

A study to identify the influence of HR Practices on Employee Satisfaction and Performance

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ABSTRACT

HR practices are used by organisations to make employees more committed so as to improve their performance at work. Depending upon the culture of the organisation different types of HR practices are devised and implemented. so as to motivate employees at all levels. Practices has proved that there is no single best practice suitable for all organisations. In this study, the dependent variables are employee satisfaction and performance and the independent variables are Selection, Job Description, Working Conditions, Interpersonal Relations, Performance Appraisal, Functional and QMS Training and Career Management and employee satisfaction.

1. Introduction

HR practices are used by organisations to make employees more committed so as to improve their performance at work. Depending upon the culture of the organisation different types of HR practices are devised and implemented. so as to motivate employees at all levels. Practices has proved that there is no single best practice suitable for all organisations. Review of literature has shown that each organisation has a unique system and it is this which acts as the core competency which helps the organisation to survive amidst stiff competition. It should be noted that the concept of Best HR practices is quite subjective in nature and could also be transitory. .

HR Practices could refer to the unique initiatives implemented by the HR departments in order to satisfy its employees. It is also important that such HR practices should act as a source of delight by creating a positive feeling in the minds of the employees. It should also strive to provide a sense of visibility and have a positive impact on account of being unique and relevant. It should also be in line with the culture of the organization thereby providing unique and creative methods of completing tasks assigned to them..

2. Review of Literature

The study conducted by Teseema & Soeters (2006) included as many as eight HR practices which include recruitment and selection practices, placement practices, training practices, compensation practices, employee performance evaluation practices, promotion practices, grievance procedure and pension system. Their study has concluded that all the above HR practices affect the employee performance.

The research conducted by Subrahmanian, Anjani (2010) has concluded that the success of an organization depends very much on how it is able to attract talent, motivate the resources and retain the same. It has also stressed that in today's organisations there is a great need to worry about flexibility which could help the employees enjoy their work and thereby be more committed.

Hence it can be concluded that organisations need to adopt a creative and unique strategy to improve the quality of work life' (QWL) of its employees. By doing so it would be able to not only achieve its long-term objectives and employee

needs.

3. Need and Significance of the study

This research attempts to provide insights on the impact and the relationship between HR practices and employee performance. It is vital for the management team to understand about the effect of HR practices on employee satisfaction and employee performance. This would help them in bringing about the desired improvements. Employment satisfaction could contribute to the decision for the staff to stay longer in the organisation.

By providing a transparent system of employee selection which will ensure the organization has an excellent set of employees, clear, non-contradictory and non-conflicting explanation of job description, secure and congenial working environment, friction less interpersonal relations among the different levels of employees and among peers, concentration on having in place a transparent unbiased system of performance appraisal, providing timely and relevant functional and QMS training initiatives which would help in enhancing the competencies and knowledge of employees in their tasks and by offering opportunities for career management to its employees the organisation will be able to improve employee performance.

4. Statement of Problem

In many traditional theories of management and behaviour, the idea of employee performance is still quite fluid. It is yet to be fully defined and understood, and is far from being widely recognised and used in organisations. In practice the concept of 'Employee Performance ' is even lesser understood in other parts of society where people and organisations connect, despite its significance and potential usefulness.

Most of the organisations implement standard policies and practices in order to keep the employees happy by caring for their wellness. Employee care is a developing concept to trigger employee loyalty and employee commitment thereby leading to improved employee performance. The aim of this research has been to analyse whether HR practices really develop a positive and amicable relationship between the employee and employer which in turn lead towards improved job satisfaction and employee performance. At the heart of the

employee performance is a philosophy and it is not a process or a tool or a formula. This reflects its deep significance, in today changing, dynamic and turbulent environment.

5. Research Objectives

1. To study the effect of employee selection, job description, working conditions, interpersonal relations, performance appraisal, functional and QMS related training and career management on employee satisfaction.
2. To find the association between employee satisfaction and employee performance.

6. Analysis

Multiple Regression Analysis of HR Practice Variables on Employee Satisfaction

Regression analysis is concerned with the derivation of an appropriate mathematical expression which is derived for finding values of a dependent variable on the basis of independent variable. It is thus designed to examine the relationship of a variable Y to a set of other variables X₁, X₂, X₃,.....X_n. the most commonly used linear equation in Y=b₁ X₁ + b₂ X₂ +.....+ b_nX_n + b₀

Here Y is the dependent variable, which is to be found. X₁, X₂,... and X_n are the known variables with which predictions are to be made and b₁, b₂,b_n are coefficient of the variables.

In this study, the dependent variable is employee satisfaction and the independent variables are Selection, Job Description, Working Conditions, Interpersonal Relations, Performance Appraisal, Functional and QMS Training and Career Management,

Dependent variable : Employee Satisfaction

Independent variables:

1. Selection (X₁)
2. Job description (X₂)
3. Working Conditions (X₃)
4. Interpersonal Relations (X₄)
5. Performance Appraisal (X₅)
6. Functional and QMS Training (X₆)
7. Career Management (X₇)

Multiple R value : 0.790
R Square value : 0 .623
F value : 82.621
P value : <0.001**

HYPOTHESIS I

Table 1 Variables in the Equation

Variables	Unstandardized Coefficients		Standardized Coefficients	t value	P value
	B	Std. Error	Beta		
Constant	2.592	1.191		2.176	.030
Selection	.645	.097	.469	6.636	.000
Job Description	.095	.066	.077	1.430	.153
Working Conditions	.028	.057	.032	.501	.617
Interpersonal Relations	.187	.056	.167	3.338	.001
Performance Appraisal	.150	.052	.158	2.877	.004
Functional and QMS	.002	.032	.002	-.059	.953

Training					
Career Management	.125	.042	.120	2.981	.003

Note: ** P is significant at 1% level.

In this stepwise regression mode the variables entered are Selection (X₁), Job description (X₂), Working Conditions (X₃), Interpersonal Relations (X₄), Performance Appraisal (X₅), Functional and QMS Training (X₆) and Career Management (X₇).

The value of R² = 0 .623 simply means that about 62% of the variation in the employee satisfaction is explained or accounted for by estimated independent variables namely :

1. Selection (X₁)
2. Job description (X₂)
3. Working Conditions (X₃)
4. Interpersonal Relations (X₄)
5. Performance Appraisal (X₅)
6. Functional and QMS Training (X₆)
7. Career Management (X₇)

This regression model is significant at 1% level. The multiple regression equation of this model is : Y = 2.592 + 0.645X₁ + .095X₂ + 0.028X₃ + 0.187X₄ + 0.150X₅ + 0.0021X₆ + 0.125X₇

Since P value is less than 0.01, the Null Hypothesis is rejected at 1% of significance for the variables X₁ .i.e., Selection, X₄ .i.e., interpersonal relations, X₅ .i.e performance appraisal and X₇ .i.e., career management. There is no significant difference in the opinion of employees with respect to the other independent variables.

Multiple Regression Analysis of HR Practice Variables on Employee Performance

In this study, the dependent variable is employee performance and the independent variables are Selection, Job Description, Working Conditions, Interpersonal Relations, Performance Appraisal, Functional and QMS Training and Career Management and employee satisfaction .

Dependent variable : Employee Performance

Independent variables :

1. Selection (X₁)
2. Job description (X₂)
3. Working Conditions (X₃)
4. Interpersonal Relations (X₄)
5. Performance Appraisal (X₅)
6. Functional and QMS Training (X₆)
7. Career Management (X₇)
8. Employee Satisfaction (X₈)

Multiple R value : 0.805
R Square value : 0 .647
F value : 83.624
P value : <0.001**

HYPOTHESIS II

Null Hypothesis: To verify if all the independent variables in the model neither considered together, have no causal effect on the dependent variable; in which case the model that relates these independent variables to dependent variable does not exist.

Table 2 Variables in the Equation

Variables	Unstandardized Coefficients		Standardized Coefficients	t value	P value
	B	Std. Error	Beta		
Constant	.987	1.293		.764	.446
Selection	.490	.110	.323	4.447	.000
Job Description	.115	.071	.084	1.612	.108
Working Conditions	.044	.061	.045	.716	.474
Interpersonal Relations	.075	.062	.060	1.206	.229
Performance Appraisal	.168	.056	.161	2.982	.003
Functional and QMS Training	.048	.035	.052	1.384	.167
Career Management	.080	.045	.070	1.754	.080
Employee satisfaction	.315	.061	.286	5.188	.000

Note: ** P is significant at 1% level.

In this stepwise regression mode the variables entered are Selection (X_1), Job description (X_2), Working Conditions (X_3), Interpersonal Relations (X_4), Performance Appraisal (X_5), Functional and QMS Training (X_6), Career Management (X_7), and Employee Satisfaction (X_8).

The value of $R^2 = 0.647$ simply means that about 64.2% of the variation in the employee satisfaction is explained or accounted for by estimated independent variables namely :

1. Selection (X_1)
2. Job description (X_2)
3. Working Conditions (X_3)
4. Interpersonal Relations (X_4)
5. Performance Appraisal (X_5)
6. Functional and QMS Training (X_6)
7. Career Management (X_7)
8. Employee Satisfaction (X_8)

This regression model is significant at 1% level. The multiple regression equation of this model is:

$$Y = 0.987 + 0.490X_1 + .115X_2 + 0.044X_3 + 0.075X_4 + 0.168X_5 + 0.048X_6 + 0.080X_7 + 0.315X_8$$

Since P value is less than 0.01, the Null Hypothesis is rejected at 1% of significance for the variables X_1 i.e., Selection, X_5 i.e. performance appraisal, X_8 i.e. employee satisfaction. There is no significant difference in the opinion of employees with respect to the other independent variables.

7. Findings and Conclusion

- There is no significant difference in the opinion of employees with respect to the most of the independent variables.
- The intended HR practices used were described based on employees career aspiration, stress

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management as it is a key for a smooth life style and health and hygiene aspects as it speaks on the care taken on the employees. These HR practices also have implications on the psychological contract developed which drives the employees to be more committed and loyal.

- Committed employees are an asset to the organization. They will work together, will be focused; career oriented and will be bothered about the organisation's growth. They are the ones who have clarity of the goal of the organization and have a willingness to put effort irrespective of other factors that hinders growth. These employees will maintain the core value and integrity and will satisfy the stakeholders and will always be productive employees.
- Committed and loyal employees are created when the employees have a sense of employee care. This study has given valuable recommendations to implement the HR practices that can influence a positive psychological contract towards employee commitment and employee loyalty. The following recommendations are based on the suggestions given by the employees during on the HR practices considered for the study.
- HR practices that are developed by the organization influence the employee more than other practices as it is the stepping stone for the individual's growth. Employee should be supported and helped to grow professionally. The employees expect more opportunities to grow with broad minded work culture as well as the knowledge on narrow field. Employees when they are entrusted with more responsibilities, with well-defined career programs and the structured growth plan give stability and sustainability with the human resource in the organization.
- Career planning should be followed by career development and employees need to be assessed for their potential. Challenging and achievable goals should be given. When employees realize that their contribution has significant impact over the decisions taken by the management then employee commitment and employee loyalty can be achieved through psychological contract.
- Organisations strive hard to keep employees happy as a family so that their contribution is valuable through openness and through HR practices which are now termed Best practices. All the "best" which are being implemented should be tested to develop a positive psychological contract with the organizations, which can retain the employee and protect the interest of the employees and also the organization.

Research suggests that HR practitioners lack knowledge about evidence-based effective HR practices (Ryes, Colbert, & Brown, 2002); therefore, it would be interesting to see whether a group of HR researchers would outperform an organization's HR and non-HR staff in the number and quality of suggestions generated.

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