

## **HR Practices Related Financial Outcome and their Consequences on Employees Satisfaction (with Special Reference of Economy of Erbil Kurdistan Region Iraq)**

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#### **ABSTRACT**

This research contributes the output of HR Practices on employee's contentment and commitment at companies in Erbil Kurdistan. The problem of research is to address the use of HR activities in some private local companies in above mentioned area. In order to reach the research objectives an over view of HR activities is presented to enhance the theoretical part of this research. A questionnaire is also developed and distributed in HR departments of the surveyed companies for collection of data. Then data statistically analyzed by multiple regression and reliability analyses to reach results. The analyses of data show significant result of all independent variables. Thus, our H1 is accepted and Ho is rejected the conclusion is that all studied companies are using human resource practices at different levels.

### **1.0 Introduction**

**This** Chapter Determines the introduction of HR , general backgrounds of the research and contains the research problem, its importance, objectives, Hypotheses, model and samples.

Humans are organization's greatest assets; without them every day business function such as managing cash flows, making business transactions, communicating through all forms of media, and dealing with customers would not be completed. Humans and the potential they possess drive an organization. Today's organizations are continuously changing. Organizational change impacts not only the business but also its employees. in order to maximize organizational effectiveness, human potential, individual's capabilities, time and



talent must be managed. Human resource management works to ensure that employees are able to meet the organization's goals.

Human resource management as a profession is a rapidly expanding field. By 2010, companies will have an unprecedented need for replacement talent. Within the field, the role of the human resource professional is also evolving from the essentially based in transactions and service to one that is more strategically oriented. While HR professionals will continue in the traditional functions of recruiting and hiring new employees, overseeing compensation and benefits, improving employee relations and ensuring compliance with labor law, they will also be expected to be key contributors to the business strategy of the organization.

There is growing recognition that a quality of an organization's human resource plays a central role in today's competitive business environment. In recent years, HR has taken an increasingly strategic dimension, while issues such as globalization, the changing social contact between employer and employees, a more complex regulatory climate, and rapid technological developments have created both new opportunities and new challenges. As a result of these requirements, modern managers must have a broader and deeper skill set and management perspective if they and their companies are to succeed. HR professionals must be knowledgeable about the structure, operation and dynamic relationships of organizations. They not only need to demonstrate expertise in the traditional HR functional areas of recruitment and selection, compensation, training and development, employment law, pension and benefit, labor relations, performance management, occupational health, safety and human resource planning, but also need to develop the business skills necessary to become a more strategic partner and to contribute to the organization's bottom line. The skills required include a greater financial orientation, as well as strategic thinking and planning skills, an enhanced ability to deal with metrics, and a ability to innovate and develop new programs and products. Because of increasing globalization of business, HR professionals require a more global and multicultural perspective and must understand the resulting implications for businesses.

Human resource professionals can play a major role in assisting their organization to analyze, plan and implement change. They can contribute greatly to the design, development and implementation of nontraditional relationships between organizations and individuals. And they can lead the way toward greater understanding and sophistication about diversity management.

This article explores satisfaction with the human resource practices and their consequences in big organizations of Erbil, in order to understand the impact of these practices observed by the employee over their satisfaction. This research considers the role of

HR practices as impact in understanding employees and change they observe Changes one of the feature of organization life that employees increasingly experience. Yet very little is known about the role that HR practices from Erbil Kurdistan's perspective. However this article tries to fill up the gap as some extent.

### **1.1. Research Problem**

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.

The purpose of this research is we want to determine that HR practices and their consequences on employee satisfaction in Erbil region of Kurdistan. Following are the main research questions.

- Do HR practices exist in Kurdistan Region in real time?
- Are Employees satisfied with HR practices?
- To know the extent of HR practices?

### **1.2. Research Importance**

15 % success is due to technical skills and 85 % due to the skills in human engineering. It's the people in an organization that carry out many important work activities. Managers and HR professionals have the important job of organizing people so that they can effectively perform these activities. This requires viewing people as human assets, not costs to the organization. Looking at people as assets is part of contemporary human resource management and human capital management.

### **1.3. Research Model**

Coates and Hall in 2001 gave a conceptual framework for HR practices that proposed that all those organizational concepts that seem to be strongly influenced by people but can also become the drivers for sustainable competitive advantage in an era of new demands and rapid organizational change. Their framework gave the following points

- Takes into consideration the already existing theoretical knowledge;
- attempts to shed some light in the relationship between the constructs under examination; and
- Has the intention to contribute towards the better understanding of the specific mechanisms through which HRM practices influence employee's satisfaction.

In order to better understand from an employee perspective the role of HRM in the organizations of Erbil Kurdistan . The research sets out to explore how a number of variables work together to influence the employee's satisfaction level. The two variables are involved

in this study. Employee’s satisfaction are taken as depend variable while the HR PRACTICES are as an independent variable.

#### **1.4. Theoretical Framework**

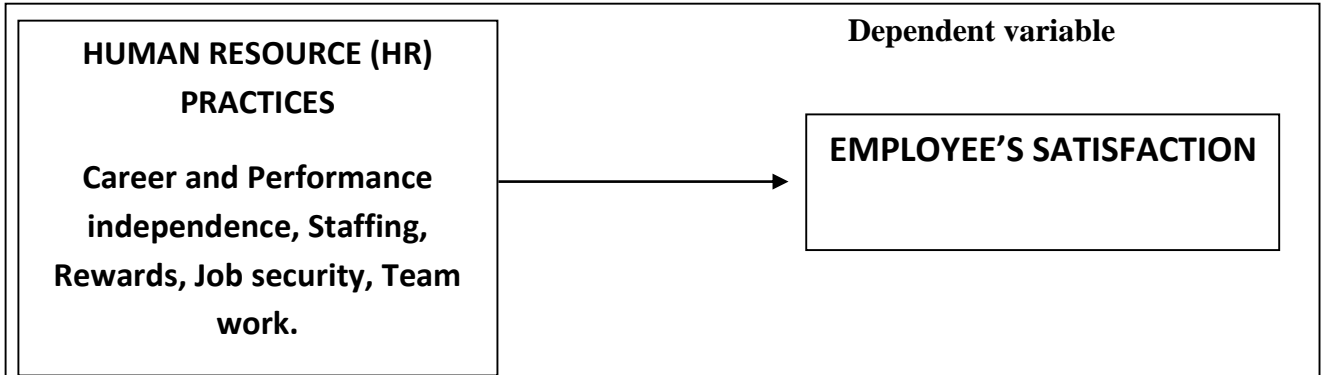


Figure 1. Theoretical Framework

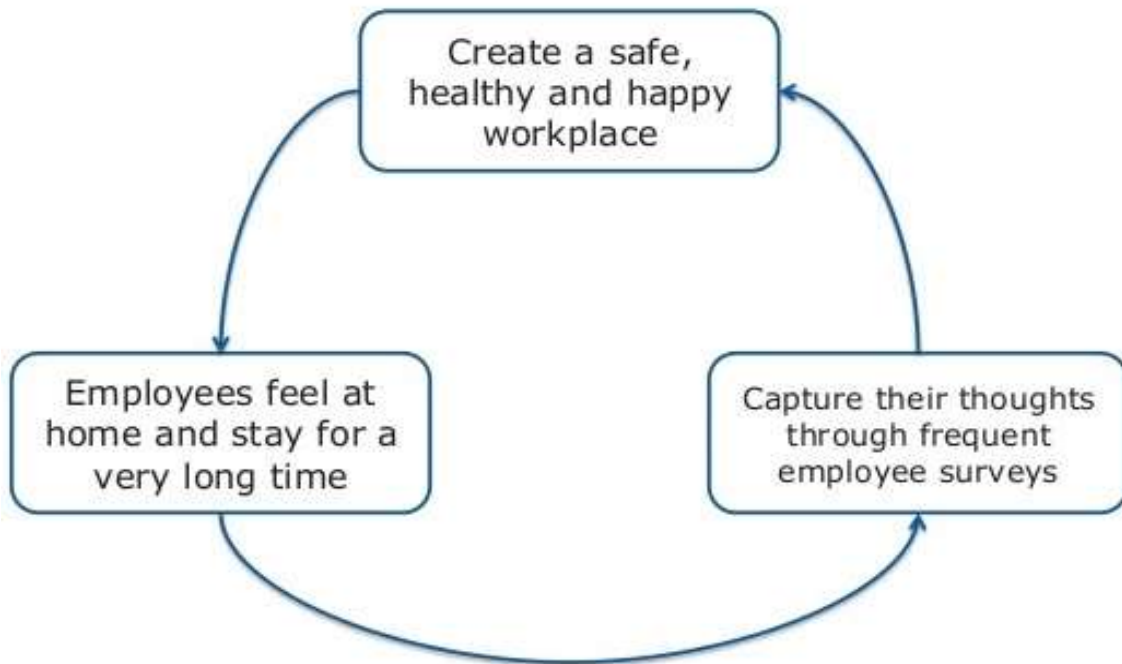
As HR practices is a broad field of study, so I take the career and performance, independence, training, staffing, rewards, job security and team work as an HR practices that how these variables effect the employee’s satisfaction.

#### **1.5. Hypothesis**

- H0 HR practices have not significant impact over employee’s satisfaction.
- H1 HR practices have significant impact over employee’s satisfaction.

## 2.0 Literature Review

HR Practices are linked with the management of human resources, activities necessary for staffing the organization and sustaining high employee performance. The most common HR Practices are recruitment, selection, training and development, compensation, rewards and recognition. Six HR practices selective hiring, compensation policy, rewards, recognition, training and development and information sharing have been studied with relation to employee job satisfaction.



(Gary Dessler ; 2009 ; P 130)

Figure2: Safe, Healthy, Happy Workplace

## 2.1 . Employee Satisfaction

Various factors such as an employee needs and desires, social relationships, job design, compensation, developmental opportunities and aspects of work-life balance are considered to be some of the key factors of job satisfaction. A satisfied workforce can increase organizational productivity through less distraction caused by absenteeism or turnover, few incidences of destructive behavior, and low medical costs.

## 2.2. Human Resource Policies

Human Resource policies with respect to stimulating performance evaluation mechanism, performance based reward mechanism and career growth and promotion opportunities affect workers' decisions to stay or quit a job. Employees always look for career growth opportunities and in this context human resource policy functions stimulate employees to

stay in the current job Human Resource Training and Development function plays an important role in developing a learning organization that exploits full potential of its people at an individual, team and organizational level. (Raj Kumar ; 2010 ; P 24)

### **2.3. Training and Development**

Training is related with current performance and progress of an employee while development is related with the future performance and progress. Training is anything offering learning experience Training helps employees is more specific with their job and organization and as a result increases employee job satisfaction and makes them work better.

### **2.4. Rewards**

Rewards are usually referred to as intangible returns including cash compensation and benefits. Reward system is set of mechanisms for distributing both tangible and intangible returns as part of an employment relationship.

Employees' rewards are very important since they have lasting impression on the employee and continue to substantiate the employees' perception of their value to the organizations

### **2.5. Work Environment**

A safe and happy workplace makes the employees feel good about being there. Each one is given importance and provided the security that gives them the motivation and incentive to stay. This is usually achieved through internal surveys to find out whether they are satisfied and if not what they think needs to be changed. (R.S Dwivedi ; 2011 ; P 160)

### **2.6. Open Management**

Employees don't like the feeling of being kept in the dark about what is happening in the company. They feel motivated and develop enthusiasm only when the management opens up to them and discusses the company policies, sales, clients, contracts, goals and objectives. This encourages participative management. Asking them for ideas on how to improve will get their creative juices flowing. Being open about everything related to the company will help in building trust and motivating the employees. This open management policy can be practiced using several tools. (R.S Dwivedi ; 2011 ; P 210)

### **2.7. Performance Incentives**

Every good performance is appreciated in the form of a pat on the back, bonuses or giving some other compensation for a job well done. Organizations that struggle to keep up with the attrition rate are mostly those that think employees are "just" doing their job. Even if it is the employee's job, completion in an appreciable manner calls for an incentive, and this goes a long way in boosting the staff morale. These incentives can be implemented at the individual as well as the team level and it has been seen that this works wonders in getting the best out of the employees. But it is important to keep in mind that these bonuses should not be given without a reason, unless it is a commitment for annual bonuses or some such thing. Doing so will only reduce the perceived value of the bonuses. . (R.S Dwivedi ; 2011 ; P 167)

### **2.8. Performance Feedback**

This is one of the methods that is being followed by many organizations. Feedback is not only taken from the boss, but also from other seniors and subordinates. Previously, appreciation was only sought from the immediate boss or the management, but now organizations understand the importance of collecting performance feedback from several quarters. The opinion of everyone matters, especially for someone who is in a leadership role at any level. Each person in the team is responsible for giving constructive feedback. This kind of system helps in identifying people who can perform well as leaders at higher levels in the organization. Even the senior level managers can use this system to their advantage, as a tool to improve themselves.

### **2.9. Employee Evaluation**

Every company has an employee evaluation system in place but a good system links individual performance to the goals and priorities of the organization. This works well when achievements are tracked over an year. For a fair review of each employee, the evaluation, apart from being done by the boss, should be done by another person at a higher level, for whom the employee's contribution is important. Ratings can also be obtained by other employees. This ensures a fair and accurate rating of each and every employee. (R.S Dwivedi ; 2011 ; P 197)

### **2.10. Sharing of Knowledge**

Knowledge sharing is a wonderful strategy that helps in the betterment of the employees and their work. Keep all the knowledgeable information in central databases that can be accessed by each and every employee. For example, if an employee is sent on some training, the knowledge that is acquired by that employee can be stored in these databases for others to learn from it. Even innovative ideas that the management deems fit for employees to see, can be stored here for all to see. (R.Wayne ; 2008 ; P 99)

### **2.11. Publicize Good Performances**

Every company has some employees who outperform others. Such performances should be highlighted and displayed where other employees can look at them; such as on the display boards and intranet etc. This will encourage others to give their best. A proper system should be set up to make a list of high performances at specific times in a year. (Raj Kumar ; 2010 ; P 56).

## **3.0 Research Methodology and Analysis**

Research was undertaken among a random sample of staff in organizations of Erbil. Questionnaires were administered to almost 100 employees of the organizations. Information was sought on the HR practices observed by the employees. Although 70 questionnaires were distributed only 60 were completed, a response rate was disappointing but appears in line with that being achieved in many similar studies, particularly in base article. The main reason for low response was less interest of employees and lack of basic knowledge about research.

A measure of employee satisfaction with HR Practices was developing for the research. Responses were based on the seven- point liker scale and. And 7 items are used a).extremely satisfied b) satisfied c).satisfied somewhat d).undecided e).unsatisfied somewhat f). Dissatisfied g).extremely dissatisfied.

The research is based on primary data. After searching the literature review we collected the data by visiting the different organizations that included (Asia cell , korek . Newroz, Al-Thiqa branch for small projects investment, Fast link)

Convenience sampling has been applied with various analytical tools such as regression and reliability analysis are applied to test the proposed hypotheses by using SPSS and Excel.

**3.1. Regression Analysis:**

Table 1: Regression Analysis Result

<b>R Square</b>	<b>0.651</b>
<b>Significant value(p)</b>	<b>0.03</b>

Independent Variable: , teamwork, independence, performance, packages, training, job security, staffing

In order to check dependency of employee satisfaction on HR practices, multiple regression analysis was done. R<sup>2</sup> is .651 this suggests that 65% of the variance of employee satisfaction can be explained by the HR practices. The significant value is 0.03.This confirms H1.

**3.2. Coefficient values**

Table 2: Coefficient values  
**Coefficients (a)**

Model	Standardized coefficient	beta	p
	Constant		2.398
	Performance	0.238	.041
	independence	0.110	.032
	Training	0.012	.034
	Staffing	0.011	.051
	Packages	0.019	.028
	Job security	0.001	.045
	Teamwork	0.027	.050



Dependent Variable: employees' satisfaction

Coefficient values which indicate if independent variable is increased by one unit dependent variable shall change by reported value.

Beta indicates that if performance, independence, training, staffing, packages, job security, team work is increased by one unit than employee satisfaction shall change by 0.238, 0.110, 0.012, 0.011, 0.019, 0.001, 0.027 respectively. And the significant value of all independent variables is either 5 % or less.

**3.3. Reliability Analysis**

Table 3: Reliability Analysis

Factors	No of Items	Cron Bach's Alpha
<b>Performance</b>	7	0.91
<b>independence</b>	4	0.88
<b>Communication</b>	5	0.84
<b>Training</b>	5	0.86
<b>Packages</b>	5	0.61
<b>Staffing</b>	4	0.72

At initial stage coefficient alpha (Cronbach, 1951) was applied. Data were analyzed to measure reliability. The study computed separate and combined reliability estimates, which are similar to the normally used coefficient alpha statistics. Cronbach's alpha calculated, indicates as the coefficients get closer to ( $\alpha = 1.0$ ) the better is reliabilities and coefficients, and less than ( $\alpha = 0.60$ ) are considered poor.

In our study Cronbach alpha for variables are above 0.6 which indicates that the questionnaire has been filled consistently and are reliable.

**4.0 Conclusion and Future Recommendation.**

The analyses of data show significant result of all independent variables. Thus our H1 is accepted and Ho is rejected .

It is however concluded that organization need to overlook and reframe their HR policy. And HR practices for independence communication, staffing, and teamwork in order to motivate their employees and to increase performance and satisfaction of their employees.

Future researchers need to study the relationship of job satisfaction and other HR practices in relation with organizations of Erbil Kurdistan. When other HR practices will also be investigated that will provide a very clear and broader picture to managers and it



will be very easy for them to decide the Erbil Kurdistan at which factors lead towards job satisfaction and which do not in organizations .

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