Review the Role of the Transparency Commitment of Human Resource Practices in the Employee's Satisfaction in Banking Sector

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Abstract—The services in the banks are performed by the employees, and these services should be conducted affectively. The Bank should assure the employees satisfaction in order to enhance the employees' engagement level and motivate the employees to do their best in the working environment. The economic benefits of human resource practices (such as promotions and rewards) play important role in motivate the employees in the working environment through satisfy their extrinsic needs. The main challenge of HRP management is the employees' trust of leaders toward these practices in the organization. This paper aims to reviews the role of HRP manages in the employees' satisfaction in the bank. The review of literature is conducted to address the main aim of this paper. The paper result indicates that in order to enhance the level of employees' satisfaction and working engagement, the leaders should provide effective economic benefits of HRP, the HRP policies should transparent and clear for the employees, and the leaders must honest in apply the HRP policies as real actions in working environment. A conceptual model is suggested to fill the research gap, and the contribution of the suggested model is the presentation of various dimensions of HRP management in the context of employees' satisfaction.

Keywords—economic HRP; transparent polices; leader commitment; employees' satisfaction; working engagement.

I. INTRODUCTION

Banking industry is one of the most booming industries in countries. Banking sector of any country plays very important role and help to increase the economy growth of any country. Basically, bank is an institution which has deal with cash and instrument related cash. Banks are always giving facilitation like lending, distribution and consumption of wealth (Ahmad et al., 2015). Hence, the services performance in the banks should be improved continually. The effectiveness of perform the services by the employees is the success key of services performance, which clarify the importance of employees' satisfactions in the banks.

The employee satisfaction is a pleasurable or positive emotional state resulting from the comfortable in job environment (Chughati&Perveen, 2013). When the institution meets job expectations, the individual experience positive feelings, so, these positive emotions indicate job satisfaction (Green, 2000). The employees who have positive attitude towards the company, co-workers, and the job are able to perform their jobs tasks effectively more than the employees of low satisfaction level (Sypniewska, 2014). Thus, the employees’ satisfaction is important factor to enhance the job performance in the organizations.

If the employees have negative and unpleasant feelings in work, their attitudes to the work are defined as dissatisfaction (Zhu, 2012). In this context, job satisfaction is that how much the employees like or dislike their work and the extent how much their expectations concerning work are fulfilled. According to Wright and Kim (2004), Job satisfaction represents an interaction between workers and work environment and between what they want from their jobs, what they perceive and receive. Thus, the satisfaction level of the employees is different according to individuals’ cases and situations.

According to modern human resource management practice, establishing a proper relationship between human resource and strategic objective of the organization is the base for organizational success. This practice mostly
emphasizes the importance of the human aspect of the organization as most valuable asset. Hence, the motivational factor of human elements of organization has the power to determine the success or failure of an organization. Fitting human resource practices enhance motivational levels and organizational performance, because they influence employee satisfaction in meeting their expectations and encourage high work performance (Ahmedabad, 2005). The employees’ satisfaction can be achieved through motivate them using extrinsic benefits.

The extrinsic benefits are classified as Human Resource Practices (HRP) in the organization. The human resource practices are one of the major basics of Human Resource Management (HRM). HRM practices include analyzing and designing work, determining human resource needs attracting potential employees, choosing employees, teaching them how to perform their jobs and preparing them for the future, rewarding employees, evaluating their performance and creating a positive work environment (Mathur, 2015).

To assure the employees’ satisfaction, there are two procedures of HRP should be managed. Firstly, the policies of HRP must transparent for employees and clarified by the leadership. The employees need to understand the available HRP, and the responsibilities to receive the available HRP (Kemis & Goldman, 2006; Kaptein, 2011; Palanski & Yammarino 2011). Secondly, the leaders or organization must commitment in applying the HRP policies inside the working environment (Leroy et al., 2012). Thus, the transparency commitment of human resource practices can be defined as the clearness and understandability of human resource practices by leaders and employees and the commitment of applying these practices by the leaders inside the working environment.

The transparency commitment of HRP is under the umbrella of the leadership authenticity, which is about the truth of execute the promises as a real action in working environment. The lack of transparency commitment of HRP could decrease the trust of relationship between the leadership and the employees. Thus, the level of employees’ satisfaction will be decreased, and the job performance will be decreased. In other words, if the HRP policies are clear and the leadership are honest in applying these policies, then the emotions of employees will be positive, and they will be satisfied. The employees’ satisfaction will encourage them to do quality and accurate working tasks, which improve the overall job performance of the organization.

This paper aims to reviews the role of transparency commitment of HRP in enhance the employee’s satisfactions in the banks. The next section discusses related works to transparency commitment of HRP, employees’ satisfaction, and the connection between these factors. Section 3.0 suggests the conceptual model based on the literature review. Lastly, section 4.0 presents the conclusion and the future works.

II. LITERATURE REVIEW

This section present explains the study factors (Transparency Commitment of HRP and employees’ satisfaction) and the relationship between these factors.

III. TRANSPARENCY COMMITMENT OF HUMAN RESOURCE PRACTICES

Successful companies no longer see employees as a recourse whose primary function is to provide goods and services. Instead employees are seen as critical to the capability of service organization (Omar & Shehada, 2015). Wright and Kim (2004) study shown that the human resources can be a source of competitive advantage because they meet the criteria for being a source of sustainable competitive advantage. A firm HRM practices refers to as involving “people practices; it refers to the policies, practices, and systems that influence employees’ behavior, attitudes, and performance (Noe et al., 2003).

HRM practices include analyzing and designing work, determining human resource needs attracting potential employees, choosing employees, teaching them how to perform their jobs and preparing them for the future, rewarding employees, evaluating their performance and creating a positive work environment (Mathur, 2015).

There are many studies focused on HRM practices as a title, but implemented some of the whole practices. The study of Gidado et al. (2014) used training, salary & wages, and directors’ emolument as functions of human resource development, and found that their investment has a positive and significant relationship with the bank performance in Malaysia and Nigeria. Also, Al Azaam and Jaradat (2013) represented (job analyses and design, recruitment, training and development and employee’s performance appraisal) as HRM practices
by found its impact on achieving CA for 40 industrial companies at Al Hassan industrial Estate in Jordan. Where the HR training and development dimension show that there is no significant impact on achieving CA. Pahuja and Dalal (2012) reviewed how competitive advantage is developed using HR practices in the State Bank of India from the employees’ perspective, and identified five key factors as recruitment and reward system, training and skill development practices, organization climate, employee participation and empowerment; and effective communication system. Suifan (2015) used a sample of 500 employees working for public and private organization in various industries in Jordan to examine the impact of (training, person-organization fit, and rewards) as HR practices on organizational commitment, and found that there are significantly and positively associated with each other. Suifan (2015) measured training using a scale developed by Yahya and Goh (2002) where rewards construct was measured by a scale adopted from Sejjaaka and Kaawase (2014).

Based on the above works, it can be concluded that the effective benefits of HRM could motivate the employees to do their best in working environment. However, the leaders should be committed toward the HRP in order to build trusted environment. The trust between the employees and the organization is very important to motivate the employees to do their best in the working environment. Hence, the leaders should show the self-truth commitment toward the employees in order to construct effective relationship in working environment. This idea becomes important ethic in any business under the scope of leader integrity (Driscoll & McKee, 2007; Verbos et al., 2007). The leader integrity is about the truth level of leaders’ words towards their employees (Palanski and Yammarino, 2007; Palanski & Vogelgesang, 2011).

Avolio and Gardner (2005) mentioned that the matching between the leaders' behaviors and their actions in working environment could indicate the one-self true of leaders towards their employees. Similarly, the idea of “being true to one’s word when dealing with others” has established itself as behavioral integrity, the perceived alignment between the leader's words and actions (Simons, 2002).

With regards to the idea of leaders’ integrity, two important fundamentals are involving the leaders or behavioral integrity in HRP (Simons et al. 2015; Palanski & Yammarino 2011; Leroy et al., 2012); (i) the transparency of leaders' words and behaviors toward the employees, and (ii), the commitment of produce these words as actions in the working environment.

The transparency of leaders' words and behaviors can be defined as the clearness of communication between the employees and the organization. Many policies such as the working roles, responsibilities, rights, and duties should be clear for leaders and employees (Kemis & Goldman, 2006; Kaptein, 2011; Palanski & Yammarino, 2011). Therefore, the communication between leaders and employees can be simplified based on known and defined policies.

On the other hand, the leaders or organization commitment can be defined as the truth of applying the working policies by the leaders inside the working environment (Leroy et al., 2012). The lack of honesty in applying the organization policies by leaders could decrease the trust and satisfaction level of employees toward the organization (Walumbwa et al., 2011).

Hence, the transparency commitment of human resource practices can be defined as the clearness and understandability of human resource practices by leaders and employees and the commitment of applying these practices by the leaders inside the working environment. The transparent of human resource practices like training, salaries, bounces, rewards, and social security is important to clarify the rights and duties of employees and leaders. On the other hand, the leaders should commitment to apply these practices based on the transparent actions and roles. In other words, the leaders should be authentic in explain and apply the human resource practices inside the working environment.

IV. EMPLOYEES SATISFACTION
The most-used definition of employee or job satisfaction is by Locke (1976) as “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences” (A. Judge & Klinger, 2008). Locke, who is the leading academician among many researchers, states that there are important points in above definition of employee satisfaction: an emotional state implied that there is an effective component to the job satisfaction; an appraisal process implied that there is a cognitive or evaluative component to the job satisfactions. In other words, Locke’s definition consists of three elements: effective, cognitive and job-focused.
There are various definitions of job satisfaction as mentioned, first of all, it can be defined as concerning one’s feeling or state of mind related with the work (Chughati&Perveen, 2013) and “an employee’s positive attitude towards the company, co-workers and, finally, the job” (Sypniewska, 2014). When the institution meets job expectations, the individual experience positive feelings, so, these positive emotions indicate job satisfaction (Green, 2000).

Another definition of the employee/job satisfaction concept is “the extent to which people like satisfied or dislike/dissatisfied with their job” (Spector, 1997). In fact, job dissatisfaction reduces individual’s performance and causes some negative effects such as low productivity, absenteeism, and quitting the job and it is hard to prevent job dissatisfaction (Altuntas, 2014). In this context, “the evaluation of individual’s assessment level that how the work environment fulfills their needs” (Dawis and Lofquist, 1984), and “general attitudes of employees towards their jobs” (Wickramasinghe, 2009) are the other definitions of job satisfaction. Simply stated, the more employees’ work environment fulfills their needs, values, or personal characteristics, the greater the degree of job satisfaction (Ibrahim et al., 2012).

According to Koyuncu (2006) the working engagement is one of the most important dimensions of employees’ satisfaction. Work engagement has received increasing research attention over the past years, reflecting this emphasis (Leiter & Bakker, 2010; Schaufeli et al., 2009). Engaged workers are energetic, are positively connected to their work and feel they are doing their jobs effectively. It is a persistent and broad affective cognitive state. Schaufeli et al. (2009) view it as a positive, fulfilling work related state of mind that is characterized by vigor, dedication and absorption. Vigor is characterized by high levels of energy, the willingness to invest energy in one’s work and persistence in difficult times; dedication is characterized by high levels of work involvement and feelings of pride and challenge from one’s work; and absorption is characterized by deep concentration in one’s work the sense that time passes quickly and one is reluctant to leave their work.

The employee engagement is very depending on the employees’ satisfaction (Federman, 2009; Leiter & Bakker, 2010; Zigarmi et al., 2009). Employees’ satisfaction has been defined as “the primary affective reactions of an individual to various facets of the job and to job experiences” (Igbaria&Buimanaes, 1993, p. 148). As contrasted to job satisfaction, employees’ work engagement is considered a voluntary emotional commitment that can be influenced by organizational support, mutual trust among team members, and personal enthusiasm and willingness (Schaufeli et al., 2009).

Under this perspective, trustful leaders and supportive peers could increase the level of employees’ work engagement and ultimately lead to organizational performance improvement. Thus, employees’ work engagement includes involvement with the organization that goes beyond the affective focus of job satisfaction (Leiter & Bakker, 2010).

In addition, organizational commitment and engagement are similar concepts in terms of expected outcomes. However, many engagement researchers have emphasized that the concept of engagement is related to employees’ voluntary behavioral aspects (Macey & Schneider, 2008; Saks, 2006) whereas organizational commitment appears to be more attitudinal in nature including affective, continuance, and normative domains. Generally, engagement is viewed as a more holistic construct than commitment. Organizational commitment and job satisfaction are subsumed within the construct of organizational engagement (Bakker &Schaufeli, 2008; Saks, 2006).

V. RELATIONSHIP BETWEEN TRANSPARENCY COMMITMENT OF HRP AND EMPLOYEES SATISFACTION

Absar et al. (2010) explored the impact of HRP on the employees’ satisfaction in 20 manufacturing firms in Bangladesh. The findings of the questionnaire survey that collected from 60 employees showed that there is significant relationship between HRP and the employees’ satisfaction. The researchers founded that the level of employees’ satisfaction could be increased through many practices such as offer extensive training and development programs for the employees, introduce proper performance appraisal systems, and offer at least reasonable compensation to the employees.

The study of Hunjra et al. (2010) was focused on the management role of the HRP in the employees’ satisfaction. The study data was collected using questionnaire survey from 295 employees in Pakistani banks. The significant results showed that the HRP such as training and compensations are important to enhance working engagement of the employees. The
leadership behavior toward the management of HRP is necessary for effective implementations of these practices. The leadership should honestly distribute the HRP based on clear policies according to employees working performances.

Kaya et al. (2010) presented the importance of managing the HRP to address the employees’ satisfaction in Turkish banking sector. Kaya et al. (2010) surveyed 346 employees from 19 banks in the turkey. The study founded that the ideal written policies of HRP is one of the main success keys to improve the working engagement of the employees. The employees could expend more working efforts and time to receive the expected compensations based on the written policies.

Zaitouni et al. (2011) focused on the HRP effect on the working motivation of the employees in banking sector in Kuwait. The data that collected from 100 employees showed that the extrinsic HRP like rewards and allowances have greater effect on employees’ motivation more than other HRP like competence development and information sharing.

In the same context, Shafiq et al. (2011) conducted a research on topic of relationship between compensation and motivation of employees, taking interviews of 226 banks employees of different banks in Pakistan. Shafiq et al. (2011) concluded that demotivated employees early quit from current organization as compared to motivated employees due to weak and unclear implementations of HRP in the banks.

Majumder and Hossain (2012) focused on the impact of HRP on the employees’ satisfaction in banks environment. The study used a questionnaire survey to collect data from 88 employees in Bangladesh banks. The study revealed that the HRP practices plays important role in the employees’ satisfaction in the banks in developing countries due to low levels of salary and other economic benefits in these countries. Mainly, the study shows that the employees in the study area are not satisfied due to two main reasons; (1) the HRP policies are not clear for the employees, and (2) the HRP like compensations and training not satisfy the extrinsic needs of the employees.

Bowra et al. (2012) studied the relationship between the HRP and employees’ performance in the banks. The study data were collected from 235 employees in banking sector of Pakistan. The results show that there positive and significance relationship between the HRP in the bank and the improvement of employees’ behaviors toward enhance the performance level of their working tasks. For effective management of HRP, the compensations such as rewards and promotions should be provided according to performance level of the tasks that accomplished by the employees. This requires effective evaluation of the tasks performance that accomplished by the employees. The performance evaluation involves many performance dimensions such as tasks quality and accuracy. Bowra et al. (2012) explained that the employees should understand the HRP policies to motivate them to enhance their working performance in order to receive the possible HRP.

Mochama (2013) examined the effects of awarding equal employee benefits on employees’ level of job satisfaction, also explored the link between equal employee benefits and job performance based on a study conducted at the Kenya Pipeline Company, Eldoret Branch in Kenya. The study established that there is a positive correlation between equal employee benefits and level of job satisfaction among employee. There was also a significant correlation between equal employee benefits and increased efficiency as well as profitability. Conversely, there was no significant relationship between equal employee benefits and corporate image, employee retention, cost reduction and staff morale.

Ibrahim, Subramaniam, and Shamsudin (2014) explored the role of HR practices in influencing cyberdeviance. It also seeks to examine whether job satisfaction mediates the link between HR practices and cyberdeviance. The study uses four dimensions of HR practices i.e. performance appraisal, compensation practice, career advancement, and employment security, while job satisfaction yielded two dimensions i.e. satisfaction with pay, and satisfaction with workload. Results showed that all four dimensions of HR practices were significantly able to explain 68.8% of the variance in cyberdeviance. Satisfaction with pay was found to partially mediate the link between performance appraisal and cyberdeviance. On the other hand, satisfaction with workload was a partial mediator between performance appraisal and cyberdeviance, and between career advancement and cyberdeviance.

Ahmad et al. (2015) explained that the retention of the employees in the banks would be improved through various HRP such as free training, salary, bonuses, leave benefits, and insurance. One of the
min retention elements is the employees’ satisfaction, which can be enhanced through motivate the employees using various economic benefits. The leader commitment and honesty of provide the compensation according to clear policy is important to improve the positive emotions of the employees. Approximately, the same explanations were presented by Mahmood et al. (2014) study which surveyed 150 employees in Pakistan banks.

Ijigu (2015) studied the effect of manage the HRP on the employee’s satisfaction in Ethiopian public banks. To study this effect, a questionnaire survey was conducted with 333 banks employees. The results show that the HRP like training and compensations are importance to enhance the motivation level of working engagement. The provided HRP should be managed effectively to ensure the employees satisfaction, which lead them to do their best to accomplish the working tasks. The HRP management could be improved through structure policies that clarified by the leaderships.

Based on the above studies, it is clear that the effective HRP practices are important to increase the satisfaction level of the employees, which encourage them to engage their working activities using more efforts. The management of HRP through ideal and effective policies is necessary to motivate the employees to do their best in order to receive the expected HRP based on clear roles. However, there are few evidences (research gap) that provided by the past studies about the importance of HRP transparency, and the leadership commitment toward the HRP policies.

VI. CONCEPTUAL MODEL

Regarding to the gap in literature review, Figure 1 illustrates the conceptual model as a result of this paper. The HRP management is important to improve the employees’ satisfactions. There are three dimensions should take in the account of HRP management; (i) provide effective economic benefits of HRP based on the employees performance, (ii) the HRP policies should be transparent, understood, and clear for all employees in the bank, and (3) the leaders should be committed in apply the HRP policies as real actions in banks environment. These three dimensions would enhance the working engagement level of the employees in the bank through increase the level of employees’ satisfaction.

VII. CONCLUSION AND FUTURE WORKS

This paper reviews the role of transparency commitment of HRP in employees’ satisfaction in the banks. The most important dimensions of the transparency commitment of HRP are the effective HRP (such as training and compensations), transparency of HRP policies, and leadership’s commitment toward the HRP policies. On the other hand, the main dimension of the employees’ satisfaction is the level of working engagement. The management of HRP dimensions is important to enhance the level of employees’ satisfaction and working engagement. In the future, several works could be conducted such as develop research hypotheses based on the conceptual model and test it using questionnaire survey with banks employees. Another important future works is the relationship between the HRP management...
as independent factor, Employees satisfaction as mediating factor, and job performance as dependent factor.

REFERENCES


