

Understanding the Dynamics of Employee Commitment in the Relationship with Strategic Human Resource Management Practices



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ABSTRACT: In the contemporary business landscape, I acknowledge human resources as a paramount asset for modern enterprises, capable of elevating organizational performance. This study delves into the intricate dynamics of employee commitment to strategic human resource management within a prominent insurance company in Cagayan de Oro City. Employing a descriptive correlational research design, the investigation utilizes regression analysis to elucidate the variability and inherent relationships between key variables.

To encompass insights from a total population of 143 respondents, the study meticulously analyses data through both descriptive and inferential statistics. Additionally, the research employs free Jamovi software to conduct a mediation analysis. The results unveil a notable and affirmative correlation between strategic human resource management (SHRM) practices and employee commitment. Furthermore, the findings underscore significant positive correlations between distinct dimensions of employee commitment and diverse facets of organizational performance.

Conclusively, the study accentuates the pivotal role of effective SHRM practices in fostering employee commitment within the foremost insurance companies situated in Cagayan de Oro City. This underscores the strategic importance of aligning human resource management with organizational goals for enhanced performance and overall success in the competitive business environment.

KEYWORDS: Strategic Human Resource Management Practices, Employee Commitment, and Insurance Company, Philippines

I. INTRODUCTION

Human resources are crucial to the success of any organization. Human resources control all the institution's assets and are considered a key element of competitive advantage for modern businesses. Employees are the most valuable resource for gaining a competitive edge, and organizations must manage their personnel effectively. Therefore, firms must utilize multiple HR systems simultaneously to manage human resources efficiently. According to Alaraqi (2017), several HRM players assess HRM systems, along with numerous stakeholders who assess the organization's efficiency, which will determine its long-term survival (Kim et al., 2022).

Strategic Human Resource Management (SHRM) refers to the set of activities that are involved in managing relationships and employment within an organization. This includes hiring, training, evaluating, and rewarding employees to improve labor relations, health and safety, and equity. SHRM practices play a critical role in promoting employee commitment, which is defined as the emotional and psychological attachment that an individual has for their organization. Employee commitment is significant because it can lead to various positive outcomes for the organization. It indicates how much employees identify with the company and how dedicated they are to achieving its goals. However, external factors such as financial circumstances and SHRM practices can influence the level of employee commitment. It is important to consider these factors when trying to promote employee commitment within an organization.

There are three types of employee commitment: affective commitment, continuation commitment, and normative commitment. Affective commitment refers to the emotional connection that a worker has with their job, such as through loyalty, respect, love, warmth, belongingness, and more. Continuation commitment is when a worker remains committed to their job, but they do not necessarily identify with it personally. Normative commitment is when a worker feels obligated to stay with their employer because of shared values or a sense of duty.

Numerous studies have investigated the relationship between Strategic Human Resource Management (SHRM) practices and employee commitment. The use of effective SHRM practices can help to create a positive work environment and increase

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employee engagement, which can lead to improved organizational performance. In the short, medium, or long term, individual employee performance can have either a positive or negative impact on the performance of the entire organization (Gabriela, 2020).

Effective strategic human resource management practices can directly enhance organizational performance by increasing the capabilities, knowledge, and motivation of employees. However, the impact of these practices on organizational performance is not always straightforward. Employee commitment can act as a mediating factor in this relationship, as workers who are dedicated to their organization are more likely to be motivated, engaged, and willing to go above and beyond in their work. This can result in higher levels of productivity, quality of work, and overall job performance. In other words, the impact of strategic human resource management practices on organizational performance may be stronger for workers who are highly committed to their organization, as they are more likely to internalize and act on the positive changes brought about by these practices. Improving work requires more than just increasing the availability of skills; it also depends on how effectively those abilities are used (Mahfouz, 2021).

This study aims to examine how employee commitment to strategic human resource management operates within a prominent insurance company located in Cagayan de Oro City. Additionally, it also aims to determine the factors that affect employee commitment, such as affective commitment, continuance commitment, and normative commitment, by referencing leading insurance companies in Cagayan de Oro City. As a result, this study aims to make a theoretical contribution by filling the research gap, as no previous studies have examined the relationship between SHRM practices and employee commitment.

II. METHODOLOGY

The study utilized a descriptive correlational research design and a survey instrument to gather primary data. The research design aimed to identify the significant relationship among the three variables, describing phenomena, circumstances, or population accurately. This type of research is particularly useful in providing answers to the what, when, where, and how questions rather than why. Descriptive research combines both quantitative designs, allowing researchers to focus on certain aspects of various research methodologies, establish information using quantitative data, and describe events in greater or lesser detail as needed. The descriptive-correlational design is used in research studies that seek to establish the relationship between several variables and give static representations of situations. In this kind of study, information is collected without making any changes to the study subject. As a result, the researcher cannot interact with the environment in which they are studying in a way that would cause any changes related to the study.

The study employed a random sampling method with a sample size of 104 respondents out of 143 employees of leading insurance company in Cagayan de Oro City.

III. RESULTS AND DISCUSSION

The demographic profile of the respondents

The analysis of data from 104 respondents highlights a significant gender disparity in the insurance sector, with 58.65 percent of respondents being female and 41.35 percent being male. This finding indicates that females constitute the majority of employment positions, emphasizing a gender imbalance within the industry. Notably, industry insights provided by Crista Walker, VP of agent engagement at Safeco, underscore the current over-representation of women in entry-level and service roles, coupled with their under-representation in leadership positions, as illustrated by the statistics showing 96% of customer service representatives and 68% of producers being women, while only 31% of agency principals are women (Bethan Moorcraft, 2022).

Additionally, respondents were categorized based on their highest educational attainment. College graduates formed the majority, comprising 92 respondents at 88.46 percent, while master's level respondents accounted for 3.85 percent. Conversely, college-level respondents constituted about 2.88 percent, and both doctorate level and doctorate graduates were at 1.92 percent, with high school-level respondents representing 0.96 percent. These educational insights highlight the industry's preference for individuals with higher education, aligning with the educational requirements of various roles within the insurance sector (Maryville University, 2023). Furthermore, the data reveals a range in length of employment, with 39.42 percent having worked for 1-5 years, 34.62 percent for 6-10 years, 13.46 percent for 1 year or less, 9.62 percent for 11-15 years, and 2.88 percent for 16 years or more, indicating a diverse range of experience levels within the sector (Jonathan Whistman, 2022).

Strategic Human Resources Management Practices

The data analysis indicated that employees perceive a high level of SHRM practices across all dimensions. In terms of organization, the mean score is 3.25, indicating very good practice. This suggests that employees perceive their organization to have strong practices in areas such as merit-based selection, providing relevant information during recruitment, and placing the right person in the right job.

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The total measure, representing the overall perception of SHRM practices, receives a mean score of 3.29, indicating an excellent practice approach across all dimensions.

The high perception of SHRM practices suggests that the organization is prioritizing and implementing strategic HR practices across various domains. This can contribute to higher levels of employee satisfaction, engagement, and well-being. Effective SHRM practices can also lead to improved organizational performance and competitiveness.

The Human Resources (HR) division creates a link across the greatest asset of a company - its people - and the company's strategic direction through strategic human resource management. Strategic human resource management is specifically concerned with corporate growth, organizational culture adaptation to today's workplace, and competitive advantage development. (Tim Vaughan, 2019).

Table 1 Summary for Strategic Human Resource Management Practices

SHRM PRACTICES	Mean	SD	Interpretation
Organization	3.25	0.57	<i>very good practice</i>
Resourcing	3.31	0.54	<i>excellent practice</i>
Learning and Development	3.41	0.56	<i>excellent practice</i>
Performance and Rewards	3.21	0.61	<i>very good practice</i>
Employee Welfare	3.27	0.59	<i>excellent practice</i>
OVERALL SHRM Practices	3.29	0.51	<i>excellent practice</i>

Legend of the Mean: 1.00-1.75 *Poor practice*; 1.76-2.50 *Fair practice*; 2.51-3.25 *Very good practice*; 3.26-4.00 *Excellent practice*

Employee Commitment

The findings indicate that respondents exhibit a high level of commitment across all three dimensions: affective commitment, continuance commitment, and normative commitment.

The total measure of commitment, considering all three dimensions, receives a mean score of 3.14, signifying high commitment across the board.

These findings imply that the respondents are highly committed to their organization, both emotionally and through a sense of moral obligation and loyalty. This level of commitment can have positive implications for the organization, including increased employee engagement, reduced turnover intention, and enhanced organizational citizenship behaviors.

Organizations can further strengthen employee commitment by fostering a positive work environment, providing opportunities for personal and professional growth, recognizing and rewarding employee contributions, and promoting a strong organizational culture that aligns with employees' values and aspirations.

Committed personnel give value to the organization by their determination, proactive assistance, relatively high productivity, and quality awareness. Employees that are committed to their jobs are also more unlikely to call in sick or leave the company. Non-committed personnel might work towards the organization and obstruct its development. (Bronwyn Wainwright, 2022)

Table 2. Summary for Employees Commitment

Employees Commitment	Mean	SD	Interpretation
Affective Commitment	3.17	0.60	<i>High Commitment</i>
Continuance Commitment	3.05	0.57	<i>High Commitment</i>
Normative Commitment	3.19	0.58	<i>High Commitment</i>
Overall Employees Commitment	3.14	0.52	<i>High Commitment</i>

Legend of the Mean: 1.00-1.75 *Very Low Commitment*; 1.76-2.50 *Low Commitment*; 2.51-3.25 *High Commitment*; 3.26-4.00 *Very High Commitment*

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Significant relationship between strategic human resource management practices and employee commitment

The correlations indicate that various dimensions of employee commitment, including affective commitment, continuance commitment, normative commitment, and the overall measure of commitment, are positively influenced by SHRM practices.

The results demonstrate that organizations that focus on effective SHRM practices in areas such as organization, resourcing, learning and development, performance and rewards, and employee welfare are more likely to experience higher levels of employee commitment. This implies that when organizations prioritize the well-being, growth, and satisfaction of their employees through SHRM practices, employees are more likely to develop a strong emotional attachment (affective commitment) to the organization, perceive a sense of necessity and personal investment (continuance commitment), and feel a moral obligation to remain (normative commitment).

By implementing and enhancing their SHRM practices, organizations can foster a positive work environment that promotes employee commitment. When employees feel valued, supported, and rewarded through effective SHRM practices, they are more likely to exhibit higher levels of commitment, which can lead to improved retention, performance, and overall organizational success.

Moreover, these findings highlight the importance of aligning SHRM practices with employee commitment. Organizations should focus on developing comprehensive strategies that address various aspects of employee well-being, such as work-life balance, professional development, recognition, and rewards, and creating a sense of belonging within the organizational culture. By investing in these areas, organizations can strengthen employee commitment, resulting in increased motivation, job satisfaction, and loyalty.

Overall, the findings emphasize the critical role of SHRM practices in shaping employee commitment. Organizations that prioritize and invest in effective SHRM practices are likely to cultivate a committed workforce, which can contribute to a positive organizational culture, improved performance, and long-term success.

Organizational commitment is also influenced through training and development. Employee perceptions, present management is extremely supportive of the training program, impacting employee attitudes and training participation. Organizational commitment is significantly influenced by training and development. (Ikhsani, Bagis, and Darmawan 2022).

Table 3. Relationship in Strategic Human Resource Management (SHRM) Practices and Employee Commitment

SHRM Practices	Employee Commitment											
	Affective			Continuance			Normative			Total Measure		
	r-value (p-value)	SIG	Decision on Ho	r-value (p-value)	SIG	Decision on Ho	r-value (p-value)	SIG	Decision on Ho	r-value (p-value)	SIG	Decision on Ho
Organization	.616*** (.000)	S	R	.455*** (.000)	S	R	.533*** (.000)	S	R	.603*** (.000)	S	R
Resourcing	.468*** (.000)	S	R	.421*** (.000)	S	R	.449*** (.000)	S	R	.502*** (.000)	S	R
Learning and Development	.563*** (.000)	S	R	.394*** (.000)	S	R	.486*** (.000)	S	R	.543*** (.000)	S	R
Performance and Rewards	.660*** (.000)	S	R	.509*** (.000)	S	R	.589*** (.000)	S	R	.661*** (.000)	S	R
Employee Welfare	.593*** (.000)	S	R	.456*** (.000)	S	R	.565*** (.000)	S	R	.606*** (.000)	S	R
Total Measure	.661*** (.000)	S	R	.509*** (.000)	S	R	.597*** (.000)	S	R	.664*** (.000)	S	R

Note: Values expressed in r-value (p-value)

S-Significant (***) $p < .001$

CONCLUSIONS

Based on the analysis and findings derived from the study, the following conclusions are formulated:

The study found a significant positive relationship between strategic human resource management (SHRM) practices and employee commitment. SHRM practices such as organization, resourcing, learning and development, performance, and rewards, and employee welfare were positively correlated with affective, continuance, and normative commitment. This suggests that organizations that effectively implement SHRM practices are more likely to foster higher levels of commitment among employees.

Thus, the findings highlight that the employees in leading insurance companies in Cagayan de Oro City emphasized through their responses the importance of effective SHRM practices in promoting employee commitment, which, in turn, contributes to

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enhanced organizational advantage. With this, the resource-based view of the organization has become dominant within the ground of strategic management (Davis, 2021).

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