



Human Resource Management Practices and Its Effects on Job Satisfaction Levels of Employees: An Analysis on the Selected SMEs in the Iron & Steel Industry of Erbil KRI

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Abstract

This study aims to investigate the impact of HRM practices and its effect on employee's job satisfaction in the iron and steel sector of Erbil, KRI. The objectives of the study are three fold, first to measure the degree of association between HR practices and job satisfaction. Second, to find out the impact of HR practices on job satisfaction and at last to propose some measures in order to enhance the job satisfaction level of the employees concerned to the selected iron & steel enterprises. A structured questionnaire was developed and distributed among 70 employees of three firms in Erbil, whereas 50 employees answered rightly. Most of the employees showed positive answers toward HR practices on them. This thing leads toward rejection of our Ho and acceptance of H1. Those who left behind with less positive answers main reason were found during survey that was they are with less education so that's why they get less opportunities in order to develop themselves. Related to future research other authors can consider other variables that are not covered by this research such as staffing and package because human practices covers various range.

Key words: HR Practices; Job Satisfaction; Steel and Iron Firms; Erbil

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Introduction

The impact of human resource management (HRM) practices popularly known as HR practices on organizational performance and employee attitudes has been a leading area of research in the developed world for years. But surprisingly, very limited number of studies has been conducted on HR practices in the

context of developing countries in general. Therefore, despite valuable contribution supported by empirical evidence in this regard mostly from manufacturing companies in the United States and the other developed countries, the above mentioned pertinent research gaps in this study has been conducted to fill the existing research gap and to explore the relationship between HR practices and job satisfaction in the context of Iraqi iron and steel industry. This study would expand the contemporary research and practice of human resource management. Furthermore, it would also be useful for the developed countries as they find developing countries like Iraq as attractive platform for investment and for establishing BPO centers due to their large markets, and cheap and skilled work forces. It is therefore essential to investigate the potential impact of human resource management practices on employee's job satisfaction.

This paper aims to investigate the impact of HRM practices on employee satisfaction in the sector of iron and steel of Kurdistan.

Literature Review

Today many organizations are under pressure to improve performance. Organizations are experiencing massive changes in the demands for products and services they provide. This has increased the need for organizations to not only improve the way they deliver services, but also to examine their practices, organizational mission and goals, performance objectives, and performance measures. Thus, there is a new emphasis on the human factors associated with organizational goals and performance. The effective management of people within the organization is important to the organization's efficiency and effectiveness. Public service improvement depends on better management, including a focus on leadership and human resource management (HRM) practices. He maintained the focus on regulations and organizational structure limits the progress of today's public organizations. HRM consists of all the tasks involved in ensuring the effective and efficient use of the people inside the organization to meet an organization's goals and objectives. The process of effective management of people means cultivating effective work environments, fostering employee participation and contribution to the organization's success. An abundance of research has been conducted on HRM and its influence on organizational performance, organizational commitment, organizational culture, organizational climate, empowerment, leadership style, and turnover (Gerhart, 1996).

Most of the research conducted was in the private sector. Seldom has there been research conducted on the relationship between HRM practices, job satisfaction, and organization performance in a service sector. Furthermore, little or no research compares the perceptions employees working in BPO sector in the Service Industry. Therefore, the current study explored the HRM practices, perceived job satisfaction, and perceived organizational performance of employees.

A growing body of empirical research has examined the effect of certain human resource management practices on the firm performance. Although there is a long list of human resource practices that can affect independently or collectively on the organizational performance. Human resources are considered the most important asset of an organization, but very few organizations can fully harness its potential. We had taken some important human resource practices which affect the organizational performance. There is increasing interest in the notion that complementary bundles of human resource practices enhance organizational performance (Wang, 2012).

Training

Training is an action of teaching a person, a particular skill or type of behavior. Training refers to the methods used to give new or present employees the skills, knowledge, behaviors and other abilities they need to perform their jobs. Training is improving the one's capability, capacity, productivity, and performance. Training is intended to modify individual's skills or attitudes .Training is positively associated with the job satisfaction, and job satisfaction is positively associated with the organizational performance (Calhoun et al, 2008).

Performance Appraisal

Performance appraisal is the process to access the individual performance and productivity. It means how well he or she is performing on the job and establishing the plan for improvement. Performance appraisals

are employed to determine who needs what training, and who will be promoted, demoted, retained, or fired. When people perceive an imbalance in their outcome-input ratios relative to others tension is created. If it is not present in an organization, it caused many problems like low morale, decreased employee productivity and low enthusiasm to support the organization, and it declines the organizational performance (Green, 2004).

Employee Participation

Employee participation is the process in which employees are involved in decision-making processes, rather than simply acting on orders. Employee participation is part of a process of empowerment in the workplace. Employee Participation is defined as a process in which influences are shared among individuals who are otherwise hierarchically unequal. Employees participation known as the employee involvement in decision making, persuade the involvement of stakeholders at all levels of an organization in the examination of problems, development of strategies and implementations of solution. Participation of employee can satisfy the employee's needs and the employee involvement boost the job satisfaction, so it shows the positive association between them (Syed & Yan, 2012).

Job Definition

Job definition means the job description in the organization. Job description covers the tasks, duties, and responsibilities. If these are clear, then it can enhance the organizational performance. It defines the duties, and the tasks responsibilities that are expected of the employee and the company expect from him to perform. The job definition is the combination of the knowledge skills and abilities. The majority of hiring mistakes could be prevented if the people responsible for the hiring simply did a more effective job of determining exactly what they were looking for before they started to look for the candidates. The job description is a living and effective document that dictate success (Manning, 2012).

Compensation

Compensation means the pay, money, monetary tool awarded to someone. Compensation is a pay practice one of the human resource management practices which normally refers to pay, wages, salary, and benefit, etc. Compensation is the reward system a company provides to an individual who is excellent. Reward system is based on the performance of the employees that ultimately enhances the firm perform. The compensation system in any organization has a significant effect on the employee's productivity and the organization's growth. Performance-based compensation has a positive effect on employee and organizational performance (Vlachos, 2009).

Job Satisfaction

Employee satisfaction is the terminology used to describe whether employees are happy and contented and fulfilling their desires and needs at work. Job satisfaction is concerning one's feelings or state of mind regarding the nature of their work. Job satisfaction defined as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience . It defines attitude individuals have about their jobs results from their perceptions of jobs and the degree to which there is a good fit between individuals and organizations. Job satisfaction is a significant factor in many studies, and it acts as a mediating variable and an issue in the organization (Jehanzeb et al, 2015).

Organizational performance

Organizational performance means the organization sales growth, market share growth, financial growth and the overall growth of an organization. Organizational performance encompasses three specific areas of firm outcomes: (1) financial performance (profits, return on assets, return on investment, etc.) (2) Market performance (sales, market share, etc.) and (3) shareholder return (total shareholder return, economic value added, etc.) (Richard, 2009).

Training on Job Satisfaction

Training plays an important part in job satisfaction. Providing formal and informal training experiences, such as necessary skills training, coaching, mentoring, and management development can further influence

employees' development. Human capital theory defines some labor is more productive than others because more resources invested into the training of the labor. As A Result of the training, job satisfaction needs to be applied to influence the workers to stay longer in their organizations. Training is necessary because many changes come in a competitive environment. The current market nowadays faces increasingly rapid amount of changes in technology, system, and products (Awan, 2013).

Training on Organizational performance

Training is an important factor for productivity as higher productivity observed in firms that result of training. If the employee couldn't understand the job, then he would prefer another job so the company can enhance the employee productivity by investing more money in the employee training. There is a relationship between job training and productivity; however job training tends to be losing value when the workers change job. Therefore, the organization or firm increase the cost of keeping trained position filled. Employee productivity generated more revenue. A high level of a skilled and competent workforce can contribute to the firm's success by developing a comprehensive and internally cohesive human resource management system (Beh, 2013).

Research and Methodology

Problem statement

Employees' satisfaction involves employee's emotions and their feelings. It has a major impact on their work lives and for this reason it also influences their behavior as employees and their loyalty, commitment, teamwork, relationship with other staff attitude and behavior. Employee' satisfaction is a central task of organizational management.

Managers feel their moral responsibility for maintaining high levels of employee job satisfaction, because of its impact on productivity. It has been recognized by different organizations that a satisfied workforce contributes enormously towards organizational effectiveness and ultimate survival. (Mahmood 2013).

In addition to the above, there is little research or literature on the human resource management (HRM) impact on employees' satisfaction in the steel sector of Erbil. Also it is said that if internal employees not satisfied external also cannot be satisfied. Employee satisfaction is a pre-requisite for employee performance in any company. It is significant for both the employee and the employer. For the employee, job satisfaction gives them a sense of security and fulfillment. In return, it leads to employee commitment, reduced absenteeism and decreased employee turnover. For the employer, employee job satisfaction ensures committed staff and stable workforce which reduce cost of recruitment and training. Job satisfaction refers to an individual's general attitude toward his or her job.

Therefore, this study is enthusiastic to investigate the impact of HRM practices on employees' satisfaction in the Steel sector of Erbil, KRI as its one of the major profitable sectors in Erbil, KRI Iraq.

Research Questions

Specifically, this study has been conducted to find the answer to the following research questions

RQ1: Is there any significant association between HR practices and Job Satisfaction?

RQ2: Do HR practices have any resultant impact on Job Satisfaction?

Research Objectives

The main purpose of the study was to evaluate the impact of HR practices on job satisfaction in small and medium sized iron and steel firms in Erbil. In order to meet this objective, the following specific objectives have been taken up under our consideration:

1. To measure the degree of association between HR practices and job satisfaction.
2. To find out the impact of HR practices on job satisfaction.

3. To propose some measures in order to enhance the job satisfaction level of the employees concerned of the selected iron & steel enterprise.

Significance of the study

This study is considered as one of the few local studies that conduct the impact of human resource management practices on employees' satisfaction in upon steel sector of Erbil, KRI.

The result of this study will be important not only for the steel sector but also for the other sectors, it will help them to identify the HRM practices that leads to higher employee satisfaction and higher profitability. This study is also beneficial for academics to compare the HRM impact on different organizational performance aspects.

Therefore, the importance of this study derives from the importance of the variables that is dealing with and the following scientific and practical considerations:

1. Provide a comprehensive survey of the study variables concepts and dimensions that can be relied upon to measure the study variables, so that it can benefit researchers and practitioners as a starting point for their future research.
2. Provide a systematic basis in the field of measuring human resource management practices impact on employees' satisfaction that may help to rely on measures that have a high degree of reliability and validity.
3. Highlighting the nature and importance of the human resource management practices for the benefit of the future project strategies that Jordanian telecommunications companies can benefit from.
4. Contribute to the development of the Jordanian telecommunication companies which may lead to maintain these companies work effectively that help on the public benefit.

The data was collected through the questionnaires. It was distributed equally to support staff at all steel and iron firms in Erbil. The sampling technique that was being used in this research was non-probability sampling technique, which includes convenience sampling technique. We had selected the sample of 50 employees who were working in different departments of firms. This sample size was enough to get the results. In this research, the total number of variables were five, and each variable having questions in questionnaire. The sample size was 50. The Questionnaire survey tool was used to collect the data. The structured questionnaire was used and this research based on the Self-developed instrument on five likert scale.

Research Model

In this study, we want to check the effect of human resource practices and its effect on employees job satisfaction. Moreover, this research needs to cover the relationship between the variables. We were intended to check whether the association actually existed between the variables which the researchers presented in the framework and if yes then what could be the possible factors for that. The statistical tools which were being used in this research is Microsoft Excel 2010 versions. In this research, there were different variables, and various questions like, training was the independent variable and we checked whether it was positively or negatively related to the employee's job satisfaction.

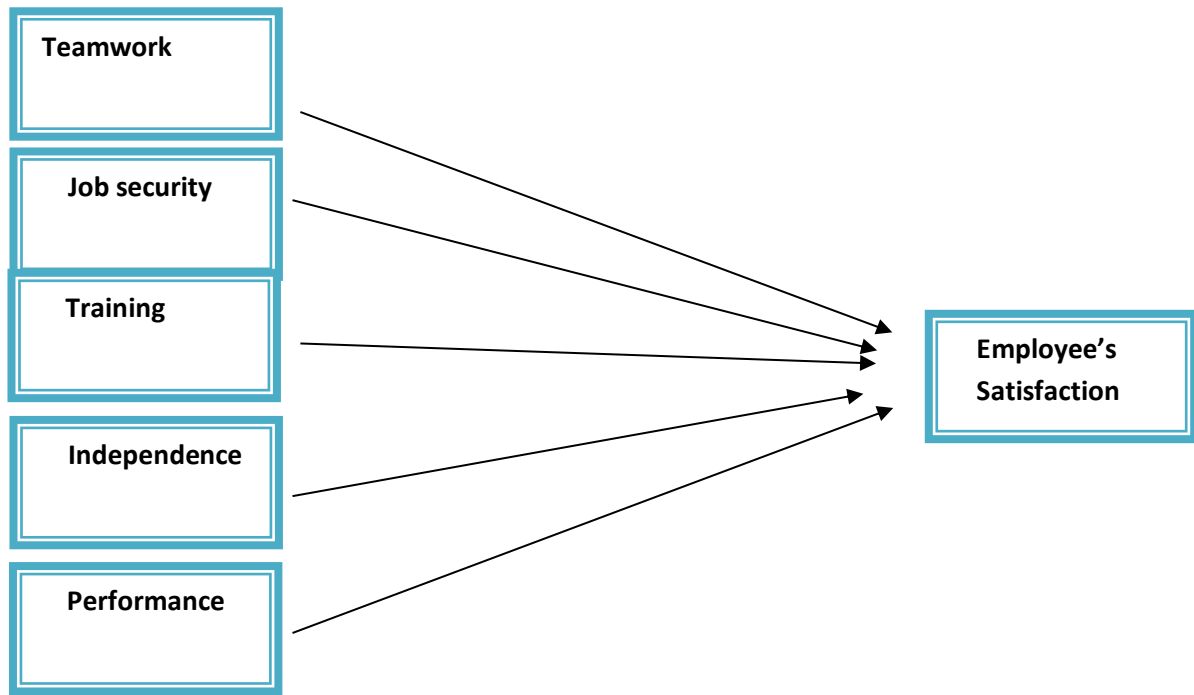


Figure: 1 Research Model

Population and Sample Size

In this study population is all the firms related to iron and steel in Erbil, KRI and selected sample size are three firms of iron and steel firms from Erbil. The names are 1. 2. 3.

Hypothesis

Following are the two hypothesis are proposed in this study :

H1: HR Practices don't have positive and significant impact upon jobs satisfaction of the employees of iron and steel firms in Erbil

H0: HR Practices have positive and significant impact upon jobs satisfaction of the employees of iron and steel firms in Erbil.

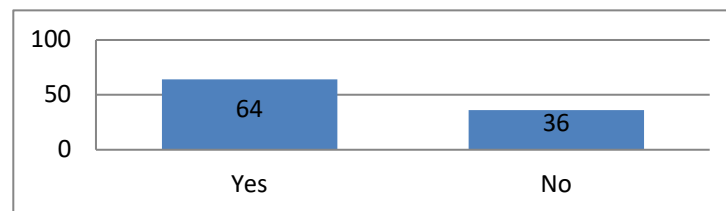


Figure 2: Have you held any management position in your organization?

In this question 64% people said they got management position where as 36% people said that they did not get ever any management positions in their organization.

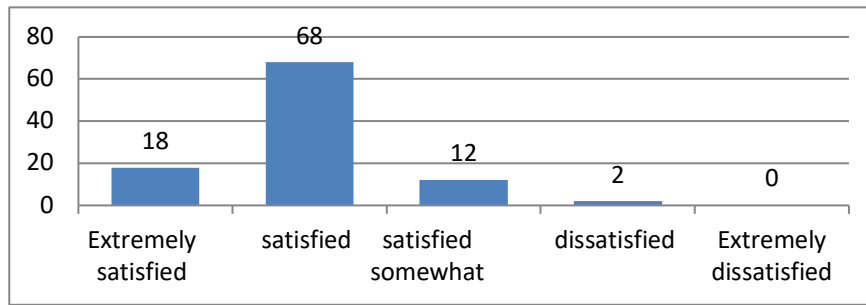


Figure3 : You have opportunities in your job to make full use of your skills and abilities.

Regarding this question 18% people are extremely satisfied and 68% people are satisfied where as 12% people are satisfied somewhat and at end 2% people were dissatisfied. so in this question mostly 68% people are satisfied with their skills and abilities .

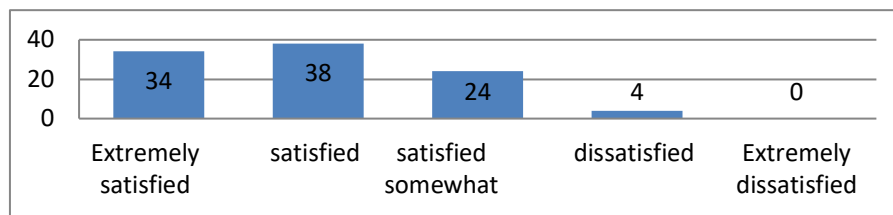


Figure 4 : You are _____ about the efforts made by the organization to promote people within the organization.

In this question 34% people are extremely satisfied and 38% people are satisfied where as 24% people are satisfied somewhat and at end 4% people were dissatisfied. So in this question mostly 38% people are satisfied with the efforts of their organization.

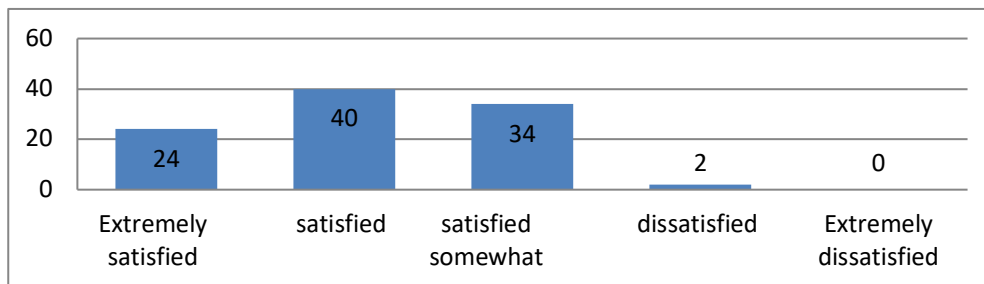


Figure 5: You have promotion opportunities.

In this question 24% people are extremely satisfied and 40% people are satisfied where as 34% people are satisfied somewhat and at end 2% people were dissatisfied . So in this question mostly 40% people are satisfied with their promotions.

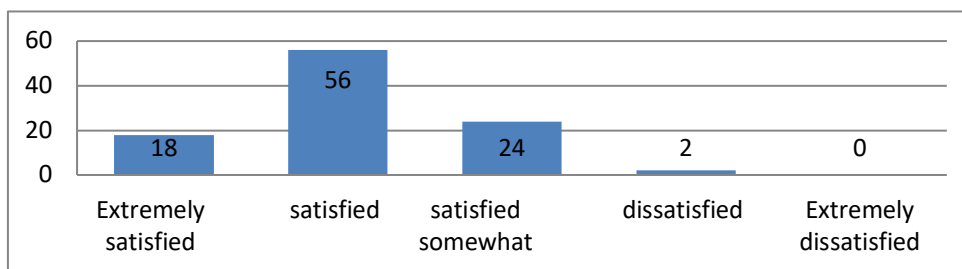


Figure 6: You have flexible amount of choice in deciding how your job should be done.

In this question 18% people are extremely satisfied and 56% people are satisfied where as 24% people are satisfied somewhat and at end 2% people were dissatisfieds . Though in this question mostly 56% people are satisfied with flexibility amount of choice .

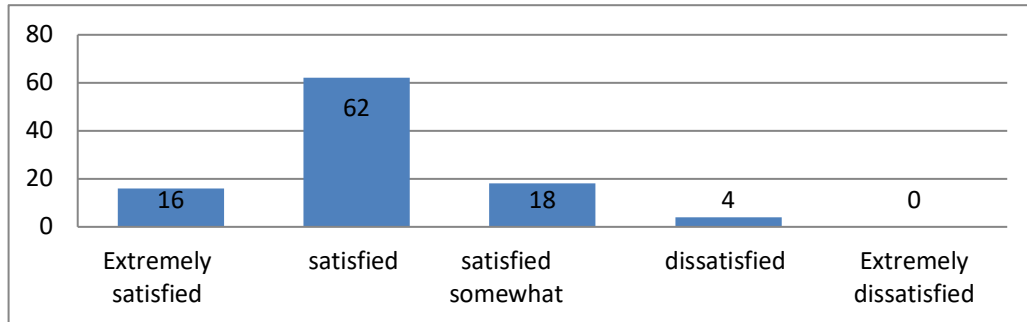


Figure 7: You have opportunities to make suggestion about issue effecting your work.

In this question 16% people are extremely satisfied and 62% people are satisfied where as 18% people are satisfied somewhat and at end 4% people were dissatisfieds . In this way 62% people are satisfied that they get opportunities for suggestions regarding their work.

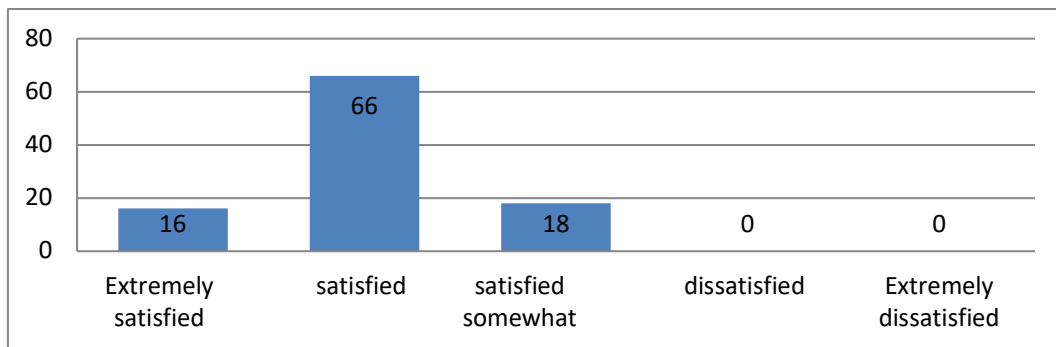


Figure 8: You have opportunities to choose your own job assignments.

In this question 16% people are extremely satisfied and 66% people are satisfied at end 18% people are satisfied somewhat and . So in this question mostly 66% people are satisfied the way of their work.

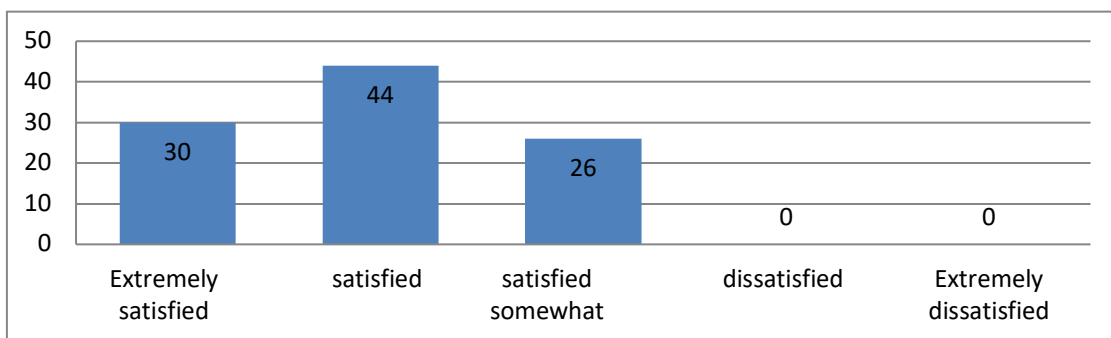


Figure 9: You have the influence in deciding the way your work is organized.

In this question 30% people are extremely satisfied and 44% people are satisfied at end 26% people are satisfied somewhat and . So in this question mostly 44% people are satisfied in deciding the way of their work.

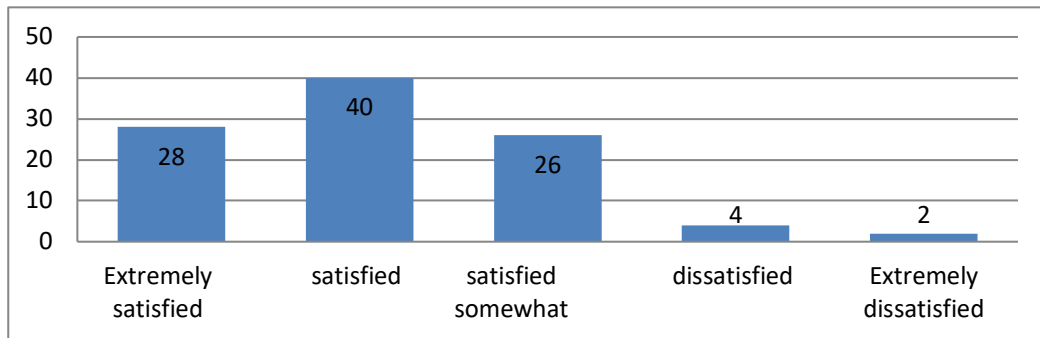


Figure 11: You are _____ about the information provided to you concerning important new initiatives at work.

In this question 28% people are extremely satisfied and 40% people are satisfied where as 26% people are satisfied somewhat and 4% people were dissatisfied and at end 2% people were extremely dissatisfied. So in this question mostly 40% people are satisfied with the information that is provided to them regarding new initiatives at work.

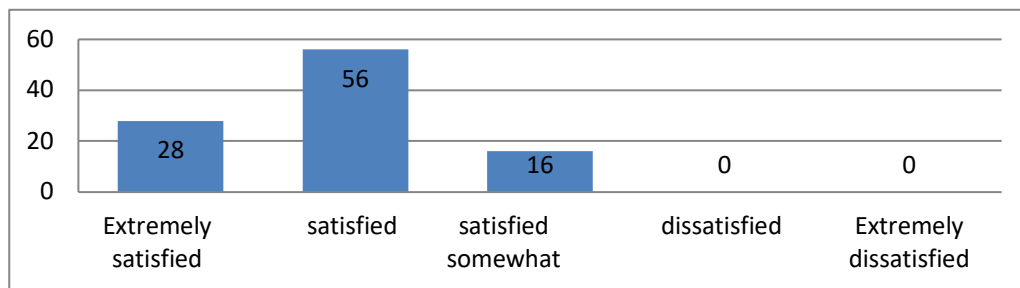


Figure 12: You are _____ provided information on future plans for the organization.

In this question 28% people are extremely satisfied and 56% people are satisfied at end 16% people are satisfied somewhat and . However in this question mostly 56% people are satisfied that they are informed about future plans for the organizations.

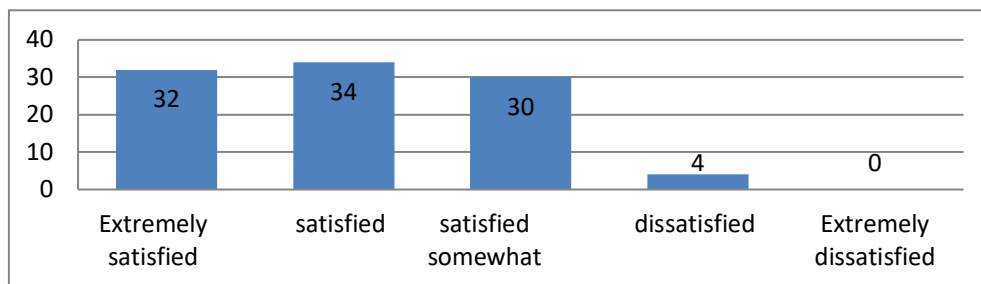


Figure 13: You are _____ about the amount of training you received.

In this question 32% people are extremely satisfied and 34% people are satisfied where as 30% people are satisfied somewhat and at end 4% people were dissatisfied . yet in this question mostly 34% people are satisfied with their amount of training.

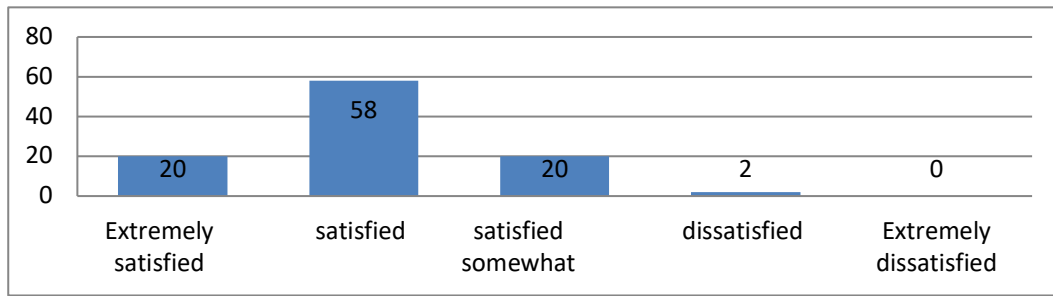


Figure 14: You have opportunities' for engagement in training and education activities that are beyond that needed in your job.

In this question 20% people are extremely satisfied and 58% people are satisfied where as 20% people are satisfied somewhat and at end 2% people were dissatisfied . Nevertheless in this question mostly 58% people are satisfied that they get opportunities for engagement in training.

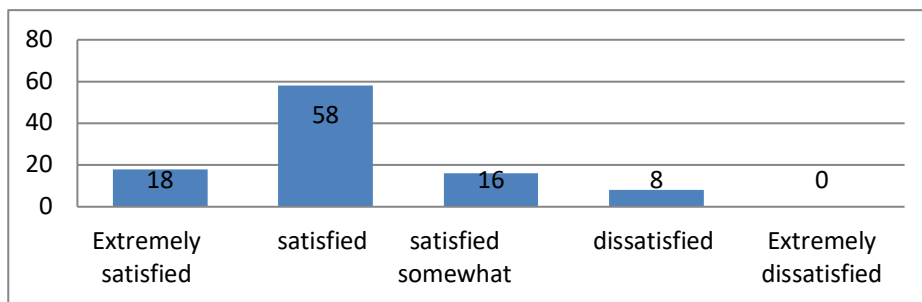


Figure 15: You can receive the financial support from your employer for future education.

In this question 18% people are extremely satisfied and 58% people are satisfied where as 16% people are satisfied somewhat and at end 8% people were dissatisfied . Though in this question mostly 58% people are satisfied with the financial support from their employer.

Conclusion

The study was related to human resource practices and its consequences upon employee's job satisfaction related to iron and steel sector of Erbil, KRI. This study contains upon three objectives that are to measure the degree of association between HR practices and job satisfaction. To find out the impact of HR practices on job satisfaction and to propose some measures in order to enhance the job satisfaction level of the employees concerned of the selected iron & steel enterprise. In order to achieve above objectives questionnaire were created keeping in view five variables (see chapter three). Three firms of Erbil related to iron and steel sector were selected in order to get data and seventy questionnaires were distributed whereas fifty were get fully with answered. Most of the employees showed positive answers toward HR practices with them such as 62 % employees said they give valuable suggestions toward work and 66% employees said that company is lenient with them regarding task selection and 64% said that they are involved in management positions and 68 % said they get opportunities in their jobs to make full use of their skills and abilities and 56 % employees were agree that they are flexible with their jobs so in this way most of them having consequences of HR practices toward their job satisfaction and this thing leads toward rejection of our Ho and we are fail to reject H1.

Those who left behind with less positive answers main reason were found during survey that was they are with less education so that's why they get less opportunities in order to develop themselves.

Recommendations

Companies related to iron and steel manufacturing sector can boost the capacity and involvement of their employees with positive motivation and appreciation even upon their small achievement because this thing is noted during survey minority is having less education so that's why they have less chance to boost themselves in their career.

Limitations and future research of the study

The big limitation of the study was less time during our survey and could not add the other firms related to steel and iron manufacturing sector so our focus was upon three firms that was located in Erbil. After this few other small challenges faced such as time availability of the employees and language barriers our research was in English.

Related to future research other authors can consider other variables that is not covered by this research such as staffing and package because human practices covers various range.

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