

THE ROLE OF HUMAN RESOURCE MANAGEMENT PRACTICES IN INCREASING THE LEVEL OF EMPLOYEES SATISFACTION IN ALGERIAN COMPANIES

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ABSTRACT

Objective – The objective of this research is to empirically test the influence of the human resource management practices: selection, training, compensation and performance appraisal on employee's satisfaction through different Algerian companies.

Design/methodology/approach – An empirical research was applied to test the hypothesis of this study through 110 employees worked in different administrations levels in Algerian companies.

Findings – A positive correlation and impact of the human resource management (HRM) practices on employee satisfaction is conducted to ascertain the validity of the measures and models. Statistical support was found for the hypothesized relationships.

Research limitations/implications – The findings offer valuable insights on the interest of the HRM practices in a novel research setting.

Practical implications – Human resource management practices has become the substantial key to attain strategic goals and for the optimal utilize of the human resources.

Originality/value – This paper is one of the few research concerned with the issues of HRM practices in Algeria and the first to study Algerian Companies.

Keywords: Human resource management practices – employee satisfaction - Algerian companies. HR learned them. Quantitative and qualitative Strategic objectives.

Introduction:

In today's competitive and rapidly changing business world, companies need to utilise their resources to achieve their own advantage. Several researches find that companies can create and sustain competitive position among their internal resources which are non-substitutable, rare, valuable, and inimitable, these resources are: human resources. Human resource management HRM practices has the capacity to create enterprises that are more intelligent, flexible through the implementation of policies and procedures that concentrate on recruiting, selecting, training skilled employees and directing their best efforts to achieve the goals of the company (Quansah N, 2013).

The companies can imitate the tangible asset like the style of production, the technology ... but they can't imitate the hidden assets (Shaukat.H, Ashraf N and Ghafoor.S ,2015). So to achieve a competitive

advantage, it is useful to manage this kind of the resources and take it into consideration in the planning of company's strategic. Furthermore, it is crucial to satisfy the employee to maintain the goal of human resource management.

Human resource management (HRM) impacts on employee satisfaction has emerged as the fundamental research question in the HRM field (Vlachos P,2009). This study aimed to examine the role of HRM practices to increase the level of employees satisfaction through a field research in Algerian companies.

Literature Review:

Human Resource Management:

According to Storey (1995) HRM is a discriminatory approach to implement management which attempt to achieve competitive advantage through strategic that diffuse a high commit and qualify staff, using an

emerge array of cultural, structural and personnel technique. (Boxall et al, 2007) define HRM as the management of employees across wished ends.

Som, (2008) demonstrated HRM as a cautiously carefully designed sets of practices aimed to improve effectiveness of the company and consequently have better performance outcomes. It is the process of analysing and managing an enterprise's human resource needs to ensure satisfaction of its strategic objectives. (J. Coyle-Shapiro J et al, 2013).

Schmitz A (2012) defines Human resource management (HRM) as the process of employing people, training them, compensating them, developing policies relating to them, and developing strategies to retain them. It is the organizational function that deals with the different practices like recruiting, managing, motivating people to maintain company's objectives (Strandberg Consulting, 2009). So we can say that HRM contains all the process, procedures and practices which are used to gain, maintain and develop the human resource.

Human resources management practices:

Ling Tan C et al (2011) in their article mention several definitions of human resources practices, it is a system that attracts, develops, motivates, and retains employees to ensure the effective implementation and the survival of the organization and its members and it is a set of policies designed to ensure that the firms achieve these objectives. Minbaeva (2005) defined HRM practices as a combination of implementations utilized by a company to manage its human resources among simplifying the development of competencies and capabilities which can relate the organization's knowledge and social climate in front of to gain a sustainable competitive advantage.

In general we can summarise the HRM practices that are mentioned by the authors as follows:

Job analysis: An organized set of tasks performed in a job and the competencies desired to perform them. Job analysis contains three general steps:

1. The collect of the tasks and competencies required.
2. The identification of tasks and competencies.
3. The choose of selective and quality rating factors.

Job analysis and job description are competently related, the Job Description is necessarily based on the information obtained through the job analysis interview. It is prepared primarily for defining duties and responsibilities and for job evaluation. Based on the information's collected from Job Analysis Form HR department prepare the Job descriptions.

It is a process that identifies the tasks performed on the job and knowledge, skills, abilities, and personal characteristics needed to perform those tasks. It describes what the worker does in terms of activities and functions, and the worker characteristics (skills,

knowledge, abilities, and adaptabilities. (Delmi Hernandez)

Selection and recruitment:

This practice can ensure that the right people, with the desirable characteristics and knowledge, are in the right place. (Vlachos, P, 2009). According to Gary Rees et al (2010) recruitment and selection forms a central part of the underlying human resource management it is related to the acquisition, development and reward of employees compatible with the empty posts.

Mullins (2010) notes that the process of recruitment and selection is a specialist of HR managers; it can play a vital important role in achieving an organisation's effectiveness and performance. If companies can attract workers who already keep applicable knowledge, skills and aptitudes then they are able to make the right prediction about their future abilities.

Compensation: Employee compensation has a great role in the employment relationship, because it has a critical importance to both employees and employers. For employees compensation decisions effect the loyalty and satisfaction job, but for the employers, compensation decisions effect their cost of doing business. (Barry A et al 1995)

To attract and maintain the talent employees, firms must adopt a good system of compensation as a powerful means, in which this system can rise the level of employee motivation, commitment and loyalty, all of which are conducive to positive organisational performance. (Trevor, J)

Fogleman et al define three types of system compensation;

1- **Non-monetary compensation:** It is related to career and social rewards, it contains job security, flexible hours, opportunity for growth... and all the advantages that are giving to the employees, and doesn't contain tangible value.

2- **Direct compensation:** It contains the base wage given to the employees, which can be an annual salary or hourly wage.

3- **Indirect compensation:** It includes protection social such as Social Security to health insurance, retirement programs, paid leave, child care or moving expenses.

Training and Development:

Training and development concerned as the critical key of the effectiveness of companies and, they have an impact on the experiences of people in work. Training has implications for productivity, health and safety at work and personal development. (Andrew Shepherd, 2004)

Raymond A (2010) designs seven steps to obtain a systematic training program: **Step 1** is to determine

and identify training needs . **Step 2** is to make sure that employees have the motivation and basic skills necessary to master the training content. **Step 3** is to create a learning environment that has the features necessary for learning to occur. **Step 4** is to ensure that trainees apply the training content to their jobs. **Step 5** is to develop an evaluation plan including the types of outcomes training and the design of the evaluation system that have an impact on these outcomes (for example, learning, behaviour, skills). **Step 6** is to choose the training method based on the learning objectives and learning environment, it can include traditional method like turnover work or modern method like e-learning . **Step 7** is to evaluate the program and make changes if there is a lack to achieve the objective of the training .

2-2-5- Employee participation: employee participation is now considered a key element in the successful implementation of new management strategies and plays an important role in determining the degree of job satisfaction. An organization should encourage the introduction of the perfect participation program among their employees, (Dodi W,2015) Organizational support is defined as the extent given to the employees about their contribution and cared to better perform their work. (Shaukat H et al .2015)

Employee satisfaction:

Cranny et al (1992) define employee satisfaction as the set of affective reactions to the differential perceptions of what employee wants to receive compared with what he actually receives. Employee satisfaction is demonstrated as the central of organizational citizenship behaviour, and it differ from employee to other . (Organ and Ryan ,1995) To increase the level of employee satisfaction , companies must achieve different benefits which desired by the employees and also realize the objectives of HRM practices especially : good relationships with the colleagues, high salary, good working conditions, training and education opportunities, career developments. (Bulent A et al , 2009)

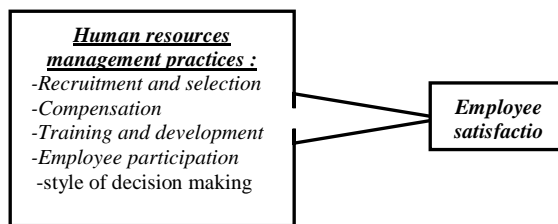
When investigating the employee satisfaction, it should be known that; -an employee may be more satisfied by a satisfying item, whereas the other employee may be less satisfied with the same item-. Because of this, analyzing the employee satisfaction from a large perspective will be better. In general, the employee satisfaction may be described as how pleased an employee is with his or her position of employment.

Methodology Research:

The model utilized in this research divided human resource management practices into four indices: Recruitment and selection, Compensation, Training

and development and employee participation, and about the dependent variable is : employee satisfaction according the figure bellow :

Figure (1): Conceptual model



Source: from the literature reviews

Study Hypothesis:

The study is intended to open few windows towards human resources management and their impact on employee satisfaction .So the hypotheses for the study are described as follows:

Hypothesis 1:

Human resources management practices are positively correlated to employee’s satisfaction .This hypothesis is divided into sub hypothesis as follows :

Hypothesis1-1: Selection and recruitment are positively correlated to employee’s satisfaction.

Hypothesis 1-2: Compensation is positively correlated to employee’s satisfaction.

Hypothesis 1-3: Training and development are positively correlated to employee’s satisfaction .

Hypothesis 1-4 :Employee participation is positively correlated to employee’s satisfaction

Hypothesis 2:

Human resources management practices are positively influenced the employee’s satisfaction.This hypothesis is divided into sub hypothesis as follows:

Hypothesis 2-1: Selection and recruitment are positively influenced the employee’s satisfaction.

Hypothesis 2-2: Compensation is positively influenced the employee’s satisfaction.

Hypothesis 2-3: Training and development are positively influenced the employee’s satisfaction.

Hypothesis 2-4: Employee participation is positively influenced the employee’s satisfaction.

Data Collection:

The respondents were all employees worked in four companies (Oredoo, Djezzy, Mobilis an CPA) (Table1). The questionnaire contained 23 statements with 5 point Likert scale (1 = strongly disagree and 5 = strongly agree). The response rate was 67.3 per cent. In this survey, the responses and information collected from the various statistical methods will be used to analyze the data that we will collect from the 110 respondents. After the collection of the data, we have entered it in the SPSS program (Statistical Package for the Social Sciences) version 27.0, in the cause to analyze the data and used some tools of SPSS like:

descriptive statistics, reliability analysis, factor analysis, correlation analysis and regression analysis.

Table (1): The companies used in the study

The company	Sector
Oreedoo, Djazzy, Mobilis	Telecommunication
CPA (Credit Populaire Algerie)	Banking

Respondents Profile:

The data for the study was collected from 110 respondents choosing randomly. The data set covers various aspects of HRM practices and employee satisfaction. The table-2 represents the characteristic of the sampling chosen in this study. A male participant in the study was more than the Female with response rate equivalent to 56.4%. Age wise distribution depicts 31-40 age group dominates in the research consisting with 45.5% of the total sample .The majority of the respondent have a university degree with response rate equal to 66.4%. About 57.28 % of the respondents have experience less than five years.

Table 2: Respondents Profile

Parameter	Group	#	%
Sex	Female	48	43.6
	Male	62	56.4
Age	20-30	30	27.3
	31-40	50	45.5
	41-50	25	21.8
	>50	5	5.5
Education	Medium	5	4.5
	Secondary	23	20.9
	License	53	66.4
	Post-Graduation	9	8.2
Total Experience	>5years	63	57.28
	< 5 years	47	42.72
Total		110	100

The test of the Reliability:

In the cause to test the reliability of the items Cronbach’s alpha was used. All variable and sub-variable items were confirmed valid since their values were more than 60%. as shown in the table 3.

Table -3: The test of the Reliability and Normality

Items	Cronbach’s alpha	(K-S)Z	Sig
HRM practices	0.83	0.621	0.237
Selection and recruitment	0.84	0.377	0.250
Compensation	0.62	0.587	0.107
Training and Development	0.89	0.532	0.104
Employee participation	0.79	0.61	0.2
Employee satisfaction	0.68	0.546	0.2

Source: from SPSS

The Kolmogorov-Smirnov test:

The Kolmogorov-Smirnov test for normality was used to see whether the responses had a normal curve about the mean. All dependent and independent variables were tested for normality. If the significance level was more than 5 percent, normality was assumed. Table (3) shows that all the independent and dependent variables are normally distributed.

Results of the Descriptive Statistics:

As it is shown in the table 4, the opinions of the respondents tend to agree with regard to the nature of the items of all the variables with mean scores more than 3. Generally speaking, all items scored in the affirmative (1 strongly disagree, 5 strongly agree, with 3 the mid-point). This means that the respondents have a great perception about the importance of applying HRM practices in the company and the achievement of employee satisfaction.

Table 4: Statistical results of summary variables

Items	Mean	Std. Dev	t-value
HRM Practices	3.65	0.7	15.003
Selection and recruitment	3.54	0.424	11.394
Training and development	3.6	0.9	5.578
Compensation	3.22	1.24	27.071
Employee participation	3.04	1.26	13.123
Employee satisfaction	3.46	1.11	14.065

Source: from SPSS

Testing Hypothesis:

Hypothesis 1:

Human resources management practices are positively correlated to employee’s satisfaction .This hypothesis is divided into sub hypothesis as follows:

Hypothesis1-1: Selection and recruitment are positively correlated to employee’s satisfaction.

Hypothesis 1-2: Compensation is positively correlated to employee’s satisfaction.

Hypothesis 1-3: Training and development are positively correlated to employee’s satisfaction.

Hypothesis 1-4: Employee participation is positively correlated to employee’s satisfaction.

Since the population for the study is heterogeneous, a stratified random technique has been adopted to select the respondents for the study, 110 respondents were selected randomly from different levels in Algerian companies. A linear regression model was drawn to explain the relationship between HRM practices and employee satisfaction.

Table 5: HRM practices Vs Employee satisfaction

	HRM practices	Multiple R	R ²	Adjusted R ²	Std .Error
Employee Satisfaction	Selection and recruitment	0.373	0.139	0.062	3.435
	Compensation	0.468	0.219	0.065	3.528
	Training and development	0.324	0.104	0.046	3.254
	Employee Participation	0.428	0.183	0.043	3.078

Source: from SPSS

As defined in table-5, the regression equation of employee satisfaction with selection and recruitment, compensation, training and development and employee participation.

The regression equation of leadership component with character of leader and the style of making decision clearly depict the model are good fit with R more than 0.3. The training and development is weak in explaining the relationship with R value 0.324.

The table 6 showed also that the relationship between selection and recruitment, employee participation, compensation and employee satisfaction with R value (using Pearson correlation coefficient) are 0.373, 0.468 and 0.428.

So all the sub hypothesis of the first hypothesis are accepted .The results mention that there is a positive relationship between HRM practices and employee satisfaction ,then the hypothesis H1 is accepted , so Human resources management practices are positively correlated to employee’s satisfaction .

Table 6 : Correlation matrix

	Selection and recruitment	Compensation	Training and development	Employee Participation	HRM practices	Employee satisfaction
Selection and recruitment						
Compensation	0.676**					
Training and development	0.543**	0.687**				
Employee Participation	0.502**	0.500**	0.576**			
practices	0.413**	0.482**	0.397**	0.436**		
Employee satisfaction	0.373**	0.468**	0.324**	0.428**	0.572*	

Note: All correlation values are significant at the 0.05 level (two-tailed)

Hypothesis 2:

Human resources management practices are positively influenced the employee’s satisfaction. This hypothesis is divided into sub hypothesis as follows:

Hypothesis2-1: Selection and recruitment are positively influenced the employee’s satisfaction.
 Hypothesis 2-2: Compensation is positively influenced the employee’s satisfaction.
 Hypothesis 2-3: Training and development are positively influenced the employee’s satisfaction.
 Hypothesis 2-4: Employee participation is positively influenced the employee’s satisfaction.

Table 7: Regression results of employee satisfaction based on the dimensions (N=110) dependent variable: employee satisfaction, independent variable: HRM practices

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	53.86	1	51.661	12.053	0.001
	Residual	30.54	109	14.41		
	Total	84.40	110			

Coefficients

Model				Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Con`stant)	1.008	1.765		5.068	0.000
	Selection	0.758	0.331	0.242	11.394	0.001
	Compensation	0.75	0.374	0.52	5.578	0.001
	Training	0.58	0.108	0.32	27.071	0.000
	Employee participation	0.64	0.335	0.46	13.123	0.000
	HRM practices	0.46	0.210	0.54	15.003	0.002

p> 0.05

Source: SPSS

Employee satisfaction was regressed again four variables of HRM practices namely (selection, compensation, training and employee participation).

The equation for employee satisfaction was expressed in the following equation:

$$Y_s = \beta_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4, \text{ Where,}$$

Y_s = employee satisfaction

β₀ = constant (coefficient of intercept)

X₁ = selection and recruitment

X₂ = compensation

X₃ = training and development

X₄ = employee participation

B₁ and B₄ = regression coefficient of two variables

The relationship between the dependent and independent variables derived by this model can thus be expressed as:

$$Y_s = 1.008 + 0.242 X_1 + 0.25 X_2 + 0.42 X_3 + 0.36 X_4,$$

Table (7) showed the results of the regression analysis and the impact of HRM practices to the employee satisfaction. To predict the goodness-of fit of the regression model, the multiple correlation coefficient (R), coefficient of determination (R^2), and F ratio were examined. First, the R of independent variables (four factors, X_1 , X_2 , X_3 and X_4) on the dependent variable (employee satisfaction, or Y_s) is 0.54, which showed that the employee satisfaction had positive and high overall association with the four attributes, suggesting that more than 50% of the variation of employee satisfaction was explained by the four attributes. Last, the F ratio, which explained whether the results of the regression model could have occurred by chance, had a value of 12.53 ($p = 0.001$) and was considered significant. The regression model achieved a satisfactory level of goodness-of-fit in predicting the variance of the apply of employee satisfaction in relation to the four attributes, as measured by the below – mentioned R, and F ratio. In other words, at least one of the four attributes was important in contributing to increase the level of employee's satisfaction. In the regression analysis, the beta coefficients could be used to explain the relative importance of the four attributes (independent variables) in contributing to the variance in employee's satisfaction (dependent variable).

The findings showed that a one-unit increase in the good selection of the employee would lead to a 0,242 unit increase in employee's satisfaction and one-unit increase in the compensation would lead to a 0.52 unit increase in employee satisfaction, then one-unit increase in the training would lead to a 0.32 unit increase in employee satisfaction and finally one-unit increase in the employee participation would lead to a 0.46 unit increase in employee satisfaction.

In conclusion, the results of multiple regression analysis agree hypothesis 2, that there is the effect of the HRM practices to the employee satisfaction. So, there is a relationship and an influence of HRM practices on the rise of the level of employee satisfaction.

In other words, the table 7 also shows the results of the statistical analysis that mentions there is an influence of HRM practices dimensions on employee satisfaction in the Algerian companies, with F calculated equal 12.053 at the level of significance ($\alpha \leq 0.05$) that means the reject of the null hypothesis and accept the alternative hypothesis. (Human resources management practices are positively influenced the employee's satisfaction)

Discussion:

The objective of this study was to examine the impact and relationship of the HRM practices on employee satisfaction.

The present research found that the four component of HRM practices have an indirect and positive impact and relation with the employee's satisfaction. The results also found that the compensation and employee participation have the high and positive influence on employee's satisfaction, but the selection of the employees and training have a weak value in the explanation of the relationship between the variables. These results mean that if the companies carefully take interest to the different practices of HRM, it will increase the level of employee satisfaction. As results, efforts taken in the planning of the compensation system and employee participation, will be useful in enhancing the employee's satisfaction. The findings of this study also offer different recommendations to the companies in Algeria to take into consideration the different implementations of the HRM and to focus on the compensation systems with their different form and also to give a large freedom and responsibility to the employees in the workplace. These suggestions proposed from this study can increase the employee's loyalty and satisfaction, then the companies can increase their performance and achieve their strategic goals in front of to gain a sustainable competitive advantage.

Conclusion:

The need today for the companies in general and Algerian companies in special, is to improve the role of the HR system such as compensation systems, participation of the employee in the decision making, adopt new method of training, maintain and gain talented employees....., and integrate it in the strategic planning of these companies. The managers should consider the practices of HRM as a crucial key of the success and the adaption of the organization with the external environment with its rapid changes that occur. So the enterprises whose interest to increase the level of employee's satisfaction, must pay attention to all HRM practices: selection, training, compensation and employee participation for policy development.

During this study, we found that the Algerian employees have interest to the incentive and rewards, and their participation in the work more than the other form of HRM because the selection and training have an impact on the employee's performance more than the employee's satisfaction, so it is important to take all these finding when preparing the strategic plan of the institution.

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