

Effect of Human Resource Management Practices on Job Satisfaction: An Empirical Investigation of Nigeria Banks

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Abstract

This research paper investigated the effect of HRM practices on job satisfaction among Nigerian banks staff. The current study used five HRM practices such as compensation practice, supervisory role practice, promotion practice, training practice and performance evaluation practice. Self-designed structured questionnaire was used to collect data from respondents. Purposive sampling was employed to select six (6) banks while simple random sampling method was used to select ten (10) respondents from each bank totaling sixty (60) as sample size from their head office in Lagos. Multiple regression was used to analyze the data in order to determine the effect of HRM practices on job satisfaction and the result revealed that compensation practice, promotion practice, training practice and performance evaluation have positive effect on job satisfaction among Nigerian banks staff but only supervisory role practice has inverse effect on job satisfaction. The current study revealed that performance evaluation performance is most important factor for creating satisfaction among employees in Nigerian banks. The paper recommended that bank authorities should encourage mentoring to be enhanced and there should be adequate training in the area of employees' specialization through seminars and conferences in and out- side the country and also compensation and promotion should be improved as well.

Key words: HRM practice, Promotion, Training, Compensation, Bank and Nigeria

Introduction

The banking sector has played an important role in the Nigerian economy. However, despite all the good done by our banks, there has been a disturbing trend within the sector (Hamed, 2012). A decline in the economic growth and global financial crises have put these banks in a challenging situation through an impairment of their assets, pressures on margins and volatility in non-interest income; while an increased competition, higher cost of operation and regulatory tightening all add to the woes faced by these concerns (www.proshareng.com/news, 2013). Studies (Syed and Yah, 2012; Gürbüz, 2009 and Price, 2004) have shown that efficient usage of Human Resources Management (HRM) practices are the keys to achieve both short and long term objectives. Price, (2004) supported the assertion that employees constitute a vital part of organization resource, with the potential to enhance the organization's sustainable competitive advantage. Lado and Wilson (1994) defined a human resource system "as a set of distinct but interrelated activities, functions, and processes that are directed at attracting, developing, and maintaining (or disposing of) a firm's human resources." HRM practices means that it is a set of policies and practices which boost up the firm's human capital to contribute in the achieving of business objectives (Gürbüz, 2009). HRM practices involve organizational investments in individual employee's training, decision-making and participation, promotion opportunities, and the use of performance contingent rewards and open communication, (Meyer & Allen, 1997).

Several studies (Javed et al, 2012; Syed and Yah, 2012; Igbal, Malik and Ghafoor, 2013; and Price, 2004) were conducted on the impact of Human Resource Management Practices (HRMP) on job satisfaction among public sector employees in both developed and developing countries but few focused on private sector especially in Nigerian banking sector. Literature has failed to provide enough evidence in the role of Human Resource Management Practices in banking sectors. This research work is necessary at this time where many banks are thinking of merger and acquisition. This study aims to fill the gap in knowledge by focusing on the role of HRM practices in job satisfaction with special reference to selected banks in Nigeria.

Literature Review

According to Gerhart, (2007) HRM is a combination of multiple factors and these factors are practices, policies, and system which influence the behavior, attitude, and performance of the employee towards an organization in a positive way. HRM Practices are linked with the management of human resources, activities necessary for staffing the organization and sustaining high employee performance (Mahmood, 2004). According to Yeganeh and Su, (2008) the most common HRM Practices are recruitment, selection, training and development, compensation, rewards and recognition. Delaney and Huselid (1996) agreed that, HRM best practices are aimed to improve the overall performance of employees within the organization, ultimately resulting in increased organizational performance through job satisfaction.

Delaney and Huselid (1995) studied eleven practices that are personnel selection, performance appraisal, incentive compensation, job design, empower of decision, information sharing, attitude assessment, labour management participation, recruitment efforts, employee training and promotion and all have significant effect on job satisfaction.

Relationship between HRM practices and job satisfaction

Research findings of previous studies were mixed, for instance, Gürbüz (2009) examined the impact of HRM on job satisfaction and data was gathered from 480 blue collar employees of the 35 large firms of Istanbul, Turkey. Different variables were used which are empowerment, team work, Job rotation, participation and contingent compensation. Empirical result showed that dominant variable for the job satisfaction of employees is participation of the employees in decision making. Iqbal *et al*, (2013) investigated the impact of HR practices on job satisfaction in corporate sector of Punjab- Pakistan. They discovered that supervisor role has strong positive effect on job satisfaction while compensation policy and participation in decision making have no significant effect on job satisfaction. Syed and Yah (2012) also examined the impact of high performance HRM practices on employee job satisfaction in China. They found that empowerment, job rotation, employee participation, merit-based promotion and performance-based pay and grievance handling procedures were positively correlated with employee's job satisfaction. In the same line, Asta and Zivile, (2011) examined the HRM linkage with organizational commitment and job satisfaction. Empirical result indicated that skill enhancing, motivation enhancing, and engagement enhancing HRM practices have a positive relations with effective human resource reaction i.e. job satisfaction.

Javed *et al*, (2012) investigated the impact of HRM practices on employee job satisfaction in Public sector of Pakistan. They make use of these practices; training and development, reward and recognition and their findings showed that recognition and training and development are a key source of employee job satisfaction in Public sector of Pakistan, while reward did not have any significant impact upon employee job satisfaction. Masoodul *et al*, (2013) also investigated the impact of HRM practices on employee satisfaction and employee loyalty among government owned public sector banks of Pakistan. Three HRM practices were used such as compensation, empowerment, and appraisal system. Their findings indicated that employee compensation is most important factor for creating satisfaction among employees, while employee empowerment found to be significant factor for developing employee loyalty. Delaney and Huselid (1995) also studied eleven practices that are personnel selection, performance appraisal, incentive compensation, job design, empower of decision, information sharing, attitude assessment, labour management participation, recruitment efforts, employee training and promotion criteria. They found that four HR practices that are Compensation Practices, Promotion Practices, Performance Evaluation Practices and Empowerment Practices were predictors of job satisfaction in Pakistan. Taseem and Soeters (2006) studied about eight HR practices and their relation with job satisfaction. These HR practices are recruitment and selection practices, placement practices, training practices, compensation practices, employee performance evaluation practices, promotion practices, empowerment and social security or pension and each has significant effect on job satisfaction.

However, Adeel *et al*, (2011) had contrary opinion with Taseem and Soeters (2006) who affirmed that each of eight HRM practices has significant effect on job satisfaction. They investigated the impact of HRM practices on job satisfaction of University teachers in Pakistan Universities. Their result showed that compensation practices, employee performance evaluation practices, promotion practices and empowerment practices were not predict job satisfaction but other factors predict job satisfaction. Therefore, this research paper hypothesized that:

- H_{o1} Compensation practice has no positive effect on job satisfaction among Nigerian banks' staff.
- H_{oII} Supervisor role has no positive effect on job satisfaction among Nigerian banks' staff.
- H_{oIII} Promotion practice has no positive effect on job satisfaction among Nigerian banks' staff.
- H_{oIV} Training practice has no positive effect on job satisfaction among Nigerian banks' staff.
- H_{oV} Evaluation performance practice has no positive effect on job satisfaction among Nigerian banks' staff.

CONCEPTUAL FRAME WORK

After the careful study of literature review, the following conceptual model is formulated to illustrate the impact of HRM practices on job satisfaction.

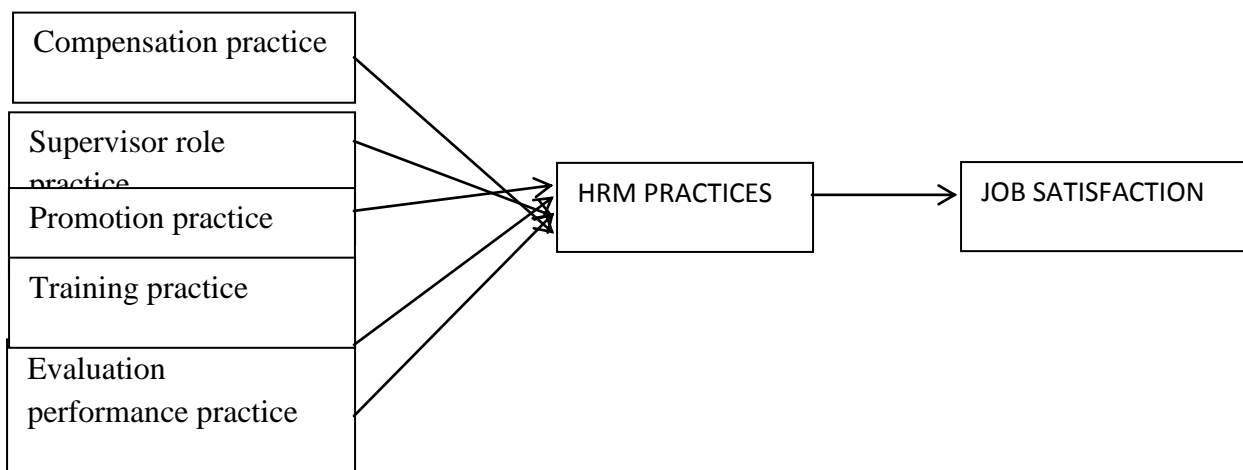


Figure 1: Research Model

Source: Designed by researchers.

Mathematically, the model is expressed as follows:

$$JS = F(X_1, X_2, X_3, X_4, X_5)$$

$$JS = \beta_0 + \beta_1X_1 + \beta_2 X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \epsilon$$

Where;

JS = Job Satisfaction

X₁= Compensation Practice

X₂= Supervisor role Practice

X₃ = Promotion Practice

X₄= Training Practice

X₅= Evaluation performance Practice

β₀ = Intercept

β₁- β₅ = Regression coefficient

ε= Stochastic error term

Methodology

Self-designed structured questionnaire was used to collect data from respondents. Purposive sampling was employed to select six (6) banks, such as Diamond bank, Zenith bank, First bank, GT bank, FCMB bank, and Sterling bank while simple random sampling method was used to select ten (10) respondents from each bank totaling sixty (60) as sample size from their head office in Lagos. The participants were drawn randomly from different departments of the six selected banks. The instrument used in this study was a close-ended questionnaire designed by the researchers. The response format was in likert form with indications ranging from strongly agree (5) to strongly disagree (1). In order to establish the reliability of the research instrument, a test - retest method was used. The result of the reliability test for job satisfaction, compensation practice, supervisory role practice, promotion practice, training practice and performance evaluation practice were 0.80, 0.78, 0.85, .81, 0.79 and 0.77 respectively. This indicates that the instrument is reliable. In confirming the facts and contents validities of the instrument, it was given to experts for verification. Data collected were analyzed using and multiple Regression analysis with the aid of Statistical Product and Service Solution (SPSS).

Data Analysis And Interpretation Of Result

Table 1a

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.742 ^a	.551	.509	.46874

a. Predictors: (Constant), Performance evaluation practice, Supervisory role practice, Training practice, Promotion practice, Compensation practice

Table 1b

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.535	5	2.907	13.231	.000 ^b
	Residual	11.865	54	.220		
	Total	26.400	59			

a. Dependent Variable: Job Satisfaction

b. Predictors: (Constant), Performance evaluation practice, Supervisory role practice, Training practice, Promotion practice, Compensation practice

Table 1c
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.003	1.129		2.661	.010
Compensation practice	.325	.200	.221	1.622	.111
Supervisory role practice	-.305	.112	-.271	-2.726	.009
Promotion practice	.228	.126	.189	1.815	.075
Training practice	.180	.157	.120	1.147	.257
Performance evaluation practice	.290	.078	.526	3.730	.000

a. Dependent Variable: Job Satisfaction

The result in Table1a and b show that the predictor variables (compensation practice, supervisory role practice, promotion practice, training practice and performance evaluation practice) were significant joint predictors of job satisfaction ($F(5, 54) = 13.231$; $R^2 = 0.55$; $P < .01$). The predictor variables jointly explained 55.1% variance of job satisfaction among Nigerian banks' staff. This implies that HRM practices are key managerial tools in enhancing employee job satisfaction.

Table1c shows that compensation practice ($\beta = 0.325$; $t = 1.622$; Pns), training practice ($\beta = 0.180$; $t = 1.147$; Pns) and promotion practice ($\beta = 0.228$; $t = 1.815$; Pns) have positive effect on job satisfaction but insignificant, while performance evaluation ($\beta = 0.290$; $t = 3.730$; $P < .01$) independently significant predict job satisfaction, but supervisory role practice ($\beta = -0.305$; $t = -2.726$; $P < .05$) has significant inverse effect on job satisfaction.

Discussion of Findings

The result from the Table 1a revealed that HRM practices contribute significantly (55.1%) to job satisfaction among employees of Nigerian banks. This implies that HRM practices have significant impact on job satisfaction. Table 1c showed that compensation practice has positive effect on job satisfaction. This result finding is in line with Mashoodul *et al*, (2013) and Delaney and Huselid (1995) who asserted that compensation is a strong managerial tool that enhances job satisfaction. Promotion practice was revealed also that it has positive effect on job satisfaction. this result is not supported Delaney and Huselid, (1995) who found that promotion has no effect on job satisfaction but the result is conform to Syed and Yah (2012) who affirmed that promotion is a key to job satisfaction. Performance evaluation also has significant effect on job satisfaction and this supports previous researchers (Delaney and Huselid, 1995 and Taseem and Soeters, 2006) who asserted that performance evaluation is a motivational tool to enhance job satisfaction. Also, result revealed that training practice has positive effect on job satisfaction and this result supports Asta and Zivile, (2011) who opined that training is one of managerial tools that enhance job satisfaction.

However, the result revealed that supervisory role practice has negative effect on job satisfaction. This may be as a result of poor mentoring relationship. Result did not support Igbal *et al*, (2012) who agreed that supervisory role has positive effect on job satisfaction.

Table 2: Summary of Hypotheses Testing

Hypothesis	Result
Compensation practice has no positive effect on job satisfaction among Nigerian banks' staff.	Rejected
Supervisory role practice has no positive effect on job satisfaction among Nigerian banks' staff.	Accepted
Promotion practice has no positive effect on job satisfaction among Nigerian banks' staff.	Rejected
Training practice has no positive effect on job satisfaction among Nigerian banks' staff.	Rejected
Performance evaluation practice has no positive effect on job satisfaction among Nigerian banks' staff.	Rejected

Conclusion And Recommendations

This research paper investigated the effect of HRM practices on job satisfaction among Nigerian banks staff. The current study used five HRM practices such as compensation practice, supervisory role practice, promotion practice, training practice and performance evaluation practice. On the basis of the findings of this research work, it can be concluded that compensation practice, promotion practice and performance evaluation have positive effect on job satisfaction among Nigerian banks staff but supervisory role practice and training practice have negative effect on job satisfaction among Nigerian banks staff. The current study revealed that performance evaluation performance is most important factor for creating satisfaction among employees in Nigerian banks. The paper recommended that bank authorities should encourage mentoring relationship to be enhanced and there should be adequate training in the area of employees' specialization through seminars and conferences in and out- side the country and also compensation and promotion should be improved as well.

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