Enhancing Employee’s Trust and Commitment through Strategic Human Resource Management: A Literature Review

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Abstract
This paper intends to explore the relationship between Strategic Human Resource Management (SHRM) practices, employee trust and organisational commitment. The preliminary framework provides an understanding of the specific role of trust between HRM practices and organisational commitment. A range of relevant literature is explored and a preliminary framework is proposed and discussed. A review of extant literature suggests various factors affect employee’s behaviour, trust, and commitment. This framework is set to help managers and decision makers understand the requirements of employees for increasing their trust and commitment and suitable SHRM approaches to that effect. The paper can help HR managers to understand the importance of HR strategies and policies through the integration of organisational support, lead to superior trust and commitment. The proposed preliminary framework is both original and unique that will hopefully contribute towards the enrichment of the relevant literature.

Keywords: HRM practices; employee trust; organisational commitment; social exchange theory

1. INTRODUCTION
The increasing interest around SHRM has caused a significant contribution to empirical research to examine the impact of different SHRM practices on trust and commitment. However, limited is known about the understanding and perception of specific processes through which SHRM practices influence trust of the employees towards the organization. Despite the fact that the research on human resources are crucial especially in the developing countries, limited research has been performed that can provide real insights for employees increasing their trust and commitment.

Organisational commitment and employee trust are central for achieving organisational objectives. It maintains the relationship between the organisation and its
employees. Mistakes are often caused by the fact that organisations generally give little attention to the critical nature of staffing decisions and make little or no attempt to validate staffing practices (Schuler, Budhwar and Florkowski, 2002). However, Datta, Guthrie and Wright (2003) stated, the role of human resource manager is evolving and play crucial strategic role in the success of an organisation (Andersen, Cooper and Zhu, 2007). Therefore, it becomes challenging for the organisation to deal with internal capabilities while coping with various external uncertainties.

Many of the previous researches focused on the relationship between HRM practices and organisational performance, but limited studies focused on the effect of SHRM practices on increasing organisational commitment and trust of employees (Şendoğdu, Kocabacak, and Güven, 2013). According to Darrag, Mohamed and Aziz (2010) while running the recruitment activities, HR managers face two main issues: (1) identify their competitors not only by their product but also by similarities among their resources and capabilities and (2) identify their indirect competitors that may affect the firm’s HRM strategies. HRM plays an important role in fostering employee’s trust and commitment to organisation missions. However, HRM have been challenged by external and strategic management factors along with organisational commitment. This is the reason that researchers and academicians focuses on the factors influencing organisational commitment (Morrow, 2011).

This study investigates the relationship between employees and an organisation through improving employee trust and utilising strategic policies that have been supported by previous studies like (De Kok, Uhlaner, and Thurik, 2006; Gómez, 2004; Michie and Sheehan, 2005; Theriou and Chatzoglou, 2008) performed their investigation on the effect of HRM practices on organisational commitment, knowledge management, organisational learning, environmental, organisational, and employee behaviour, but largely ignored the role of SHRM practices influencing organisational commitment and employee trust through a mediating effect of perceived organisational support. After reviewing previous literature on HRM practices, it was noticed that the researchers approach towards linking HRM practices with performance. But, there is a limited amount of study performed that attempts to explore the role of HRM practices leading to improve employee’s trust and commitment.

Thus the main purpose of this paper is to examine the mediating impact between the applications of SHRM practices and the creation of trust and commitment in the employees. The authors make an effort to develop a preliminary framework that examines the relationships of:

SHRM practices with employee trust and organisational commitment; and
Perceived organisational support (POS) with employee trust and organisational commitment.

It is important for the organization to maintain the relationship between managers and employees to gain competitive advantage. Thus this paper focuses on social exchange theory that helps to understand the behaviour of managers and employees towards the organization.
Overview of Social Exchange Theory (SET)

In industry, the exchange of relationships is between individuals, stakeholders, and organisations. SET refers to the exchange of quality influenced by perceived contribution, loyalty or public support, positive effect for one another, and quality based on trust, commitment, and respect (Blau, 1964). Thus, SET is used as a theoretical underpinning for the study to predict organisational support for employee trust based on the quality of the relationship between managers and employees. According to SET, employee’ commitment to their organisation is based in the belief that the organisation appreciates the contributions of the employees (Cropanzano and Mitchell, 2005). In addition, Gillis (2008), acknowledged that interpersonal relations and social interaction is described through SET.

Moreover, Wikhamn and Hall (2012) mentioned that SET describes motivation between employee behaviour and attitude. It involves a series of interactions that are interdependent, contingent on the actions of the other partner in the social relationship, and generate obligations. However, Liu and Deng (2011) attempted to develop organisational commitment through SET. There is a need that the organisation provides a good working environment for its employees, who in turn show commitment to the organisation. The employee–organisation connection can be taken as a social exchange relationship between the employee and the organisation, and organisational commitment as the employee’s psychological attributes and feelings after the establishment of such a relationship. According to the SET, employees’ trust in the organisation is also a resource for which the organisation has to provide reasonable remunerations and a good working environment. If there is insufficient organisational investment in this aspect, employees’ return is affected (Tsui, Wang, and Zhang, 2002).

SET suggests that individuals exchange the relationship on the basis of cost and benefits. An individual perceives benefits in exchange of relationships positively, whereas an individual perceives cost in exchange of relationships negatively. There have been mixed support for SET in the organisation (McGehee and Andereck, 2004; Shore and Wayne, 1993). Some studies have found support for the theory while others have not been conclusive (Gursoy, Jurowski, and Uysal, 2002; Jurowski, Uysal, and Williams, 1997). The anticipation of reward such as social approval and better living standard is within the SET. A theoretical alignment between organisational support and organisational commitment can be determined by SET. This is the main theme of the study.

SHRM Practices

SHRM is defined as pattern planned human resource deployment and activities aimed at enabling organisations to achieve their goals (Wright and McMahan, 1992). SHRM practices refer to deployment and activities to achieve organisational success through a pattern of planned behaviours (Hashim, 2005). HRM increases sustainable competitive advantage of the individual and the organisation. Commitment is considered the main factor linking organisational and employee goals (Ahmad and Schroeder, 2003). In this study, the field of SHRM research is discussed critically for the improvement and advancement of literature on HRM systems. SHRM practices play a crucial role in enhancing the productivity and...
efficiency of an organisation by implementing practices like internal career ladders, formal training systems, result oriented performance appraisals, employment security, employee voice and participation, and performance based compensation (Daley and Vasu, 2005). SHRM practices emphasise enhancing employee abilities, knowledge, and skills through effective and strong training and motivating desired behaviour through strong incentives. To be effective, SHRM practices require linking with employee’s trust and commitment.

Previous studies focused on the effect of HRM practices on organisational commitment, but very few discussions on the role of SHRM practices influencing organisational commitment and employee trust through a mediating effect of perceived organisational support. Next section deals with the theoretical framework that consists of theories and concepts that are relevant to the research and the broad field of knowledge. This study examines the perceptions of SHRM practices enhance employee trust and commitment using (Daley and Vasu, 2005; Delery and Doty, 1996) internal career ladders, on job training, performance appraisals, job security, employee participation, job identification, and compensation held among top management executives. The study examines the relationship among these SHRM practices to measure outcomes like trust and commitment and its multiple goals.

2. A PRELIMINARY FRAMEWORK
This paper reviews relevant literature on the influence of SHRM practices on organisational commitment and employee trust. The literature review is guided by an analytical framework that brings together the key variables and issues pertinent to this study. SHRM practices includes: internal career ladders, formal training system, performance appraisals, job security, employee participation, job identification and compensation. Employee trust and perceived organisational support (POS) was considered as mediating variables between SHRM practices and organisational commitment.

Internal career ladders that are linked to employee trust and commitment
Internal career opportunities is the extent to which an organisation has an internal career ladder or provides internal career opportunities for its employees (Daley and Vasu, 2005). Policies for internal career opportunities have been shown to relate the employee pay and job satisfaction (Lee, 2009). Employees who are not satisfied are likely to seek career opportunities outside the organisation and are less willing to put in extra effort to comply with the organisation’s policy. Having a policy for internal career opportunities reflects an organisation’s commitment to its employees. Employees who believe their organisations are committed, will feel more secure and are more willing to put in effort above that required of them (Delery and Doty, 1996; Youndt, Snell, Dean, and Lepak, 1996). Career development will improve employee’s productivity along with achieving their retention and trust (Merchant Jr, 2010). Thus for employees in the initial stage of a career, determining a path for a bright long-term future is very important. Organisations providing such career ladders enjoy high levels of employee trust and organisational support. Thus we argued that internal career development influence trust. Furthermore, employees base their trust on future jobs, in other words by employment outlook.
Formal training system
Extensive training and development of employees are key as a source of competitive advantage (Laursen and Foss, 2012). Training helps employee to develop and gain knowledge, skills and abilities enhancing current job performance (Merchant Jr, 2010). Organisations expect employees to come with the prerequisite skills that can enhance and achieve organisational goals. Training as SHRM practice is nevertheless still important for employees to fit into the organisation and become valuable assets for the team. Work related education and training is important for employee development including interaction with supervisors and co-workers. However, Armstrong (2003) mentioned that employees with high levels of education are most likely to receive training opportunities to improve their skills. Furthermore, Bakan and Ismail (2000) mentioned that the need for training to obtain new knowledge, skills, and attitude is important for employees to be effective in their everyday working obligations. Training activities and career development have found to have positive impact on trust (Vanhala and Ahteela, 2011). According to Tzafir (2005) employee development could be considered as trust creation mechanism and was found to be positively related to employee’s trust.

Performance Appraisals
Performance appraisal an antecedent factor of SHRM practice is a part of performance management based on organisational and employee goals. Performance appraisals are conducted once a year and help employees to focus on the formal goals and performance expectations that influence their pay, rewards, or promotions. According to Jordan (2009), performance appraisals evaluate and support employees in their job performance. It is an important tool for the management to assess organisational performance and identify the ability of employees to perform associated tasks. Performance appraisals seeks to resolve communication challenge, increase productivity by providing timely feedback to employees, and make effective organisational decisions on pay, professional development, and promotion (Coens and Jenkins, 2002; Daley and Vasu, 2005). This sentiment was mirrored by Mayer and Davis (1999) who argued that perceptual reactions to the appraisals are equally important to build trust and performance. We argued that employees evaluate trust and commitment based on their perception to the appraisals and the possibility to benefit from them.

Job Security
Job security as one of the SHRM practice is desired by all employees. Government jobs are often associated with greater job security than private jobs (Munnell and Fraenkel, 2013). Employment market in the organisation due to its flexibility through national policies with existing high standards and policies of income and employment security has become key component (Muffels, 2008). In addition, Bashir and Ramay (2008) studied work environment, job security, pay satisfaction, and participation in decision making as factors affecting employees’ commitment towards an organisation and found that work environment and job security result in high commitment to an organisation whereas pay satisfaction and participation poorly correlate with commitment. Furthermore, Zeffane and Connell (2003) suggested that rotation of jobs could increase feelings of job security, relating positively to
trust. Thus it could be perceived that job rotation is an indicator of organisational commitment to its employees.

**Employee Participation**

Employee participation is in response to the movement of quality in the organisation where an individual is encouraged to accept responsibility and challenges to deliver more output. Traditional SHRM is an efficiency-oriented model based on the skills and abilities of employees within the organisation. Traditional SHRM practices like selection, compensation, incentives, continuous employee development, and employee engagement led the practices to team effectiveness (van Emmerik, De Cuyper, and Jawahar, 2009). In addition, Khatoon et al. (2013) presented the SHRM practices in relation to performance using dimensions like HR strategy and organisation, strategic recruitment, HR selection, strategic training and development, strategic performance, and employee participation in management. The study found that employee participation management and strategic performance management must be accompanied with modern business development. According to Mishra (1996) if employees have the opportunity to express their opinions and feel that their opinions are taken into consideration will lead to trust. Consequently we argued that employee participation influences trust. Employees trust the organization if they think that their opinions are taken into consideration. Trust is established based on the participation of employee.

**Job identification**

Targeting jobs involves identifying an employee’s personal values, skills, and goals that will increase employee satisfaction. Defining jobs clearly and precisely is crucial for the organisations in order to decrease ambiguity and increase efficiency to better achieve an organisation’s operational activities. However, Daley and Vasu (2005) asserted that clearly defined jobs enable employees to understand their job responsibilities. Such an understanding will facilitate the use of facilities to help them to accomplish their tasks efficiently and successfully. It helps employees locate and make necessary contacts and increases their focus and sense of purpose necessary for sustainable job performance. For example, manager working on compensation and benefits specialist must be able to assess personnel needs and draft targeted programs that will increase performance, organisational trust and satisfaction and motivate high quality employees enhancing company’s profile as best place to work. Furthermore, in the study performed by Marwat, Qureshi, and Ramay (2006) mentioned that job identification is combination of job description and job specification and found positive correlation between job identification and employee performance. According to Qureshi, Ramay, and Marwat (2006) job identification outlines job responsibilities, working conditions and expected skills of an individual. Consequently, we argued that job identification influences trust. Employee trust the organization if they think that that are given dynamic working condition. Trust is therefore based on job identification of employee.
Compensation
Compensation is measured as total income and additional benefits in the form of wages and salaries. In HRM, compensation is crucial to provide comprehensive and consistent measures for employees. An efficient compensation system enables employees to improve their knowledge, skills, and abilities thereby increasing their motivation and enhancing quality of employees leading to greater employee retention. However, Colvin and Boswell (2007) introduced the concept of action and interest alignment linking behaviour and organisational strategy for developing employee’s ability and to effectively identify behaviour of the employees. Furthermore, Harris (2009) examined the impact of SHRM practices on organisational performance and found that training, compensation, and performance management positively influence organisational performance. Thus from previous studies it is obvious that the need of training and obtain new knowledge with new skills and new attitude is very important for the employees in their everyday aspect working life. According to Whitener, Brodt, Korsgaard, and Werner (1998) transparent explanation on communication of compensation decisions from managers increases employee trust on them. We therefore argued that reward procedure have an influence on trust. Employee evaluate trust in the organization based on the fairness and transparency of communication.

Employee trust towards commitment
Trust occurs with the interaction influenced by both personality and social system. For Vigoda-Gadot and Drory (2006), trust is defined as the willingness to be vulnerable to the actions of another party based on the expectation that the action is performed appropriately through effective monitoring and control. A trust-based relationship can help reduce conflicts within the organisation, improve job satisfaction and work efficiency, and lower transaction and management costs. Trust influences employee reactions and affects the success and effectiveness of human resource activities. Using exchange theory, Whitener (1998) argued that trust is a consequence of the content and process of human resource activities and a mediator of the impact of HR practices on important outcomes. However, Kwon and Suh (2005) mentioned that successful performance of the organization is based on a high level of trust and a strong commitment among managers and employees. The level of commitment is strongly associated to the level of trust. We argued that employees evaluate trust based on their perception in terms of offering best HRM practices and the possibility to benefit from them.

Organisational Commitment and its Consequences
Organisational commitment is the will to work towards organisational goals and objectives. For instance, Liu and Deng (2011) mentioned that in the development of organisational commitment the perception of risk has been ignored. Organisational commitment as defined by Vigoda-Gadot and Drory (2006) is the extent to which an employee feels involved in and is emotionally attached to their organisation. Many past studies have focused on the social exchange relationship. Employees require a good working environment in order to show their commitment to the organisation. In the process of maintaining the social relationship, trust and
organisational commitment must be considered an important factor from the perspective of both sociology and psychology (Liu and Deng, 2011).

**Affective Commitment**

Affective commitment refers to an employees’ strong emotional attachment to an organisation. Employees are likely to feel good if they enjoy their work. Through affective organisational commitment, employees are able to better work for organisational goals, values, and tasks (Herscovitch and Meyer, 2002). However, Morrow (2011) examined the importance of affective organisational commitment through the six broad categories of socialisation practices, organisational changes, human resource practices, interpersonal relation, employee organisational relation, and residuals. Commitment research has already demonstrated the capacity to expand and adjust to the times. This work represents an effort to assess what has been done and what needs to be done in the future. It will hopefully stimulate others to identify strategies for managing commitment in ways that will serve employees and organisations alike.

**Continuance Commitment**

Continuance commitment refers to a person who is bonded to an organisation based on what it would cost that person to leave the company. According to Meyer et al. (2002), employees with high continuance commitment should remain with their employer to avoid costs associated with leaving, regardless of their level of affective or normative commitment (i.e., any form of commitment should be sufficient to produce an intention to remain). Continuance organisational commitment is performed when there are pros and cons to leave the job. The perceived loss includes loss of benefits and salary along with loss of seniority, friends, and co-workers. According to Allen and Meyer (1990), continuance commitment refers to the perceived cost of leaving a job. Employees with high levels of continuance commitment have increased levels of role conflict and role ambiguity, as well as low withdrawal cognitions (Meyer et al., 2002). In such a scenario, which must be regarded as a lose-lose for the employee and organisation alike, the continually committed employee remains in an uncomfortable position out of need or lack of alternatives. Since the employee continues to work in a position only out of need, he or she may potentially contaminate the work group.

**Normative Commitment**

The final component of organisational commitment is normative commitment that involves a person maintaining membership in an organisation out of a sense of obligation. The feeling that one perceives to work for an organisation has many of the same associations and consequences as affective commitment. This research forms the basis of normative commitment on a person’s moral compass and sense of responsibility to the organisation. Low withdrawal cognitions lie at the heart of normative commitment (Iverson and Buttigieg, 1999; Meyer et al., 2002). After all, an employee with a sense of obligation to an organisation is unlikely to seriously or frequently consider discontinuing the relationship. Understanding the association of locus of control and attachment style with organisational commitment would be enhanced.
by determining if attachment style predicts individual commitment to another target, such as a romantic partner. Due to rapid growth and advancement in technology, and the degree of global competition, companies are urged to maintain its growth and gain future competitive advantage through the contribution of SHRM.

Theoretically it can be argued that HRM practices are shaped by internal consistency and local institutional environment. As a consequence, this typology may not be sufficient to describe the complexity within the organization. Based on the issues raised by previous studies, and a review of the relevant literature reveals that few studies have considered all the aspects of SHRM. There appears to be a theoretical gap in research in the trust-commitment relationship. Very few studies have investigated the relationship between SHRM, trust, and commitment from the perspective of employees in both small and large companies. Thus, in order to fill this theoretical gap, the proposed study includes all the seven SHRM factors provided by Daley and Vasu (2005) and investigates their influence on employee’s trust and commitment.

Thus in the absence of prior studies on SHRM we may reach to preliminary conclusions that the impact of SHRM may be bigger that may have limited adoption of HR practices. A literature review of the seven variables affecting SHRM practices and their linkage with trust and commitment were reviewed and a preliminary model is proposed that postulates an effective relationship between SHRM practices with trust and commitment. There is a need to develop trust between employees through the social exchange perspective. A review of studies based on HRM models reveals that survey questionnaires were the best methodological approach to investigate the purpose and research concept.

![Diagram](image_url)

Figure 1. Proposed best SHRM practice model

www.hrmars.com
The proposed HRM system does not intend to simply examine the relationship between SHRM practices, trust and commitment. This relationship has been examined very thoroughly in the past. This study highlights the best SHRM practices for long term relationship between organization and employee.

3. DISCUSSION AND CONCLUSION

Despite the fact that SET has made a lot of improvement to HRM, there is still some vagueness around the concepts of perceived organisational support, employee trust and organisational commitment. Moreover, within the field of exchange of relationship between organization and the employee has not been clear enough. This brief literature review explores the HRM strategies that not only could influence the relationship but also become the main drivers for increasing organisational commitment and performance. The SHRM practices proposed in this paper identifies important constructs that could potentially improve the relationship between HR managers and employees. Reviewing the literature highlighted that SHRM practices are closely related with trust and commitment. With the help of this research, the unreliability of organisational commitment can be minimised through the effective usage of SHRM practices. Firms lacking in dynamic environment may lack high performance practices. SHRM practices with consistent principles and high commitment would be more likely to support the social exchange relationship and enforce their applications towards organisational goals. Managers need to understand the internal requirements for successful strategy implementation and insist that careful attention be paid to the details required for first-rate execution of the chosen strategy.

There are studies confirming the role of internal career ladders as important HRM practice, but how the company conduct the internal career ladder practices including enrolment, selectivity, promotion, career aspirations and clear paths in relationship with organisational commitment have not been sufficiently documented. Employees who receive training are more productive as compared to those not receiving. Thus it is expected to have positive influence of on job training on commitment for the employees working. Employee confidence index are good indicator of job security which was not concerned by the top management. But the result contradicts with the theoretical perspective and understanding. This is may be due to lack of training activities experienced by the employees in their job or lack of linkage between training and employee appraisals. Employees need to appraise too for their tasks performed, which eventually enhance their commitment trust relationship.

SHRM practices play a unique role in managing and encouraging employees and their relationships (Gloet, 2006; Lengnick-Hall and Lengnick-Hall, 2006). This paper views that trust and commitment provides a much needed window of freedom for implementing effective SHRM practices and increases social exchange relationships. It is important for the managers and other decision makers to examine the key HRM practices identified towards influencing organisational outcomes. Furthermore, employees and managers must have good cooperative understanding and work in the field as a team in order to overcome the problems and increase productivity. Towards this end, a proposed conceptual framework;
takes into consideration the existing theoretical concepts and philosophy;

- attempts to draw some focus on the relationship between the constructs under consideration; and

- has the intention to contribute towards the better understanding on the mechanisms of SHRM practices influencing trust and commitment.

Finally, the preliminary SHRM framework presents a clear picture of some important constructs that can influence managers to think about best HR practices. The relationship between employee trust and organisational commitment play a unique role in their own in realizing that the main focus is on managing people. This paper adds to the view that employee trust and organisational commitment offers the much needed window of opportunity that can connect employees and help the company capitalise on their ideas.

REFERENCES


