

## The Impact of HR Practices on Job satisfaction: A Case Study of Hotel Industry in Pakistan

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[Received: October 10, 2015 Revised: October 27, 2015 Accepted: January 18, 2016]

### Abstract

The objective of this study is to investigate the effect of HR practices such as (Recruitment, empowerment, working condition and compensation) on Job satisfaction in the prospects of Hotel Industry of Pakistan. The sample size for this study was 100 employees who were selected through convenience sampling techniques. This study was restricted to 10 Hotels of Peshawar. Hypotheses of the study were tested through correlation and regression analysis to inspect the employee's satisfaction. The findings investigate that there is significant relationship between HR practices and job satisfaction. Moreover Recruitment and selection, empowerment and working condition have positive effect on job satisfaction, while compensation has negative effect on job satisfaction, which indicates that most of employees are not satisfied from payment of employer. Empirical findings concluded that best HR practices have significant and positive effect on employees job satisfaction. Therefore, it is suggested for HR manager to understand and implement the HR practices correctly to take good work from their employees.

**Keywords:** HR practices, Job satisfaction, Hotel industry, Pakistan, Peshawar region.

**JEL Classification:** M51, M52, M54.

### 1. Introduction

Human Resource Management (HRM) has become a very im-

portant and critical for organizations. The role of HRM cannot be ignored in organizational commitment and development. Success without Human Resource (HR) practices is impossible. According to Dessler (2007) HRM refers to the strategies and practices concern with the carrying out the HR aspect of management position which consists of HR planning, recruitment, orientation, selection, analysis, performance appraisal, training, compensation, labor relation and development. HR practices are originated to effect performance, commitment of employees and effectiveness of organization (Mottaz, 1986). Organizations are operating in a competitive atmosphere to execute the specified responsibility use new ideas and work beyond expectation (Katz, 1964) for this reason organization investing on HR to introduce Human Resources practices e.g. (recruitment, training, promotion, reward, positioning and performance appraisal etc.) to maintain employees (Dessler, 2009; Snell & Dean, 1992.) The use of efficient HR practices demonstrates strong correlation with firm's performance (Datta, Guthrie, & Wright, 2003)

In developing countries very limited investigation has conducted on HR practices (Sing, 2004; Yeganeh & Su, 2008; Mahmood, 2004). HRM consist of such policies and practices that control employee behavior, attitude and performance (Noe, Hollenbeck, Gerhart, & Wright, 2007). Beardwell, Holden, and Claydon (2004) summarized HRM activities under five heads (1) staffing (2) organizational design (3) employment training and organizational development (4) performance appraisal (5) rewards system and benefits.

Armstrong (2006) argues that the general purpose of the HRM is to make certain that the organization is able to accomplish the success through manpower. Similarly Noe, Hollenbeck, Gerhart, and Wright (2007) reveal that HRM consist of plans, practices and methods that effect employee attitude, behavior and performance. Inefficient HRM practices decreases employees towards their organization and eventually that will affect their commitment to the organization (Md. Tofael, 2012). Mohammed, Mohammed, Nimalathasan, and Sadia (2010) assumed that HR practices are directly correlated with job satisfaction.

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## 2. Literature Review

Generally, it is investigated that HR practices are associated with job satisfaction (Javed, Rafiq, Ahmed, & Khan, 2012). HR practices and job satisfaction are search out extensively in various parts of the world. It is supposed that HR practices are related with job satisfaction (Ting, 1997). This is also considered from the earlier findings in other disciplines like marketing, management and in organizational behavior indicated that HR practices are the chief indicator of job satisfaction to the work (Mottaz, 1985). Particularly HR practices are more important component of work condition that influences the job satisfaction of teacher (Ssesanga & Garrett 2005). Tessema and soeters (2006) has presented round about eight HR practices and their association with job satisfaction. These HR practices are consists of recruitment and selection, training, placement, employees performance evaluation, compensation, promotion, pension or social security and empowerment. They investigated that HRM practices had a positive impact on organizational fairness, job satisfaction and organizational commitment. Agarwala (2008) conducted a study on 66 employees of three manufacturing firms of India and examined that training is the major HR practices significantly correlated with commitment. Petrescu and Simmons (2008) investigated that the association between HRM practices and job satisfaction of workers in the perspective of UK. Similarly, Ostroff (1992) also found that job satisfaction has an enormous effect on organizational performance.

### 2.1. Recruitment and Selection

Refined recruitment and selection system can make sure a better fit between the individual's abilities and requirement of organizations (Fernandez, 1992). Hunter and Schmidt (1982) presented that consistency of employees could be accomplished through selection process which are based on ability. Dessler (2004) refers that methods and procedures is necessary for current or new employees, the skills and abilities they needed to executed their work related activities well.

### 2.2. Empowerment

Giving designation with no authority is same as introducing many rules but not executing such rules. When employees get empowerment their level of trust is increased (Moye & Henkin, 2006). Yazdani, Yaghoubi, and Giri (2011) argued that empowerment is ideas that gives benefits to organization, make a sense of belonging and satisfaction in the staff. Employees become loyal to the employer and create a winning combination among the employees and employers. Issues that affect employees' empowerment were examined and it recommended that employee's involvement is necessary not only in decision making but in the process of goal setting as well. Emamgholizaded, Borghei, and Matien (2012) carried out a study and identified that top level of employees involvement in decision making highly related to higher competence, meaningfulness, impact and

self-determination. Batt (2002) investigated that participation in self-managed team is related with highly significant levels of employment security, and satisfaction for workers and against for supervisors.

### 2.3. Compensation

Better industrial relations can create the appropriate working environment for all employees that ultimately influence job satisfaction (Khan & Taher, 2008). Compensation is a reward for employees in turn of their services (Weeratunga, 2009). Jenkins (1994) and Lawler (1990) argued that the reward may be in the form of pay, promotion, benefits, recognition and motivational factors. Compensation should be designed in a way that reinforces the desired behavior.

### 2.4. Working Condition

According to Majid (2001) working condition is that situation in which employees work and busy in activities such as training, working time and work life balance etc. Bezboruah and Oyun (2010) viewed that HRM has become a challenge for non-profit organizations because of attracting and retaining talented workforce for non-profit organization is very difficult task due to huge difference in compensation and benefits as compare to profit and public organizations. Employers also offered various working conditions for various employees regarding the type of employment offered permanent or contract. However, the study shall capture some of the components into consideration such as safety at work place; elastic arrangement, overtime, with no preference to any. Work elastic arrangements have effect on family conflict (Kossek, Lautsch, & Eaton, 2005).

### 2.5. Job Satisfaction

Haque and Taher (2008) noted that job satisfaction was first offered by Locke in 1976 who defined that it is a pleasurable or optimistic state from the assessment of someone job. Mullins (1993) stated that job satisfaction and motivation are inter related. Job satisfaction is a condition where one wants and other results match well (Locke, 1976). Job satisfaction can be also defined as the general attitude of individuals towards their jobs (Robbins, 1999). Job satisfaction has a considerable effect on employees "organizational commitment, turnover, grievance, accidents, tardiness and absenteeism" (Byars & Rue, 1997; Moorhead & Griffin, 1999).

Job satisfaction means mind set of distinct employees about the dimension of their jobs (Robbins, 1999). Another dimension which is related to employees' job satisfaction is the level of satisfaction and dissatisfaction of employees (Spector, 1997). Job satisfaction come out due to the different activities at work place e.g. the behavior of employees, relationship with colleagues or working condition (Bokemeier & Lacy, 1987). There are different issues which play an important role in employees job satisfaction e.g. culture of the organization, structure of the

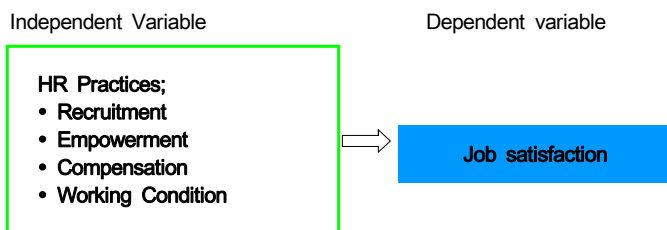
firm, working conditions, policies and strategies (Hofsted,1994). According to Loscocco and Roschelle (1991) that the significant element for employees is to attain a meaningful working environment, valuable and consider himself to be progressed. Accomplishment of employees'personal expectation is playing an important role in job satisfaction. Similarly, Aksaray, Yildiz, and Ergun (1998) observed that employee positive attitude towards their job is directly associated with job satisfaction. Chen, Yang, Shiau, and Wang (2006) investigated that there is strong effect of job satisfaction on behavior of employees such as absenteeism, psychological distress, turnover, and job performance.

### 3. Objectives

The main objective of this study is to identify the impact of HR practices such as recruitment, empowerment, compensation and working condition on job satisfaction. This study accomplishes the following objectives.

- To investigate the effect of HR practices such as recruitment, empowerment, compensation and working condition on job satisfaction.
- To address the relationship between HR practices such as recruitment, empowerment, compensation and working condition and job satisfaction.

### 4. Conceptual Framework and Hypotheses



<Figure 1> Research Model

- H1: There is a significant relationship between recruitment and job satisfaction.  
 H2: There is a significant relationship between empowerment and job satisfaction.  
 H3: There is a significant relationship between compensation and job satisfaction.  
 H4: There is a significant relationship between working condition and job satisfaction.

### 5. Research Methodology

This study is based on primary data. Primary data were col-

lected through closed ended or structure questioners which was presented to the employees of hotels. The target population for this study was the employees of KPK province working in different hotels. Ten hotels of Peshawar were selected from these hotels, 120 employees were selected as a sample through convenience sampling procedure and out of these 100 employees responded accurately. The questionnaire consists of 35 questions on HRM practices dimensions such as recruitment and selection, compensation, empowerment and working condition. A five point likert scale with five points is used to collect the data which start from strongly agree (1) to strongly disagree (5).

### 6. Results and Discussions

Table 1 show that there is significant relationship between the independent variables (recruitment and selection, compensation, empowerment and working condition) and dependent variable (job satisfaction). Recruitment & selection and empowerment highlights high correlation with job satisfaction as r=.51 and .50 respectively. While, compensation and working condition are correlated with job satisfaction at the value of .41 and .30 respectively. It is clear from table 1 that the p value of all variables are less than .05, which indicates significant relationship between HR practices and job satisfaction.

<Table 1> Correlation Analysis

		Job satisfaction	Recruitment and selection	compensation	empowerment
Job satisfaction	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	100			
Recruitment and selection	Pearson Correlation	.517**	1		
	Sig. (2-tailed)	.000			
	N	100			
compensation	Pearson Correlation	.411**	.423**	1	
	Sig. (2-tailed)	.000	.000		
	N	100	100		
empowerment	Pearson Correlation	.502**	.549**	.481**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	100	100	100	
Working condition	Pearson Correlation	.306**	.161	.069	.222*
	Sig. (2-tailed)	.002	.110	.493	.026
	N	100	100	100	100

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

In table 2, the value of R square indicates that 39.1% of the observed variability occurs in dependent variable (job satisfaction) due to independent variables (recruitment and selection, compensation, empowerment, working condition), whereas the remaining 59% is related with other variables that is not included in this study.

<Table 2> Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.625a	.391	.365	.428

a. Predictors: (Constant), recruitment and selection, compensation, empowerment, working condition

Table 3 indicated the model of fitness (analysis of variance). The value of F is 15.23% at significant level of .000, indicates that the model is good fitted.

<Table 3> ANOVA

Model	Sum of squares	df	Mean square	F	Sig.	
1	Regression	11.164	4	2.791	15.231	.000a
	Residual	17.409	95	.183		
	Total	28.574	99			

a. Predictors: (Constant), recruitment and selection, compensation, empowerment, working condition

b. Dependent Variable: job satisfaction

Table 4 shows that the constant value of T-statistics is .399 with  $p < .05$ . The coefficient of recruitment and selection (beta) is .282 with ( $p < .003$   $df=95$ ) and compensation (beta) is .178 at statistically insignificant level of .07 rejecting the research hypothesis H2 that compensation has significant relationship with job satisfaction so it falls in the area of rejection. The coefficient of empowerment (beta) is .172 with  $p < .041$  whereas the coefficient of working condition (beta) is .224 and its p value is less than .05 which is .01 highlights statistically significant relationship with job satisfaction. The overall model highlights that H1, H3 and H4 is accepted while H2 falls in the area of rejection.

<Table 4> Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.399	.309		1.293	.199
	Recruitment and selections	.282	.094	.296	3.006	.003
	compensation	.178	.099	.169	1.805	.074
	empowerment	.172	.083	.214	2.077	.041
	Working condition	.224	.092	.200	2.425	.017

a. Dependent Variable: job satisfaction

## 7. Conclusions and Recommendations

This study reveals contradictory with many studies in literature that compensation has positive effect on job satisfaction. The correlation tables clarify that the highest positive value of correlation between HR practices and job satisfaction show a positive and significant relationship. In the present study we include four dimensions of HR practices which are followed by most of the hotels in KPK. Most negatively correlation prevails in compensation and job satisfaction. The study indicated that all dimensions of HR practices are not satisfied in the hotels of Peshawar. This study concluded that it is necessary for Hotel industry in Pakistan to overcome on such practices which negatively effecting the HR practices.

- Employees should be rewarded properly and adequately.
- Promotion should be provided on the basis of qualification and experience to encourage the employees.
- Recruitment and selection should be unbiased.
- Proper working environment should be provided.
- Organization should pay a reasonable payment to their employees

The sample size of the study was small with ten hotels of Peshawar and could not cover the over hotels industry. This study should be conducted on large scale to cover all HR practices of Hotel industry of Pakistan. Several suggestions that are fruitful for future research that appears from the present study. For further research the present model can be tested in other business organization. For the validation of this study, case study is another approach. For better generalization, the present modal can be tested through qualitative research, so that the research modal can be generalized to other business organization.

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