
**The Efficacy of Human Resource Management Practices in Building
Organizational Commitment of Employees: Evidence from Pharmaceutical Sector
of Pakistan**

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Abstract

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This study aimed to investigate the adoption level of standardized HRM practices (compensation, performance evaluation, and promotion) by local and multinational pharmaceutical companies in Pakistan. Furthermore, the study also attempted to analyze the impact of these practices on organizational commitment of employees in the investigated firms. Using random sampling technique, data was collected from 503 sales representatives of various pharmaceutical companies operating in the country. Results of one-sample t test presented that multinational companies have a higher level of adoption of standardized HRM practices than local companies. Similarly, multiple regression analyses demonstrated that compensation, performance evaluation and promotion practices significantly influence employees' organizational commitment. These findings provide support for the contingency approach to HRM. The study's practical implications suggest that the manufacturing companies should adopt standardized HRM practices to increase organizational commitment among their employees.

Introduction

Organizational commitment (OC) has become a vital concept in the contemporary dynamic corporate environment due to its potential to drive higher levels of employee retention, engagement, and productivity. With the constantly changing business landscape, organizations must quickly adapt and innovate to maintain a competitive edge (Korir & Kipkebut, 2016). A committed workforce can provide the much-needed stability, loyalty, and eagerness to tackle new challenges, which are critical for this process. Moreover, individuals who demonstrate a high level of dedication and loyalty to their workplace are inclined to feel motivated to pursue additional knowledge and abilities. This, in turn, fosters innovation and results in a more proficient and well-equipped

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workforce. Similarly, organizational commitment can positively influence employees' decisions to remain with the organization, rather than leaving for other alternatives ([Lamba & Choudhary, 2013](#)). The creation of a positive organizational culture is essential to enhancing employee motivation and engagement, and a strong sense of organizational commitment is an important driver of such a culture ([Sánchez-Marín, Danvila-del Valle, & Sastre-Castillo, 2015](#)). A deep commitment to the organization can also increase job satisfaction, which can further enhance employee performance and productivity. In addition, employees with high levels of organizational commitment tend to exhibit greater loyalty towards the organization and a willingness to go beyond their duties. This can result in improved customer service, increased innovation, and greater overall organizational effectiveness ([Al-Jabari & Ghazzawi, 2019](#)). A strong sense of organizational commitment is essential for organizations to achieve their goals, retain a competent pool of personnel to avoid additional costs of rehiring, and remain competitive in the current dynamic corporate environment ([Eliyana & Ma'arif, 2019](#)).

In this regard, Human Resource Management Practices (HRMP) are critical factors in improving organizational commitment. HRM practices play a pivotal role in shaping employee attitudes, behaviors, and values towards the organization. Effective HRM practices create a work environment that fosters employee engagement, dedication, and loyalty, which are essential aspects for improving organizational commitment. Over a period of time, different HRM practices have been identified and utilized by HRM researchers and practitioners. Recruitment and selection, providing employees with a supportive work culture, competitive compensation packages, and performance evaluations, opportunities for career growth, training and development are some of the key HRMP that can contribute to higher levels of organizational commitment ([Bailey, Mankin, Kelliher, & Garavan, 2018](#); [Gope, Elia, & Passiante, 2018](#); [Manzoor, Wei, Bányai, Nurunnabi, & Subhan, 2019](#)). These practices can enhance employees' sense of belonging and connectedness to the organization, leading to greater motivation, job satisfaction, and retention rates. Moreover, effective HRM practices can enhance employees' overall well-being and job performance, which in turn can improve organizational commitment. For example, organizations that prioritize employee health and safety, work-life balance, and employee recognition programs can create a work environment that supports employee engagement and dedication to the organization. When workers feel acknowledged and respected, their level of commitment to the organization and its objectives is likely to increase. As such, HRM practices that prioritize employee needs can enhance organizational commitment and contribute to improved organizational performance ([Emmywati & Fatimah, 2018](#)).

Concerning the application and efficacy of HRMP, universalistic approach and the contingency approach are the two schools of thought that have always been debated. The universalistic approach proposes that certain best practices can be applied universally to diverse organizations and industries, irrespective of their unique contexts. However, there is absence of consent over the practices that may be regarded as universally best-fit

practices ([Guthrie, 2001](#)). On the other hand, the contingency approach advocates for HRM practices to be customized according to the specific requirements and circumstances of individual organizations. This approach acknowledges that each organization has distinct needs, and HRM practices should be adjusted to align with the operating conditions of each entity ([Harney & Dundon, 2006](#); [Theodorakopoulos, K. Kakabadse, & McGowan, 2014](#)). It means that HRMP are transformational in nature and can be easily influenced by the contextual characteristics of the firms' environment ([Theodorakopoulos et al., 2014](#)). It is the reason that the tenets of the contingency approach have investigated HRMP either individually ([Batt & Colvin, 2011](#)) or in groups or bundles ([Boxall, 2012](#)) in different contexts to know their outcomes. Generally, an HRMP bundle comprises of a number of well fitted practices that are complementary and have robust inter-relation and inter-dependence ([Boxall, 2012](#); [MacDuffie, 1995](#)). Many researchers have been considering HRMP bundles in their investigations as these systems have been more productive in predicting the causal outcomes as compared to individual HRMP ([Boxall, 2012](#); [Subramony, 2009](#)). Based on these facts, the present study has identified three human resource practices, namely compensation, performance evaluation, and promotion, for examination, given their significant degree of inter-relationship and inter-dependence.

The historical evidences in different contexts showed that HRMP can play a decisive role in engendering organizational commitment among employees. Based on these grounds, this exploratory investigation seeks to achieve several objectives related to HRM practices and organizational commitment within the pharmaceutical companies of Pakistan. Firstly, it aims to analyze the level of adoption of standardized HRM practices by both local and multinational pharmaceutical companies operating in the country. Secondly, the study aims to assess the impact of compensation practices on employees' organizational commitment in the pharmaceutical sector. Thirdly, it intends to investigate how performance evaluation practices influence employees' organizational commitment in these companies. Lastly, the research aims to evaluate the effects of promotion practices on the level of organizational commitment among employees in the pharmaceutical industry of Pakistan. By addressing these objectives, the study aims to contribute valuable insights to the existing knowledge on HRM practices and organizational commitment in this specific context.

Rationale of the study

The present study can be justified by considering a number of valid research gaps and novelty features. Firstly, the HRM discipline in Pakistan is in a development phase as compared to the Western economies. Most of the HRMP models implemented in the country are adopted from the West without considering the socio-economic differences. Due to this reason an ongoing conflict exists between HRMP and firms' policies ([Khilji & Wang, 2006](#)). Further research in these areas, while considering the industrial and national contexts will not only assist in addressing the local issues and complexities, but will also help in reducing the existing HRMP research gap in the country. Secondly, most of the studies regarding the causal impact of HRMP on OC are carried out in developed

economies (Berber, Morley, Slavić, & Poór, 2017; Cherif, 2020; Korir & Kipkebut, 2016; Michiels, 2017), there is rarity of such investigations in the Pakistani context. In this regard, the novel findings of this investigation can give an insight to the organizations to review and re-engineer its HRMP approaches to enhance the OC of its employees. Last, but not the least, the investigation is carried out in the least explored industrial sector (pharmaceutical industry) of Pakistan. To achieve significant milestones of economic growth, the Pakistani economy is gradually shifting to the industrial sector. Findings of this study can be utilized to standardize the HRMP in the pharmaceutical sector. Furthermore, results of this study can be generalized to enlighten other manufacturing industries in Pakistan which can be instrumental in improving the socio-economic development of the country by providing guidelines about human resources policy making.

Literature Review

Human Resource Management (HRM) is a broader ideology which is primarily devoted to acquire, develop and retain suitable employees for the right job at the right time ([Bailey et al., 2018](#); [Manzoor et al., 2019](#)). It utilizes a complex matrix of techniques, methodologies, systems and practices that shape the mindset and actions of the individuals in a desirable way so that the scarce organizational resources can be used efficiently to realize the organizational goals in a timely manner ([Gope et al., 2018](#)). Considering the HRM practices, variations in these practices can be seen from organization to organization ([Sánchez-Marín et al., 2015](#)). This is because the need for effective practices in today's contemporary era is more intense than it was in the previous times. Now, the organizations choose those practices which not only enhance the capabilities and competences of the employees but these practices also have the robust features of handling complex social and professional networks to bring competitive legacy to the respective firm ([Jackson, Schuler, & Jiang, 2014](#)). Good HRMP serves multi-purposes; on the one hand it strengthens the organization to have a strategic impact while on the other hand it engenders a positive perception of fairness among the employees about their employer ([Manzoor et al., 2019](#)). The distinctive quality of effective HRMP is that it brings alignment between individuals' needs and organizational goals which results in improved organizational performance, heightened profit margins, robust revenue growth and other positive outcomes ([Gope et al., 2018](#); [Taamneh, Alsaad, & Elrehail, 2018](#)).

Historically, the list of HRMP has expanded and encompasses domains like recruitment and selection, onboarding and orientation, performance management, training and development, promotions, succession planning, compensation and benefits, employee engagement, workforce planning, diversity and inclusion, health and safety, employee relations, and exit management ([Bailey et al., 2018](#); [Boxall, 2012](#)). The adoption of HRMP generally depends on the nature, size and geographical contexts of the firm ([Bailey et al., 2018](#); [Gope et al., 2018](#); [Manzoor et al., 2019](#)). According to [Boxall \(2012\)](#) a bundle comprising of inter-related HRMP can better predict the causal outcomes as compared to

individual HRMP. Following this concept, the present study takes a bundle of HRMP, comprising of compensation, performance evaluation and promotion into consideration. Furthermore, adopting to the doctrine of the contingency approach, these HRMP are investigated in the pharmaceutical industry of Pakistan to evaluate if these practices are well-fitted or if it needs to be re-engineered to adapt to the contextual requirements.

Compensation

Compensation practice in human resource management (HRM) refers to the ways of how organizations pay employees for the work they perform. It encompasses the entire spectrum of pay and benefits, including wages, salaries, bonuses, incentives, and other types of rewards. The goal of compensation practice is to attract and retain high-performing employees while ensuring that the organization is able to operate profitably. Effective compensation practices can also help to motivate employees, increase productivity, and create a sense of fairness and equity in the workplace ([Kadir, AlHosani, Ismail, & Sehan, 2019](#)).

Compensation practices play a crucial role in the success of an organization by helping to align employee behavior with the organization's goals and objectives. A well-designed compensation system can improve employee satisfaction and retention, leading to greater productivity and organizational performance. Additionally, compensation practices can help to create a positive organizational culture, where employees feel valued and recognized for their contributions. Consequently, this may result in heightened employee engagement and motivation, along with a stronger sense of dedication to the organization. Compensation practices are conclusive and an essential component of HRM domain that can have a significant impact on the success of an organization ([Berber et al., 2017](#)).

Performance Evaluation

Performance evaluation practices encompass the procedures of evaluating employees' job performance and offering feedback regarding their strengths and areas for growth. As a crucial aspect of HRM, it offers employees a transparent comprehension of their performance expectations and aids them in identifying areas that require improvement ([Bayo-Moriones, Galdon-Sanchez, & Martinez-de-Morentin, 2020](#)). Performance evaluation can be conducted through a variety of methods such as self-evaluations, peer evaluations, and manager evaluations ([Saibou, 2011](#)). The goal of performance evaluation is to improve employee performance, productivity, and overall organizational effectiveness ([Bayo-Moriones et al., 2020](#)).

The role of performance evaluation in HRM is multifaceted. It helps to align employee behavior with organizational goals by setting performance standards and providing feedback on how well employees are meeting those standards. Performance evaluation also helps to identify and address skill gaps and training needs in the workforce, which can improve overall organizational performance. Moreover, it can provide a basis for making important HRM decisions such as promotions, transfers, and terminations. Effective performance evaluation practices can help to create a culture of accountability

and continuous improvement within the organization. By regularly assessing employee performance and providing feedback, organizations can create a more engaged and motivated workforce, leading to higher levels of job satisfaction, retention, and productivity ([Islami, Mulolli, & Mustafa, 2018](#)).

Promotion

In the realm of HRM, promotion practices constitute the sophisticated approach of advancing an employee to a higher-level position within the organization. Promotion can be based on various factors such as performance, experience, education, and potential for growth ([Wambugu & Ombui, 2013](#)). Promotion provides employees with opportunities for career advancement, higher compensation, and increased job responsibilities. It also allows organizations to retain talented employees and ensure that they are in positions that best utilize their skills and abilities ([Ma, Mayfield, & Mayfield, 2018](#)).

The role of promotion in HRM is to create a clear career path for employees within the organization. Promotion opportunities can motivate employees to improve their performance, enhance their skills, and develop their potential, leading to higher levels of job satisfaction and retention. By promoting from within the organization, companies can also foster a sense of loyalty and commitment among employees. Additionally, promotion can help to ensure that the operational entity has a competent and skilled workforce in key positions, which can improve overall firm's effectiveness. Effective promotion practices can contribute to a positive organizational culture, where employees feel valued and supported, leading to higher levels of engagement and progress ([Ahmed & Islam, 2018](#)).

Organizational Commitment

Organizational commitment is a psychological concept that refers to employees' attachment and loyalty to their organization ([Eliyana & Ma'arif, 2019](#)). Researchers have extensively examined the concept of organizational commitment in the literature and have established its substantial influence on employees' attitudes and behaviors within the workplace. Based on the tri-component model of organizational commitment developed by [Meyer and Allen \(1991\)](#), organizational commitment comprises three key aspects: affective, continuance, and normative commitment.

Affective commitment refers to employees' emotional connection to the organization. Those with high levels of affective commitment possess a strong understanding of the organization's values and objectives, experience a sense of belonging, and are motivated to contribute to the organization's success. Continuance commitment relates to an employee's perception of the costs associated with leaving the organization. Employees with high level of continuance commitment are committed because they believe that leaving would result in significant personal losses or negative consequences. Normative commitment involves an employee's sense of moral obligation to remain with the organization. Employees with heightened normative commitment feel a strong ethical duty to stay with the organization as they believe it is the right thing to do ([Eliyana & Ma'arif, 2019](#); [Meyer & Allen, 1991](#)).

Organizations place great importance on organizational commitment due to its proven positive impact on employee behavior, including enhanced job satisfaction, job performance, and reduced turnover intentions. Moreover, a dedicated workforce demonstrates greater openness to embracing new challenges and adapting to organizational changes, which holds particular significance in today's rapidly evolving business landscape. Additionally, organizational commitment plays a vital role in fostering a positive organizational culture, contributing to heightened employee motivation and engagement, ultimately resulting in increased productivity and overall organizational effectiveness ([Al-Jabari & Ghazzawi, 2019](#)).

Relationship between Compensation and Organizational Commitment

Compensation is a critical human resource management practice that is vital for retaining and motivating employees. Compensation practices include the payment of wages, salaries, bonuses, and benefits ([Kadir et al., 2019](#)). According to a study by [Hassan and Mahmood \(2016\)](#), compensation practices are positively related to organizational commitment. The authors suggest that organizations that offer attractive compensation packages are more likely to have committed employees. Similarly, a study by [Aman-Ullah, Aziz, and Ibrahim \(2020\)](#) found that compensation practices significantly influence employees' level of commitment to their organization. In addition to attracting and retaining employees, compensation practices also affect employees' job satisfaction and motivation. An investigation by [Elrehail et al. \(2019\)](#) established that compensation practices have a significant impact on employees' job satisfaction. According to the authors, when employees perceive their compensation as fair and equitable, it increases the likelihood of job satisfaction and organizational commitment. Furthermore, a study by [Janjua and Gulzar \(2014\)](#) found that compensation practices positively influence employee motivation, which is a critical driver of organizational commitment.

Nonetheless, the connection between compensation practices and organizational commitment is not always direct and can be influenced by individual and contextual elements. For example, [Suifan \(2015\)](#) conducted a study revealing that the relationship between compensation practices and organizational commitment is more pronounced among employees in the presence of a corporate culture that emphasizes fairness and equity. The author also suggests that employees who derive meaning from their work are more likely to exhibit commitment to their organization, especially when they perceive their compensation to be fair and equitable. Additionally, a study by [Kee, bin Ahmad, and Abdullah \(2016\)](#) found that the relationship between compensation practices and organizational commitment is stronger for employees who perceive their organization to be socially responsible.

Drawing on evidence from the literature, it can be concluded that compensation practices hold a considerable impact on nurturing organizational commitment. Through the provision of appealing compensation packages, organizations can successfully attract and retain committed employees who exhibit motivation and job satisfaction. However,

the connection between compensation practices and organizational commitment is multifaceted and subject to various influencing factors. Hence, it is essential for academic researchers and practitioners to thoroughly assess this relationship while taking specific contexts into account. In such, the organizations can design compensation packages that are fair and equitable and align with employees' values and expectations ([Kee et al., 2016](#)). Considering these recommendations from the existing body of literature, this study thrives to investigate the association of compensation practices with organizational commitment of employees in the pharmaceutical sector of Pakistan. In this regard, the first hypothesis of the study is drafted as:

H1: Compensation practices have a positive impact on organizational commitment.

Relationship between Performance Evaluation and Organizational Commitment

Performance evaluation is a distinct HRM practice that involves the assessment of employees' job performance and the provision of feedback regarding their strengths and areas that need improvement ([Wambugu & Ombui, 2013](#)). Several research studies have investigated the correlation between performance evaluation practices and employees' organizational commitment. Effective performance evaluation practices have been found to create a culture of transparency, trust, and fairness within the organization, leading to higher levels of employee commitment. Effective performance evaluation practices also provide employees with clear expectations and goals, which can motivate them to work towards achieving those goals, leading to higher levels of organizational commitment ([Salleh, Amin, Muda, & Halim, 2013](#)). On the contrary, ineffective or unfair performance evaluation practices can negatively affect employee commitment to the organization. Employees who perceive that their performance is being evaluated unfairly may feel demotivated and disengaged from their work, leading to lower levels of organizational commitment. Therefore, it is important for organizations to adopt effective performance evaluation practices to enhance employee commitment and overall firm's productivity ([Islami et al., 2018](#); [Salleh et al., 2013](#)).

The type of performance evaluation practice used can also impact its relationship with organizational commitment. The employees who are subjected to forced distribution performance evaluation can have lower organizational commitment compared to employees who are evaluated using other methods. In contrast, the employees who are evaluated using a peer-review system can have higher level of organizational commitment ([Garengo, Sardi, & Nudurupati, 2022](#)). Several studies have also found that effective performance evaluation practices, such as clear goal setting and regular feedback, are positively related to employee commitment ([Aboramadan, Albashiti, Alharazin, & Dahleez, 2020](#); [Batt & Colvin, 2011](#); [Lamba & Choudhary, 2013](#)). Therefore, it can be hypothesized that organizations that adopt fair and transparent performance evaluation practices, such as clear goal setting and regular feedback, experience higher levels of organizational commitment among employees. However, the type of performance evaluation practice used should also be taken into account, as some practices, such as

forced distribution, can have negative effects on employee commitment. Based on the extensive literature review, the present study aims to investigate the relationship between performance evaluation practices and organizational commitment of employees in a novel industry and geographical context i.e. pharmaceutical sector of Pakistan. Therefore, the second hypothesis of the study is developed as:

H2: Performance evaluation practices have a positive impact on organizational commitment.

Relationship between Promotion and Organizational Commitment

Promotion practices encompass the process of choosing employees for higher-level positions within the organization. This widely adopted approach serves as a means for employee development and career advancement, and its influence on employee commitment has attracted researchers' attention ([Bailey et al., 2018](#)). The effectiveness of promotion practices has a positive impact on employee commitment by cultivating a culture of trust, fairness, and transparency within the organization. When organizational members believe that promotion decisions are unbiased and based on objective criteria, it tends to strengthen their commitment to the organization. Furthermore, effective promotion practices provide employees with a sense of career advancement and job security, which can increase their emotional attachment to the organization ([Paşaoğlu, 2015](#)).

On the other hand, ineffective or unfair promotion practices can negatively impact employees' commitment. When employees perceive that promotion decisions are based on favoritism, nepotism, or other non-objective criteria, they may feel demotivated and disengaged from their work, leading to lower levels of organizational commitment. Therefore, it is important for organizations to adopt effective promotion practices that can engender higher level of organizational commitment among its members to achieve the desired level of organizational performance ([Ma et al., 2018](#)). Similarly, the organizations should be prudent in determining which type of promotion practices to implement, and also highlight the decisive criteria that guarantees the promotion of individuals because all these factors can influence the efficacy of promotion practices and its impact on the commitment level of organizational members ([Al-Jabari & Ghazzawi, 2019](#); [Subramony, 2009](#); [Suksod & Cruthaka, 2020](#)). Based on the existing literature, it can be concluded that the connection between promotion practices and organizational commitment is influenced by the specific contexts in which it is examined. To know the exact efficacy level of promotion practices in terms of improving organizational commitment of employees, the present study is dedicated to test this relationship in the pharmaceutical sector of Pakistan. Following this novel idea and following the historical literature evidences, the third hypothesis of this study is drafted as:

H3: Promotion practices have a positive impact on organizational commitment.

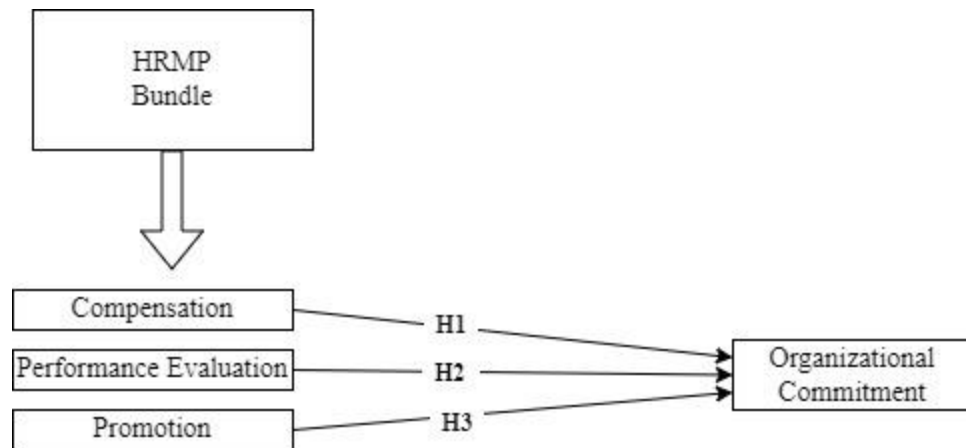


Figure 1: Conceptual Model

Methodology

This study used a quantitative research design to analyze the application level of HRMP bundle by local and multinational pharmaceutical companies in Pakistan, and to explore the relationship of the selected three HRM practices i.e. compensation, performance evaluation and promotion with the organizational commitment of employees. The study was conducted in both local and multinational companies operating in the pharmaceutical sector of Pakistan. The target population consisted of all sales representatives working in those companies. Data from 503 sales representatives employed in different companies within the target industry were collected using a convenience sampling technique. The sample size was found to be significant as it exceeded the 260 sample size, as mentioned by [Sekaran and Bougie \(2016\)](#), to represent a huge population.

Data was acquired through a structured questionnaire distributed via Google Form, comprising three sections. The initial section gathered demographic information from the participants, including age, gender, academic qualifications, company status, and years of experience with the company. The second section contained 16 items, adapted from the work of [Teclemichael Tessema and Soeters \(2006\)](#), to measure the HRM practices of compensation, performance evaluation, and promotion, with six items used for each of the first two practices, and four for the latter. Organizational commitment was measured in the third section, which included 12 items adapted from the study of [Meyer and Allen \(1991\)](#). Initially, a total of one thousand questionnaires were distributed using a Google Form link. However, only 503 responses were received, yielding a response rate of 50.3%. Participants rated each item on a five-point Likert scale, ranging from 1 (Strongly disagree) to 5 (Strongly agree). The reliability of the measurement instruments was confirmed by Cronbach's Alpha values of 0.848 for compensation, 0.850 for performance evaluation, 0.796 for promotion, and 0.871 for organizational commitment.

The data analysis was performed using Statistical Package for Social Sciences (SPSS) version 21.0. Descriptive statistics, including frequencies, means, and standard deviations, were utilized to portray the sample characteristics and study variables. One-

Sample t test was performed to know the application level of the chosen standardized HRM practices in both local and multinational pharmaceutical companies. Multiple linear regression analysis was also conducted to examine the extent to which compensation, performance evaluation and promotion practices predict organizational commitment.

Results and Discussion

Table 1 presents the demographic profile of the 503 participants involved in the survey. Majority of the respondents were male (80.5%) while 19.5% were female. In terms of age, the largest proportion of participants were aged between 31 to 40 years (63%) followed by those aged between 18 to 30 years (34.2%), and those aged between 41 to 50 years (2.8%). In terms of education, 65.6% of participants had a Master's degree, 34% had a Bachelor's degree, and only 0.4% had a Higher Secondary School Certificate.

Regarding professional experience, the majority of the participants had been working in the pharmaceutical industry for 6 to 10 years (39.4%) followed by those with 1 to 5 years of experience (28.8%), and those with 11 to 15 years of experience (29%). A minority of participants possessed over 16 years of experience. Finally, in terms of company status, 68.2% of the participants worked in national/local pharmaceutical companies while the rest (31.8%) worked in multinational pharmaceutical companies. This demographic profile demonstrates that the participants of the survey were academically and professionally qualified to understand the concepts of HRMP and its role in creating a value of organizational commitment.

Table 1: Demographic profile of the survey participants

Variables	Number of Participants	Percentage (%)
Gender		
Male	405	80.5
Female	98	19.5
	Total = 503	Total = 100
Age (in years)		
18 - 30	172	34.2
31 - 40	317	63.0
41 - 50	14	2.80
	Total = 503	Total = 100
Education		
Higher Secondary School Certificate	02	0.40
Bachelor Degree	171	34.0
Master Degree	330	65.6
	Total = 503	Total = 100
Professional Experience (in years)		
1-5	145	28.8
6-10	198	39.4
11-15	146	29.0
16-20	11	2.20
21 & above	3	0.60
	Total = 503	Total = 100
Company's Status		
Multinational	160	31.8
National/Local	343	68.2
	Total = 503	Total = 100

To address the first objective of this study, one-sample *T*-test was performed to know the level of adoption of the selected HRM practices (compensation, performance evaluation and promotion) both in local and multinational pharmaceutical companies. In Table 2, the mean values for compensation, PEP, and promotion are relatively a little higher for multinational companies compared to local companies, indicating a higher level of adoption of these practices in multinational companies. The standard deviations are also lower for multinational companies, suggesting less variability in the adoption of these practices. Similarly, Table 3 presents that the *t*-values for each variable in both local and multinational companies are all highly significant ($p < 0.001$). However, the *t*-values concerning all three variables are higher for multinational companies. These statistics reinforce the conclusion that multinational companies have a higher level of adoption of these practices than local companies.

Table 2: Descriptive Statistics

Company Status	Variables	N	Mean	Std. Deviation	Std. Error Mean
National/Local	Compensation	343	4.45	.543	.029
	PEP	343	4.60	.530	.028
	Promotion	343	4.51	.604	.032
Multinational	Compensation	160	4.87	.331	.026
	PEP	160	4.88	.283	.022
	Promotion	160	4.89	.313	.025

Table 3: One-Sample Test

Test Value = 0						
Company Status	Variables	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference Lower
National/Local	Compensation	151.887	342	.000	4.450	4.392
	PEP	160.975	342	.000	4.603	4.547
	Promotion	138.579	342	.000	4.518	4.454
Multinational	Compensation	186.066	159	.000	4.870	4.818
	PEP	218.093	159	.000	4.881	4.837
	Promotion	197.476	159	.000	4.890	4.840

Source: Authors' own calculation

To achieve the remaining three objectives of the study, a multiple regression analysis was employed to investigate the association between the three independent variables (compensation, PEP, and promotion) and the dependent variable (OC). The results indicated a strong positive connection of the independent variables with the dependent variable supported by a robust R square value of 0.739, as shown in Table 4. The model was found to be significant with $F = 471.682$ and $p < 0.001$. These results indicate that the independent variables together accounted for a significant amount of variance (73%) in the dependent variable.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.860 ^a	.739	.738	.245

a. Predictors: (Constant), Promotion, Compensation, PEP

Upon analyzing the individual coefficients, it became evident that all three independent variables significantly predict OC, as indicated in Table 5. The standardized coefficient (Beta) value for compensation practices is 0.392, indicating that a one-unit increase in compensation leads to a 0.392 unit increase in OC, while holding other variables constant. Similarly, the standardized Beta value for promotion practices is 0.408, signifying that a one-unit increase in promotion practices is linked to a 0.408 unit increase in OC, while holding other variables constant. Lastly, the standardized Beta value for PEP is 0.126, suggesting that a one-unit increase in PEP corresponds to a 0.126 unit increase in OC, while holding other variables constant.

Table 5: Regression Analysis (Coefficient-values)

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.645	.108		5.985	.000
	Compensation	.358	.038	.392	9.315	.000
	PEP	.125	.046	.126	2.715	.007
	Promotion	.350	.034	.408	10.294	.000

a. Dependent Variable: OC

The present study is dedicated to analyze the adoption level of standardized HRMP (compensation, performance evaluation and promotion) by local and multinational pharmaceutical companies in Pakistan, and to analyze how these practices influence the organizational commitment of individuals employed in the target industry. The study found that multinational pharmaceutical companies have relatively a higher level of adoption of the investigated standardized HRMP than local companies. These findings are consistent with the work of [Ahmed and Islam \(2018\)](#) in which the authors mentioned that the adoption of HRM practices in Pakistani firms is sluggish and most of these practices are copied from the western organizations without considering the contextual differences. However, our results show that the difference in the adoption level of these standardized HRMP between local and multinational firms in the country is not huge, and firms in the pharmaceutical sector of Pakistan seem to have upgraded their adoption level concerning these practices. Furthermore, the empirical results also give an indication that the local firms are gradually becoming successful in the application of formal HRMP by taking the cultural, social and economic aspects into consideration.

The first hypothesis of this study claimed that compensation practices positively influence the organizational commitment of individuals in the pharmaceutical companies of Pakistan. The empirical results from our analysis support this hypothesis. With a standardized Beta value of 0.392 and significance level at $p < 0.001$, it was found that compensation practices are effective to engender a stronger employer-employee bond. These results demonstrate that the pharmaceutical companies, regardless of their status, are implementing justified compensation approaches to keep the workforce intact. Our findings are consistent with the work of [Suifan \(2015\)](#) where the author mentioned that standardized compensation practices establish a corporate culture where the employees

feel that they are valued and rewarded fairly for their contributions, which results in a higher level of loyalty and commitment among the organizational members.

Likewise, our second hypothesis postulated that performance evaluation practices positively influence the organizational commitment of employees in the pharmaceutical sector of Pakistan. Our results also supported this hypothesis where the standardized Beta value was 0.126 and the relationship was significant at $p = 0.007$. From these findings, it can be asserted that both local and multinational pharmaceutical firms in Pakistan have reengineered its performance evaluation strategies according to the environment in which these entities operate. Furthermore, these practices are implemented in a rightful manner that develops a positive attitude among the workers about their employers. Our results are in line with the theoretical predictions of [Aboramadan et al. \(2020\)](#) where the authors mentioned that fair and standardized performance evaluation practices can be used as a tool to assist employees in goal setting. These practices serve as a medium to communicate performance feedback to employees which can highlight their strength and weaknesses. As a result of appropriate appraisal, the employees get an insight about the areas where they can bring improvement. Furthermore, appropriate and unbiased performance evaluation can pave path for the career growth of individuals. It results in a higher level of dedication, loyalty and emotional attachment which compels the individuals to stay in the organization.

Similarly, the third hypothesis of this study proposed that promotion practices have a positive impact on the organizational commitment of employees in the pharmaceutical firms of Pakistan. Like the first two hypotheses, the third hypothesis of this study is also supported by the obtained empirical results. The standardized Beta value of 0.408 ($p < 0.001$) shows that the promotion practices implemented by the investigated pharmaceutical firms are significant to engender a higher level of organizational commitment among its members. It appears that the investigated firms are using legitimate promotional strategies to offer career advancement opportunities to their employees, which provides a compelling reason for the personnel to maintain their commitment to their respective firms. Our findings are consistent with the study of [Suksod and Cruthaka \(2020\)](#), in which the authors mentioned that formal and timely promotional approaches can increase the commitment level of staff members. Based on our findings, it can be asserted that promotion practices provide career advancement opportunities that give employees a sense of progress and advancement, as well as recognition and validation for their hard work and dedication. Additionally, promotions guarantee employees increased job security, improved compensation and benefits. All of these make employees feel valued and appreciated, leading to increased commitment to their organization.

Conclusions

The study presented that the level of adoption of standardized HRM practices is slightly higher in multinational pharmaceutical companies as compared to local pharmaceutical companies in Pakistan. This difference in the adoption level is backed by

the fact that the local companies are in the process to implement the formal HRM practices while considering the contextual aspects. Furthermore, a bundle of HRM practices comprising of compensation, performance evaluation and promotion was investigated to show their impact on organizational commitment of employees in the pharmaceutical sector. Each of these three practices was found significant in developing a higher level of organizational commitment among the organizational members in the investigated firms. The study's significant contribution lies in providing a comprehensive examination of the impact of a bundle of HRM practices, including compensation, performance evaluation, and promotion, on employees' organizational commitment within the pharmaceutical sector. Before this research, the specific combined effect of these practices on organizational commitment in this context was not fully understood. By addressing this gap, the study highlights the crucial role of compensation, performance evaluation, and promotion practices in fostering a higher level of organizational commitment among employees in pharmaceutical firms. This valuable insight provides organizations with actionable information to optimize their HRM practices and enhance employees' commitment, which can ultimately lead to improved overall performance and productivity.

Furthermore, the investigation adds to the expanding literature on HRM practices and organizational commitment by investigating the influence of standardized HRM practices within the context of the pharmaceutical industry in Pakistan. The results provide empirical evidence that supports the contingency approach to HRM, emphasizing the fact to align HRM practices with the specific requirements, needs and objectives of the operational entities. Moreover, the study highlights the relevance of considering the context in which HRM practices are implemented, as the impact of these practices can vary across different industries and countries.

Practically, the study provides useful insight for managers and policymakers in the pharmaceutical industry of Pakistan. The study suggests that the adoption of standardized HRM practices, particularly compensation, performance evaluation, and promotion practices, can significantly enhance organizational commitment, which can ultimately lead to better organizational performance. Managers can use the results of this study to design and implement effective HRM practices that promote employee commitment and retention. Policymakers in other industries and sectors can also use the study's findings to develop such policies that encourage the adoption of standardized HRM practices to realize organizational goals.

Limitations of the Study

In this study, the focus was solely on investigating the impact of three HRM practices on organizational commitment. Future research could investigate the impact of an expanded HRMP bundle, by including other practices such as training and development or work-life balance programs, on organizational commitment. Moreover, the data was collected from sales representatives only; it is highly recommended to include different

levels of employees in future research to get concrete results as these practices can be perceived differently by staff members at different positions. The present investigation is carried out in the pharmaceutical industry only. Consequently, it would be beneficial to conduct similar studies in other industries and contexts to test the generalizability of the findings.

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