"Strategic human resource management practices and human capital development: The role of employee commitment"

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STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES AND HUMAN CAPITAL DEVELOPMENT: THE ROLE OF EMPLOYEE COMMITMENT

Abstract

This paper studied the influence of strategic human resource management on human capital development through the mediation of employee commitment. A descriptive cross-sectional study design was used to collect data from 514 participants (medical staff) from five hospitals in northern Jordan. The hospitals involved were from different sectors, including governmental, private, and university hospitals. Several analysis methods were used in the study: Confirmatory Factor Analysis (CFA), discriminant validity, and composite reliability. Direct and indirect hypothesis testing was also utilized using Structural Equation Modeling (SEM). The study showed that the practice of strategic human resource management had a direct positive impact on employee commitment; the practice of strategic human resource management had a direct positive impact on human capital development; the impact of employee commitment on human capital development was positive and direct; employee commitment has a partial mediating effect between both of them. Accordingly, HR managers in hospitals should move from "softer" responsibilities and traditional HR activities to a more strategic level (i.e., developmental strategy), where HR strategies are aligned and reinforce the hospital's vision and mission and link organizational strategy to HR strategies. Healthcare managers should invest more in human capital through formal education and training.

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INTRODUCTION

Over the years, healthcare sectors are challenged by doctors and nurses uncommitted due to their decisions to leave an organization. The World Health Organization (WHO, 2003) has identified: *"The most critical issue facing healthcare system is the shortage of the people who make them work."* Globally, the employees' resigning decisions are affected by pull and push factors (WHO, 2006). Pull factors include work-life balance, acquiring experiences, better remunerations and raising the qualifications. Push factors include the lack of facilities, promotion, career development and training, fruitless management, and stress (Mano-Negrin & Kirschenbaum, 1999). All these factors influence employee engagement and commitment. Employee commitment (EC) increases productivity and helps healthcare organizations achieve their goals, mission, and vision.

Effective human resource management (HRM) has a strong impact on EC because it enhances employee engagement. This, in turn, will leverage their self-esteem, which improves their commitment to the organization (Jackson et al., 2014). Therefore, reliable HRM is aimed at adopting innovative techniques and methods to foster employee

commitment and achieve effective human development. To improve human development, the organization has to provide the personnel with training, skills, career planning, professional development and competitive compensation and benefits through a long-term plan that becomes a sustainable human resource strategy. Emeagwal and Ogbonmwan (2018) found that the Strategic HRM practices have a positive impact on an employee's behavior and attitudes, and this further boosts organizational competitive priority.

Explaining the role of strategic human resource management (SHRM) for employee commitment (EC) and human capital (HC) and investigating the impact of employee commitment on Human Capital Development (HCD) are the main contributions of this study. It is important to note that no research has been conducted on the employee role commitment to the correlation between SHRM practices and HCD, especially in the health sector. Therefore, this paper also explores the role of employee commitment between SHRM and HCD in healthcare settings.

1. LITERATURE REVIEW AND HYPOTHESES

Resource-Based View (RBV) theory is applied to justify the relationships between the study variables that stem from internal development; in such a process, the employees' sense of belonging to the firm will promote their commitment. Employee commitments increase when employees have a passion for what they are doing and willing to invest their skills and capacities for the organization's success (Meyer et al., 2013). On another side, Cyert and March (1963) argued that behavioral leadership theory depends on the principle that a leader's behavior can be learned rather than inherent. It concentrates on how leaders behave and assumes that leaders can be made. It focuses on their actions rather than their qualities. The purpose of adopting such theories is their importance in examining the role of SHRM practices and EC.

However, it is commonly known that human resources play an essential role in achieving competitive advantages along with SHRM. SHRM enables HR mangers to manage employee performance, knowledge, and skills effectively to impact strategic target achievement of firms considerably. In this regard, Dessler (2011) argued that SHRM entails making and performing practices and human resources policies that produce employee attitudes and efficiencies that the organization needs to achieve its strategic objectives. As a result, Mayhew (2018) indicated that SHRM enhances the relationship between employees and employers. In respect of

the SHRM advantages, Hsu and Wang (2012) found that SHRM plays a role in collaborating and monitoring employees according to business strategies.

It is noteworthy that several studies (Guest, 1987; Schneider & Bowen, 1985; Ulrich et al., 1991) found a positive relationship between HRM policies and some variables such as productivity, equity, profitability, and commitment. The HRM practices and organizational performance relationship is also found in terms of labor productivity, turnover rates, and return on assets. All of these indicate employees' satisfaction that is reflected in their commitment to an organization. McMahan et al. (1999) indicated that employees' behavior plays a vital role in achieving an organization's strategy outcomes due to SHRM and sustainable competitive advantage (SCA). Truss and Gratton (1994) clarify the role of SHRM in aligning employee skills with organizational goals.

Several studies indicated the importance of HC for achieving positive outcomes for organizations. In this regard, Barney (1991) found that HC is considered as a tool that enables an organization to achieve its competitive advantages. Several reasons could explain that: First, the level of HC in an institution is a primary component in determining the quality of outputs and operations; secondly, the scarcity of human resources distributed in the organization; thirdly, the difficulty to imitate HC resources due to their ambiguity, specificity, social complexity and peculiarity (Barney & Wright, 1998). In respect of the relationship between HRM and HR, Ahmad and Schroeder

(2003) found that HRM enhances the HR quality assumed as a source of competitive priority.

From a different perspective, Grant (1991) pointed out that human resources are the core of the organizational success because the individuals' role is manifested in helping the organization to achieve effective HRM; organizations must recognize that employees are their most significant asset. Resources are the inputs or the factors available to a company that help perform its operations or carry out its activities. To achieve effective employee management, continuous hard work is essential. Therefore, any organization that acknowledges its workers' vital role and values their capabilities will yield the results. Besides that, Mohrman (2007) clarified the contribution of human resources to creating critical issues in organizational design to achieve rapid organizational growth.

Schultz (1993) considered HC as a primary factor for improving organization assets and employees for increasing productivity and the persistence of competitive advantage. The sustainability of the competitiveness of the HC organization is a tool used to enhance productivity. HC points to the processes concerning education, training, and other professional initiatives for improving skills, values and knowledge levels of an employee, consequent satisfaction and performance of an employee, and ultimately, firm performance. In this regard, Gundlach (1997) examined the relationship between HC and economic development, particularly at the macroeconomic level. The researcher revealed that the influence of human resource practices on the employees' organizational commitment is positive. In this respect, Amponsah-Tawiah and Mensah (2016) showed that employee retention is achieved by maintaining and increasing employee commitment. As a result, qualified and skilled employees from other organizations will be encouraged to join the organization.

In respect of the role of HC, Crook et al. (2011) indicated a positive relationship between HC resources and firm performance, which, in turn, reveals the significant role of HC in organizations. Similarly, Ployhart and Hale Jr (2014) indicate that HC, whether at an individual and/or unit-level resource, is connected with the firm's ability to produce economic value. Several studies also point to

this (Delery, 1998; Wright & Boswell, 2002; Wright & Snell, 1991).

This study indicates that commitment is reflected in the performance of an organization's employees, since the commitment of employees generates a sense of connection within their organization, as well as a sense of fit and understanding of the institutional goals. Therefore, enhancing EC mediates the strategic HR department, indicating the relationship between its human resources and strategies. EC also serves the SHRM goals that revolve around enhancing flexibility, achieving competitive advantages, and innovation. Also, EC mediates HCD, indicating improving employee performance, capabilities, and resources. It is essential for the growth and productivity of the organization. Accordingly, the main objective of this study is to investigate the impact of SHRM on HCD through the mediation (MF) of employee commitment. Following the above rationale and previous studies, this study hypothesized the following:

H1:   SHRM practices positively impact employee commitment.

H2:   SHRM practices positively impact HCD.

H3:   EC positively impacts HCD.

H4:   EC mediates the relationship between strategic human resource management and HCD.

2. RESEARCH METHODOLOGY

This study was a self-administered cross-sectional survey. It consisted of four parts, namely, socio-demographic, SHRM, HCD, and EC. The population was physicians, nurses, and medical technicians working in five healthcare institutions in Jordan (Irbid Governorate). The reason for choosing medical staff only was their contribution to achieving the mission, vision, and goal of the hospitals. The sample was a non-probability convenience sample. 700 questionnaires were distributed, 514 (73.4%) of which were returned and analyzed. Data collection was conducted between August to October 2020

2.1. Study variables

The study variables were:

- Independent variable: Strategic Human Resource Management Practices (SHRM);
- Dependent variable: HCD;
- Mediating variable: EC.

The study instrument and variables are presented in Table 1.

Table 1. Study variables

Source: Aryanto et al. (2015), Emeagwal and Ogbonmwan (2018), Kadir et al. (2018), Mahdi and Almsafir (2014), Saha and Gregar (2012), Sánchez et al. (2015), Todericiu and Stăniţ (2015), Zehir et al. (2016).

Variables	Indicator
SHRM	SHRM1: Selection of an employee is taken very seriously by this hospital
	SHRM2: Selection of an employee places priorities on the candidate's potential to learn
	SHRM3: Selection of an employee emphasizes the capacity to perform well right away
	SHRM4: An employee in this hospital has a clear career path
	SHRM5: A training program emphasizes the job experience
	SHRM6: Performance appraisals emphasize the development of abilities/skills
EC	EC1: Committing to the hospital
	EC2: Caring for the hospital's future
	EC3: Finding employee values and hospital values very similar
	EC4: Feeling like these hospital problems are his own
HCD	HCD1: Employees are highly skilled
	HCD2: Employees are considered the best
	HCD3: Employees are encouraged to be creative
	HCD4: Employees are experts in their job

2.2. Reliability and validity of the instrument

The survey was developed by a panel of experts. Structural Equation Modeling (SEM) with the path-weighing scheme was conducted to analyze the data in the study and investigate the impact between variables.

2.3. Ethical considerations

The research protocol obtained approval from the Institutional Review Board (IRB) at Jordan University of Science and Technology, the Ministry of Health, and Irbid Specialty Hospital. Verbal and written approval in Arabic was obtained from participants before proceeding to the questionnaire about the study's purpose.

2.4. Data analysis

This study uses the SEM approach, which is a recommended method used to describe the relationships between variables (constructs) in detail. This method includes identifying the effect of EC as a mediator in the relationship between SHRM as an independent variable and HCD as a dependent variable. SPSS Version 21 was used for descriptive analysis. However, the Social Package of Social Sciences SPSS-AMOS Version 21 software was used to develop SEM.

3. RESULTS

In total, 514 medical workers took part in the survey (response rate 73.4%). Socio-demographic characteristics of the participants are shown in Table 2. Most participants were females (57.8) in the age group of 28-37years (56.6). The table also shows that the majority of the participants had a bachelor's degree (66.3%).

Table 2. Participant characteristics

Demographics data		Frequency	Percent
Age (years)	18-27	126	24.5
	28-37	291	56.6
	38-47	79	15.4
	47-57and more	18	3.5
	Total	514	100.0
Gender	Male	213	41.4
	Female	297	57.8
	Missing data	4	0.8
	Total	514	100.0
Marital status	Single	147	28.6
	Married	355	69.1
	Divorced	8	1.6
	Missing data	4	0.8
	Total	514	100.0
Education level	Diploma	75	14.6
	Bachelor	341	66.3
	Postgraduates	94	18.3
	Missing data	4	0.8
	Total	514	100.0

Table 2 (cont.). Participant characteristics

Demographics data		Frequency	Percent
Hospital name	KAUH	229	44.6
	Irbid specialty	93	18.1
	Princess Basma	69	13.4
	Princess Rahea	89	17.3
	Princess Badea	34	6.6
Profession	Registered nurse	288	56
	Assistant nurse	38	7.4
	Resident -medical doctor-	110	21.4
	Specialist -medical doctor-	42	8.2
	Medical technician	36	7.0
Experience	< 1 year	39	7.6
	1-5	160	31.1
	6-10	133	25.9
	11-15	89	17.3
	16-20	45	8.8
	> 20 years	48	9.3

3.1. Confirmatory Factor Analysis (CFA)

This study used two data analysis methods: CFA, and SEM. Before running the SEM, data was checked for normality, validity, and reliability. According to Awang (2015), the data should be validated by measuring the constructs' convergent and discriminant validity to check the model validity. Fitness indices were used to assess validity; Average Variance Extracted (AVE) was also used to assess the convergent, while discriminant validity index was used to validate the discriminant validity. Composite Reliability (CR) is used to evaluate constructs reliability, and it has replaced Cronbach alpha for SEM (Bandalos & Finney, 2010). There are three standard fit indices that have respective indices and acceptable standard values (Table 3).

Table 3. Model fit categories

Standard fit indices	Index	Acceptance level
Absolute Fit	RMSEA	More than 0.08
	GFI	Less than 0.90
Incremental Fit	AGFI	Less than 0.90
	CFI	Less than 0.90
	TLI	Less than 0.90
	NFI	Less than 0.90
Parsimonious Fit	Chi sq/df	Chi-Square/ df < 3.0

This study's model had an independent variable, one mediating construct, and a dependent variable. The theoretical model of this study and the interest path with the examined hypotheses are given in Figure 1. The constructs involved in the model were measured using few items.
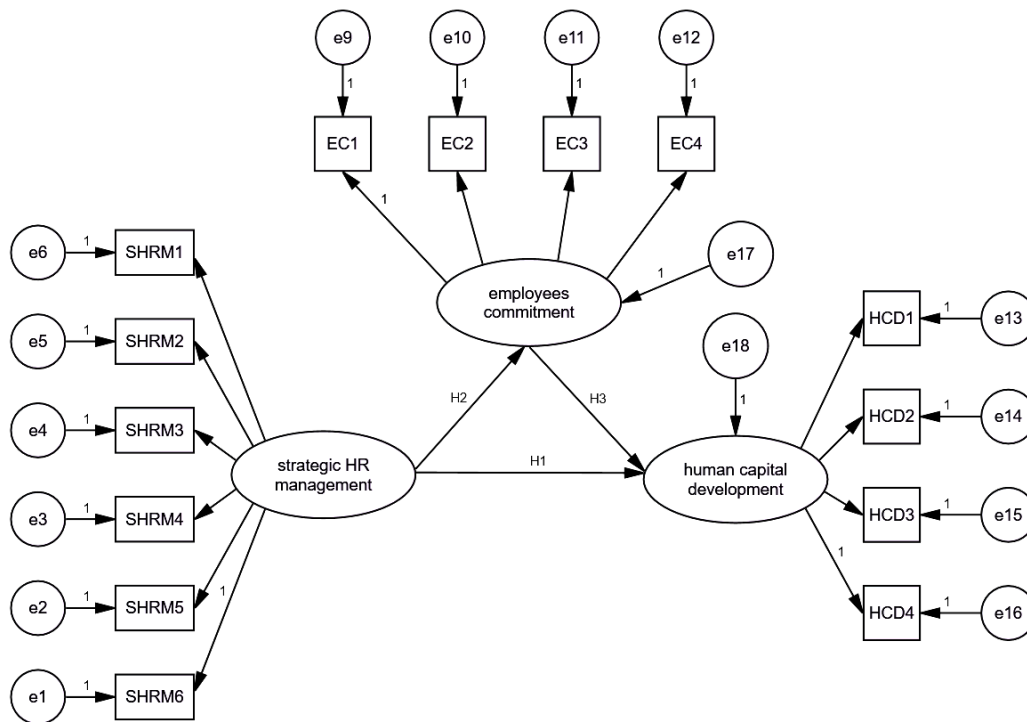

Figure 1. Conceptual model converted into AMOS graph

As Figure 1 shows, there were four hypotheses regarding the relationships between the constructs being analyzed in this study. The hypothesis statements are shown in Table 4, where the Path Analysis is used for all the hypotheses and Bootstrapping is used for hypothesis 4.

Table 4. Study hypotheses

Hypothesis numbers	Hypothesis statement
H1	SHRM has a significant and direct effect on HCD
H2	SHRM has a significant and direct effect on employee commitment
H3	EC has a significant and direct effect on HCD
H4	EC mediates the relationship between SHRM and HCD

3.2. Pooled CFA for all constructs of the measurement model

It was also decided to evaluate another CFA process, namely pooled CFA, which includes all constructs in one model, rather than assess them individually. Therefore, all latent constructs involved in this study were first order, there were no dimensions or sub-constructs; the researchers were interested in starting the CFA process by pooling all constructs at once to get quick and accurate results. At this step, it was necessary to display the fitness indices for all variables included in the model, and another type of validity was evaluated, namely the Discriminant Validity between the variables. The pooled-CFA procedure is shown in Figure 2.

Figure 2 also shows the fitness indices for all constructs in the model, the factor loading for every construct, and the correlation between the model's constructs. The fitness indices should meet threshold values as shown in Table 3, the factor loading for every item should be at least 0.5, and the correlation coefficient between two constructs should not more significant than the value of 0.85. The multicollinearity problem occurs once this correlation exceeds 0.85. Interestingly, the double-headed arrow's correlation values indicate that all values were less than 0.85, hence the multicollinearity problem was not found.

To examine the Convergent Validity, the study evaluated the AVE and CR. Usually, the construct achieves Convergent Validity if the values exceed the threshold value of 0.5 and 0.6, respectively (Winship & Western, 2016). AVE and CR values are presented in Table 5.
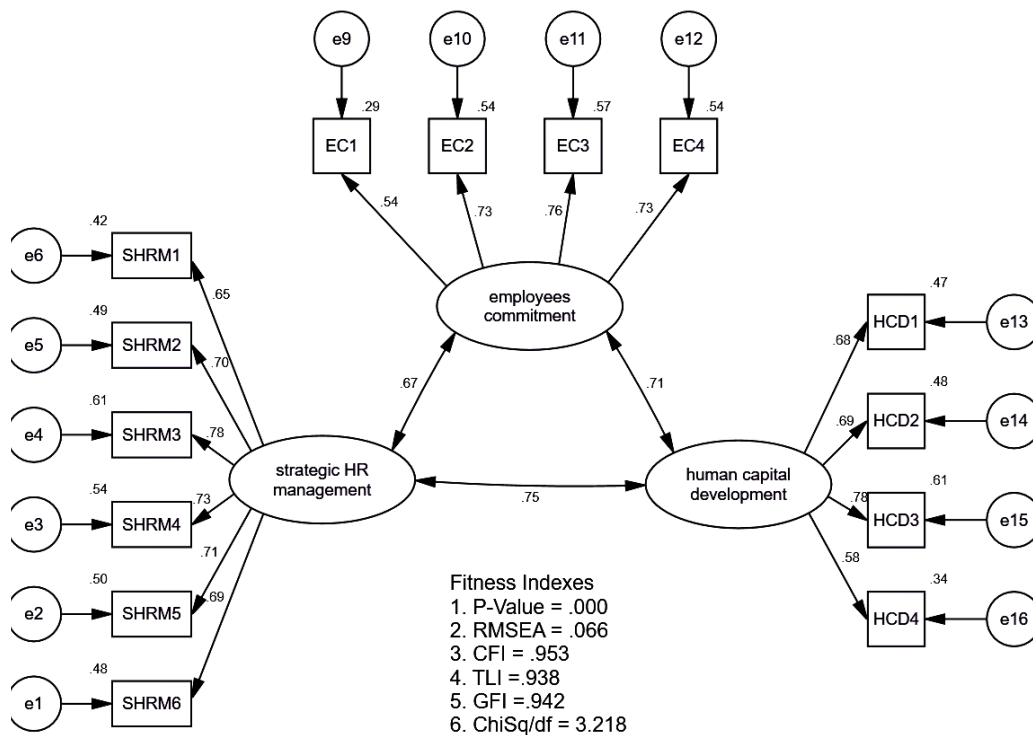

Figure 2. The measurement model of all constructs

Table 5. AVE and CR for pooled CFA

Construct	Items	Factor loading	CR (>0.6)	AVE (>0.5)
SHRM	SHRM1	0.65	0.860	0.506
	SHRM2	0.70		
	SHRM3	0.78		
	SHRM4	0.73		
	SHRM5	0.71		
	SHRM6	0.69		
EC	EC1	0.54	0.787	0.484
	EC2	0.73		
	EC3	0.76		
	EC4	0.73		
HCD	HCD1	0.68	0.779	0.471
	HCD2	0.69		
	HCD3	0.78		
	HCD4	0.58		

Regarding the AVE and CR values, Table 5 shows that some of AVE and CR did not exceed their threshold values of 0.5 and 0.6, respectively. Fornell and Larcker (1981) indicated that if AVE is less than 0.5, but CR reliability is more significant than 0.6, the convergent validity of the construct is adequate.

3.3. Discriminant validity of constructs

Another important type of validity that concerns model evaluation is discriminant validity. This validity ensures that no redundant construct is in-

volved in the respective model. These redundant constructs occur when a pair of constructs in the model is mostly correlated. To evaluate the discriminant validity, an index summary for all constructs was produced (Table 6).

Table 6. Discriminant validity for all constructs

Construct	SHRM	EC	HCD
SHRM	0.71		
EC	0.67	0.69	
HCD	0.75	0.71	0.68

3.4. Structural model and SEM

Once the CFA analysis was entirely performed and all values met the acceptable cut-off for both validity and reliability, this study concluded that the measurements of all variables were valid and reliable. Consequently, combine all constructs in the model to carry out the SEM procedure. The constructs have drawn from left to right, starting with the exogenous construct (independent) followed by the mediator construct (if any) in the middle, and the endogenous construct (dependent) at the right side. Based on the hypothesis direction, one needs to connect the independent variable with the respective dependent variable through a mediator using the arrows, as shown in Figure 3.
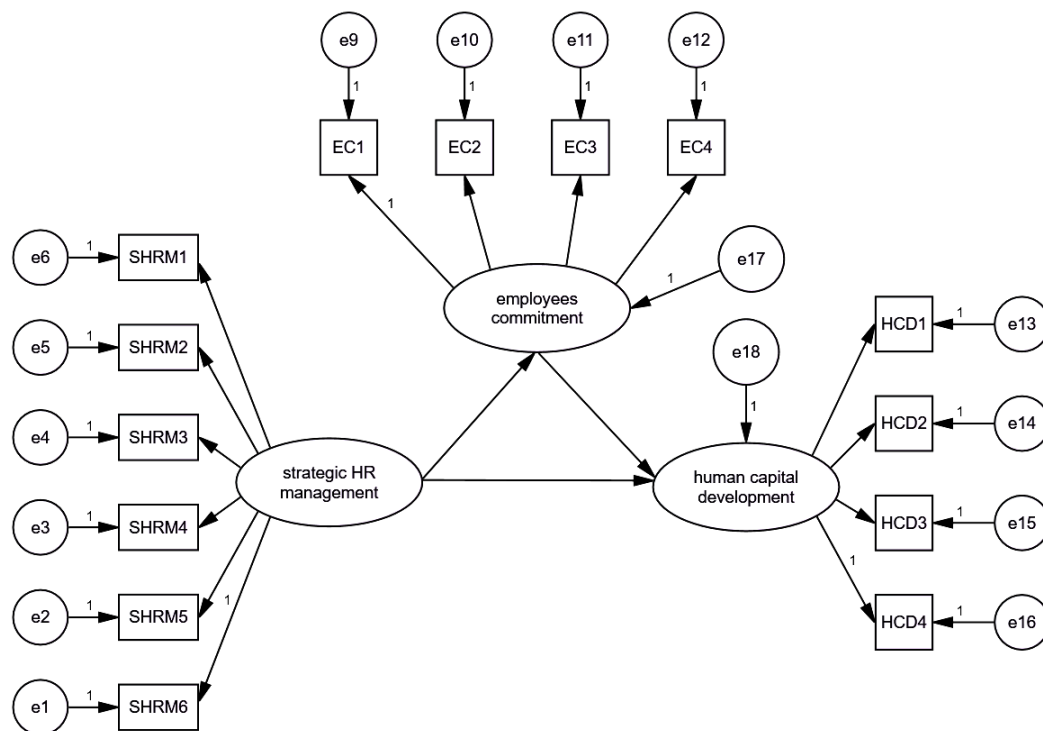

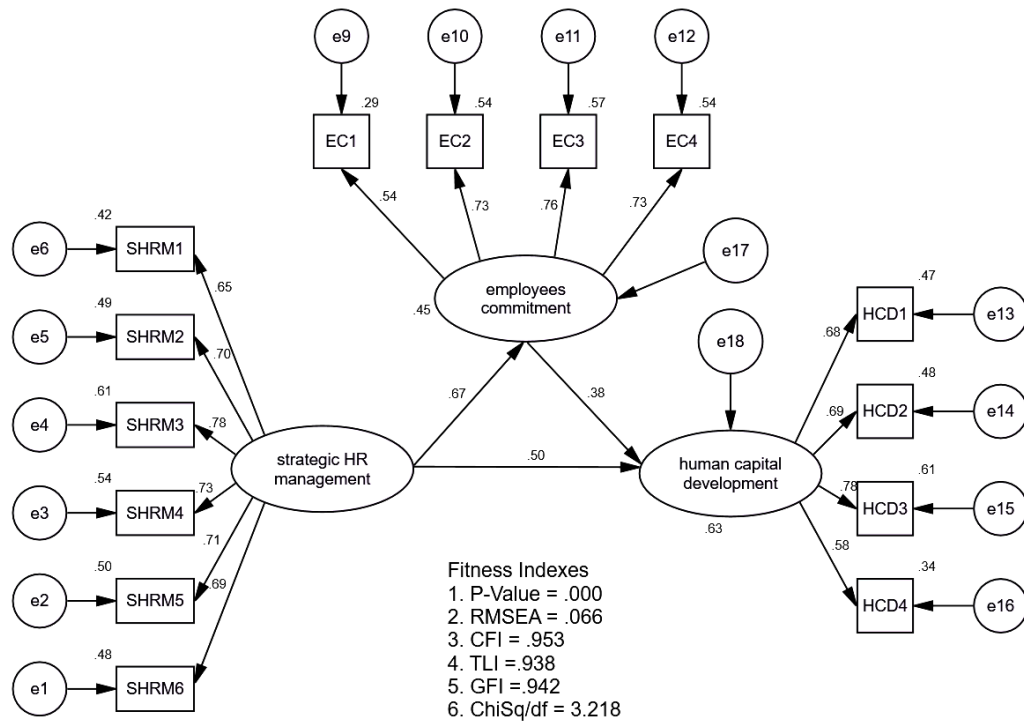**Figure 3.** Structural model in AMOS

Figure 4. Standardized regression weights between variables

The arrows (Figure 3) indicate the independent variable's causal effects on the respective dependent variable being analyzed. As the current structural model consisted of only one independent variable, there was no need for a double-headed arrow to estimate the correlational effects between two or more independent variables. The structural model outputs that provide the standardized regression weights are given in Figure 4.

The outputs for the regression coefficient (*beta*) for the independent construct on the dependent construct extracted from Figure 4 are provided in Table 7.

The outputs for every direct effect in this study (test the study hypothesis), presented by the model in Figure 4, are given in Table 8.

3.5. Testing the mediation hypothesis

This study also examined the mediating effect of the hypothesis formulated for the mediator construct in the model, and this analysis was performed separately. The results of the MF effect are shown in Figure 5 and Table 9.

Based on the results obtained from Figure 5, the results can be summarized as follows:

Table 7. Regression path and significance

Endogenous	Path	Exogenous	Estimate	C.R.	*P*-value
HCD	←	SHRM	0.495	6.860	0.000
Employee commitment	←	SHRM	0.668	8.924	0.000
HCD	←	Employee commitment	0.375	5.201	0.000

Table 8. Hypothesis testing of direct effects

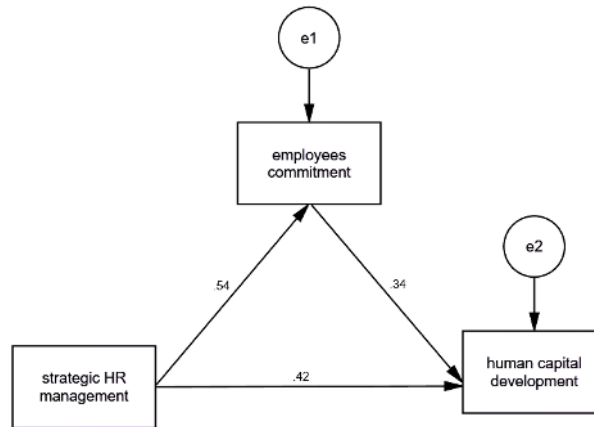| Hypothesis statements	*P*-value	Result
H1: SHRM has a significant effect on HCD	0.000	Accepted
H2: SHRM has a significant effect on employee commitment	0.000	Accepted
H3: EC has a significant effect on HCD	0.000	Accepted

Figure 5. MF effect in the model

1. Direct effect 1 = 0.54 (significant).

2. Direct effect 2 = 0.34 (significant).

3. Total indirect effect 1x2 = (0.56) × (0.34) = 0.183.

4. Direct effect 3 = 0.42 (significant).

5. Therefore, MF occurs, since both 1 and 2 are significant, the type of MF is a partial MF, since the direct effect 3 is still significant after entering the mediator into the model.

After testing the MF hypothesis and obtaining the type of an MF effect, this study performed a Bootstrapping analysis to confirm MF within the relevant paths (Awang, 2015). To calculate the MF effect, this study used the Maximum Likelihood Estimator (MLE) procedure in bootstrapping, which employed 1,000 bootstrap samples, with 95% for both bootstrap and bias-corrected confidence intervals. The results of testing employee commitment as a mediator in the relationship between SHRM and HCD are presented in Table 9. Based on these results, the bootstrapping results

were consistent with the meditation test results given in Figure 5.

4. DISCUSSION

This study was aimed at examining the influence of SHRM practices on HCD through the MF of employee commitment. The study utilized both the "resource-based view" (RBV) and "behavioral theory" in the healthcare sector. It was found that SHRM practices in hospitals positively influenced HCD and EC. Similarly, Hamadamin and Atan (2019) found that SHRM practices positively impacted HCD and EC in the academic sector. They also found that SHRM had a direct positive impact on the achievement of competitive advantages. In line with the RBV theory, the achievement of sustainable competitive advantage requires the support of SHRM practices through human expertise development with core values of an organization. Emeagwal and Ogbonmwan (2018) applied the RBV theory and behavioral based view to investigate whether SHRM practices in the academic sector have a direct effect on the sustainable competitive advantage, and whether developing HC

Table 9. Bootstrapping results of the mediator

		Indirect effect	Direct effect
Bootstrapping values	Lower bounds	0.136	0.341
	Upper bounds	0.234	0.500
	Two-tailed significance	0.002	0.002
Results		Significant	Significant
Type of MF		MF was found, since both indirect effects are significant. The type of MF is partial, since the direct effect is still significant	

and employee commitment mediate the impact of SHRM on the sustainable competitive advantage. They found that SHRM practices enhanced developing HC and employee commitment, and it had a direct effect on a sustainable competitive advantage in universities.

This research, thus, suggests that hospitals should place more significant efforts on SHRM practices in their organizations, and these will enhance HCD by enabling employees to develop their knowledge and competencies. Moreover, efficient management of human resources will enhance employee engagement, making them part of an organization; this will raise their morale and be more commitment to the organization. Enhancing HCD enables employees to develop and improve their knowledge to be difficult for competitors to imitate. Mincer (1997) indicated that positive outcomes, such as greater productivity and higher salaries, would be reflected in the organization's more significant HC stock. Similarly, Baird et al. (2019) found that the relationship between the hospital performance and employee organizational performance, staff resources, and support facilities is linked to patient care and operational effectiveness by their effect on employee organizational commitment.

The findings indicated that employee commitment could improve developing HC. This study has also

investigated, for the first time in healthcare sector, employee commitment as a mediator in the relationship between SHRM and HCD. A partial mediating role of EC was found between SHRM and HCD.

HCD improves organizational productivity and quality through employees' knowledge, skills, and competencies. Furthermore, Gundlach (1997) found a positive relationship between HC and economic development, particularly at the macroeconomic level, and also found that the effect of human resource practices on employee organizational commitment was positive. Similarly, Amponsah-Tawiah and Mensah (2016) found that employee retention was achieved by maintaining employee commitment. Crook et al. (2011) found a positive relationship between HC resources and corporate performance. All these studies are comparable to this research outcome, which could explain the reciprocal and intertwined relationships between SHRM, HCD, and employee commitment. The implication of these findings for hospital management is to pay more attention to HCD by involving employees in more formal training and education programs to enhance their competencies, abilities, and skills. On the other hand, hospital management should foster employee commitment that improves HC to accomplish their strategic goals.

CONCLUSION

The basic idea of this paper is to clarify the relationships between SHRM and HCD through EC. The results show that all relationships between the study variables are positive and significant. The results also show the importance of examining the relationship between SHRM and HCD, especially in the health sector, and the study adds further knowledge on the importance of EC practices as a mediating variable between SHRM and HCD.

Strategic HRM practices positively affect HCD and employee commitment. HR managers in hospitals should move from "softer" responsibilities and traditional HR activities, such as staffing and performance appraisal, to a more strategic level (i.e. developmental strategy), where HR strategies are aligned and reinforce the hospital's vision and mission, and link the organization's strategy to HR strategies. Healthcare employees who receive professional training and official education and development are less likely to leave their organizations or look for another opportunity. This underlines the career growth and development of healthcare professionals. Developing career opportunities and commitment is especially important for nursing staff, who usually feel unsatisfied due to feelings of limited career advancement opportunities. Thus, healthcare managers should invest more in formal training and organizational programs to enhance employees' skills and competencies related to organizational strategic goals.

The findings of this study also indicate that employee commitment has a significant positive effect on HCD. Employees tend to perform better based on their sense of belonging and loyalty towards their organizations. Therefore, the absence of EC in the organization increases their intent or even act-to-leave and reduces the overall organizational performance. Further, the study suggests that when employees are satisfied with their job, they are more likely to experience higher levels of commitment to their organization. Satisfied and committed employees are more willing to receive training and show more interest in development opportunities.

AUTHOR CONTRIBUTIONS

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