAD1 are reference items with a fixed loading of 1.000, whilst the other items bear statistically significant loadings ( $p < .05$  or  $p < .001$ ), which means that they all are very much significant to the HRM construct. The standardised loadings of RAS items are moderate to strong ( $= 0.335$  to  $0.681$ ), Involvement items are moderate to strong ( $= 0.204$  to  $0.672$ ) and TAD items

are moderate to strong ( $\alpha = 0.157$  to  $0.216$ ), indicating that not all of the items represent HRM equally. In the case of Organisation Culture, P1 is the reference indicator and items P2, P3, P4, RFI2, ATR2, ATR3, and ATR4 have strong significant loadings ( $0.278$  to  $0.679$ ) whereas RFI1, RFI3, and ATR1 have weak loadings. In the case of Employee Commitment, the reference item is AC1 and the other indicators (AC2, AC3, CC1, CC2, CC3) exhibit strong and significant loadings with the  $\beta$  value ranging between  $0.569$  and  $0.672$  which implies that it has a highly coherent measurement structure. Comprehensively, the table shows the large majority of the indicators load meaningfully and significantly onto their latent variables, proving the reliability and construct validity of the measurement model, with some insignificant or weak indicators in the Organisation Culture dimension as well.

**Table-7 Variances and Covariances**

				95% Confidence Intervals				
Variable 1	Variable 2	Estimate	SE	Lower	Upper	$\beta$	z	p
RAS1	RAS1	0.805	0.0660	0.6757	0.935	0.648	12.19	<.001
RAS2	RAS2	0.595	0.0532	0.4908	0.699	0.536	11.19	<.001
RAS3	RAS3	1.683	0.1249	1.4378	1.928	0.888	13.47	<.001
RAS4	RAS4	0.780	0.0638	0.6545	0.905	0.652	12.22	<.001
RAS5	RAS5	0.848	0.0647	0.7207	0.975	0.800	13.09	<.001
Invol1	Invol1	1.795	0.1318	1.5363	2.053	0.927	13.62	<.001
Invol2	Invol2	0.738	0.0652	0.6099	0.865	0.548	11.31	<.001
Invol3	Invol3	0.693	0.0595	0.5760	0.809	0.582	11.65	<.001
Invol4	Invol4	0.957	0.0697	0.8205	1.094	0.958	13.72	<.001
Invol5	Invol5	1.164	0.0894	0.9892	1.340	0.787	13.03	<.001
TAD1	TAD1	1.088	0.0791	0.9327	1.243	0.966	13.75	<.001
TAD2	TAD2	1.848	0.1342	1.5847	2.111	0.973	13.77	<.001
TAD3	TAD3	1.116	0.0814	0.9564	1.276	0.953	13.71	<.001
TAD4	TAD4	1.028	0.0746	0.8816	1.174	0.973	13.77	<.001
TAD5	TAD5	1.863	0.1352	1.5979	2.128	0.975	13.78	<.001
P1	P1	0.445	0.0341	0.3782	0.512	0.763	13.06	<.001
P2	P2	1.075	0.0788	0.9207	1.230	0.922	13.64	<.001
P3	P3	0.431	0.0363	0.3600	0.502	0.566	11.88	<.001
P4	P4	0.453	0.0367	0.3808	0.525	0.630	12.35	<.001
RFI1	RFI1	1.860	0.1345	1.5962	2.123	0.989	13.83	<.001

RFI2	RFI2	0.591	0.0471	0.4983	0.683	0.659	12.53	<.001
RFI3	RFI3	1.732	0.1250	1.4869	1.977	0.998	13.85	<.001
ATR1	ATR1	1.297	0.0937	1.1130	1.480	0.995	13.84	<.001
ATR2	ATR2	0.429	0.0368	0.3571	0.502	0.539	11.65	<.001
ATR3	ATR3	0.440	0.0354	0.3708	0.510	0.643	12.43	<.001
ATR4	ATR4	0.372	0.0303	0.3127	0.432	0.620	12.28	<.001
AC1	AC1	0.406	0.0336	0.3400	0.472	0.627	12.08	<.001
AC2	AC2	0.348	0.0281	0.2935	0.404	0.674	12.41	<.001
AC3	AC3	0.392	0.0326	0.3281	0.456	0.619	12.02	<.001
CC1	CC1	0.487	0.0392	0.4102	0.564	0.675	12.42	<.001
CC2	CC2	0.293	0.0257	0.2423	0.343	0.548	11.38	<.001
CC3	CC3	0.383	0.0313	0.3216	0.444	0.648	12.23	<.001
Human Resource Management	Human Resource Management	0.437	0.0751	0.2895	0.584	1.000	5.81	<.001
Organization Culture	Organization Culture	0.119	0.0257	0.0690	0.170	0.862	4.64	<.001
Employee Commitment	Employee Commitment	0.216	0.0363	0.1447	0.287	0.895	5.95	<.001
Organization Culture	Employee Commitment	0.125	0.0196	0.0871	0.164	0.782	6.41	<.001

The table 7 of Variances and Covariances shows the estimated error variances of all observed indicators and the variances of the latent constructs and covariance observed among Organisation Culture and Employee Commitment, which gives an understanding of the measurement accuracy and inter-construct correlation. All the observed variables (e.g., RAS1 1 RAS5, Invol1 1 Invol5, TAD1 1 TAD5, P1 1 P4, RFI items, ATR items, AC and CC items) have a positive and statistically significant estimate of variance ( $p < .001$ ), which is not surprising in measurement models. These variances can be either large or small and comparable in magnitude, with smaller variances (e.g., AC2 = 0.348, P4 = 0.453) being smaller and with greater ones (e.g., Invol1 = 1.795, TAD5 = 1.863) larger representing differences in reliability of measurement. The latent constructs also indicate high variances- Human Resource Management (0.437), Organisation Culture (0.119), and Employee Commitment (0.216) which confirm that there is a presence of meaningful variance in the respondents in these constructs. Furthermore, it is observed that there is a high covariance (0.125) between Organisation Culture and Employee commitment having a high standardised value (0.782) which indicates that there is a strong positive relationship between the two constructs. In general, the table shows that all the observed and latent variables have a substantial amount of variance, which proves the consistency of the measurement framework, whereas the highly strong covariance indicates the interdependence between the organisational culture and the level of commitment of employees.

**Table-8 Intercepts**

Variable	Intercept	SE	95% Confidence Intervals		z	p
			Lower	Upper		
RAS1	1.982	0.057	1.870	2.093	34.849	<.001
RAS2	2.297	0.054	2.192	2.402	42.725	<.001
RAS3	3.125	0.070	2.987	3.263	44.475	<.001
RAS4	2.216	0.056	2.107	2.326	39.719	<.001
RAS5	2.255	0.053	2.152	2.358	42.927	<.001
Invol1	3.370	0.071	3.231	3.509	47.457	<.001
Invol2	2.216	0.059	2.100	2.332	37.425	<.001
Invol3	2.023	0.056	1.914	2.133	36.355	<.001
Invol4	1.799	0.051	1.700	1.899	35.283	<.001
Invol5	2.641	0.062	2.519	2.762	42.531	<.001
TAD1	2.313	0.054	2.206	2.419	42.699	<.001
TAD2	3.109	0.070	2.972	3.247	44.210	<.001
TAD3	2.201	0.055	2.092	2.309	39.853	<.001
TAD4	2.247	0.052	2.145	2.350	42.856	<.001
TAD5	3.370	0.071	3.232	3.508	47.779	<.001
P1	1.716	0.039	1.640	1.793	44.025	<.001
P2	2.664	0.055	2.556	2.772	48.350	<.001
P3	1.901	0.045	1.814	1.988	42.702	<.001
P4	1.831	0.043	1.746	1.916	42.316	<.001
RFI1	3.479	0.070	3.342	3.616	49.726	<.001
RFI2	2.169	0.048	2.075	2.264	44.913	<.001
RFI3	3.432	0.067	3.301	3.564	51.063	<.001
ATR1	2.674	0.058	2.560	2.789	45.915	<.001
ATR2	1.969	0.046	1.880	2.058	43.244	<.001
ATR3	1.872	0.042	1.790	1.955	44.357	<.001
ATR4	1.938	0.040	1.860	2.015	49.005	<.001
AC1	1.786	0.041	1.706	1.867	43.518	<.001



AC2	1.656	0.037	1.584	1.728	45.127	<.001
AC3	1.911	0.041	1.832	1.991	47.087	<.001
CC1	1.987	0.043	1.902	2.072	45.850	<.001
CC2	1.865	0.037	1.792	1.938	50.013	<.001
CC3	1.857	0.039	1.780	1.934	47.311	<.001
Human Resource Management	0.000	0.000	0.000	0.000		
Organization Culture	0.000	0.000	0.000	0.000		
Employee Commitment	0.000	0.000	0.000	0.000		

The Intercepts table 8 shows the anticipated baseline values of all the observed indicators, given a setting of zero to the effects of latent variables and signifies the average starting point of each item of the measurement pattern. Intercepts of all observed variables, i.e., RAS, Involvement, TAD, P, RFI, ATR, AC, CC items, are positive and statistically significant ( $p < .001$ ) with z-values ranging between about 34 and 51 indicating that each of the indicators has a significant underlying level of mean in the sample. The items have different intercepts, indicating differences in the overall level of agreement or frequency of the endorsement in the respondents, e.g., items such as Invol1 (3.370) and TAD5 (3.370) have higher intercepts, meaning higher levels of backup, and items such as P1 (1.716) and Invol4 (1.799) have lower levels of baseline. The confidence intervals are all narrow and point to the accurate estimates. On the three latent constructs, namely, Human Resource Management, Organisation Culture, and Employee Commitment, the intercepts are set at zero as it is traditional in SEM to create a scale and have the correct model identification. In general, the table provides evidence that all indicators play an important role in its latent construct as the intercepts are strong and statistically significant, and the fixed latent intercepts are used to estimate the models.

## Discussion and Conclusion

The current research was done to investigate whether two important outcomes of an organisation, namely the organisational culture and employee commitment were influenced by the practises applied in human resource management (HRM). The main objective was to know whether more systematic and developmental HRM practises were linked to more favourable organisational culture and a greater commitment of the employees in the organisations studied. The study aimed at placing HRM as both an administrative role and a strategic process of creating internal environments that would support long-term performance by concentrating on cultural and attitudinal results at the same time.

The results showed that principles of HRM had positive relationships with organisational culture. Organisations which carried out systematic recruitment and selection, significant training and development, beneficial and formative performance assessment as well as effective communication were more likely to record constructive cultures, participatory culture and innovation-supportive culture. This trend implied that HRM practises were not working or acting in vacuum; it seemed that they had an impact on shared values, norms and patterns of daily interaction, which in its turn determined the way employees perceived the organisation. Practically, the findings suggested that in the situation where the management

modelled HR systems on the concept of development, participation and trust, the cultural aspects of the organisation shifted towards non-controllable routines towards more open and collaborative working approaches.

The research also revealed that the HRM practises had a positive relationship with employee commitment. Employees who had been employed in companies that had placed special emphasis on treating them fairly, offering opportunities of development, as well as, making them aware of their expectations, reported stronger psychological attachment to their companies. The HR systems that conveyed the message of investment in employees in the long term (through training, career development and performance feedback support) seemed to create a sense of commitment and an identification with organisational objectives. As such, the functions of HRM became essential sources of levers with which organisations fostered loyalty, minimised chances of disengagement and provided a situation in which employees were more inclined to perform beyond the line of job requirements.

When these outcomes were placed within the current body of research, they were easily reflected in previous empirical and conceptual studies. The link between HRM practises and employee commitment was positive in confirmation with the results that showed innovative or high-involvement HRM systems were some of the best predictors of organisational commitment (Agarwala, 2003; Paul and Anantharaman, 2004). Previous research already demonstrated that more affective and normative commitment was established through HR practises like development-oriented appraisals, extensive training and accommodating work environments, which was achieved in many cases by perceptions of organisational support and equity (Meyer and Smith, 2000; Giauque et al., 2010). The findings of the current study were in line with this social-exchange rationale: the employees seemed to give back the organisational investments in their growth and fair treatment with the increased commitment.

The observation that the organisation culture was related to the practise of HRM was also in line with other previous studies which connected the HR systems, organisation culture and climates conducive to innovation. Studies of HR systems and product innovation recommended that HRM not only influenced performance but also the culture environment needed to ensure creativity and change (Lau and Ngo, 2004; Valle and Jimenez, 2005). Organisational culture research that provoked creativity also focused on the fact that recruitment, development and participation practises were used to create cultures that fostered sharing of ideas and experimentation (Martins and Terblanche, 2003; Shipton et al., 2005). Another study of transformational leadership and culture also emphasised the fact that innovation and change climates were mutually influenced by leadership behaviours and HR systems (Sorros et al., 2008). The current research served to support this body of evidence, as it demonstrated that HRM practises were affected by cultural attributes, as opposed to being technical or administrative procedures.

Furthermore, the two focus areas on culture and commitment were echoed by studies that placed HRM in the heart of the integrated models between people management and climates and performance. It had been demonstrated through studies in service and banking settings that HRM practises had an impact on employee perceptions of climate which subsequently correlated with performance indicators (Gelade & Ivery, 2003; Cho et al., 2006). Knowledge sharing and innovation Work argued that the HRM practises not only encouraged commitment and exchange of knowledge but also significantly led to innovation (Ordaz et al., 2011; Özbag et al., 2013). The current study provided other empirical evidence to the perception of HRM as a key integrating mechanism in the internal architecture of the firm by proving that HRM practises were correlated with both the cultural environment and attachment of employees to the organisation.

Simultaneously, the results prompted the critical consideration of the limitations of these relations. Although the findings were indicative of definite and consistent trends, they were obtained under a particular context and the intensity of the associations probably relied on the wider organisational and institutional setting, the managerial orientation and the anticipations of the employees. Past research had already shown that HRM systems proved to be sector, country and industry specific and that not all practises were equally relevant in all context (Jayaram et al., 1999; Beugelsdijk, 2009). The findings of the current study thus supported and not refuted the hypothesis that HRM outcome relations were contextually based and that culture and commitment was a resultant product of a set of formal HR policies and informal practises, leadership styles and histories.

Concerning the particular hypothesis that human resource management practises determine the organisational culture and commitment to employees, the analysis found that HRM practises did serve as a significant source of the former as well as the latter. The more coherent, developmental and participative HR systems were enforced within an organisation, the more likely the organisation had a supportive, collaborative, and learning culture, and the more the employees of such organisations would claim to feel attached to their employers. The indications were that the HRM practises were not neutral background processes, on the contrary, it was an active part in creating shared values and norms and how employees perceived themselves as belonging to the organisation.

On the whole, the research highlighted the fact that the question of strategic HRM was not possible to be isolated without the question of culture and commitment. In case HR policies, and practises were adjusted to the values of fairness, development and involvement, it strengthened a positive organisational culture and enhanced the psychological attachment of employees to the organisation. These results were found to support the larger strategic HRM approach that people management systems constituted a vital internal resource where organisations created long-lasting cultural competencies and loyal workforces that are crucial to sustaining performance and effectively responding to competitive and environmental pressures.

### Study implications

These implications of this study were both practical and theoretical as the positive correlation between HRM practises, organisational culture and employee commitment revealed the fact that HRM was no longer an administrative but a strategic instrument that had the potential in creating an environment in which employees could deliver their best (Agarwala, 2003; Paul and Anantharaman, 2004). Recruitment, training, appraisal, rewards and communication decisions were thus to be perceived as long term investments in the cultural make up and also in the employee-organisation relationship. In practise, companies that wanted to pursue a desirable, cooperative and innovativeness culture were asked to embrace congruent bundles of HR practises targeting value-relevant selection, on-going learning and developmental feedback (Martins and Terblanche, 2003; Shipton et al., 2005). The importance of perceived support and justice is also supported by the fact that when employees felt that the HR practises were fair, transparent and authentic in developmental practises, they were more likely to be committed to it (Meyer and Smith, 2000; Giauque et al., 2010). The implications on leadership and change were also inherent to the findings, as the leaders had to ensure that the HR policies fully reflected the desired cultural values and apply the appraisal, reward and development systems to indicate the leaders the fact that collaboration, knowledge sharing and innovation were not only appreciated but desired (Lau and Ngo, 2004; Valle and Jiménez, 2005). In this sense, the HR systems played the role of actual mechanisms of transforming leadership intent into daily experiences, which provided the opinion that culture, climate and HRM

constituted a system that integrated to create behaviour and performance (Gelade and Ivery, 2003; Ordaz et al., 2011). On a policy and governance level, the research proposed that organisations with a desire to have sustainable competitive advantage should consider HRM as a strategic human resource of developing the human and social capital (Bontis, 2001; Birasnav and Rangnekar, 2009). Strong and developmental conceptualizations of HR systems were expected to result in more sustainable cultures and engaged workforces that are the antecedents to innovation and performance in the dynamic environments (Tan et al., 2011; Ozbaig and others, 2013). Lastly, the research promoted future investigations to understand how and under what circumstances the HRM practises were converted to more robust cultures and forthcoming commitment, and how it, in its turn, impacted innovation and the performance of the organisation under different contexts (Preacher et al., 2007; Sarstedt et al., 2011).

### Future scope of the study

The study results provided a number of openings to the further research on the strategic role of human resource management in the development of culture and commitment. Developing on the current evidence, future research may look into these relationships in form of longitudinal design such that how HRM practises, culture and commitment changed over time was better captured and causal directions were explained as opposed to being inferred. Added mediating and moderating variables that may include leadership style, knowledge management processes, work climate, and perceived organisational support can also be incorporated in future works in order to come up with more comprehensive models of how HR systems translated into cultural and attitudinal outcomes in various organisational settings (Gelade & Ivery, 2003; Ordaz et al., 2011). The cross-sector, ownership and national context comparative studies would be useful in validating whether or not the identified patterns were observed to exist in the context of the public sector organisations, small and medium enterprises, and non-Western cultures, as in previous research, HRM systems were found to differ significantly regarding industry and country (Jayaram et al., 1999; Beugelsdijk, 2009). Multi-level methods which connected HRM practises at the organisational level with the climate at the team level and the attitudes at the individual level themselves to see the cross level influences more directly and multi-method designs could be used in the future to understand how employees perceived and experienced HR practises in their daily work. Lastly, it was still possible to relate culture and commitment to innovation and performance outcomes more directly so that subsequent studies could trace the entire chain between HRM practises, and cultural and psychological processes through to specific indicators of organisational performance in a dynamic and competitive environment (Tan and Nasurdin, 2011; Ozbaag et al., 2013).

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