

The Relationship of Human Resource Practices to Job Satisfaction, Organizational Trust and Organizational Citizenship Behaviors in the Jamaican Banking Industry

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Introduction

Organizational Commitment

The focal point of effective human resource management (HRM) is on managing people within the employer-employee relationship. As banks are considered a very critical industry of the economy, it is important that the workforces supporting these banks are well motivated and are effective in delivering the necessary work output. It includes the productive utilization of employees to achieve the organization's business objectives and satisfy individual employee needs (Stone, 1998). HRM seeks to strategically combine the interests of an organization and its employees (McGraw, 2003). Consequently, ineffective HRM can be a major barrier to employee satisfaction and organization success (McGraw, 2003).

HRM practices in the banking industry play a key role in attracting, motivating, rewarding, and retaining employees. HRM practices include recruiting employees, selecting employees, designing work, compensating employees, and developing good labor and employee relations (Noe, 2005). For the purpose of this study, the researcher bundled five specific human resource management practices. These are HR planning, training, career development, performance appraisal, and employee participation programs.

The researcher chose to bundle HRM practices since bundled HRM practices produce interrelated and complimentary functions. For example, training and development, and performance appraisal overlap each others' results. The appraisal of an employee's performance will show potentials and identify gaps in employee's knowledge, skills, and abilities that will be filled in by training and development. Furthermore, the alignment of HR practices produce synergy contributing to increase productivity and corporate financial performance (Huselid, 1995). Bundled HRM practices contribute to overall firm performance by motivating employees to adopt desired attitudes and behaviors (Bowen & Ostroff, 2004). Moreover, Chang (2005)

argues that employees perceived HR practice as an exclusive and single practice rather than separate and diverse fields. According to Fishbein's (1963) an individual's overall attitudes towards each HRM practices can be represented by a summation of the belief held about each HR practices.

It is important to study HRM practices and its relationship with work related attitudes, and behaviors. Attitude is a mental state of readiness that is organized through experience, applying a dynamic influence on the individual's response to objects and situations to which it is related such as job satisfaction and organizational trust. (Allport, 1935). On the other hand, behaviors are manners in which an individual or group conduct and respond to his/her environment like Organizational Citizenship Behaviors or OCBs (Robbins, 2005).

Employee perception of organizational banking practices and working conditions within the banks of Jamaica influence employee attitudes and behavior (Guest, 2001). Existing organizational practices within banks in Jamaica such as HRM should facilitate the development of desired employee attitudes and behavior that contribute to enhance firm performance. Previous studies have found that positive perceptions of HRM practices lead to positive employee attitudes and behaviors such as job satisfaction (Guest, 1999), organizational trust, organizational commitment, organizational justice (Greenberg, 1990).

Job satisfaction, organizational trust and OCBs were the variables selected to be studied in relation with HRM practices as these three elements are key factors in organizational effectiveness and these variables are considered understudied. These facets affect and overlap each other's functions and outputs that contribute to the

development of HRM practices. Furthermore, this study contributes to the literature by examining a wide breadth of outcome measures within the same study.

The study extends HRM literature in three ways. First, it provides additional research in the examining the role of HRM practices to employee attitudes and behaviors since there are limited studies in HRM conceptualized as a bundle (Chang, 2005; Guest, 2004; Huselid 1995). Second, it examines the proposition of Morrison (1996) on the role of HRM practices in contributing to extra-role behaviors. An examination of HRM literature revealed that there has no study conducted investigating HRM to organizational citizenship behaviors. Third, it also simultaneously examines HRM, job satisfaction, organizational trust, and OCBs in one study. Previous studies have examined these variables separately. For example, Ellickson (2002) and Bradley, Petrescu, and Simmons (2004) conducted the study on HRM practices to job satisfaction, Tzafrir (2004) examined HRM practices to organizational trust. Furthermore, since there are limited studies on HRM practices within the banking industry; this would contribute to the importance of HRM practices in the management organization.

Review of Related Literature

Human Resource Management Practices

HRM contribute to the attainment of an organizations competitive advantage through the strategic implementation of a highly committed and competent workforce using an integrated range of cultural, structural, and personnel techniques. Effective HRM leads to an organization success by developing employees that contributes to the delivery of products and services bring customer satisfaction, business results, and

shareholder value (Stone, 1998). The main purpose of HRM is to improve the productive contribution of people wherein the employees are being heard by the management and helping the employees to find new resources that enable them to successfully perform their jobs (Ulrich, 1997).

The role played by human resource functions is best explained by determining the key objectives that they seek to align strategies, develop effective policies, systems and activities which are significant to the firm's overall success (Torrington, Hall & Taylor, 2002; Storey, 1995). HRM functions are critical in running an effective organization.

Organizations need to have a competitive HRM functions in order to maintain a competent workforce and attain business objectives (Newman & Hodgetts, 1998). HRM function includes planning, training and development, career development, performance appraisal, and employee relations. These functions help organizations to facilitate strategies that allow them to achieve efficiency and effectiveness (Stone, 1998). HRM functions must change in manner that it accomplishes new roles and new competencies. It also has to be transformed to deal creatively and practically with the emerging challenge.

HRM practices have a tangible and various intangible organizational consequences. Prior researches have found support for the role of HRM practices in predicting organizational commitment (Davidson, 1998), job satisfaction (Bradley et al., 2004), and procedural justice (Edgar & Geare, 2005).

Job Satisfaction

Organizational Commitment

Job satisfaction is a pleasurable emotional state resulting from the valuation of his or her work (Locke, 1976; Steijn, 2002). Even though job satisfaction is a highly personal experience, there are a number of facets that seem to contribute the most to feelings of job satisfaction. Steijn (2002) stated that mentally challenging work, adequate compensation pay, career opportunity, the ready availability of promotions, people that are friendly, considerate, or good-natured superiors contribute to job satisfaction (Johns & Saks, 2000). For instance, the ready availability of promotions is positively related to job satisfaction. The promotion given enhances the perception of the employees that they are valued enough by the organization (Garrido, Perez, & Anton, 2005).

Previous studies have shown that compensation (Bassett, 1994), opportunity for advancement (Schneider, 1994), psychological climate, and leadership style (Howell & Frost, 1989) are antecedents of job satisfaction.

Organizational Trust

Trust is an individual's expectation, assumption, or belief about the likelihood that another's future action will be beneficial, favorable, or at least not detrimental to one's interests (Meyer, Davis, & Schoorman, 1995). Trust is considered to be an essential component in organizations since it is a consistent mechanism that supports organizational change and development in an unpredictable environment than hierarchical power and direct surveillance (Kramer & Tyler, 1996). Several studies clearly indicate that the formation of trust within workplace relationships is complex and elusive (Tzafrir, 2003). Furthermore, workplace trust is a necessary element for the development of competitive advantage through support, co-operation, and improvement of systems.

Trust is viewed as a feature of the social foundation that begins interactions among parties (Mayer & Davis, 1999). According to Kramer and Tyler (1996), there is a need for organizational trust for the reason of there are organizational needs that are not to be disclosed and one of the elements to address these requirements are employees that trusts their organization. Currall and Judge (1995) defined trust as an individual's reliance on another person under conditions of dependence and risk. Dependence means that one's outcomes are reliant on the trustworthy or untrustworthy behavior of another. Furthermore, risk means that one would experience negative outcomes from the other person's untrustworthy behavior (Kramer & Tyler, 1996).

Previous studies have shown that psychological contract breach (Costa 2001), leadership style and organizational communication are antecedents of organizational trust.

Organizational Citizenship Behavior

Organizational Citizenship Behavior (OCBs) are behaviors that are discretionary, indirectly seen or recognized by the official compensation system, and as a whole encourage the effective functioning of an organization (Organ, 1998). It is also defined as an employee behavior that is above and beyond the call of duty and is therefore discretionary and not rewarded in the context of an organization's formal reward structure (Konovsky & Pugh, 1994).

Social exchange is an explanatory mechanism to obtain OCBs. It refers to relationships that entail unspecified future obligations. Social exchange is a critical element in understanding OCBs. It is the theoretical basis and the starting point for

OCBs to obtain. When HRM practices offered by the organization are perceived favorable by employees, they tend to reciprocate by OCBs (Organ, 1998). For example, when supervisors treat employees fairly, social exchange and the norm of reciprocity (Gouldner, 1960) dictate that employees reciprocate, and OCBs are the avenue for employee's reciprocation.

There are five dimensions of OCBs (Organ, 1998). First is altruism that involves all discretionary behaviors that have the effect of serving a specific other person with an organizationally important task or problems. The second is conscientiousness it is the extent that a person goes well beyond the satisfactory or required level in work attendance; the person exemplifies the brand of OCBs. Third is sportsmanship which the employees' goodwill in tolerating less than ideal circumstances without "complaining and making a federal case out of small potatoes." The fourth dimension is civic virtue which is the behavior that shows a concern for participating in corporate life for example, by performing tasks that they are not required to perform, and doing so for the benefit of the organization. It also implies a sense of involvement in what policies are adapted and which candidates are supported. The last dimension is courtesy which involves such actions as "touching base" with those parties whose work would be affected by one's decision or commitments. Touching base refers to actions done by employees that their co-employees values (Organ, 1998).

Previous studies have shown that procedural justice (Alotaibi, 2001; Organ, 1998), organizational commitment (Alotaibi, 2001; Mayer & Allen, 1997; Moorman et al., 1993), and job satisfaction (Alotaibi, 2001; Moorman et al., 1993) leads to OCBs.

Methodology

Statement of the Problem

This study intends to determine if there is a significant relationship between HRM practices and employee attitudes and behaviors of employees working under the banking industry. To answer the main problem, the following sub-problems are discussed in this study.

1. What is the perception of employees on HRM practices?
2. What is the level of job satisfaction and organizational trust of employees?
3. What is the level of organizational citizenship behaviors manifested by employees?
4. Is there a significance in the relationship between perceptions of HRM practices and the following employee attitudes and behavior:
 - a. Job satisfaction
 - b. Organizational trust
 - c. Organizational citizenship behavior

Hypothesis

At 0.05 level of significance, the following hypothesis was tested:

Hypothesis 1: There is a significant relationship between employee perceptions on HRM practices and the following employee attitudes and behaviors.

- a. Job satisfaction
- b. Organizational trust
- c. Organizational citizenship behavior

Research Design

The research utilized the descriptive-correlational research design. Descriptive correlational design is a non-experimental research that measures two or more variables to determine the degree of relationship between them (McBurney & White, 2004). The study used descriptive research design to determine the perception of employees within the banking industry on HRM practices, level of job satisfaction, and organizational trust, and extent OCBs are manifested.

Participants

The study identified employees that would represent the Banking industry of Jamaica. The employees used for the study are engaged in handling the daily customer needs and operational aspects of the business. The employees were considered as respondents because these employees experienced the actual effectiveness of HRM practices. After identifying the banks and their respective managers, the list of their other employees were also to be gathered. The researcher considers getting two supervisor respondents and three rank-and-file employees from each of the banks to get a better representation from each job level due to consideration of time and financial constraint. This study utilized the convenient sampling technique. Convenience sampling is a non probability sampling method that literally gets a sample from whoever is available to receive the administration of the survey questionnaire (Riley, Wood, Clark, Wilkie, & Szivas, 2000). Using the perspective drafted from extant studies pertaining to this section, the study would need to generate at least 81 respondents for medium size effect using four variables.

Materials

The researcher utilized secondary sources such as empirical studies, textbooks, internet articles, and journals to establish the theoretical foundations and arguments that are related to banking industry. Furthermore, primary sources will be use to

measure the following study variables: HRM practices, job satisfaction, organizational trust, and OCBs. A description of each instrument is detailed below:

In order to measure HRM practices, a 21-item scale developed by Delery and Doty (1996) was used to measure HRM practices. Sample items include “Individuals in this job have clear career paths within the organization” (internal career opportunities), “Extensive training programs are provided for individuals in this job” (training), “Performance is more often measured with objectives quantifiable results.” (results-oriented appraisal), “Employees in this job can expect to stay in the organization for as long as they wish” (employment security). “Employees in this job are allowed to make many decisions” (participation), “The duties of this job are clearly defined” (job description). Delery and Doty reported internal reliability coefficients ranging from .64 to .83 for the six HRM functions. A 6-item global job satisfaction scale developed by Brayfield and Rothe (1951) was used to measure job satisfaction. A sample item includes, “I would not consider taking another kind of job”. Agho et al. reported a Cronbach alpha of 0.85. To measure organizational trust, a 7-item scale developed by Gabaro and Athos (in Robinson, 1996) was used to measure organizational trust. A sample item include, “In general, I believe my employee’s motives and intentions are good. Robinson reported a Cronbach alpha of 0.73 for this instrument. Lastly, a 20-item scale developed by Podsakoff et al., (1990) was used to measure OCBs. A sample item for each sub-scale are as follows; “Helps others who have been absent” (altruism), “Take steps to try to prevent problems wit other workers” (courtesy), “Consumes a lot of time complaining about trivial matters” (sportsmanship), “Attendance at work is above the norm” (conscientiousness), “Attendance meeting that re not mandatory but are considered important” (civic virtue).

Data Gathering

1. The researcher submitted the title “The Relationship of Human Resource Practices to Job Satisfaction, Organizational Trust and Organizational Citizenship Behaviors in the Jamaican Banking Industry” to the M-PRAC1 committee for approval
2. The researcher used secondary sources such as empirical studies, text books, internet articles, journals about HRM practices, job satisfaction, organizational trust, and OCBs in developing the conceptual framework and the hypothesis for the study.
3. Adopted instruments will be used to measure the study variables: HRM practices from Delery and Doty, job satisfaction from Brayfield and Rothe, organizational trust from Gabaro and Athos and OCBs from Podsakoff, Mckenzie, Moorman

Data Analysis

The following statistical tools were used to analyze the data:

1. Frequencies were used to provide a demographic profile of participants of the study.
2. Means were computed to determine the perception of respondents on HRM practices, job satisfaction, organizational trust, and OCBs. Reference scales (see Table 1 and 2) were used to provide the verbal interpretation of quantitative results.
3. Pearson’s r was to determine the relationship between HRM practices and attitudes and behaviors particularly job satisfaction, organizational trust, and OCBs. Table 3 presents the strength of correlation.

Table 1

HRM Practices Reference Scale

Numerical Range	Descriptive Interpretation
6.50 – 7.00	Very effective
5.50 – 6.49	Effective
4.50 – 5.49	Slightly effective
3.50 – 4.49	Neither effective nor ineffective
2.50 – 3.49	Slightly ineffective
1.50 – 2.49	Ineffective
1.00 – 1.49	Very ineffective

Table 2

Job satisfaction / Organizational trust / Organizational Citizenship Behavior (OCB)

Reference Scale

Numerical Range	Descriptive Interpretation
1.00 – 1.49	Very low
1.50 – 2.49	Low
2.50 – 3.49	Slightly low
3.50 – 4.49	Neither high nor low
4.50 – 5.49	Slightly high
5.50 – 6.49	High
6.50 – 7.00	Very high

Table 3

Strength of correlation scale

Numerical Range	Descriptive Interpretation
.90 – 1.00	Very high, Dependable Correlation
.70 – .89	High or Marked Correlation
.50 – .69	Moderate or Substantial Correlation

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