

Role of HRM Practices in Predicting Job Satisfaction of IT Employees amid COVID Pandemic

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Abstract

The main purpose of the present research paper was to identify the Human Resource Management practices affecting the job satisfaction of employees. The target respondents were the employees working in Indian IT organizations located in North India. To study the hypotheses, data was gathered from 395 teleworkers and Smart PLS 2.0 was employed for analyzing the data. The results revealed that there was a significant relationship between performance appraisal and job satisfaction, employment security and job satisfaction, training and development and job satisfaction, compensation and rewards and job satisfaction. The employees have not given due weightage to the recruitment and selection practices as the contributor in affecting their job satisfaction level. As the COVID pandemic has affected the economies globally, the findings of the present study would be essential for the organizations to maintain the satisfaction of their employees during such crises.

Keywords: HRM Practices, Job Satisfaction, IT Sector, India, Structural Equation Modeling, COVID-19

Introduction

COVID pandemic and persistent lockdowns nationwide have created havoc in the workplace, which has negatively impacted several economies of the world. In the present scenario, irrespective of the organization type, remote-working, teleworking has become the new normal. In such a situation, the importance of HRM Practices come into picture as the organizations have to manage their employees virtually due to the pandemic. Organizations are facing issues to maintain the satisfaction level of their employees while they are working from home. In human resource literature, job satisfaction is one of the most extensively studied construct (Judge et al., 2017). Job satisfaction is defined as a positive emotional state of an employee achieved from the appraisal of the job done (Locke, 1969).

HRM is a specialized functional area of an organization that frames policies and practices to enhance the job satisfaction level of employees.

Job satisfaction also leads to increase in the performance level of the employee (Kelidbari et al., 2011). Satisfaction of employees with the HRM practices has a relationship with the behavior of employees as well as their intention to stay in the organization (Alfes et al., 2013). Gautam (2017) stated that HRM practices helps in raising the satisfaction level of employees which ultimately leads to increase in organizational commitment. Karatepe et al. (2006) identified that employees having low level of job satisfaction tend to have high level of intention to leave. Brunetto et al. (2012) stated that highly satisfied employees have higher commitment towards the organization as compared to the less satisfied employees, therefore, highly committed employees will be the reason for reduction in intention to leave which further leads to an increase in job performance level. Chow et al. (2007) revealed that HRM practices plays a significant role in improving the retention level of employees, job satisfaction and employees' positive attitude towards the organization. Bedi and Khurana (2020) highlighted that appropriate practices help in enhancing employee attitude, commitment and effectiveness of the organization. The present paper will help the organizations to focus on the HRM practices that contributes significantly in improving the satisfaction level of employees.

Theoretical Framework

Social exchange theory

HR practices helps in developing sustainable exchange relationships between the organizations and employees also known as "Social exchange theory". The relationship of employment works on the basis of economic or social exchange (Blau, 1964). A relationship based on economic exchange is established by a proper reward consent (Blau, 1964), but in social exchange, there are non-specific terms and responsibilities and trust is the most significant factor in the long-term sustainability (Snape and Redman, 2010). Based on the social exchange perspective, the employees perceive that the organizations foster values and deal impartially with them and in exchange to this fair treatment the employees will revert to the organization with positive attitude and behaviors. Employees work for the companies in return of incentives and other remunerations that they

take from the companies. Social exchange theory will be used as a framework for predicting the effects of human resource management practices on job satisfaction level of employees.

Review of Literature

"Falatah et al. (2021) examined the relationship between job security, job satisfaction and turnover intentions. The data was analyzed using SPSS and the results revealed that job satisfaction mediates the relationship between job security and turnover intentions. In another research, Cherif (2020) studied the role of HRM practices in predicting the satisfaction and commitment level of bank employees working in Saudi-Arabia." The data collected from 330 respondents was analyzed by employing correlation and regression techniques. The results of correlation analysis indicate a significant correlation between HRM practices, satisfaction and commitment level. On the contrary, regression analysis revealed that both HRM practices and satisfaction contribute in improving the commitment level of employees. Park and Doo (2020) carried out a study to scrutinize the influence of organizational culture, HR practices on the commitment and satisfaction level of female managers. The data was gathered from 230 female managers from a Korean government-sponsored institute and structural equation modeling technique was applied for the analysis purpose. The analysis indicated that HR practices influence the satisfaction and commitment and job satisfaction directly influences the commitment level of female managers. Results also found that organizational culture has a direct influence on HR practices.

Similarly, Pradhan et al. (2019) conducted a research to analyze the influence of HRM practices and employee satisfaction in Public Sector Undertakings of India. The data was gathered from 393 employees working in manufacturing and service sector. The results indicate that HRM practices contributes in enhancing the job satisfaction of employees. Further, the researchers also analyzed the mediating effect of employee engagement and the results of mediation analysis revealed that employee engagement has a full mediating effect in the relationship between HRM practices and job satisfaction. Research was conducted by Ashton (2018) to explore the relationship of

HRM practices with job satisfaction and retention among the hotel industry employees in Thailand. The data gathered from 403 respondents was analyzed using correlation and multiple regression method. The results revealed that employees feel satisfied with the quality of work life, employment security, leadership and personal traits, whereas promotional opportunities, empowerment, compensation benefits do not play an important role in fostering the satisfaction level of employees. Bryne et al. (2010) also conducted a similar study to examine the role of HRM practices in predicting job satisfaction level. The data was gathered from 190 respondents from nine different industries. CFA and hierarchical multiple regression were used to analyze the data. The findings indicate that safe working environment and proper recruitment and selection practices have an impact on the job satisfaction level. The training and development practices and equal employment opportunities do not contribute in improving the satisfaction level of employees.

On the basis of aforementioned studies and existing relationships, the study posits the hypotheses as follows:

H1: There is a significant impact of compensation and rewards on job satisfaction.

H2: There is a significant impact of performance appraisal on job satisfaction.

H3: There is a significant impact of training and development on job satisfaction.

H4: There is a significant impact of employment security on job satisfaction.

H5: There is a significant impact of recruitment and selection on job satisfaction.

Research Methodology

To empirically investigate the impact of HRM practices on job satisfaction, employees were surveyed from different IT organizations located in Northern region of India. The study has adopted descriptive research design and the type of research is analytical research. Due to the current pandemic situation, the sample was selected using purposive sampling. The details of the organizations were collected from NASSCOM website and the scope of the study was limited to NASSCOM listed IT organizations only. The present study employed structured questionnaire to gather data from respondents. The time period of the study was from October 2021 to January, 2022. The questionnaire consists of two parts including the dependent and independent variables and moderating variable. The number of respondents were selected on the basis of Cochran's formula of sample size determination using $n = \frac{Z^2pq}{e^2}$ (Cochran, 1963). Smart PLS 2.0 and SPSS were employed to analyze the data.

“The statements used in the questionnaire were adapted from already existing scales. The items of HRM practices were adapted from (Delery and Doty, 1996; Snell and Dean, 1992 and Dessler, 1992). The statements used to measure job satisfaction were adapted from Macdonald and MacIntyre (1997). The respondents were asked to state the extent of their agreement or disagreement on a 5-Point Likert scale (5-Strongly agree to 1-Strongly disagree).”

Data Analysis

The descriptive statistics are reported in Table 1 reported below. The final data for analysis consisted of 395 responses.

Table 1. Demographic profile

Characteristics	Category	Frequency	Percentage
Gender	Male	242	61.3
	Female	153	38.7
	Total	395	100
Age of respondents	Less than 28 years	153	38.7
	28-31 years	126	31.9
	Above 31 years	116	29.4
	Total	395	100

Characteristics	Category	Frequency	Percentage
Marital Status	Married	258	58.3
	Unmarried	167	41.7
	Total	395	100
Qualification	Graduation	163	41.3
	Post-Graduation	222	56.2
	Others	10	2.5
	Total	395	100
Work Experience	Less than 3 years	152	38.5
	3-6 years	169	42.8
	Above 6 years	74	18.7
	Total	395	100

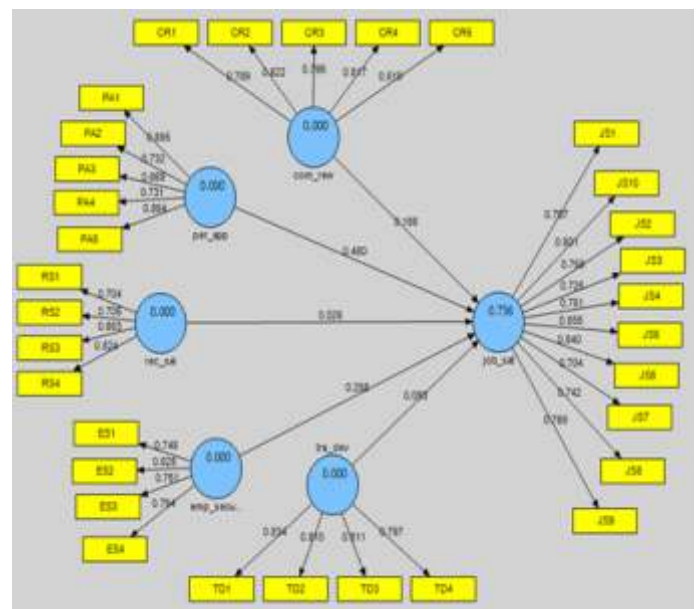
Source: Author's Calculations

In the Table 1, it is found that 242 (61.3 percent) respondents are male and 153 (38.7 percent) are female. 258 respondents (58.3 percent) are married and 167 (41.7 percent) are unmarried. In terms of educational qualification, most of the employees are post graduates, ie, 222 (56.2percent) and 163 (41.3) employees have completed their graduation. Only 10 employees (2.5percent) have other degrees other than graduation and post-graduation. Majority of the respondents comes under the age group of less than 31 years. 116 respondents (29.4 percent) respondents are above the age of 31 years. Majority of the respondents (169, 42.8 percent) have a work experience of 3-6 years followed by the respondents (152, 38.5 percent) with less than 3 years of experience with their present organization. Only 74 respondents (18.7 percent) have more than 6 years of work experience. The demographics indicate that the sample consists of mostly young employees.

Measurement Model

For hypotheses testing, Smart PLS 2.0 was employed. It has two stages, first was measurement model and second was structural model. The PLS algorithm function was used to evaluate the measurement model which includes the reliability and validity of the constructs present in the conceptual framework. Internal construct reliability and validity were examined using composite reliability and Cronbach alpha. The reliability was calculated to ensure the consistency among the variables.

Figure 1. Measurement Model



The value of Cronbach alpha and composite reliability are above than 0.70 as presented in Table 2 and the higher values indicate higher reliability (Nunnally, 1978). “Reliability values between 0.60 and 0.70 are considered acceptable in exploratory research and values between 0.70 and 0.95 are considered as satisfactory to good” (Hair et al., 2019). Factor loadings are also examined and all the values are well above 0.70. The convergent validity was established with the help of AVE. AVE of 0.5 or more suggests that minimum 50% of the variance is explained by the construct to its measured items (Chin, 1998). The AVE values in the Table 2 are well above 0.50, which indicates that the convergent validity is well-established.

Table 2. Reliability and Validity

Construct	Indicator	Std. factor loading	CA	CR	AVE
Compensation and Rewards	CR1	0.789	0.872	0.904	0.654
	CR2	0.822			
	CR3	0.796			
	CR4	0.817			
	CR5	0.819			
Employment Security	ES1	0.748	0.788	0.862	0.610
	ES2	0.828			
	ES3	0.751			
	ES4	0.794			
Job Satisfaction	JS1	0.797	0.927	0.938	0.605
	JS2	0.758			
	JS3	0.726			
	JS4	0.751			
	JS5	0.855			
	JS6	0.840			
	JS7	0.704			
	JS8	0.742			
	JS9	0.789			
	JS10	0.801			
Performance Appraisal	PA1	0.885	0.879	0.913	0.678
	PA2	0.732			
	PA3	0.869			
	PA4	0.731			
	PA5	0.884			
Recruitment and Selection	RS1	0.704	0.796	0.856	0.600
	RS2	0.705			
	RS3	0.853			
	RS4	0.824			
Training and Development	TD1	0.834	0.835	0.886	0.661
	TD2	0.810			
	TD3	0.811			
	TD4	0.797			

Source: Author's Calculations

Discriminant Validity

Discriminant validity is “the extent to which a construct is empirically different from rest of the constructs”. “As per the suggestions given by Fornell and Larcker(1981), it was suggested to use the square root of AVE of latent variable to

establish discriminant validity. The diagonally presented values in bold (Table 3) represents the square root of AVE, the values of which are greater than the correlation values. This indicates that there is no discriminant validity issue in the model.

Table 3. Discriminant validity (Fornell and Larcker criterion)

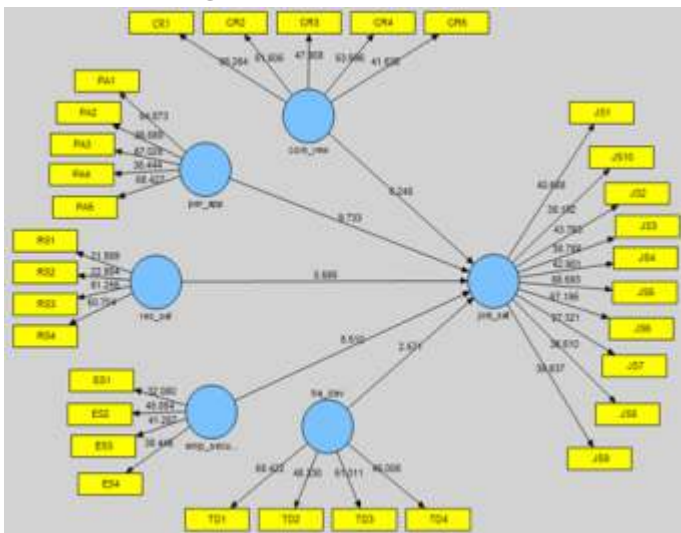
	Compensation and rewards	Employment Security	Job satisfaction	Performance appraisal	Recruitment and selection	Training and development
Compensation and rewards	0.809					
Employment Security	0.564	0.781				
Job satisfaction	0.602	0.738	0.778			
Performance appraisal	0.449	0.612	0.581	0.823		
Recruitment and selection	0.324	0.401	0.607	0.708	0.774	
Training and development	0.479	0.738	0.613	0.481	0.299	0.813

Source: Author's Calculations

Structural Model Assessment

Smart PLS 2.0 computes the beta values by using bootstrapping which is a resampling technique. The results found that the value of R² was 0.796, which indicates that HRM practices jointly explains 79.6 percent variance in job satisfaction of employees.

Figure 2. Structural Model



Source: Author's Calculations

The path coefficient table indicates that there is a significant impact of compensation and rewards on job satisfaction ($\beta = 0.188$, $t > 1.96$), therefore H1 is accepted. Employment security also has a significant impact on job satisfaction ($\beta = 0.258$, $t > 1.96$), therefore H2 is accepted. Performance appraisal was found to have the strongest impact on job satisfaction ($\beta = 0.480$, $t > 1.96$), therefore H3 is accepted. Training and development practices also has a significant impact on job satisfaction ($\beta = 0.093$, $t > 1.96$), therefore H5 is also accepted. Employees have not given due importance to the recruitment and selection practices ($\beta = 0.026$, $t < 1.96$), which indicates that there is no significant impact of recruitment and selection practices on job satisfaction. Therefore, H4 is not accepted.

Table 4. Path Coefficient table

Hypotheses	Relationship	Standardized Beta	Standard Error	T Statistics
H1	Compensation and rewards->Job satisfaction	0.188	0.030	6.245
H2	Employment security->Job satisfaction	0.258	0.040	6.510
H3	Performance appraisal->Job satisfaction	0.480	0.049	9.733
H4	Recruitment and selection->Job satisfaction	0.026	0.045	0.586
H5	Training and development->Job satisfaction	0.093	0.036	2.571

Source: Author's Calculations

Discussion

The present research intended to investigate the relationships between HRM practices (recruitment and selection, training and development, employment security, performance appraisal and compensation and rewards) and job satisfaction. The measurement scales of all the constructs were adapted from the relevant literature. Smart PLS was used to examine the relationships between the variables in the proposed model. The reliability and validity of the measurement scales was also examined by evaluating the measurement model. The reliability was examined using Cronbach's alpha and composite reliability. Fornell and Larcker criterion (1981), was used to access the discriminant validity and AVE values were examined to assess the convergent validity of the constructs. It was found that employee have given due importance to performance appraisal practices followed by employment security.

The results further revealed that during the pandemic, employees are not more concerned and focused about the recruitment and selection practices of the organization. Park and Doo (2020) found that HRM practices have a positive and significant impact on job satisfaction ($\beta = 0.56$, $t = 6.44$). Jawaad et al. (2019) found that recruitment and selection ($\beta = 0.65$), training ($\beta = 0.39$), reward and recognition ($\beta = 0.66$) and performance appraisal ($\beta = 0.69$) have a significant impact on job satisfaction. Pradhan et al. (2019) found that there was a significant impact of HR practices on job satisfaction ($\beta = 0.27$, $t = 2.181$). Similarly, Ashton (2018) also revealed that training practices ($\beta = 0.214$, $t = 4.769$) and employment security practices ($\beta = 0.121$, $t = 3.721$) have a significant relationship with job satisfaction. The results revealed that there exists a positive

relationship of HRM practices with job satisfaction. The results were consistent with the past research studies (Cherif, 2020; Park and Doo, 2020; Pradhan et al., 2019; Ashton, 2018; Bryne et al., 2010).

The COVID pandemic has created havoc among the employees which has led to shift the focus of employees towards monetary aspects. Therefore, performance appraisal practices were found to have the strongest impact on the satisfaction of employees followed by employment security. Employees were more concerned about the security of their jobs during the pandemic, as the pandemic has negatively impacted the economies worldwide.

Implications of the study

“By addressing the research questions, the findings of the study have notable theoretical and managerial implications for Indian IT sector in particular and for global context in general. The study contributes to the HRM literature by confirming the existing relationships. Based on the research findings, the study confirms that HRM practices have a positive relationship with job satisfaction of employees.” Results of this study also affirms principles of social exchange theory by describing the proposed relationships. The results confirms the prevalence of HRM practices that are considered essential for the Indian IT organizations. Employees have given due weightage to the performance appraisal and employment security practices that has a significant impact on their satisfaction level. The present study has contributed to the existing literature by highlighting and providing deeper insights about the importance of HRM practices in predicting job satisfaction. The findings of the study provides credibility to the social exchange theory, which states that employees will

reciprocate in return to the organizations, therefore, effective HRM practices will result into improved satisfaction of employees. The findings of the study provides credibility to the social exchange theory, which states that employees will reciprocate in return to the organizations, therefore, effective HRM practices will result into improved satisfaction.

Limitations and future scope of the study

The study has some limitations that need to be addressed by the researchers in future studies. First, study consisted of selected HRM practices therefore, future research can explore and include other HRM practices such as equal employment opportunity, information sharing and career planning. Second, the present study includes the perception of employees working in North Indian IT sector and all the proposed hypotheses were tested on the basis of perception of employees.” Further research can also include the lower level and managerial level employees to study their perception regarding satisfaction, commitment and performance which could increase the generalizability of the findings. The data was collected by using non-probability sampling method (purposive sampling). Due to the unwillingness of the employees to respond and participate in the survey, the researcher has to use purposive sampling technique. Therefore, future research should be conducted considering such limitations to have more generalizable results.

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