

INFLUENCE OF HRM PRACTICES ON EMPLOYEE PERFORMANCE IN CO-OPERATIVES: THE MEDIATING ROLE OF ORGANISATIONAL AND SUPERVISORY COMMITMENT

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ABSTRACT

This study investigated the relationship between human resource management (HRM) practices, organisational commitment, supervisory commitment and employee performance. Specifically, the direct and indirect relationship between HRM practices and employee performance was examined using the Structural Equation Modelling technique. A survey was carried out among clerical employees in 140 service-based co-operatives in West Malaysia and a sample of 516 respondents was analysed.

The study revealed that HRM practices, specifically training and development, performance appraisal, rewards and communication and participation, showed significant direct positive relationship with employee performance. In addition, the results indicated that the relationship between HRM practices and employee performance was mediated by organisational commitment. However, the direct relationship was stronger than the mediated relationship. In contrast, it was observed that supervisory commitment did not mediate the relationship between HRM practices and employee performance. The results suggest that HRM practices are important tools in enhancing employee performance directly and indirectly, through fostering organisational commitment.



INTRODUCTION

The importance of human resources has generated much interest for research in the field of human resource management (HRM), especially with regard to understanding the relationship between HRM practices and organisational performance (Wright & Gardner, 2003). However, scholars (Wright & Boswell, 2002; Wright & Gardner, 2003) acknowledge the dearth of empirical studies investigating the influence of multiple HRM practices on employee outcomes like commitment and performance and this paucity exists despite the recognition that HRM practices are targeted towards employees and have the most proximal influence on them. Hence, empirical studies should firmly establish the relationship between HRM practices and employee-related outcomes before studying their impact on organisational performance. Undoubtedly then, there is a need for more research to examine the relationship between multiple HRM practices, commitment and performance at the individual level.

This paper focuses on the relationship between HRM practices and employee performance in service-based co-operatives in Malaysia. Specifically, the direct and indirect relationship between HRM practices and employee performance was investigated. The indirect relationship examined the mediating effects of organisational commitment and supervisory commitment on the relationship between HRM practices and employee performance. Worth noting is that at the time of this study, no published research has examined the relationships between multiple HRM practices, organisational commitment, supervisory commitment and employee performance, within the same study, using co-operatives as the research setting.

Co-operatives carry out business activities and participate in the same labour and capital markets, just like any conventional business. Also, more co-operatives today employ full time employees as in the current competitive environment, co-operatives cannot hope to sustain their business nor be economically and socially viable by merely depending on the voluntary services of members. However, as co-operatives are guided by co-operative principles and focus more on generating benefits to members rather than maximising profits, it is possible that this difference may influence the findings of this study.

The specific objectives of the study are:

- (a) to examine the direct relationship between human resource management practices and employee performance.

- (b) to examine the mediating effects of organisational commitment and supervisory commitment on the relationship between human resource management practices and employee performance.

LITERATURE REVIEW

This section reviews pertinent literature on the relationships between the variables included in this study. Specifically, previous work on the relationships between human resource management practices, organisational commitment, supervisory commitment and employee performance are reviewed.

Mondy and Noe (2005) define human resource management as, "...the utilisation of individuals to achieve organisational objectives". Though there seems to be some variation among scholars with regard to the specific practices that make up human resource management practices, the literature reveals some practices which are commonly used in prior studies, specifically, training and development, performance appraisal, rewards, communication and employee participation. The importance of human resource management has generated substantial research on the relationship between multiple HRM practices and organisational performance. However, considerably less research attention has focused on the relationship between multiple HRM practices and employee outcomes at the individual level. This paucity exists despite employee outcomes such as commitment and performance, being the proximal targets of HRM practices in organisations.

Multiple rather than single HRM practices should be considered as HRM practices are highly interrelated ((Ichniowski, Shaw & Prennushi, 1997) and would therefore achieve the desired impact on commitment and performance, as a system (Meyer & Allen, 1997). Also, as employees are the main target of HRM practices, some scholars (Wright & Gardner, 2003, Wright & Boswell, 2002) suggested that more empirical studies should be undertaken to firmly establish the relationship between HRM practices and individual employee outcomes such as commitment and performance. This is necessary to ensure the effectiveness of employees, especially in service organisations where employees constitute the main input. Also worth noting is that the review of literature revealed no published studies have investigated the influence of multiple HRM practices on employee performance, using co-operatives as the research setting. With regard to the relationship between multiple human resource management practices and organisational commitment in a research context similar to co-operatives, a study (Whitener, 2001) examined the relationship between multiple human resource management practices,

trust-in-management and organisational commitment among employees in credit unions, Credit unions are also based on the same philosophy and values as credit co-operatives. On the influence of individual or single human resource management practice on organisational commitment or employee performance in co-operatives, Wetzel and Gallagher (1990) investigated the influence of involvement/participation on organisational commitment while Vandewalle, Van Dyne & Kostova (1995) examined the relationship between participation (through ownership) and extra-role performance among employees in co-operatives.

In the area of commitment, Meyer and Allen's work on commitment has been the most widely cited in recent years. Allen and Meyer (1990) distinguished between three forms of commitment, also referred to as multidimensional commitment: affective, continuance and normative. "Affective commitment refers to identification with, involvement in, and emotional attachment to the organisation. Employees with strong affective commitment remain with the organisation because they want to do so. Continuance commitment refers to commitment based on the employees' recognition of the costs associated with leaving the organisation. Employees with strong continuance remain because they have to do so. Normative commitment refers to commitment based on a sense of obligation to the organisation. Employees with strong normative commitment remain because they feel they ought to do so".

Most previous work on commitment has focused on the organisation as a target of commitment and has generally neglected other foci which may also have an important influence on employee performance. Foci of commitment are the specific individuals and groups to whom an employee is attached (Reichers, 1985). It has been suggested that supervisors could be the most important foci due to their proximity and regular interaction with employees (Becker et al., 1996; Chen et al., 2002). Generally, supervisors are explicitly responsible for implementing human resource functions such as monitoring, and rewarding performance, communicating information, and encouraging the participation of their subordinates in work related decision making, and so commitment to the supervisor is most likely to have a strong influence on employee performance (Becker et al., 1996; Cheng, Jiang & Riley, 2003; Vandenberghe, Bentein & Stinglhamber, 2004). Despite the importance of the supervisor in carrying out these human resource functions, the literature reviewed indicates that no published studies have examined the impact of human resource management practices on commitment to the supervisor. Hence, this area of research has been neglected. Examining this relationship, particularly in the context of Malaysia, would be relevant because in addition to implementing human resource management functions, the supervisor plays an important role in maintaining good interpersonal relationships in the workplace

(Abdullah & Low, 2001). Hence, the present study examined the relationship between the human resource management practices and commitment to the supervisor.

In contrast, a number of prior studies (Agarwala, 2003; Conway, 2004; Koh & Yer, 2000; Meyer & Smith, 2000; Tsui, Pearce, Porter & Tripoli, 1997; Whitener, 2001; Yahya, 2000) have investigated the relationship between multiple human resource management practices and organisational commitment. Overall, these studies demonstrated that human resource management practices positively influenced organisational commitment. In addition, despite the consensus that organisational commitment is multidimensional, prior empirical research has mainly focused on affective commitment. This is because affective commitment has been found to have the strongest and most consistent relationship with an individual's desirable behaviour at the work place (Meyer & Allen, 1997; Meyer et al., 2002). Another possible reason for the research interest in affective commitment is that the majority of the studies on commitment have been undertaken in the West, where greater emphasis is placed on affective commitment. Meyer and Allen (1997) however, suggested that normative commitment may be relevant in collectivistic societies which emphasise strong social ties and obligation. A study among Turkish employees underlined the importance of normative commitment in the collectivistic context (Wasti, 2003). As Malaysia is also a collectivistic society (Abdullah & Low, 2001), normative commitment would be relevant and should therefore be considered.

Employee performance means job or in-role performance in some prior work (Becker et al., 1996; Johlke & Duhan, 2000), or includes both, in-role and extra-role performance in others (Chen et al., 2002; Vandenberghe et al., 2004). In-role or job performance refers to the performance of formal tasks, duties and responsibilities included in a job description (Becker & Kernan, 2003). In contrast, extra-role performance refers to activities that are discretionary and goes beyond formal job requirements, such as helping others, being courteous and making suggestions to improve the organisation (Becker & Kernan, 2003).

Prior studies (Organ & Ryan, 1995; Vandewalle, et al., 1995) reported that organisational commitment had a stronger influence on extra-role behaviour than on in-role or job performance. One possible reason is that extra-role behaviour benefits the organisation as a whole thus making the organisation more salient to employees while in-role or job performance is more dependent on regular interactions with the more proximal entity such as the supervisor (Vandenberghe et al., 2004). Hence, by including extra-role behaviour as a measure of employee performance a stronger relationship may be observed between organisational commitment and employee

performance. In addition, to encompass overall performance of an employee both in-role and extra-role performance should be assessed.

Although some prior studies have examined the relationship between supervisory commitment and employee performance, these studies have mainly been carried out in the West (Becker, 1992; Becker & Billings, 1993; Becker, Billings, Eveleth & Gilbert, 1996; Becker & Kernan, 2003; Bentein, Stinglhamber & Vandenberghe, 2002; Vandenberghe et al., 2004), with the exception of a few in the Chinese context (Cheng, Jiang & Riley, 2003; Chen, Tsui & Farh, 2002). Therefore, there is a need to extend the research on supervisory commitment and employee performance to other Asian countries such as Malaysia where such a study has not been undertaken.

Some studies (Koh & Yer, 2000; Tsui, Pearce, Porter & Tripoli, 1997; Zerbe, Dobni & Harel, 1998) have examined the direct relationship between multiple human resource practices and employee performance. Of these, only Tsui et al. (1997) explored the influence of HRM practices on in- role and extra-role performance. Results of their study indicated that progressive human resource management practices were related to higher levels of both in-role and extra-role performance. In replicating the study by Tsui et al. (1997), Koh & Yer's (2000) study among temporary employees in Singapore also found support for the positive relationship between supportive human resource management practices and in-role performance. Unlike, Tsui et al (1997), Koh & Yer (2000) did not include extra-role performance as an employee outcome variable in their study as their sample comprised of temporary workers.

Research Framework

This cross-sectional study proposed a model which examined the relationships between multiple human resource management practices, organisational commitment, supervisory commitment, and performance of clerical employees in service-based co-operatives in Malaysia.

The human resource management practices used in the study were identified based on an exhaustive literature review and subsequently modified to suit the Malaysian co-operative context. Only practices that were deemed relevant to the Malaysian co-operative context were included. Employee performance was included for this study since it is an important employee outcome that is influenced by human resource management practices. Employee performance included both in role and extra-role performance so as to encompass overall performance of clerical employees in service-based co-operatives. Organisational commitment and

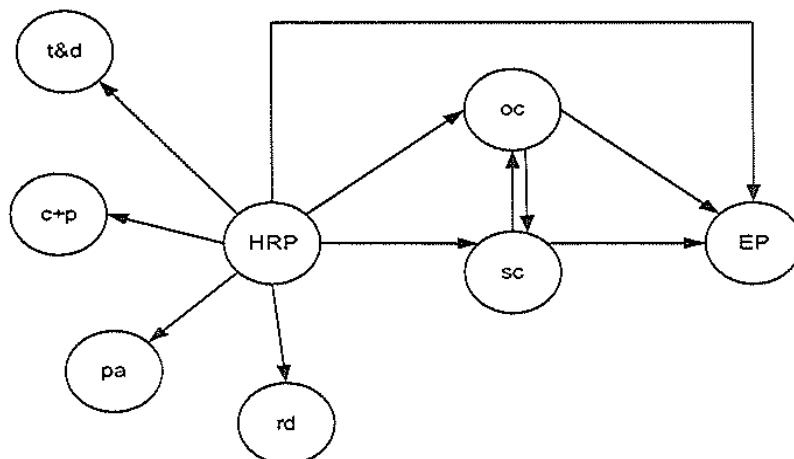
supervisory commitment were examined as separate mediating variables that would influence the impact of human resource management practices on employee performance. They were included as mediating variables because prior literature indicates that commitment is more proximally influenced by human resource management practices compared to employee performance.

In the present study, it is therefore posited that multiple human resource management practices are directly related to employee performance as well as indirectly, through organisational commitment and supervisory commitment. Clerical employees were the respondents in this study as they comprise the majority of employees in service-based co-operatives in Malaysia and hence the impact of human resource practices would be directly relevant to ensuring their effectiveness. As clerical employees are the focus of the human resource management practices, their perceptions on the existing human resource management practices in their co-operative as well as their commitment to their co-operative, their supervisor and performance were targeted.

It is worth noting that no published work has investigated the influence of multiple or several HRM practices and their interactions directly on employee performance as well as indirectly, through the mediating effects of organisational and supervisory commitment, within the same study. Importantly too, such a study has not been undertaken in the co-operative sector in Malaysia.

The proposed model is shown in Figure 1.

Figure 1 : Proposed relationships: HRM practices (HRP), organisational commitment (oc), supervisory commitment (sc) and employee performance (EP)



In Figure 1, HRP refers to human resource management (HRM) practices and includes the four practices of training and development (t&d), communication and participation (c&p), performance appraisal (pa) and rewards (rd). Organisational commitment is labelled 'oc', supervisory commitment is labelled as 'sc' and employee performance is labelled 'EP'. In this model, HRP is the independent latent variable or factor, 'oc' and 'sc' are the two mediating factors and 'EP' is the dependent factor.

METHOD

Sample and Procedure

The sample consisted of clerical employees from 140 service-based co-operatives in West Malaysia, which employed a minimum of five paid employees. A service-based co-operative provides tangible products (such as loans, consumer items, tickets and food) and the intangible aspect of how the tangible product is delivered to the members (Lovelock, Wirtz & Keh, 2002). The study was confined to West Malaysia where eighty percent of the service-based co-operatives operate and clerical employees were targeted as they comprise the majority of employees in the co-operatives. Service-based co-operatives with a minimum of five paid employees were identified to ensure the existence of HRM practices.

As a sampling frame for clerical employees in service-based co-operatives did not exist, a list of the co-operatives in West Malaysia and the number of employees in each co-operative was obtained from the Co-operative Development Department. This list was the latest statistics available at the time of this study and was used to identify service-based co-operatives which fulfilled the required criteria as outlined below:

- The co-operative must provide services such as credit/finance, retailing, transportation, travel & tours, education, as their main business. Co-operatives involved mainly in agricultural, manufacturing or industrial activities and school co-operatives were excluded. School co-operatives were excluded because they do not have paid employees.
- Must have at least five paid employees.
- Must be registered as a co-operative in West Malaysia.

Based on the above criteria, a total of 140 service-based co-operatives were identified and contacted directly to obtain their cooperation to participate in the survey. A two stage sampling framework was adopted to give representation to the 140 co-operatives. The use of this sampling framework is considered appropriate when sampling frames do not exist for the target population (Davis, 2000; Eddy, 2001). Purposive sampling was then used to select clerical employees from the 140 co-operatives as the respondents of this study. The heads/ leaders of the co-operatives were co-opted as intermediaries to gain access to these respondents and to facilitate data collection. As a result, a total of 1000 respondents were targeted in the 140 co-operatives. The questionnaires and explanatory letters were mailed directly to these intermediaries to be distributed to the respondents, together with pre-stamped envelopes for each respondent. The co-operatives were requested to return the questionnaires directly to the researcher in the envelopes provided. Mail survey was used due to cost and time constraints as the co-operatives were scattered in different states in West Malaysia. Of the 1000 questionnaires mailed to the co-operatives, a total of 540 responses were received. However, only 516 responses were usable for analysis, indicating a response rate of 51.6 percent. This response rate compares favourably with the 30 percent considered acceptable for mail surveys (Sekaran, 2000).

Clerical employees' perceptions on the human resource management practices in their co-operatives, commitment to their supervisors, commitment to their co-operatives and their performance were assessed. These employees are the immediate beneficiaries of human resource management practices and since organisational commitment, supervisory commitment and employee performance were studied from their perspective, these employees were considered the right target group and thus selected as the survey respondents. Perceptual data was used as it is an established psychological principle that individuals' perceptions determine their behaviour (Meyer & Allen, 1997). Further, Wright and Gardner (2003) acknowledge that employees' perceptions would provide the most accurate assessment of the human resource practices as they actually exist in the organisation.

The research instrument or questionnaire was developed in English, translated into the Malay language and then translated back into English. Both the English and Malay questionnaires were reviewed by practitioners and pilot tested among a group of clerical employees in service-based co-operatives to assess face validity. Based on the feedback obtained, the design and contents of the questionnaires was improved in terms of item clarity, layout and length. Furthermore, some of the items were modified to suit the local context and the Malay language.

Measures

All multi-item scales were measured on a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5).

Human resource management practices

As there is no existing scale to measure the perception of HRM practices among clerical employees in service-based co-operatives, this scale was developed by reviewing the literature and adapting the items from previous studies, based on their relevance to the co-operative context. Four HRM practices or factors were used in this study. They were training and development (11 items), performance appraisal (9 items), communication and participation (8 items) and rewards (7 items). The internal consistency reliability of this scale was tested by computing Cronbach's coefficient alpha, and the four factors had Cronbach's alpha values higher than 0.6, which is regarded as acceptable in exploratory research (Hair, Black, Babin, Anderson & Tatham, 2006). Specifically, the coefficient alpha values for training and development, performance appraisal, communication and participation and rewards were 0.81, 0.66, 0.80 and 0.66, respectively.

Organisational commitment.

The study focused on overall commitment to the co-operative organisation and was measured using ten items adapted from the organisational commitment scale developed by Meyer, Allen and Smith (1993), to suit the target and context of this study. The ten items encompassed affective, normative and continuance commitment and had a coefficient alpha of 0.89.

Supervisory commitment.

Overall commitment to the supervisor was measured using ten items adapted from the supervisory commitment scale developed by Stinglhamber, Bentein and Vandenberghe (2002), to suit the target and study context. The ten items encompassed affective, normative and continuance commitment with a coefficient alpha of 0.89.

Employee performance.

Employee performance was measured in terms of in-role performance and extra-role behaviour that was relevant to clerical employees in service-based co-operatives, so as to be reflective of overall performance. In-role performance was assessed with twenty one items adapted to suit the research context from prior studies and the coefficient alpha for this scale was 0.88. Extra-role performance was measured with fourteen items adapted to suit the research context from previous work and the internal consistency of this scale was 0.81.

RESULTS

Profile of the Respondents

The demographic characteristics of the respondents who were clerical employees are summarised in Table 1. As shown in Table 1, 67.8 percent of the respondents were female, 86.6 percent were Malays and 70.8 percent were aged 40 years or less, indicating a youthful work force. 70 percent of the respondents had the Malaysian Certificate of Education (MCE) or the Malay equivalent, Sijil Pelajaran Malaysia (SPM), as their highest academic qualification. Interestingly, 12 percent of the respondents possessed a diploma or degree but were still employed at the clerical level.

Table 1: Demographic Characteristics

	Number of Respondents	%
Gender		
Male	166	32.2
Female	350	67.8
Total	516	100
Ethnicity		
Malay	447	86.6
Chinese	22	4.3
Indian	47	9.1
Total	516	100
Age		
30 years and less	233	45.2
31-40 years	132	25.6
41-50 years	123	23.8
Above 50 years	28	5.4
Total	516	100
Qualification		
SPM/MCE	361	70.0
STPM/HSC	61	11.8
Diploma/Degree	62	12.0
Others	32	6.2
Total	516	100

Table 2 shows that 65 percent of the respondents were non members while 35 percent were members of the co-operatives they were employed in. One likely reason for the large number of non members is that many co-operatives still do not have provisions in their by-laws to enable their employees to become members.

Table 2: Membership Status

	Number of Respondents	%
Membership Status		
Members	178	35.0
Non Members	338	65.0
Total	516	100

Structural Equation Modelling

The proposed model in Figure 1 was analysed using the structural equation modelling (SEM) technique (AMOS 5.0 package). The use of SEM was considered appropriate for this study as SEM enabled the simultaneous calculation of both the direct and indirect effects of HRM practices on employee performance, which were the objectives of this study. The analysis involved testing the interrelationships between the eight factors which were represented by several measured variables.

The SEM was carried out in two stages: validating the measurement models (factors) using confirmatory factor analyses (CFA) and testing the structural model (Schumacker & Lomax, 2004). In the first stage, a total of eight factors, also called measurement models were validated using the goodness-of-fit indices, specifically the Root Mean Square of Approximation (RMSEA), the Comparative Fit Index (CFI) and the Tucker Lewis Index (TLI). The eight measurement models are training and development, communication and participation, performance appraisal, rewards, organisational commitment, supervisory commitment, in-role or job performance and extra-role behaviour. Overall, the eight measurement models had acceptable fit for the data as indicated by the CFI and TLI values exceeding 0.90 (Hair et al., 2006). In addition, the RMSEA values were also less than the recommended cut off value of 0.08 for all the measurement models.

Factor Correlations

Table 3 provides the correlations of the eight factors that were specified in the structural model. These factors are communication & participation (c&p), reward (rd), performance appraisal (pa), training & development (t&d), organisational commitment (oc), supervisory commitment (sc), extra-role behaviour (erb), and in-role (job) performance (jp). To enhance model parsimony, nine items with loadings of less than 0.40 on their respective factors were excluded. Table 3 shows the factor correlations after exclusion of these items.

Overall, the results in Table 3 show that the factors are positively associated with one another. Specifically, communication and participation (c&p) had high positive correlations with organisational commitment (oc), supervisory commitment (sc) and extra-role behaviour (erb) but moderate positive correlation with job performance (jp). Reward (rd) correlated positively and highly with organisational commitment (oc) and supervisory commitment but had moderate positive correlations with job performance (jp) and extra-role behaviour (erb). Training and development (t&d) correlated positively and highly with organisational commitment (oc) but had moderate positive correlations with supervisory commitment (sc), job performance (jp) and extra-role behaviour (erb). Performance appraisal (pa) displayed high positive correlations with organisational commitment (oc) and supervisory commitment but moderate positive correlations with job performance (jp) and extra-role behaviour (erb). Organisational commitment (oc) showed moderate positive correlations with job performance (jp) and extra-role behaviour (erb) but very high positive correlation with supervisory commitment (sc). Finally supervisory commitment showed moderate positive correlations with job performance (jp) and extra-role behaviour (erb).

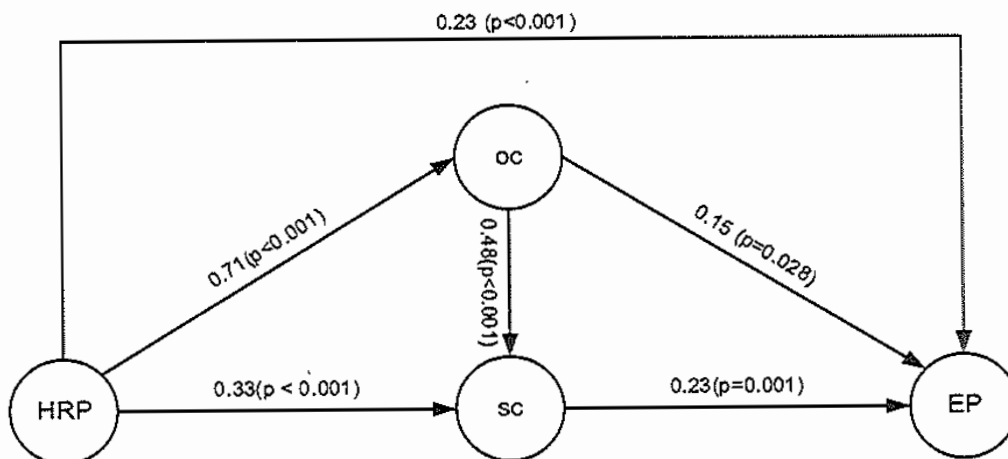
Communication & participation (c&p), reward (rd), performance appraisal (pa) and training and development (t&d) were positively and highly correlated and were thus grouped together to form a more general latent factor called human resource management practices (HRP). Schumacker and Lomax (2004) suggested that factors are highly correlated when they are related to a more general factor. Generally, as HRM practices are interdependent and integrated, they are also highly correlated ((Ichniowski, Shaw & Prensush, 1997; Meyer & Allen, 1997; Paul and Anantharaman, 2004). As the factors, job performance and extra-role behaviour were also highly associated they were grouped together and called employee performance (EP).

Table 3: Factor Correlations

Factors			Correlations	Factors			Correlations
c&p	<-->	oc	.541	t&d	<-->	erb	.419
c&p	<-->	sc	.696	pa	<-->	oc	.535
c&p	<-->	jp	.450	pa	<-->	sc	.536
c&p	<-->	erb	.505	pa	<-->	jp	.392
rd	<-->	oc	.685	pa	<-->	erb	.476
rd	<-->	sc	.585	oc	<-->	jp	.416
rd	<-->	jp	.320	oc	<-->	erb	.412
rd	<-->	erb	.386	sc	<-->	jp	.402
t&d	<-->	oc	.601	sc	<-->	erb	.471
t&d	<-->	sc	.487	oc	<-->	sc	.668
t&d	<-->	jp	.392				

In the second stage of SEM, the proposed structural model was tested for its overall fit and the relationships between the latent factors, namely HRM practices (HRP), organisational commitment (oc), supervisory commitment (sc) and employee performance (EP) were analysed. After stabilizing for errors, the structural model yielded an acceptable fit to the data, with a CFI of 0.92, TLI of 0.91 and RMSEA of 0.032.

Figure 2 : Standardised Path Coefficients for the Direct Relationships in the Structural Model



Direct Relationships

Figure 2 presents the standardized coefficients for the hypothesized direct relationships in the model and only direct paths that were significant ($p < 0.05$) are shown. In testing the proposed direct relationship between HRM practices (HRP) and employee performance (EP) the path (HRP→EP) was significant ($p < 0.001$). The size of the direct effect was 0.23 and the relationship was positive. In testing the proposed direct relationship between HRM practices (HRP) and organisational commitment (oc), the path (HRP→oc) was also significant ($p < 0.001$). The size of the direct effect was 0.71 and the relationship was positive. In testing the proposed direct relationship between HRM practices (HRP) and supervisory commitment (sc), the path (HRP→sc) was significant ($p < 0.001$). The size of the direct effect was 0.33 and the relationship was positive. As indicated by the standardized coefficient values, the strength of the direct relationship between HRM practices and organisational commitment was more than double the strength of the direct relationship between HRM practices and supervisory commitment.

In testing the proposed direct relationship between organisational commitment (oc) and employee performance (EP), the path (oc →EP) was significant ($p = 0.028$). The size of the direct effect was 0.15 and the relationship was positive. In testing the proposed direct relationship between supervisory commitment (sc) and employee performance (EP), the path (sc→EP) was significant ($p = 0.001$). The magnitude of the direct effect was 0.23 and the relationship was positive. The magnitude of the direct relationship between supervisory commitment and employee performance was slightly stronger than the magnitude of the direct relationship between organisational commitment and employee performance, as shown by the size of the standardised coefficients. In testing the proposed non recursive relationship between organisational commitment (oc) and supervisory commitment (sc), there was a recursive relationship from organisational commitment to supervisory commitment and the path (oc→sc) was significant ($p < 0.001$) and the relationship positive. The size of the direct effect was 0.48.

Indirect Relationships

The indirect relationship between HRM practices and employee performance was then analysed by testing the mediating influence of organisational commitment and supervisory commitment on this relationship. The results are as displayed in Table 4.

As observed in Table 4, the direct relationship between HRM practices (HRP) and employee performance (EP) was significant ($p < 0.001$) and positive. The size of the indirect effect for the path (HRP \rightarrow oc \rightarrow EP) was 0.109 and the relationship was positive. According to Hair et al. (2006), an indirect effect of less than 0.08 is regarded as trivial relative to the strength of the direct path and the indirect effect is therefore not important. In this case, the indirect effect of 0.109 is greater than 0.08 and is thus important. Hence the indirect effect of 0.109 means that organisational commitment is an important mediator on the relationship between HRM practices and employee performance. In addition, as the direct relationship between HRM practices and employee performance was also significant ($p < 0.001$), organisational commitment was a partial mediator. Hence, the relationship between HRM practices and employee performance was partially mediated by affective organisational commitment. On the other hand, the size of the indirect effect for the path HRP \rightarrow sc \rightarrow EP was 0.074 and the relationship was positive. An indirect effect of 0.074 is less than the minimum cut off point of 0.08. Hence supervisory commitment does not mediate the relationship between HRM practices and employee performance.

Overall, the results suggest that the relationship between the human resource management practices and employee performance was partially mediated as HRM practices had both a direct and an indirect influence on employee performance. However, based on the size of the standardised coefficient effects, the direct relationship was stronger than the indirect relationship. The indirect influence was only through the mediating role of organisational commitment as only organisational commitment was a partial mediator. Supervisory commitment did not have a mediating effect on the relationship.

Table 4 : The Relationship between HRM Practices and Employee Performance

Direct Relationship	Direct Effect
HRP \rightarrow EP	0.231
Indirect Relationship	Indirect Effect
HRP \rightarrow oc \rightarrow EP	0.109
HRP \rightarrow sc \rightarrow EP	0.074

DISCUSSION

The finding of a significant positive relationship between human resource management practices and organisational commitment is consistent with those of previous research (Agarwala, 2003; Conway, 2004; Koh & Yer, 2000; Paul and Anantharaman, 2004; Tsui et al., 1997; Yahya, 2000). This consistency is despite the fact that the present study focused on overall organisational commitment, while most of the other studies (Agarwala, 2003; Koh & Yer, 2000; Paul & Anantharaman, 2004; Tsui et al., 1997) focused on affective organisational commitment. In other words, the more positively employees perceive the human resource management practices in their organisations, the greater is their level of commitment to their organisations. Human resource management practices which are perceived by employees as being supportive reflect the organisation's concern and investment for their personal development and well being. In return, the employees are likely to reciprocate by increasing the level of their commitment to the organisation. Therefore, human resource management practices are one way by which organisations can demonstrate their support for employees and, in return foster the employees' commitment (Meyer & Smith, 2000).

As mentioned earlier, no study has investigated the relationship between human resource management practices and supervisory commitment. The present study extended research on commitment by proposing and finding a significant positive relationship between human resource management practices and supervisory commitment. This result is consistent with the rationale that the supervisor does have a role in carrying out human resource management functions in an organisation. Specifically, human resource practices related to training and development, performance appraisal, rewards, and communication and participation would normally involve the supervisor directly. If these practices are perceived positively, it is likely that employees believe their supervisor is personally concerned for them. In return they would likely reciprocate with greater level of commitment to their supervisor. However, the stronger direct positive relationship between HRM practices and organisational commitment as compared to the relationship between HRM practices and supervisory commitment may be because employees perceive the organisation as a more salient target than the supervisor where HRM practices are concerned.

The significant positive relationship between human resource management practices and employee performance obtained in this study is in accordance with the findings of prior work (Koh & Yer, 2000; Tsui et al., 1997; Zerbe et al., 1998) which found human resource management practices to be associated with high levels of employee

performance (both in- role and extra-role performance). Importantly, this study has contributed towards narrowing the gap in the literature with respect to the relationship between human resource management practices and employee performance. Since human resource management practices are interdependent (Ichniowski et al., 1997; Paul & Anantaraman, 2004), these practices must be implemented as an integrated system to achieve the desired impact (Meyer & Allen, 1997). In other words, the practices should not be implemented individually. Hence it is imperative that in order to effectively enhance employee performance, a complementary and coordinated system of supportive human resource management practices related to in particular, training and development, performance appraisal, communication and participation and reward, are designed by the employer and implemented for clerical front line employees. Organisations that invest in supportive and complementary human resource management practices are more likely to have employees who perceive that the organisation values them and cares about their well being. To reciprocate these employees would demonstrate in terms of improved performance, in their job as well as in discretionary activities considered beneficial to their organisation.

Specifically, training and development programmes should focus on enhancing skills and provide opportunities for personal development so that employees would have the competence to perform their jobs as well as the necessary skills to compete for jobs within their organisation. In addition, a career development path should be planned for clerical employees and communicated so that they are aware of the available opportunities and the required competencies for advancement within their organisation. A systematic and effective performance management system should also be designed and instituted for clerical employees. This system should focus on joint goal setting together with employees, regular appraisals which emphasise achievement of job targets, as well as a performance-based reward system which gives due recognition to well performing employees. Importantly too, an effective communication and participation system should be implemented to encourage information sharing, and employee involvement in work related decision making. Regular communication between the management and employees should equip them with the latest information on the policies and procedures related to the organisation as well as, encourage employee participation through obtaining feedback and suggestions. In addition, employees should be allowed some autonomy in work related decision making so that they are able to perform their jobs with minimum interference and delay.

The finding of a positive indirect relationship between HRM practices and employee performance through the mediating influence of organisational commitment, in addition to the direct relationship, suggests that HRM practices can also

enhance employee performance indirectly through establishing and maintaining organisational commitment. However, the stronger direct relationship between HRM practices and employee performance indicates that HRM practices are more important than organisational commitment in enhancing employee performance.

This study makes a significant contribution to the HRM literature as it highlights the importance of HRM practices as an effective tool for enhancing employee performance in co-operatives, directly as well as indirectly. This is because no such study has been conducted on employees in co-operatives. As this study was carried out among a sample of clerical employees in co-operatives, there is a possibility that some of the findings may be unique to the context of this study.

The significant positive relationship between organisational commitment and employee performance indicates that when employees perceive a higher level of organisational commitment, they tend to perceive a higher level of performance on their part. Further, the evidence of a significant positive relationship between supervisory commitment and employee performance which is also stronger than the significant positive relationship between organisational commitment and employee performance is in tandem with those of prior studies (Becker 1992; Becker, et al., 1996; Chen et al., 2002; Cheng et al., 2003) and justifies that commitment to a more proximal target, the supervisor, has greater influence on employee performance than commitment to the organisation.

Though supervisory commitment did not mediate the relationship between human resource management practices and employee performance, nevertheless the supervisor is an important entity whose role in the organisation cannot be underestimated nor overlooked. A plausible explanation for this is that the supervisor's role in implementing human resource management practices or functions may have been underutilised and this may have contributed to the finding that supervisory commitment did not mediate the relationship between HRM practices and employee performance. In the present study, there was a significant and positive relationship between human resource management practices and supervisory commitment. There was also a significant positive relationship between supervisory commitment and employee performance and the magnitude of the relationship between supervisory commitment and employee performance was slightly stronger than the magnitude of the relationship between organisational commitment and employee performance. Since supervisory commitment is an important tool in enhancing performance it is important that the supervisor be given the prominence that he or she deserves in the organisation.

To ensure that the supervisor is able to perform an effective role, the individual for this position should be selected carefully, and given the relevant training. One way to achieve this is by identifying potential supervisors from among clerical employees with a good performance record. These employees can then be trained in the necessary leadership and interpersonal skills so that they are able to fit into their roles effectively. Only then can the supervisor be expected to perform successfully and be given the explicit responsibility of carrying out the human resource management functions, for their employees. Probably then, supervisory commitment may have an indirect influence on the relationship between human resource management practices and employee performance.

CONCLUSION

This study focused on commitment to the organisation and commitment to the supervisor. Future studies can be extended to include other foci of relevance such as commitment to management, commitment to co-workers and commitment to customers, to determine which of these foci have the strongest mediating effect on the relationship between HRM practices and employee performance. Also, future studies may test this framework in other (non-co-operative) service organisations to see if similar findings are obtained.

This study focused on the influence of human resource management practices on employee performance. This model can be extended to investigate the influence of human resource management practices on organisational performance of co-operatives in Malaysia as such a study has yet to be undertaken.

The study deliberately focused on obtaining responses for all the variables from the employees. For the purpose of this study it is their perception that is relevant, not the perception of management. Indeed employees' perception of reality has been acknowledged as being more likely to influence their performance (Meyer and Allen, 1997) than formal documented policies on human resource management. Though some biasness can be expected, the results of the study were generally consistent with those of prior studies and this is an indication that the use of self-rating did not adversely affect the findings. Future research could also examine the relationship between human resource management practices and employee outcomes by including the perspective of the employer (or management) in addition to the employee to obtain a more complete picture.

In conclusion, this study attempts to contribute to the literature by investigating the interrelationships between a group of HRM practices, organisational commitment, supervisory commitment and employee performance, in the context of co-operatives in Malaysia as no such study has been previously attempted. This study clearly implies that human resource management practices are indeed an effective tool to enhance employee performance directly, and indirectly, by improving organisational commitment. If organisations want to sustain their competitive advantage one way to achieve this is through the effective management of their human resources. Hence, the results obtained from this study are encouraging and should be regarded as a stimulus for further research.

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