

HUMAN RESOURCE MANAGEMENT PRACTICES AND POLICIES AND EMPLOYEE ORGANIZATIONAL COMMITMENT IN BOSNIA AND HERZEGOVINA COMPANIES

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Abstract

Nowadays, when operating in an unstable market, organizations in Bosnia and Herzegovina (BiH) are also facing a continuous outflow of qualified employees to the countries of the European Union. In order to properly respond to the challenges from the environment, the organizations in BiH are forced to take adequate measures so as to become competitive in the market, which may prove to be difficult if they do not retain skilled workforce. This paper attempts to show that by implementing appropriate human resource management (HRM) practices and policies, organizations in BiH can affect employee organizational commitment, which will result not only in market survival but also in increased competitiveness, as the experience of the organizations in the surrounding countries shows that human resources is what gives these companies a competitive advantage. The paper aimed at examining the impact of characteristics, organizational characteristics, and HRM practices focused on performance appraisal, job security, employee participation, and career planning on employee organizational commitment in BiH companies with more than 50 employees in four sectors. The empirical research was conducted on a sample of 128 companies. The results show that when it comes to employee organizational commitment, HRM practices and policies bear more importance than demographic and organizational characteristics and that there is a statistically significant positive impact of HRM practices and policies on employee organizational commitment.

Keywords: human resource management practices and policies, demographic and organizational characteristics, organizational commitment

JEL: L20, M54

1. Introduction

Human resource management (HRM) has a strategic role in an organization. If we start from the fact that nowadays there is an ever-growing view of the importance of human resources and their guidance in an organization, it becomes clear that the core of the problem but also of the success of an organization shifted from products to people. In other words, organizations are not able to control external factors such as globalization, unfair competition, various economic laws, and legal implications they face in the market. However, all these external influences force organizations to change their internal structure so as to adapt to the laws governing the open market. On the other hand, any change to the organizational structure carries the imminent risk of non-acceptance by employees and it is clear that such changes will have a positive impact on the organization only if employees choose to support them. In case employees do not accept the changes, organizations will face employee dissatisfaction evident in high turnover and insufficient commitment to work, which can have disastrous consequences for the organization. Hence, in order to respond to market demands, organizations must pay attention to human resource practices and policies and build them in such a way that employees accept them so that organizations can successfully overcome market barriers.

Efficient HRM plays an important role in achieving competitive advantage, so many organizations, while trying to attract and retain valuable employees, strive to create a positive organizational climate by adjusting human resource practices and policies to employee expectations. Agarwala (2003, p. 175) states that competitive pressures encouraged organizations to be proactive in diagnosing human resource problems and to adopt more

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innovative HRM practices and policies as they were no longer a matter of trend, but that of survival.

It is often assumed in the literature that traditional control-oriented HRM systems are increasingly being replaced by commitment-based HRM systems, as the latter generally result in higher company performance. However, the efficiency of HRM systems may depend on the external and internal context of an organization while HRM systems are themselves not without drawbacks (Hauff, Alewell & Hansen 2014, p. 424).

Efficient HRM practices and policies may increase the level of employee organizational commitment. The functions such as recruitment, participation in decision-making, training and development, performance appraisal, working conditions, and compensation management may help improving organizational commitment. HRM practices and policies are one of the most important factors affecting the level of organizational commitment and employee performance, which is considered the main source of competitive advantage of all organizations. For example, employee participation in the decision-making process will affect employee loyalty increase, improvement of working conditions, fairness of performance appraisal, and salary and reward management practices and it also may contribute to increased commitment (Ertemsir, Bal & Bozkurt 2017, p. 22).

Becker and Gerhart (1996, p. 786) point out that whatever packages or configurations of practices and policies are implemented in a particular organization, individual practices and policies must be mutually aligned and consistent with the organizational architecture so as to ultimately have an impact on organizational performance. Similarly, Pfeffer (1998, p. 121) states that isolated implementation of practices and policies may not have much effect, and in some circumstances it may even be counterproductive. For example, job security may be counterproductive unless the organization hires people that would fit into its culture and unless incentives reward outstanding performance.

Keeping this in mind, this paper seeks to examine the extent to which demographic and organizational characteristics and performance-based HRM practices and policies focused on performance appraisal, job security, employee participation, and career planning affect employee organizational commitment in Bosnia and Herzegovina (BiH) companies with more than 50 employees.

2. Literature review

2.1 HRM practices and policies

HRM is seen as a critical organizational resource that helps an organization maintain its efficiency. This is an important segment that influences a number of employee attitudes and behaviors, such as intention to leave, job satisfaction levels, and organizational commitment (Lee & Heard 2000, pp. 65-82). If they want to remain competitive in the global economy in the new millennium, organizations need competent practices and policies so as to retain their workforce, especially skilled workers. It is therefore important that organizations develop efficient and competitive HRM practices and policies that promote the level of employee engagement with high performance in the organization (Hung, Ansari & Aafaqi 2004, p. 100).

HRM practices and policies include specific practices and formal policies designed to attract, develop, motivate, and retain employees, all in order to ensure employee organizational commitment, which will result in efficiency and effectiveness of the organization (Tan & Nasurdin 2011, p. 157).

Swanson (2001, p. 304) defines human resource development as the process of developing and releasing human expertise through organizational development as well as staff training and development in order to improve performance at the level of an organization, work process, group and individual level. Uraon (2018, p. 14) states that the purpose of human resource development is to provide employees with a set of opportunities to learn through various activities the result of which are changes in behavior, improved skills, high motivation, and

ultimately a better individual, group, and organizational efficiency.

To succeed in a competitive environment, organizations must apply a recognizable set of HRM practices and policies that emphasize the human side of management and the need to encourage a desired, service-oriented behavior in order to achieve organizational goals (Lu et al. 2015, p. 857). Employee perceptions of HRM practices and policies affect their assessment and commitment to the organization, and one cannot rule out the possibility of causality functioning in the opposite direction (Meyer & Smith 2000, p. 329).

Delaney and Huselid (1996, p. 950) state that researchers still do not know in what ways HRM practices and policies affect organizational outcomes; whether some practices and policies have stronger effects than others, and whether complementarity or synergy of such practices and policies can further improve organizational performance. On the other hand, Hauff, Alewell and Hansen (2014, p. 439) support the idea of specific HRM practices and policies that improve company's performance in various contexts.

Gellatly et al. (2009, p. 869) observe that employee perceptions of the HRM practices and policies oriented towards development, stability, and rewards influence affective and constant organizational commitment. However, these authors point to potential risks for the organizations investing in human resources as the employees having acquired certain skills may decide to leave the organization and join its competitors. In order to keep over time the advantage of investing into human resources, employees need to stay committed to the organization, which implies that organizations need to cultivate employee commitment.

In their study conducted on a sample of 214 employees, Nasurdin et al. (2008, pp. 29-30) conclude that career development and performance appraisal have a direct, positive and significant relationship to organizational commitment. Kipkebut (2010, p. 45) points that demographic characteristic and HRM practices and policies differ by their effect on every dimension of organizational

commitment while Jena (2015, p. 73) claims that personal and demographic characteristics affect various dimensions of organizational commitment.

Studying whether a link exists between employee perception of HRM practices and policies and their organizational commitment, Ertemsir, Bal, and Bozkurt (2017, p. 19) came to the conclusion that HRM practices and policies are important factors with the potential of encouraging employee organizational commitment for those with positive perception of their company.

A year later, Uraon (2018, pp. 11-33) concludes that HRM practices and policies have a positive impact on three components of organizational commitment. The author's comprehensive HRM practices and policies include human resource planning and recruitment, training and learning, rewarding and recognition, performance appraisal and development, potential assessment and promotion, and career planning and development. Baiquni and Lizar (2020) make similar conclusions emphasizing as the researchers before them that HRM practices and policies and job characteristics have a positive effect on organizational commitment.

When it comes to HRM in BiH, Delić and Smajlović (2014, p. 375) underline that it is still not developed enough to function as a solid basis for achieving competitive advantage through people. However, BiH companies increasingly recognize the importance of human resources in the context of competitiveness building, as the statistically significant level of BiH companies use human resources as the basis for building competitiveness rather than other internal resources such as financial, physical, and structural-cultural (Umihanić, Delić & Mahmutović 2018, p. 625).

2.2. *Employee organizational commitment*

Organizational commitment (Mowday, Steers & Porter 1979, p. 227) is defined as the emotional attachment of an individual to organization, identification, and involvement in an organization. Neininger et. al. (2010, p. 567) state that organizational commitment is one of the main reasons why successful employees stay in an organization.

Meyer and Allen (1991) develop their model based on the previously developed models of organizational commitment, which were mainly one-dimensional. Their research is therefore considered even more significant and nowadays stands as the starting point of all solid discussions on the phenomenon of organizational commitment. They establish the existence of three-component model of commitment: affective, continuance, and normative. Affective commitment is employee emotional attachment and identification with an organization. Continuance commitment is based on employee's awareness of the costs caused by their decision to leave the organization. Meyer and Allen (1991, p. 67) define normative commitment as individuals feeling obliged to remain with the organization even though there are reasons why they should change their working environment, i.e., the organization (Solinger, Olffen & Roe 2008, p. 70).

Meyer and Herscovitch (2001, p. 301) argue that the "core essence" of commitment should be the same regardless of the target of that commitment. Based on a review of the existing definitions, they suggest that commitment, in general, can be defined as "a force [mind set] that binds an individual to a course of action of relevance to one or more targets" (Herscovitch & Meyer 2002, p. 475).

Allen and Meyer (1990 p. 4) state that it is more appropriate to consider affective, continuance, and normative commitment as components rather than types of commitment. If they are considered types, this implies that, from a psychological point of view, the forms of commitment are mutually exclusive. It is considered reasonable to expect that an employee can feel all three forms of commitment but with a varying intensity. Thus,

for example, an employee may feel a strong desire and a strong need to remain, but a weak obligation to do so. Although all three components of organizational commitment reduce the likelihood that employees will leave the organization, perhaps the most important reason to make distinctions among them is that they may have completely different implications for behavior at work (Herscovitch & Meyer 2002, p. 475).

2.3. *Employee performance management practices and employee organizational commitment*

Since an adequate system of performance appraisal and development of employee competencies is an important predictor of organizational commitment as stated by Paul and Anantharaman (2003) and Kuvaas (2006), what needs to be taken into consideration is the importance of performance management practices and policies for the improvement of employee organizational commitment. Performance management practices in this paper include: performance appraisal, job security, career management, and employee participation.

Performance appraisal

Employees whose goals fit into the overall strategy of the organization, who work in an environment characterized by trust and support from managers, and who receive feedback on their work as well as recognition, report higher level of energy and mental resilience at work, stronger involvement in their work, feeling of significance, and pride. They are also more likely to concentrate fully and be dedicated to their work (Kotzé, Van der Westhuizen & Nel, 2014, p. 476).

Job security

When it comes to the HRM practices and policies aimed at providing stability and safety to employees, Gellatly et al. (2009, p. 880) indicate that these practices and policies significantly increase affective and continuance commitment. These authors state that supportive and secure working conditions create continuance commitment in employees, but such commitment is not perceived by them

as captivity but rather as loyalty to the organization.

Career management

The process in which employees and the organization are focused on coordinating activities related to career development involves career management. The employees with good chances of career development are likely to contribute to the success of their organization. Barnett and Bradley (2007, pp. 617-636) report that significant predictors of career satisfaction include goal-specific contextual support as well as resources that provide financial and social support for employees' personal goals. One of the strongest predictors of organizational commitment is career management as it is crucial in preparing employees for their future in the organization (Taormina 1999; Meyer and Smith 2000; Kipkebut 2010, p. 50).

Employee participation

Participation activities give individuals more space to contribute to problem solving and change management, thus deepening their interest in work and increasing self-esteem (White & Bryson 2013, p. 389). Several studies reveal that participation in decision-making is related to organizational commitment (Pfeffer 1999; Malhotra et al. 2007).

Employee performance management practices refer to actions designed to prepare employees for their future in the organization. Organizations willing to invest in their employees in the long run are likely to be identified as organizations that care about the well-being of their employees and consider them long-term assets. In return, the belief in organizational support would create an obligation for employees to "repay" their organization by ensuring its well-being through greater effort, involvement, and identification, all of which reflects their level of affective commitment (Nasurdin et al. 2008, p. 30).

As the result of the previous research, we postulate the following hypotheses:

H1: Application of the appropriate employee performance management practice and policy

significantly affects employee organizational commitment.

H2: Application of the appropriate employee performance management practice and policy significantly affects employee affective commitment.

H3: Application of the appropriate employee performance management practice and policy significantly affects employee continuance commitment.

3. Research methodology

In order to examine the impact of demographic characteristics, organizational characteristics, and HRM practices and policies focused on performance appraisal, job security, employee participation and career planning on employee organizational commitment in BiH companies with more than 50 employees in four sectors (mining; manufacturing industry; production and supply of electricity, gas, steam, and air conditioning; water supply, waste water disposal, waste management, and remediation activities), the empirical research was conducted in the period from March to September 2021.

The empirical research whose results are presented below, was conducted on a sample of a total of 128 companies. The data collection was made by means of a questionnaire whose content is in line with the research subject matter. The questionnaire was structured in the form of closed questions with the number of enumerations offered and closed questions with the Likert-type intensity scale offered. The questionnaire is partly based on the *Organizational Commitment Questionnaire* (OCQ), developed and tested by Richard T. Mowday, Richard M. Steers and Lyman W. Porter in 1979, as well as on a *Three-Component Organizational Commitment Questionnaire*, developed and tested by Natalie Allen and John Meyer in 1990.

The questionnaire was filled out by managers, staff of human resource sectors/departments, and employees in BiH companies belonging to the industrial activity. Out of a total of 140 questionnaires, 128 were returned, which made 91.43% of the research sample. The collected data were processed by appropriate statistical methods and data processing

techniques. The companies included in the sample were selected based on the territorial dispersion criterion in order to enable the empirical research that would include companies throughout BiH: the Federation of BiH (FBiH), Republika Srpska (RS) and Brčko District of BiH (BD).

3.1 Research results

In order to reduce the original space of variables (statements) to a smaller number of factors (components), we applied Principal Component Analysis. The aim was to single out one factor per set from different sets of statements in the questionnaire that measured a certain dimension of attitudes (e.g., performance appraisal), which will make up the main component (linear combination of the original space of statements) with preserved maximum amount of information (maximum variance), and use such reduced independent and dependent variables in further analytical procedures for testing the research hypotheses. As the parameter for the extraction decision, we used the eigenvalues,

whereby the Kaiser criterion was applied in the process of determining the maximum variance. Table 1 shows the realized results of the extraction of the main components. The information on the included sets of statements being appropriate for each applied principal component analysis is given in the table through the Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Sphericity indicator values. All the realized KMO values were higher than the requested threshold of 0.6, while Bartlett's tests of sphericity are statistically significant with the probability of $p < 0.000$. Extractions of variance shares for every component singled out were in the range from 37.44% to 64.93%. We need to emphasize that the potential selection of additional components (e.g., selection of the second or third component) would, on the one hand, not contribute to a significant percentage in the total extraction variance, while on the other hand it would complicate the process of making research conclusions regarding the postulated hypotheses. Therefore, the selected main components given in the table were used in subsequent analytical procedures.

Table 1. *Extractions of the total variance of dependent and independent variables (statements) by means of principal component analysis*

Components (factors)	Initial Eigenvalues		Kaiser-Meyer-Olkin	Bartlett's Test of Sphericity		
	I.E. Total	%Variance		Approx. Chi-Square	df	p
Performance appraisal (12 items)	7.637	63.64	0.919	1229.81	66	0.000
Job security (7 items)	4.545	64.93	0.908	543.24	21	0.000
Employee participation (6 items)	3.72	61.95	0.857	374.94	15	0.000
Career planning (8 items)	5.16	64.54	0.898	676.65	28	0.000
Organizational commitment (15 items)	6.52	43.45	0.869	1010.56	105	0.000
Affective organizational commitment (8 items)	4.97	62.16	0.876	651.85	28	0.000
Continuance organizational commitment (8 items)	4.37	54.66	0.835	601.14	28	0.000
Normative organizational commitment (8 items)	3.80	47.46	0.859	328.94	28	0.000

Source: Authors' research

3.2. Impact of demographic and organizational characteristics on the degree of organizational commitment

Student's T test of the independent samples was used for analyzing the influence of subject gender (83 or 64.8% were male and 45 or 35.2% were female) on the attitudes expressed

to different dimensions of organizational commitment. The female subjects on average showed a somewhat higher degree¹ of organizational commitment as well as affective, continuance and normative organizational commitment compared to the male subjects. However, the differences in the average values

of the factors were not statistically significant, as showed in Table 2.

Table 2. *Impact of gender on attitudes to different dimensions of organizational commitment*

Components	Gender						t	p
	Male			Female				
	n	Mean	SD	n	Mean	SD		
Organizational commitment	83	-0.10	1.02	45	0.19	0.95	-1.61	0.109
Affective organizational commitment	83	-0.06	1.04	45	0.10	0.93	-0.87	0.385
Continuance organizational commitment	83	-0.08	0.97	45	0.14	1.06	-1.19	0.234
Normative organizational commitment	83	-0.01	0.92	45	0.03	1.14	-0.22	0.823

Source: Authors' research

In terms of the influence of subject age (the highest percent of the subjects, 42.2%, were aged 41-50, followed by those aged 31-40, 36.7%) on the components of organizational commitment dimensions, the one-way analysis of variance (ANOVA) did not prove statistical significance. It is evident that the respondents under the age of 30 on average showed a somewhat higher degree of organizational commitment as well as affective and normative

commitment compared to other age groups. Similar results were obtained with reference to the effect of respondents' work experience (the largest percentage of them, i.e., 40% had 16 to 25 years of work experience) on their attitudes towards different components of organizational commitment. Namely, the one-way analysis of variance also did not confirm statistically significant differences in the average values tested.

Table 3. *Impact of monthly income on attitudes towards various dimensions of organizational commitment*

Components	Monthly income	n	Mean	SD	F	p
Organizational commitment	up to BAM 1000	13	-0.06	0.84	1.788	0.153
	BAM 1001-2000	74	-0.15	0.98		
	BAM 2001 – 3000	30	0.29	1.16		
	BAM 3000+	11	0.31	0.70		
Affective organizational commitment	up to BAM 1000	13	-0.14	1.17	1.054	0.371
	BAM 1001-2000	74	-0.09	0.97		
	BAM 2001 – 3000	30	0.27	0.96		
	BAM 3000+	11	0.05	1.09		
Continuance organizational commitment	up to BAM 1000	13	-0.63	0.88	4.309	0.006
	BAM 1001-2000	74	0.01	0.89		
	BAM 2001 – 3000	30	0.41	0.98		
	BAM 3000+	11	-0.41	1.39		
Normative organizational commitment	up to BAM 1000	13	-0.31	0.74	3.269	0.024
	BAM 1001-2000	74	-0.13	0.99		
	BAM 2001 – 3000	30	0.47	0.94		
	BAM 3000+	11	-0.06	1.18		

Source: Authors' research

The amount of monthly income of the respondents had a statistically significant effect on the component of continuance organizational commitment (F=4.309;

p<0.006) and the component of normative organizational commitment (F=3.269; p<0.024), while no statistical significance was proved for the component of affective commitment. The results lead to the conclusion that the respondents with a monthly income of BAM 2001-3000 expressed a higher degree of continuance and normative organizational commitment compared to the respondents from other income groups. The results are given in Table 3. The obtained results of the one-way analysis of variance lead to the conclusion that the

business sector from which the respondents come had a statistically significant impact on organizational commitment (F = 3.392; p <0.020), affective organizational commitment (F = 3.670; p <0.014), and normative organizational commitment F = 3.492; p <0.018), which is showed in Table 4. The respondents working in the manufacturing sector showed a higher degree of commitment according to the listed components compared to the respondents from the other three business sectors.

Table 4. *Impact of belonging to a business sector on attitudes towards various dimensions of organizational commitment*

Components	Business sector	n	Mean	SD	F	p
Organizational commitment	Mining and quarrying	11	-0.76	0.74	3.392	0.020
	Manufacturing industry	87	0.16	1.01		
	Production and supply of electricity	11	-0.25	1.17		
	Water supply	19	-0.14	0.75		
Affective organizational commitment	Mining and quarrying	11	-0.70	0.83	3.670	0.014
	Manufacturing industry	87	0.18	0.94		
	Production and supply of electricity	11	-0.18	0.89		
	Water supply	19	-0.31	1.20		
Continuance organizational commitment	Mining and quarrying	11	0.00	0.88	1.322	0.270
	Manufacturing industry	87	0.11	1.05		
	Production and supply of electricity	11	-0.21	0.80		
	Water supply	19	-0.36	0.90		
Normative organizational commitment	Mining and quarrying	11	-0.67	0.89	3.492	0.018
	Manufacturing industry	87	0.18	0.97		
	Production and supply of electricity	11	-0.34	1.13		
	Water supply	19	-0.23	0.92		

Source: Authors' research

3.3. *Impact of appropriate HRM practices and policies on employee organizational commitment*

Table 5 presents the obtained results of simple linear regression models applied with the aim of testing the research hypothesis: "Application of the appropriate employee performance management practice and policy significantly affects employee organizational commitment". From these results we can conclude that all components of performance management practice and policy had a statistically

significant impact on employee organizational commitment (p <0.000). The result point to the conclusion that we accept the postulated research hypothesis. The factor performance appraisal (b = 0.679) had the highest significant positive impact on employee organizational commitment, which explains for 46.1% of the variability of employee organizational commitment. A higher assessment of attitudes towards performance appraisal is also related to a higher assessment given by the respondents to employee organizational commitment. The factor employment security

with the positive regression coefficient $b=0.496$ had the lowest impact on employee organizational commitment.

Table 5. *Impact of employee performance management practice and policy factors on the factor of employee organizational commitment*

Components (factors) of performance management	Representativeness of the regression model				Parameters of the linear regression equation		
	r	r ²	F	p	a	b	Beta
Performance appraisal	0.679	0.461	107.6	0.000	0.0	0.679	0.679
Job security	0.496	0.246	41.1	0.000	0.0	0.496	0.496
Employee participation	0.557	0.311	56.8	0.000	0.0	0.557	0.557
Career planning	0.610	0.372	74.6	0.000	0.0	0.610	0.610

Source: Authors' research

3.4. *Impact of performance management factors on employee affective organizational commitment*

The results of analyzing the impact of performance management factors on the factor of employee affective organizational commitment are given in Table 6. As the results show, all components of performance management had a statistically significant

impact on employee affective organizational commitment ($p < 0.000$). The factor career planning had the highest impact on employee affective organizational commitment ($b=0.577$), while the factor employee participation had the lowest impact ($b=0.429$). Therefore, the research hypothesis that performance management affects employee affective organizational commitment is accepted.

Table 6. *Impact of performance management factors on employee affective organizational commitment*

Components (factors) of performance management	Representativeness of the regression model				Parameters of the linear regression equation		
	r	r ²	F	p	a	b	Beta
Performance appraisal	0.562	0.316	58.3	0.000	0.0	0.562	0.562
Job security	0.541	0.293	52.2	0.000	0.0	0.541	0.541
Employee participation	0.429	0.182	28.4	0.000	0.0	0.429	0.429
Career planning	0.577	0.333	62.8	0.000	0.0	0.577	0.577

Source: Authors' research

3.5. *Impact of performance management factors on employee continuance organizational commitment*

The obtained results of analyzing the impact of performance management factors on the factor of employee continuance organizational commitment are presented in Table 7. The results point to the conclusion that performance management components had a statistically significant positive impact on

employee continuance organizational commitment. The highest positive impact on continuance organizational commitment was registered for the performance assessment component ($b = 0.368$), while the employee participation component had the lowest impact with ($b = 0.201$). We accept the research hypothesis that performance management affects employee continuance organizational commitment.

Table 7. *Impact of performance management factors on employee continuance organizational commitment*

Components (factors) of performance management	Representativeness of the regression model				Parameters of the linear regression equation		
	r	r ²	F	p	a	b	Beta
Performance appraisal	0,368	0,135	19,7	0,000	0,0	0,368	0,368
Job security	0,327	0,107	15,1	0,000	0,0	0,327	0,327
Employee participation	0,201	0,040	5,3	0,023	0,0	0,201	0,201
Career planning	0,320	0,102	14,3	0,000	0,0	0,320	0,320

Source: Authors' research

4. Discussion

The main objective of this paper was to assess the effects of HRM practices and policies by focusing on employee performance management practices and policies that include performance appraisal, job security, employee participation and career planning. When it comes to demographic and organizational factors, according to the research findings, employees feel commitment to the organization, but there are no significant differences when it comes to the respondents' age and years of service. The results show that women are somewhat more committed than their male colleagues. The respondents with a higher average income show greater continuance and normative organizational commitment. The feeling of normative commitment of employees with higher incomes is expected, given that such respondents feel an obligation to the organization due to the benefits they have. As Meyer and Allen (1997) claim, continuous and normative commitment higher than affective commitment implies lower motivation for a higher level of performance. This suggests that BiH organizations must take initiative to improve employee affective commitment when it comes to employee earnings. However, it is highly likely that the higher level of continuance and normative commitment of higher-paid employees is also a consequence of the COVID-19 pandemic impact. Namely, the respondents who show continuance commitment feel that leaving the organization would not give them more benefits while others (those who showed a high level of normative commitment) remain within the organization thus showing that they are willing to stay with the organization through difficult

times. The low-income employees, on the other hand, do not feel this kind of commitment at the time of the pandemic. Consistent with the theoretical postulates, the findings of this research support the hypothesis that performance management practices are positively linked to employee organizational commitment. The research results show that performance appraisal has a statistically significant positive impact on employee organizational commitment. This confirms the findings of the previous studies in which performance appraisal is characterized as a significant predictor of employee organizational commitment (Meyer and Smith 2000; Paul and Anantharaman 2003; Shahnawaz and Juyal 2006; Şendoğdu et al. 2013; Paşaoğlu 2015). What needs to be emphasized is that performance appraisal, although a significant predictor of employee organizational commitment, nevertheless acts in synergy with other dimensions of employee performance management practices and policies and affects organizational commitment. Career planning is also a statistically significant predictor of employee organizational commitment. This is in line with the findings of previous studies on the impact of career planning practices and policies on organizational commitment (Paul and Anantharaman 2003; Paré and Tremblay 2007; Paşaoğlu 2015; Uraon 2018). Employee participation in decision-making indirectly shows the openness and fairness of the organization and the creation of a more favorable organizational environment for employees. The results of our research show that employee participation affects employee organizational commitment in BiH organizations. Previous studies on this topic find that employee participation is positively

associated with organizational commitment, and organizational commitment is also considered to be the result of the work of engaged employees (Kanste 2011; Hakanen, Schaufeli and Ahola 2008). The studies by (Bal, Kooij and De Jong 2013; Vecina et al. 2013; Uraon 2018) also state that employee participation contributes to organizational commitment, claiming that employee participation, by affecting organizational commitment, leads to competitive advantage of the organization, higher productivity and lower employee turnover. Another important issue concerning organizations today is job security and this issue comes to the fore in research studies. The results obtained from our research support the hypothesis that there is a positive correlation between job security and organizational commitment. Although the job security dimension has less impact on organizational commitment than other dimensions of employee performance management practices and policies, it is not negligible. However, due to changes in employee awareness and market expansion outside BiH this dimension has been overshadowed. The employees in the industrial activities are in great demand on the market outside BiH, which is why they do not consider job security important if they are not adequately paid. In search of better pays and life, they do not see job security as a key factor of organizational commitment. Job security is a part of practices and policies used by organizations to send a message to their employees that their jobs are secured and in return, they expect employees to show their commitment to the organization (Meyer and Smith 2000). Also, the findings of previous studies state that the recognition and respect showed to employees is positively related to organizational commitment, i.e., there is a positive correlation between job security and organizational commitment (Hennekam and Herrbach 2013; Paşaoğlu 2015, p. 323). Regarding affective organizational commitment, it is found that all components of performance management have a statistically significant impact on affective commitment, which is especially evident in the career planning dimension. However, the regression coefficients (Table 6) are approximately the same for other dimensions. The impact of employee performance management practices

and policies on employee affective commitment is evidenced in previous studies (Kuvaas 2006; Hennekam and Herrbach 2013; Torlak et al. 2018; Uraon 2018). The results of analyzing the impact of performance management factors on the factor of continuance organizational commitment (Table 7), point to the conclusion that performance management components have a statistically significant positive impact on continuance organizational commitment, which is in line with the previous research (Chew, Girardi and Entrekın 2005; Uraon 2018). Efficient employee organizational commitment depends on the HRM practices and policies developed by their organization and on their perception of procedural justice. The results show that performance management practices and policies have a stronger impact on employee affective commitment compared to continuance commitment, which is in line with the research conducted by Uraon (2018). However, this certainly does not mean that employees who feel continuance commitment necessarily think about leaving the organization. Some employees may have fewer alternatives but a huge intention to stay in the organization (Jaros 1997, Uraon 2018).

5. Conclusion

This paper examined the effect of demographic and organizational characteristics and employee performance management practices and policies on employee organizational commitment in BiH organizations in four sectors within the industrial activities. The results show that employee performance management practices and policies have a much greater impact on organizational commitment when compared to demographic and organizational characteristics, which is in line with the findings of Kipkebut (2010). This author states that HRM practices and policies are more important than demographic characteristics and that they differ in their impact on each dimension of organizational commitment. The study also found that HRM practices and policies focused on performance appraisal, job security, employee participation, and career development affect employee organizational commitment in BiH organizations. What needs to be emphasized is

that performance appraisal is the most important predictor of employee organizational commitment in BiH organizations. The limitations of this research are primarily evident in the period when the research was conducted. Namely, the data were collected during the COVID-19 pandemic, when various restrictions were in place and employees were focused solely on the organizations in which they are employed. The lack of the research described is also linked to the fact that the research did not cover all HRM practices and policies, hence the recommendation for future research that might cover a wider range of HRM practices and policies and might cover a larger sample so as to ensure a better illustration of organizational commitment in BiH organizations as individual practices and policies cannot guarantee the success of the organization but can serve as a good starting point in improving the organizational climate and gaining employee attention. This research sets the foundation for studying HRM practices and policies in BiH organizations. The set of practices and policies used in this study is only a small segment of the HRM mechanism that demonstrates the effectiveness of the practices and policies used. If a particular set of practices yields results in terms of commitment to the organization, it is then an important implication for managers in BiH organizations to pay special attention to developing human resource practices and policies so as to ensure greater commitment of their employees. This would result in greater competitiveness and better financial results. If we outline the conclusions, limitations and questions, the recommendation to BiH organizations is that they should provide their employees with the opportunity to meet the needs of a higher order so as to increase the level of their commitment because only dedicated employees ensure the success of organizations and their competitiveness in the market. In addition, identifying effective HRM practices and policies that can improve organizational performance and employee skills is the path BiH organizations should take if they want to ensure their success in the world market.

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¹ Higher values of singled factors show a higher degree of agreement with them and vice versa.