INFLUENCE OF HUMAN RESOURCE PRACTICES ON ORGANIZATIONAL COMMITMENT EVIDENCE FROM BANKING SECTOR

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Abstract

Organizations that work to modify the environment now rely heavily on their human resources as source of competitive advantage. Organizations should develop their human resource practices to b congruent with the expectations of their employees and encourage and satisfy their staff. Th current study aims to pinpoint how human resources practices like training, development, an reward programmes affect bank employee's organizational commitment in the banking industr Data was gathered from bank employees using a structured questionnaire, and PLS-SEM w employed for analysis. The study discovered a beneficial relationship between bank worker organizational commitment and human resource practices.

Keywords: Human resource practices, Training and development, Reward system, Organizationa commitment

Introduction

A healthy economy is built by the financial system and its effective operation. Both public an private sector banks are essential to the growth and development of India's economic system, an the commitment and hard work of these bank employees is one of the major, inescapable drivers their success. In every business, human resources are regarded as the most priceless and preciou resource. Organizations use their human resources strategically to meet and overcome their issue (R. Shannak et al., 2010). Banks are no exemption to this. If the employees are dedicated, they ca provide far better customer care and draw in more clients for the numerous services their ban provides. Therefore, every organization has to make great efforts to place its employees becaus their discontentment might lead to the organization's demise. Employee commitment to th organization has a big impact on how well a business performs, and this is true for the bankin industry as well. Organizational commitment refers to a person's emotional relationship to th organization. Work factors including turnover, organizational citizenship behaviours, and j performance are all predicted by organizational commitment.Whether a person wants to work needs to work depends on how committed they are. The organizational commitment of employee is essential in the current competitive environment. One of the key ideas that support organization commitment is the practice of human resource management.Different procedures are essential how they manage their labour force.Such practises are required for creating sustainabl performance desired by organisations to influence in determining employees' attitudes an behaviour (Hussain et al., 2012). Human Resource Practices [HRP] are crucial for upholdin workers' duties (Alkalha & Maqableh, 2016).The approach of the HRP is crucial to the success the business since the multidimensionality of human resource practise enables organisations achieve both corporate and personal objectives. The current study investigates potential connectio between HRP and affective organisational commitment in the banking industry. The inqui considers the effect of two pertinent human resource techniques, such as reward systems an training and development, on organizational commitment. In order to meet the objectives of th banking industry, the research aims to discover the gap between HR practices and employe commitment to work.

Human Resource Practices and Organizational Commitment

A proper management system is described as the result of an individual's collaborative efforts insid an organization to achieve organizational results and competitive advantage (Kotler & Amstron

2013). Human resource practices, according to Nishii and Wright (2007), have the power to affect employees' organizational behaviours and, as a result, assure the accomplishment of company goals. According to R.O. Shannak and Obeidat (2012), organizations use these human resource management practices to alter employee perception as well as employee characteristics, attitudes, and culture. Depending on the nature of their operations, different HRP are appropriate to various organizations.Two of these HRPs include reward systems and training and development. Employees receive training to improve their skills and capacities. Through the provision of a variety of educational courses and techniques, training and development validates formal organizational attempts to increase both organizational performance and employee self-motivation (Saengchai, Siriattukul, &Jermsittiparsert, 2019). The HRP's incentive system is another crucial component.The incentive system encourages people to work more arduously and enthusiastically. Organizations appreciate the work that employees put in, their accomplishments, and contributions, and they reward them in line with their duties (Newman & Sheikh, 2012). Every employee must be informed with all the information pertaining to remuneration and rewards for an activity in order for it to be successful. This message will inspire each person to work more as a consequence (Marx, Monroe, Cole & Gilbert, 2013). There is a relationship between HR practices and employee organizational commitment, according to several recent research (Foss et al., 2015).

Objectives
To study the impact of human resource practices like training and development and reward system to organizational commitment among employees of banking sector.

Hypothesis
H1: There is a positive influence of training and development on organizational commitment of banking sector employees

H2: There is a positive influence of reward system on organizational development of banking sector employees.

Structural model
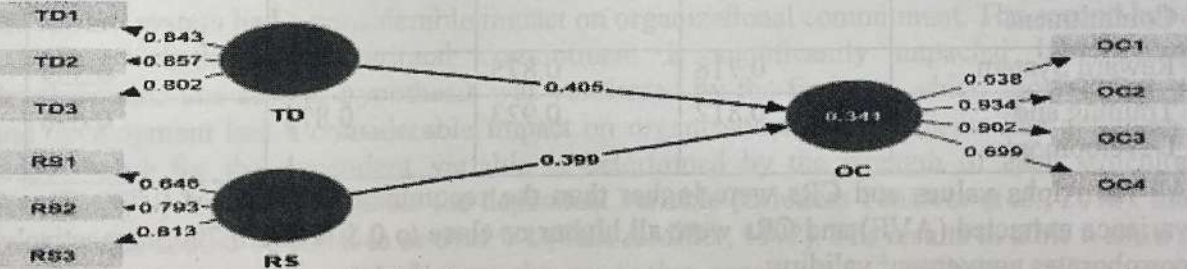
Measurement of Structural Model
a. Convergent validity
Table 1 Indicator items cross loading for establishing Criterion Validity

	OC	RS	TD
OC1	0.638	0.511	0.251
OC 2	0.934	0.306	0.417
OC3	0.902	0.274	0.329
OC4	0.699	0.195	0.366
RS1	0.381	0.646	0.055
RS2	0.239	0.793	0.039
RS3	0.276	0.813	0.028
TD1	0.475	0.189	0.843
TD2	0.26	0.082	0.857
TD3	0.221	0.102	0.802

The cross-factor loading of each item is shown in Table 1. After analyzing the whole dataset, item with factor loadings less than 0.600 were eliminated. It can be deduced that each item is loaded its own matching construct in this situation since all of the indicators are greater than their cross loadings. No other latent variable may be more associated with an indicator variable than its own latent variable, which must be substantially connected with it. All of the factor loadings in the aforementioned table are higher than their cross-loadings, which is an indication of discriminant validity.

b. Construct Reliability and Validity

Reflective models include arrows that lead from the factor to the indicator variables, demonstrating that a one-dimensional underlying construct determines the values of these measured and representative variables. In reflecting models, convergent validity assessment utilising Cronbach alpha or composite reliability is appropriate, but not in formative models. Utilizing composite reliability and Cronbach's alpha, the variables' dependability was assessed. Cronbach's alpha preferred above composite reliability as a measure of convergent validity in a reflective model. The composite reliability threshold can be any number between 0 and 1, with 1 denoting total dependability, and is comparable to that of other reliability. In an exploratory model, at least 0 (Chin, 1998; Hock & Ringle, 2006); in a confirmatory model, at least 0.7 (Henseler, Ringle Sarstedt, 2016). Cronbach's alpha also aims to address the convergent validity and reliability indicators for latent variables. A scale with a reliability coefficient of 0.7 would be considered adequate.

Table 2 Reliability and Validity

Constructs	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Organizational Commitment	0.805	0.809	0.876	0.645
Reward System	0.718	0.875	0.79	0.559
Training and Development	0.812	0.923	0.873	0.696

All the Alpha values and CRs were higher than the recommended value of 0.700. The Average variance extracted (AVE) and CRs were all higher or close to 0.500 and 0.700, respectively, which corroborates convergent validity.

Table 3 The Fornell-Larcker criterion for discriminant validity

	OC	RS	TD
Organizational Commitment	0.803		
Reward System	0.422	0.754	
Training and Development	0.427	0.057	0.8

The discriminant validity examined by Fornell and Larcker is shown in Table 3. In the Fornell Larcker criteria table's diagonal cells of the Smart PLS output, the square root of AVE is shown and correlations are shown below it. Therefore, there is discriminant validity if, in absolute value terms, the square root of AVE at the top of any factor column is greater than the correlations at the bottom.

Ratio of Heterotraits to Monotraits (HTMT)

In a series of simulation studies, Henseler, Ringle, and Sarstedt (2015) showed that the HTMT rat they devised is superior to other methods for detecting a lack of discriminant validity. According Henseler, Ringle, and Sarstedt (2015: 121), discriminant validity between two reflective construct

has been proven if the HTMT score is less than 0.90. Though Clark & Watson (1995) and Kline (2011) employ the 0.85 limit, Gold et al. (2001) and Teo et al. (2008) also used this threshold.

Table 4 Heterotraits to Monotraits (HTMT)

	Organizational Commitment	Reward System	Training and Development
Organizational Commitment			
Reward System	0.528		
Training and Development	0.459	0.203	

From the above table, it is clear that the threshold of HTMT ratio for establishing discriminant validity is fulfilled.

Table 5 Structural Estimates (hypothesis testing)

Hypothesis testing	Beta values	T values	Standard deviation	P values	Decision
Reward System -> Organisational Commitment	0.399	3.389	0.118	0.001	Supported
Training and Development -> Organisational Commitment	0.405	4.539	0.089	0	Supported

A hypothesis was tested to determine the importance of the association before determining the quality of fit. The first hypothesis assesses the degree to which the reward system has an impact on organizational commitment. The first hypothesis was validated by the findings, which showed that the reward system had a considerable impact on organizational commitment. The second hypothesis examines whether organizational commitment is significantly impacted by training and development. The second hypothesis was confirmed by the findings, which showed that training and development had a considerable impact on organizational commitment. The goodness of the model value for the dependent variable is determined by the strength of each structural path determined by R square value for the dependent variable (Brionces Penalver et al., 2018), the value for R square should be equal to or over 0.1 (Falk &Miller, 1992). The results in table 6 show that all R square values are over 0.1. Hence, the predictive capability is established. Furthermore, the model fit was assessed using SRMR. The value of SRMR was 0.079, this is below the required value of .10, indicating acceptable model fit (Hair et.al., 2016).

Conclusion

The purpose of this investigation is to examine how human resource practices like training, development, and rewards affect workers' organizational commitment in the banking industry. The research found that in the banking industry, there is a favorable relationship between these two HR strategies, such as training and development, reward structures, and organizational commitment. Employees that are highly motivated, skilled, and contented are the results of efficient HR procedures. These procedures always strengthen an employee's dedication to company operations, which aids in reaching organizational objectives. These findings show that focus has to be placed on HR strategies that strengthen employee engagement by policy developers and implementation authorities.

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