

**Relationship between Human Resource Management Practices and Employee Job
Satisfaction: An
Empirical Examination**

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Abstract

This paper attempts to examine the impact of Human Resource Management (HRM) practices of sample banking organisations on the Job Satisfaction of their respective employees. On basis of the literature review, it is hypothesized that a positive perception among employees regarding the HRM practices helps in developing a sense of satisfaction among employees regarding their jobs. The hypothesised relationship is tested through regression analysis by using data from two Indian banking organizations and a sample of 373 banking employees. The findings suggest that perception of employees regarding the HRM practices positively impacts their job satisfaction.

Keywords: *HRM Practices, Job Satisfaction, Banks.*

Introduction

Productive organisations largely owe their productivity to the commitment and dedication of their employees towards the goals of organisation. Employees are committed to the goals of the organisation only when they perceive that the organisation is committed to their wellbeing. The general perception that one's organization cares about one's well-being helps an employee meet the need for appreciation and affiliation, and to assess the benefits of increased work effort and ultimately be satisfied with his/her job. Levinson (1965) noted that actions taken by agents of the organization are often viewed as indications of the organization's intent rather than attributed solely to the agents' personal motives. Therefore, the perception of employees whether an organisation values them or not is developed and abetted by the organizational HRM practices and policies that organization's agents prescribe and utilize to manage individual employees as well as overall work force of an organisation. Employees view favourable or unfavourable HRM practices as an indication of whether an organization favours or disfavors them. Therefore, in order to achieve expected levels of positive behaviours like job satisfaction among employees, organizations must develop a positive perception among the employees regarding the HRM practices in order to display a positive intent towards the wellbeing of employees and to meet the latter's socio-emotional needs and subsequently enhance job satisfaction.

Human Resource Management (HRM) Practices

The conceptualization of the term "HRM practice" varies significantly across research studies. However, the scholars generally define HRM practices as a set of interlinked activities aimed at developing a skilled and motivated work force in order to achieve organisational goals. HRM

practices are interdependent bundle of HR activities and include recruitment and selection, extensive training and development, regular performance appraisal, performance-contingent rewards, and high levels of employee involvement (Becker and Huselid, 1998; Zacharatos et al., 2005). Wright and Boswell (2002) identify three broad conceptual categories of HRM practices. First, employee skills, with HR activities aimed at attracting talented employees and developing their skills. Second, motivation, with practices such as performance related pay aimed at eliciting high levels of effort. Third, the use of empowerment programmes to enable employee voice and influence. Human Resource practices are those that contribute to one or more of the three C's i.e. Competencies, Commitment and Culture. They need to be identified and implemented cost-effectively, reviewing and revising from time to time to enhance their effectiveness and appropriateness (Rao, 1999). HRM practices are aimed at enhancing competencies, commitment and satisfaction of employees of an organisation. The practice can take the form of a system, a process, an activity, a norm, a rule, or just a way of doing things. According to Yeung and Berman (1997) HRM practices play three major roles in an organisation namely, (i). Building critical organizational capabilities, (ii). Enhancing employee satisfaction (iii). Improving customer and shareholder satisfaction. Good HRM practices enhance the efficiency of an organization by promoting internal capabilities of an organization to deal with current or future challenges to be faced by an organization. HRM Practices enable an organisation to face challenges such as encountering new working environments, cultures and changing characteristics and demands of work force. By implementing the HRM practices properly, the quality of internal organizational processes improves dramatically (Rao, 1999).

Job Satisfaction

Job satisfaction is an important attribute that enables an employee to perform to his/her full potential. Job satisfaction is linked to improved performance and productivity whereas job dissatisfaction is linked to absenteeism and excessive turnover. Multiple researchers have put forward different definitions of job satisfaction. However, one of the most widely used definitions in organizational research is that of Locke (1976), who defines job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences". Job satisfaction is in regard to one's feelings or state-of-mind regarding the nature of their work. Job satisfaction can be influenced by a variety of factors, e.g., the quality of one's relationship with their supervisor, the quality of the physical environment in which they work, degree of fulfillment in their work, etc. (McNamara, 1999).

Job satisfaction is employee attitude ,including pay ,promotion, supervision, fringe benefits, contingent rewards, operating procedures, co-workers, nature of work, and communication" according to Spector (1985). Telman and Unsal (2004) recognized that the factors affecting job satisfaction are internal, external and personal. Internal factors include characteristics related to the basic nature of work. External factors are the conditions such as physical work, promotion conditions, relationships with superiors and co-workers, creativity, job security, organizational structure and culture. Personal factors include factors such as demographic characteristics (gender, age, length of service, educational level etc.), personality traits and incentive, knowledge and skills. Job satisfaction is identified in terms of extrinsic values and intrinsic values. Extrinsic values include tangible aspects such as wages, work benefits, networks and bonuses. Intrinsic

values include status, a sense of achievement, ability to interact with others, self-worth, self-esteem, accumulation of knowledge/skills and the ability to utilize and express creativity.

HRM Practices and Job Satisfaction

HRM practices employed by an organisation are perceived and interpreted subjectively by every individual employee and the perception influences the work behaviour and work attitudes of the employee. A positive perception among the employees about the prevailing HRM practices develops positive work behaviour and job attitudes whereas a negative perception regarding the HRM practices will have a negative impact on the work behaviour and job attitudes of employees. When employees perceive and interpret HRM practices favourably, they invest and involve themselves into the HRM activities which in turn benefit the employees. For example, the provision of opportunities for training and skill development benefits the employee by equipping them with the necessary knowledge, skills and attitudes to function autonomously and responsibly (Guest, 2002). Furthermore, it improves retention and enables them to cope with change in the work environment (Guest, 2002). Therefore, it can be argued that when employees participate actively in HRM practices, they are better equipped to deal with their workloads and achieve their desired outcomes successfully which in turn contributes to their job satisfaction.

The objective of present study is to empirically test whether a relationship exists between the perception of employees regarding prevailing HRM practices and their job satisfaction.

Method

The perception of the sample employees in present study is examined regarding four HRM practices namely, working conditions, training and development, equal employment opportunities (EEO) and performance appraisal. The impact of employee perception regarding HRM practices is examined on one employee work-related attitude namely job satisfaction which is considered to be a desirable outcome that result from the use of HRM practices (Meyer and Smith, 2000; Guest, 1997).

Sample and Procedure

Four hundred fifty full-time employees belonging to two banking organizations located in the state of Jammu and Kashmir were surveyed. The employees completed the survey of their own accord during their regular scheduled work hours at their respective work sites. To encourage employees to share free and frank opinion, we assured them of anonymity through both verbal and written means. We further guaranteed that only group data will be communicated to the organizations. Survey questionnaires were distributed and retrieved by the researchers in sealed envelopes. Eighty-three percent (N=373) of the participants returned the questionnaires.

Based on the survey participants' responses, we found that their average age was 41.39 years. Of the 373 respondents, 59.10 percent were males and 40.90 percent were females. On an average, the employees had 6.88 years of work experience.

Measures

HRM Practices: A 20-item scale consisting of statements about HRM practices is used to assess the perception of employees regarding the prevailing HRM practices in their organization (five items for each of the four functional areas). Respondents are asked to indicate, using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), their perception regarding each practice in their organization.

Job satisfaction is measured with seven items developed by Williams and Anderson (1991). A five-point scale was used with answers ranging from 1 (Strongly Disagree) to 5 (Strongly agree).

RESULTS

Descriptive Statistics and Correlation

The mean scores, standard deviations, internal reliabilities, and correlation among the variables are reported in Table 1. Cronbach coefficient alphas of 0.75 and 0.86 show high internal reliabilities of the scales utilized. The mean scores of both the variables under study are fairly high indicating that the respondent employees perceive HRM practices of their respective work places in a fairly positive light and are fairly satisfied with their respective jobs. The pattern of correlation is consistent with the hypothesized relationship, i.e. a statistically positive relationship exists between the perception of employees regarding prevailing HRM practices at their work places and their job satisfaction.

Table 1: Means, Standard Deviations, Alpha Reliabilities, and correlation among Variables

Variable	Mean Score	Standard Deviation	1	2
<i>HRM Practices</i>	3.63	0.43	(0.75)	
<i>Job Satisfaction</i>	3.47	0.51	0.48**	(0.86)

*Note: N = 373. Alpha reliabilities are reported on the diagonal. ** $p < 0.01$.*

A dimension wise analysis of the variable HRM practices further reveals that among the four practices namely, working conditions, training and development, equal employment opportunities (EEO) and performance appraisal, employees are highly satisfied with equal employment opportunities (EEO) where as employees are least satisfied with their performance appraisal (Table 2).

Table 2: Dimension wise analysis of HRM Practices

Dimension	Mean Score	Standard Deviation
<i>Working Conditions</i>	3.75	0.39
<i>Training And Development</i>	3.54	0.46
<i>Equal Employment Opportunities</i>	4.14	0.22
<i>Performance Appraisal</i>	3.09	0.63
<i>Overall HRM Practices</i>	3.63	0.43

Impact of Employee Perception regarding HRM Practices on Employee Job Satisfaction

SPSS 18 was used to conduct linear regression in order to ascertain the impact of employee perception regarding HRM practices on their Job satisfaction. The correlation coefficient ($R = .48$, see Table 1) indicated a strong linear relationship exists between the two variables under study and therefore linear regression analysis will allow us to examine the impact of the independent variable (HRM practices) on the dependent/outcome variable (Job satisfaction) exhibited through the direct association between the said constructs.

The regression analysis indicates that the perception of employees regarding the HRM practices (Independent variable) has a significant positive impact on their job satisfaction (dependent variable). The value of $R^2 = 0.233$ shows that 23.3% variance is explained by independent variable (HRM Practices) in dependent variable (Job satisfaction) (Table 3).

Table 3: HRM Practices and Job Satisfaction; Regression Analysis

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.481 ^a	.233	.238	.39305		
a. Predictors: (Constant): HRM Practices						
ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	17.046	1	17.046	116.174	.000 ^a
	Residual	30.666	371	.147		
	Total	47.712	372			
a. Predictors: (Constant): HRM Practices						
b. Dependent Variable: JOB SATISFACTION						

* $p < .01$

The ANOVA table indicates that the dependent variable (Job satisfaction) is statistically significantly predicted by the regression model ($p < .05$). The results of the regression analysis reveal that the positive perception of employees regarding the HRM Practices of their organization will lead to their higher Job satisfaction.

Conclusions

The results of the present study provide ample support for the proposed hypothesis which postulated a positive relationship between the perception of employees regarding HRM practices and their Job satisfaction. The regression analysis indicated that if the employees perceive the HRM practices of their respective organisations in a favourable light, more often than not this positive perception will add to their satisfaction with their respective jobs. Organizations, therefore, need to go beyond the specified contractual relationships and maintain a healthy disposition among the employees regarding the HRM Practices employed by the HR managers. This can be achieved through involvement of employees at every stage of developing and implementing the required HRM practice. A positive evaluation of affective experiences expounded by a favourable organizational stance is an essential prerequisite to enhance cognitive and behavioural evaluation by an employee vis-à-vis his or her situation at work. Thus the acceptance of our hypothesis suggests that when individuals perceive HRM practices positively, they tend to be satisfied with their jobs which in turn intrinsically motivates them to exercise considerably higher levels of effort at their workplace. Job satisfaction leads to the development of positive emotions like happiness and enthusiasm among the employees and as a direct consequence of this positivity satisfied employees perform better than dissatisfied employees. Positive appraisal of organizational Human resource management practices develops and enhances an individual's belief that their employing organization appreciates their contribution and thinks about their well-being. Consequently, individuals enjoy satisfaction in their work and reciprocate to these organizational efforts through superior discretionary and non-discretionary job performances.

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