

Human Resource Management Practices and Career Satisfaction in the Manufacturing Industry in Malaysia

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Abstract

The purpose of this research is to examine the influence of Human Resource Management (HRM) practices on career satisfaction. In this study, HRM practices consists of three components, namely compensation and benefit, performance management, and work-life policies. Data was collected through questionnaire survey from 70 employees of various manufacturing companies surrounding Johor Bahru, Malaysia. The results were analysed via correlation and regression analysis. The findings indicate that HRM practises such as compensation and benefits and performance management do influence the employee's career satisfaction. Meanwhile, work-life policies were not significantly associated with career satisfaction. Hence, by identifying suitable HRM practices, the organization is able to develop strategies that develop employees' loyalty and increase their career satisfaction.

Keywords: Career Satisfaction, HRM Practices, Compensation and Benefit, Performance Management, Work-Life Policies.

Introduction

In an organization, it is important for human resource manager and department heads to know that how employees are satisfied with their career in the company. For that reason, employee's career satisfactions is to be monitored in a company. If the management is expecting higher performance from the employees, factors that lead to employee's career satisfaction ought to be emphasized. By ensuring employee's satisfaction is at the acceptable level, it is expected that work capabilities and performance of the employees will increase correspondingly and that elevates the level of performance and profitability of the company in return. In recent times, most employees have the tendency to find positions that suit their personal interest as part of their career path. They prefer to work with a company that rewards them in accordance with their performance. Employees will feel more satisfied and appreciated if they gain trust from the management and able to balance between work and life. Work-life balanced employees tend to more committed and loyal to the organization.

Based on the above rationale, this study intends to examine the influence of HRM practices towards career satisfaction. The outcome of this study is expected to provide better understanding on the importance of HRM practices in predicting employee's career satisfaction.

Career Satisfaction

Career satisfaction, according to Cranny, Smith and Stone (1992), is a combination of intellectual and knowledgeable with affective feedbacks to the different perceptions of what an employee intends to get compared to what he or she actually accepts from the company. Researchers have revealed that the level of career satisfaction is highly depending on the salary commensurate, fair promotional policy, positive environment with good relationship and balance in work-life (Cranny, Smith and Stone, 1992). The earliest study from Allport and Vernon (1970) found that career satisfaction is referred to as if the career fails to fulfil employee needs of various categories, need-deprivation would tend to cause dissatisfaction and absenteeism. Salary, pleasant working conditions, good team-work, participation, feeling of belonging, opportunity for conversation, and emotional-involvement were observed as factors that could affect the level of career satisfaction (Allport and Vernon, 1970).

Compensation and Benefits

Heathfield (2012) defined compensation as employers pay a fixed amount of money to an employee in order to exchange for productive work or duty he or she has performed in the company. If the employees think that they were underpaid or they were not compensated well, this will make them unhappy and dissatisfied with the company. Pouliakas (2010) found that there is a significant negative relationship between small salary payments and job/ career satisfaction of the employees. Refer to Herzberg's two factor theory; there are two types of rewards/ benefits, namely intrinsic and extrinsic rewards. Intrinsic rewards are known as motivators such as recognition, achievement, or personal growth. Intrinsic rewards are intangible non-cash elements. On the other hand, extrinsic rewards are known as hygiene factors. They are ranging from job security, salary, fringe benefits, work conditions, good pay, paid insurance, vacations, and promotion. Extrinsic rewards are traditional & quantifiable elements. Hong Lu et al. (2005) and Milne (2007) suggested that compensation and benefits may have significant impact on employee's job and career satisfaction. Therefore there is a significant relationship between compensation and benefits and career satisfaction. Based on the above discussion, it is hypothesized that:

H1: Compensation and benefits do influence employee's career satisfaction.

Performance Management

Ivancevich (2001) and Esfahani et al. (2014) defined performance management is an organization process to allow managers to evaluate their subordinates' job performance and motivate them to improve their performance towards achieving organizational goals. Performance appraisal process is a regular interview process between the managers and employees, which forms formal interaction between them to obtain feedback from the employees (Phin, 2015). Ismail et al., (2013) explained that the appraisal process will evaluate employees' performance from multiple perspectives. The objective of the appraisal is to identify ineffective workers (with poor performance) and the effective workers (with good performance and good work attitude) (Ivancevich, 2001). According to Feinstein and

Vondrasek (2001), company's organizational goal can be achieved if company has more staff with high job and career satisfaction level that correlate with equitable performance management and appraisal. Performance management is the important factor to improve individual career satisfaction. Employees with high level of career satisfaction are more motivated to achieve the firm's objectives (Feinstein and Vondrasek, 2001). Therefore, based on the above discussion, it is hypothesized that:

H2: Performance management does influence employee's career satisfaction.

Work-Life Policies

Work life balance is a state of equilibrium in which the demand of both professional and personal life is equal. Work life balance practices are organizational changes designed to reduce work family conflict. Everyone is eagerly to look for job, which is work life balance. It means both working life and personal life is balanced. In other words, working life and personal life are equilibrium stable. If a company is practicing work life policies, it means that it will help employees to be more effective in both work and personal roles. According to papers of Iqan-lazar (2010) and Asiedu-Appiah (2013), if a person has more control on their lives, it indicates that he/ she is more able to balance his/her work and family matters. Different organization programmes, such as flexible work hours, job sharing, parental leave on-site child care facility and telecommuting can be introduced to cultivate work life balance among the employees. According to Gregory and Milner (2009), work life balance actually is met by different organizational programmes. Hanglberger (2010) found that there is a positive relationship between work life balance and job satisfaction. The more the employees have on job satisfaction, the more they can show commitment in their works, and then they can perform their duties more efficiently and effectively. The paper of Leary et al. (2013) emphasized that work life balance will make employees more engaged to their works and companies. Susi (2010) suggested that work life policies in organizations can help organizations to retain or keep valuable workforce, because employees often leave an organization due to extreme workloads or burnout (Kossek et al., 2011). Hence, based on the above discussions, it is hypothesized that:

H3: Work-life policies do influence employee's career satisfaction.

Research Framework

Figure 1 presents the research framework of HRM practices (compensation and benefits, performance management, work-life policies) and career satisfaction. Career satisfaction is the behaviour of a person who shows interest and contribution towards the success in an organization. However, it is contingent upon the roles of HRM practices which inculcate the formation of career satisfaction behaviour. It is believed that these innovative HRM practices will produce more satisfied and productive employees in the organization.

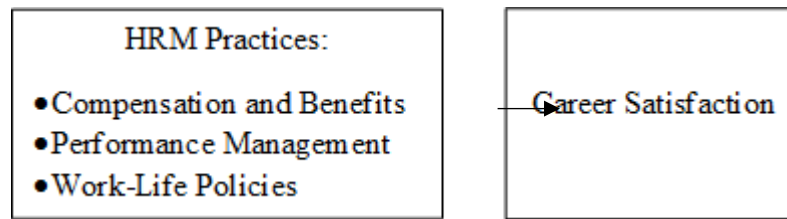


Figure 1: Research Framework

Methodology

Sample

A sample of 70 respondents was involved in this research. As shown in Table 1, out of 70 respondents, 42 were males and 28 were females. Most of the respondents were Malays (48.6%), and majority of the respondents were aged between 21-30 years old (67.1%). In terms of educational achievement, 44 respondents (62.9%) possessed a Bachelor's degree.

Table 1:

Respondents' Demographic Characteristic

Demographic Characteristics		Frequency	Percent (%)
Gender	Male	42	60.0
	Female	28	40.0
Race	Malay	34	48.6
	Chinese	25	35.7
	Indian	7	10.0
	Others	4	5.7
Age	20 and below	2	2.9
	21-30	47	67.1
	31-40	17	24.3
	41-50	3	4.3
	51 and above	1	1.4
Highest Education Level	Below Secondary	10	14.3
	Secondary	7	10.0
	STPM or Equivalent	8	11.4
	Bachelor or Equivalent	44	62.9
	Master or Equivalent	1	1.4

Note: n = 70

Measurements

Career satisfaction measures (5 items) developed by Greenhaus et al. (1990) were adapted in this study. These items had been widely used in previous empirical studies with a consistent reliability of 0.86. As for compensations and benefits, the measures (5 items) were adapted from Heneman and Schwab (1985). Meanwhile, performance management measures (5 items) were adapted from Chang (2005) and Rogg et al. (2001). For the instruments of work-life policies, they were developed by Guy and Michel (2000) and 5 items were employed in this study to measure work-life quality. All responses were measured on a 5-point Likert scale ranging from (1) 'Strongly disagree' to (5) 'Strongly agree'.

Results

Reliability Test and Correlation Analysis

A high value for Cronbach's alpha indicates good internal consistency of the items in the scale. Construct with a reliability coefficient above 0.7 is acceptable for use in analysis (DeVellis, 2003). Alpha coefficients below 0.7 are weak in reliability, 0.7-0.8 is moderate strong and 0.8-1.0 is very strong in reliability (Malhotra, 2004). Thus, the constructs were reliable to use for further analysis. Table 2 shows the reliability results that indicated the Cronbach's Alpha (α) values for compensation and benefit, performance management and work-life policies were 0.924, 0.821 and 0.800 respectively. Meanwhile, the Cronbach's Alpha for career satisfaction was 0.914. Mean, standard deviation and Pearson correlation of the variables were shown in Table 2. There were positive relationship observed between compensation and benefits, performance management, work-life policies and career satisfaction.

Table 2:

Mean, Standard Deviation and Correlation of the Study Variables

Variables	α	M	SD	1	2	3	4
1. Career Satisfaction	0.914	3.76	0.754	1			
2. Compensation and Benefits	0.924	3.51	0.838	0.66**	1		
3. Performance Management	0.821	3.69	0.607	0.61**	0.49**	1	
4. Work-Life Policies	0.800	3.63	0.680	0.43**	0.59**	0.31**	1

Note: n = 70; *p<0.05; **p<0.01; M = Mean; SD = Standard Deviation

Multiple Regression Analysis

To understand the dimensions of HRM practices that affect career satisfaction, regression analysis was conducted. Table 3 indicates that 53.8% ($R^2 = 0.538$) of the variance in career satisfaction had been significantly explained by compensation and benefit, performance management and work-life policies. The results also showed that compensation and benefits ($\beta = 0.446$, $p < 0.01$) and performance management ($\beta = 0.372$, $p < 0.01$) were significant in predicting career satisfaction. Nonetheless, the variable of work-life policies was not significant in predicting career satisfaction. Therefore, hypothesis one (H1) and two (H2) were accepted while hypothesis three (H3) was rejected.

Table 3:

Multiple Regression Results of HRM practices on Career Satisfaction

	B	Std. Error	Beta	t	Sig.
(Constant)	0.456	0.452		1.008	0.317
Compensation and Benefits	0.402	0.102	0.446	3.956	0.000**
Performance Management	0.463	0.119	0.372	3.875	0.000**
Work-Life Policies	0.052	0.115	0.047	0.451	0.654

Note: n = 70; $R^2 = 0.538$; * $p < 0.05$; ** $p < 0.01$

Discussion

The present study examined the different types of HRM practices affecting individual's career satisfaction, which later particularly motivates the person to strive better in his/her position. This study addressed compensation and benefit, performance management, and work-life policies as HRM practices that influence career satisfaction. Looking at the findings of this study, compensation and benefits were significantly related to career satisfaction. Generally, salary, wages and increments earned do play an important role to support the living costs in each family. The compensation and benefits provided are to incentivize the employees, in addition to the previous. Therefore, in this study, the issue of compensation and benefits is clearly addressed that it is positively influencing career satisfaction when an individual is fairly paid and his/her family living is being taken cared and improving from time to time. In addition to monetary related compensation, benefit packages which are workforce-oriented are also necessary to motivate the employees and to improve their productivity. When there is a positive association between the company and its employees, indirectly, it will maximize the company performance. On the other hand, performance management did influence career satisfaction. Joo and Ready (2012) suggested that employees showed higher career satisfaction when they had higher objective-oriented performance, higher learning culture and better relationship with supervisor. During each performance review, employees should be clear of the standards of evaluation and the review must be conducted equitably. Individual who are rated higher for their work performance, will perceive to have better career growth opportunity and will likely to extend their careers more, hence leading to better career satisfaction (Hennekam, 2016). However, work-life policies were found not significant in predicting career satisfaction. Among plausible reasons to explain this finding are owing to the urbanization effect and high cost of living, employees had stretched out to their limits to earn for their family living. Generally, it has become a norm that most individuals are willing to work for long hours to earn for better living and spending lesser quality time at home. In the mind of employees, HRM practices related to work-life policies may be considered secondary and not being taken seriously by the employees to improve their career satisfaction.

Conclusion

This study revealed that compensation and benefits and performance management were significant predictors of career satisfaction. It is suggested that Management should ensure a well-structured compensation and benefits and performance management are in place to increase career satisfaction and motivate the employees towards achieving the organizational goals. Nonetheless, this study was conducted in a single industry (i.e. manufacturing) and it is recommended that future research is to examine the relationship of HRM practices and career satisfaction in other industries to obtain different views and findings in different research settings.

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