BSc in Psychology

Quality of Human Resource Practices and Employee Job Satisfaction

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Name: Bjarki Pétursson
ID number: 070393 – 2049
Foreword

Submitted in partial fulfillment of the requirements of the BSc Psychology degree, Reykjavik University, this thesis is presented in the style of an article for submission to a peer-reviewed journal.
Abstract
The purpose of this study was to measure the quality of the HRDs and if there was a difference on employees’ job satisfaction between companies depending on the quality of the HRDs within the companies. The quality of the HRDs was measured with a questionnaire and the employees’ overall job satisfaction were complete results from the competitions “Private and Governmental company of the year 2017 and 2018“. Participants in this study were 56 companies in Iceland, 19 private and 37 governmental. All the companies had at least 50 employees. Representatives of the HRDs within the companies answered a questionnaire on behalf of the companies. The questionnaire, which was created by the author of this study and his mentor, was sent to all participants via e-mail on the 19th of March 2018. The response rate was 45.53%. Pearson’s correlation and multiple regression was conducted on the data. The results indicated that quality of HRDs was not affective in terms of employees’ overall job satisfaction so the main hypothesis failed. Some subcategories under the questionnaire correlated significantly with other subcategories under the overall job satisfaction. Further research are needed.

Keywords: job satisfaction, human resources, human resource management, human resource quality, human resource department

Útstrýttur
Quality of Human Resource Practices And Employee Job satisfaction

Employees’ overall job satisfaction and their attitudes towards certain work factors in the work environment has proven to be key factors in terms of organizational performance (Becker, Huselid, Pickus, & Spratt, 1997; Wright, Gardner, & Moynihan, 2003). Attitudes are important antecedents of employee participation and role behavior in work environments and they include behavioral as well as affective and cognitive components (Ajzen & Fishbein, 1977). Results from a recent meta-analysis indicated that many business unit level outcomes were positively associated with employee attitudes (Harter, Hayes, & Schmidt, 2002). These measures of practices and employee attitudes were strong predictors of organizational performance measures used within the company to track business unit performance (Wright et al., 2003).

One of the most important factors in the work environment is job satisfaction and there are many variables that can be affective. Job satisfaction is one of the most examined concept in organizational psychology and specialists have been arguing over what variables are most related to job satisfaction. Those variables are management, salary, job independency and flexible work arrangements to name a few. Management turned out to be a vital factor in terms of employees’ job satisfaction (Mohammad Mosadegh Rad & Hossein Yarmohammadian, 2006).

Job satisfaction is a definition of an individual’s emotions to his occupation and other work-related factors, such as his salary, work conditions, work environment, co-workers, his supervisor and so forth. What defines people that are high on job satisfaction is that they feel more committed to their job, are more responsible, more productive and care about the quality of their job (National Business Research Institute). The concept “job satisfaction” has been used for a long time, but the idea that the concept is more complicated than just paying
the employees a fair salary is quite new. It was not until the 1930s that reasons for job satisfaction were further examined (Hoppock, 1935).

Job satisfaction has been defined in many ways and there are many arguments over what job satisfaction is in general. In many of the research that has been conducted on job satisfaction, the most used definition is from Locke (Judge & Klinger, 2008).

“[..] happy or a positive emotional state that leads to self-assessment of an individual’s work or work experience.”

Employees’ job satisfaction is affected by their evaluation of their work and their work environment. Roethilsberger and Dickson (1939) study showed where employers who were more attentive to the employees’ work led to increased job satisfaction and therefore increased productivity for the employees, even though they were put in a more difficult work environment (Roethlisberger & Dickson, 1939).

Job satisfaction is a complicated and a multidimensional concept which can mean different things to different people. Job satisfaction for one employee can be, for example, related to work environment, moral, good co-workers, mutual respect, trust from employers and more responsibility. While job satisfaction for another employee can be related to job position, flexible work arrangements, job evaluation, projects, salary and benefits. Therefore, employers must be aware and keep in mind that motivational factors differ between employees, so it is considered beneficial for employers to know their employees quite well and assume they have different needs (Staren, 2009). A special method within companies was created decades ago that applied to different people to improve the working environment for everyone
related. This special method is called Human resources (HR) which has been further examined over the last few years (Becker & Gerhart, 1996).

HR meet the criteria for sustained competitive advantage in their value, rareness, inimitable and non-substitutable for companies all over the world (Wright, McMahan, & McWilliams, 1994). Human resource department (HRD) can be an organization’s largest and most difficult to-control expense and that might be a factor why not every company possesses such a department (Pfeffer, 1998). On the contrary with Pfeffer’s results, Becker and Gerhart (1996) declared in their study how essential human resources management (HRM) was for value creation within companies. These results create a dilemma for many companies between expenses versus value creation.

A positive work environment is vital for everyone in an organization. To implement and sustain a positive work environment, for both employers and their employees, HRD has proven to be essential over the last few years (Vermeeren, Kuipers, & Steijn, 2014; Wright et al., 2003). Furthermore, Vermeeren et al. (2014) declared that HRD were implemented to influence employers and employees with the ultimate aim to positively influence the organization’s performance.

A key task for researchers has been to understand how HR can be managed to maximize productivity and enhance creativity while controlling costs (Combs, Hall, & Ketchen, 2006). To influence employee outcomes positively in the modern era, directors require well designed HR practices to utilize in their management activities.

There is a new perspective in HR that was mentioned in the Academy of Management Journal and in the Journal of Accounting and Economics as well. The perspective suggests that HR, both the function and the system, contributes directly to the implementation of the operating and strategic objectives of firms. The strategic approach draws heavily on psychology, economics and finance (Becker & Gerhart, 1996).
This strategy is called SHRM (Strategic Human Resource Management) and is another perspective of HR that has been examined over the last few years (Pfeffer, 1994; Wright & McMahan, 1992).

According to the results, employers which are teaching and using the methods of HPWP (High Performance Work Practices) to and on their employees, succeed in increased knowledge, skills and abilities (KSA) in their working environment, for both themselves and for their employees as well. HPWPs’ methods include incentive compensation, training, employee participation, selectivity and flexible work arrangements (Huselid, 1995; Pfeffer, 1998). Furthermore, another method within HPWPs is labelled for employers and is about how they can empower their employees to act and motivate them (Becker et al., 1997; Huselid, 1995). Thus, employees must be motivated to leverage their KSAs (Combs et al., 2006).

According to research, if employees and employers work with the HPWPs’ methods then the results from them will be greater job satisfaction for employees, lower employee turnover, higher productivity and better decision making. All of these factors contribute to improvements towards organizational performance (Becker et al., 1997; Combs et al., 2006). Furthermore, when employees are managed with progressive HR practices, they become more committed to their organization (Wright et al., 2003).

Results from many studies indicate that greater job satisfaction for employees is an essential factor and frequently a possible positive consequence when it comes to the relationship between HRM and performance (Guest, 2002; Purcell & Hutchinson, 2007). There is a positive correlation between job satisfaction and HRM (Guest, 2002) and between job satisfaction and performance (Hackman & Oldham, 1975). These findings support the idea that job satisfaction acts as a mediating variable in the relationship between HRM and performance (Vermeeren et al., 2014).
However, the majority of studies examining the relationship between HR practices and company’s performance have been entirely cross-sectional in their design (Wright et al., 2003). Such designs can be problematic while providing useful information. Cross-sectional designs preclude making any causal inferences regarding the direction of the relationship. So, while we may believe the HR practices are driving company’s performance, we cannot rule out that the reverse could be the case.

Nevertheless, there is strong evidence indicating that HRDs and certain strategies they use play a vital part in organizations, especially regarding how they are improving and performing better in general (Becker & Gerhart, 1996; Becker et al., 1997). As further mentioned, HPWP is one of those strategies which has proven to be effective. Furthermore, employees’ job satisfaction has been increasing in the work environment consequently to those strategies and an effective HRD, according to results from research (Becker et al., 1997; Guest, 2002; Huselid, 1995; Vermeeren et al., 2014; Wright et al., 2003).

This study will add a new perspective to HR by aiming to measure employees’ overall job satisfaction depending on the quality of the HRDs within the companies. As mentioned above, the method HPWP has proven to be effective in the work environment for many companies according to results from most research (Becker et al., 1997; Huselid, 1995; Pfeffer, 1998). The results indicated greater job satisfaction, lower employee turnover, higher productivity and other positive factors for organizational performance after the method HPWP was properly utilized.

The goal of this study is to examine overall job satisfaction between employees who are working for a company which has a quality HRD compared to employees who are working for another company which does not have a quality HRD.

Based on current literature, the hypotheses of the study are; 1) It is to be expected that employees who are working for a company which has a quality HRD differ on job
satisfaction compared to employees who are working for a company which does not have a quality HRD; 2) There is a difference in the quality of the HRDs between private companies and governmental companies; 3) The higher score a company’s HRD gets on the author’s questionnaire, then the likelihood of that company being high on employees’ overall job satisfaction scale increases. Furthermore, an inverse reverse relationship is expected if the company’s HRD gets a lower score on the questionnaire, then the likelihood of that company being high on employees’ overall job satisfaction scale decreases.

Method

Participants

The participants in this study were companies that participated in the competitions “Private company of the year 2017” [“Fyrirtæki ársins 2017”] and “Governmental company of the year 2017 and 2018” [“Stofnun ársins 2017 og 2018”]. The representatives of the HRDs within the companies answered a questionnaire on behalf of the company. Most of them were head of the HRD, but some of them were CEO’s while others were directors in the companies. There was a total of 123 companies, 50 private and 73 governmental, that were enrolled in this study. In the end, 56 companies chose to participate in this study so the response rate was 45.53%. The ratio between private companies and governmental companies was not equal, but 19 companies were private (33.93%) and 37 were governmental (66.07%). This sample should give a critical view of HRDs within the companies in Iceland. The companies differed in some other ways as well, such as the nature of the company and how many employees are working for it, despite the aim was to measure companies which were on the same scale regarding how many employees are working for it. The scale was ≥50 employees.

Convenience sampling from a sample frame was used to get to the participants. All the companies that participated in the competitions “Fyrirtæki ársins 2017” and “Stofnun
Ársins 2017 and 2018” and had similar number of employees working for the company could have landed in the sample. Every company had to fulfill a few conditions to be able to participate in the competitions. For example, at least 35% response rate was required from employees so their company could participate in the competitions.

There was no benefit involved in this study for the participants, except that they would get access to the study’s results which implies the quality of the company’s HRD compared to other HRDs in other companies.

**Measures**

The author of this thesis and the thesis mentor created the questionnaire in the beginning of March 2018. Almost all the head categories from the Cranet project back in 2015 were used when this questionnaire was created and some of the questions as well (Arney Einarsdóttir, Ásta Bjarnadóttir, & Katrín Ólafsdóttir, 2015). The author added in a few more categories, rephrased some questions and added in a few more questions related to the quality of the HRDs within the companies and all the work was done in consultation with the thesis mentor.

The questionnaire was installed into the website [www.questionpro.com](http://www.questionpro.com). After opening the survey, the participants read a text about the purpose of the study. Participants knew after reading the text that they could quit participation at any time without any consequences and the data were only going to be utilized to compare HRDs with other HRDs. It was not possible for anyone to trace an answer to a single question back to the representatives.

**Independent variable**

**HR questionnaire**

The questions were all related to HRM and the answers from the representatives would imply the quality of their HRD. The questionnaire measured nine different
subcategories that together sum up the work of the HRDs within the companies. The nine subcategories are hereby mentioned; Organization, salary and benefits, health promotion, selection and hiring, recruit reception, job exit, job evolvement, performance and HR measurements as the last subcategory. There was a total of 36 questions and all of them had only two possible answers, either “Yes” or “No”, except for the last question (see Appendix). One question, for example, was related to salary; “Á starfsfólk kost á launaviðtali á hverju ári?” [“Is it possible for employees to get a salary interview every year?”]. On the last question, the representatives were asked to rate their HRD on the scale from “0” to “10”. The quality of the HRD was measured by calculating the points each company got on the questionnaire. They received one point for each “Yes” to a question and zero points for each “No” to a question.

**Dependent variable**

**Private and Governmental company of the year**

The dependent variable is a calculated result that each company got on the competition “Private company of the year 2017” and “Governmental company of the year 2017”. Furthermore, governmental company of the year 2018 was used as an additional analysis. The results are available for everyone to see on the webpages: [www.vr.is](http://www.vr.is) for Private company of the year and [www.sfr.is](http://www.sfr.is) for Governmental company of the year.

Every company that participated in the competition is ranked depending on their final score. The higher score a company got, the higher the employees’ overall job satisfaction was in that company. For example, the highest score a private company got on the overall job satisfaction total scale in 2017 was 4.56, indicating that employees score rather high on most of the nine subcategories that go under the overall job satisfaction total scale. The highest score a governmental company got in 2017 was 4.46 in comparison. The highest score possible is 5 and lowest score is 1.
The nine subcategories are hereby mentioned; Management, morale, salary, work conditions, flexible work arrangements, job independency, image of the company, happiness and pride and equality as the last subcategory. Factor analysis indicated that subcategories should be nine according to the results. Furthermore, every subcategory had a good internal reliability according to Cronbach’s alpha, $\alpha = \geq 0.82$. It is possible to measure employees’ overall job satisfaction by calculating the result every company got on each subcategory.

There were a few questions under each subcategory that employees answered to get a final score for each subcategory on the questionnaire. All the questions were on a 5-point Likert scale from 1 “Mjög óánægður” [Very unhappy], to 5 “Mjög ánægður” [Very happy].

For example, one question was under the subcategory management; “Ég fæ stuðning og hvatningu frá næsta yfirmanni mínun” [“I get support and motivation from my supervisor”].

The competition’s questionnaire was sent to every employee that was working in the company at the time the questionnaire was sent to all the companies.

**Competition’s data analysis:**

Each answer to a question in each subcategory were all put together and then divided by the number of questions that belonged to each subcategory to get the final average score for every company on each subcategory. For example, each answer to every management question was put together then divided by the number of questions to get the final score for every employee on that subcategory. To get the company’s score on each subcategory then each score from every employee were all put together and then divided by the number of employees that answered every question under that subcategory. After this calculation, the company’s average score for each subcategory is the result. The same method was used for the other subcategories and the result is a final score for every company on each subcategory.

In the end, every final score for each subcategory were all put together and then divided by
the number of subcategories (9) to end up with the final score a company got on the competition.

Company’s final score would indicate the overall job satisfaction of the employees in that company, in other words their attitude towards the nine subcategories. The same method was used for both private and governmental companies. The weight of every subcategory to calculate the final grade is slightly different, both between the competitions and between the subcategories. For example, the subcategory management is valued more important over the other ones.

**The results from the competitions**

The results from both competitions were similar. Management in private companies improved between years according to the results. Furthermore, flexible work arrangements and image of the company improved as well. More employees consider their salary to be fair in 2017, or 57%. Those who felt like their salary was unfair were 17%. Equality also improved between years. In 2017, 87% of employees felt like everyone enjoyed equality in the work environment compared to 83% in 2016.

To sum up the results from the competitions; On average, employees’ overall job satisfaction is improving between years according to the results. Governmental companies show a similar pattern to private companies regarding employees’ job satisfaction. Furthermore, job satisfaction is lower in companies that has ≥50 employees compared to companies that has ≤50 employees.

**Procedure**

This study was executed in the spring of 2018. A questionnaire was created and sent to the representatives of the HRDs within the companies on the same day, 19th March 2018 via e-mail. The representatives’ e-mails were gathered on the company websites and installed directly into Excel. In the e-mail was a request for the company’s participation and an
explanation of the goal of this study. After all the answers had been collected, the data were installed from Excel into SPSS for further analysis. To make sure the study would maintain high internal reliability it had to be controlled in certain ways. The questionnaire was sent to all participants on the same day and participants knew that it would be impossible for anyone to trace an answer to a single question back to the company.

The results were delivered back to the representatives in May 2018. The results illustrated the company’s score on the questionnaire which indicated the quality of their HRD.

**Data analysis**

SPSS Statistics version 24 was used to analyze all data. The data were first installed from the website www.questionpro.com into Excel. Furthermore, the data were installed into SPSS from Excel. Descriptive statistics, Pearson’s correlation and multiple regression was all utilized to measure and compare the quality of the HRDs with the company’s score on the questionnaire. Correlation would give an illustration what subcategories in the questionnaire correlate with the overall job satisfaction and the subcategories under it. Furthermore, multiple regression would imply what subcategories in the questionnaire are affecting the overall job satisfaction and the subcategories considering the other subcategories that might affect the correlation.

**Results**

There were 56 valid answers from the representatives of the HRDs, but 19 private (33.93%) and 37 governmental companies (66.07%) started and finished the questionnaire. The companies score on the author’s questionnaire ranged from 6 to 34 points. A maximum score on the questionnaire was 35 points. The average score on the questionnaire overall for all companies was 22.55 ($SD = 5.93$). There was almost no difference on the score between
The average score for private companies was 22.68 ($SD = 7.4$), compared to 22.49 ($SD = 5.1$) for governmental companies.

The overall job satisfaction, however, differed between company types. In private companies, the overall job satisfaction turned out to be 4.16 on average ($SD = 0.21$). In comparison, the overall job satisfaction in governmental companies was 3.86 on average ($SD = 0.19$). The overall job satisfaction was lower in governmental companies. The overall job satisfaction in both private and governmental companies ($M = 3.96$, $SD = .24$) ranged from 3.56 to 4.44.

In Table 1 are descriptive statistics for all variables from the 2017 results. Furthermore, Pearson’s correlation was conducted on the data. The results from the correlation between every variable are in Table 2.

<table>
<thead>
<tr>
<th>All variables</th>
<th>All companies</th>
<th>Private</th>
<th>Governmental</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>SD</td>
<td>M</td>
<td>SD</td>
</tr>
<tr>
<td>------</td>
<td>-----</td>
<td>-------</td>
<td>-----</td>
</tr>
<tr>
<td>Total points (X)</td>
<td>22.55</td>
<td>5.93</td>
<td>22.68</td>
</tr>
<tr>
<td>Overall job satisfaction</td>
<td>3.96</td>
<td>0.24</td>
<td>4.16</td>
</tr>
<tr>
<td>Management</td>
<td>3.98</td>
<td>0.28</td>
<td>4.19</td>
</tr>
<tr>
<td>Morale</td>
<td>4.22</td>
<td>0.22</td>
<td>4.39</td>
</tr>
<tr>
<td>Salary</td>
<td>3.00</td>
<td>0.40</td>
<td>3.26</td>
</tr>
<tr>
<td>Work conditions</td>
<td>3.85</td>
<td>0.32</td>
<td>4.02</td>
</tr>
<tr>
<td>Flexible work arrangements</td>
<td>4.29</td>
<td>0.31</td>
<td>4.44</td>
</tr>
<tr>
<td>Job independency</td>
<td>4.22</td>
<td>0.17</td>
<td>4.29</td>
</tr>
<tr>
<td>Image of the company</td>
<td>3.75</td>
<td>0.60</td>
<td>4.17</td>
</tr>
<tr>
<td>Happiness and pride</td>
<td>4.11</td>
<td>0.27</td>
<td>4.29</td>
</tr>
<tr>
<td>Equality</td>
<td>4.17</td>
<td>0.27</td>
<td>4.33</td>
</tr>
<tr>
<td>Organization (X)</td>
<td>4.36</td>
<td>1.38</td>
<td>4.16</td>
</tr>
<tr>
<td>Salary and benefits (X)</td>
<td>2.89</td>
<td>1.26</td>
<td>3.16</td>
</tr>
<tr>
<td>Health (X)</td>
<td>2.86</td>
<td>1.18</td>
<td>3.16</td>
</tr>
<tr>
<td>Selection and hiring (X)</td>
<td>2.91</td>
<td>1.15</td>
<td>2.58</td>
</tr>
<tr>
<td>Recruit reception (X)</td>
<td>1.59</td>
<td>0.53</td>
<td>1.68</td>
</tr>
<tr>
<td>Job exit (X)</td>
<td>0.41</td>
<td>0.50</td>
<td>0.32</td>
</tr>
<tr>
<td>Job evolvement (X)</td>
<td>1.46</td>
<td>1.43</td>
<td>1.21</td>
</tr>
<tr>
<td>Performance (X)</td>
<td>3.27</td>
<td>1.58</td>
<td>3.68</td>
</tr>
<tr>
<td>HR measurements (X)</td>
<td>2.91</td>
<td>1.15</td>
<td>2.84</td>
</tr>
<tr>
<td>Self-assessment (X)</td>
<td>8.33</td>
<td>1.33</td>
<td>8.24</td>
</tr>
</tbody>
</table>
More employees were satisfied with their salary in private companies compared to governmental companies. On the other hand, governmental companies were scoring higher
over private companies on two subcategories on the questionnaire, “Organization“ and “Selection and hiring“.

In Table 2 are data from both private and governmental company of the year 2017 and additional data from governmental company of the year 2018 as well. The correlation is between the overall job satisfaction, the questionnaire and all subcategories. The correlation increased between years, according to the results. The variables that significantly correlated with each other were “Organization“ with both “Salary“ on one hand and “Happiness and pride“ on the other in the data from 2017. The higher score a company got on the subcategory “Organization“, the lower the employees’ attitude was towards their “Salary“ and “Happiness and pride“, according to the results.

The variables that significantly correlated with each other in the data from 2018 were “Organization“ with both “Work conditions“ and “Job independency“. The higher score a company got on the subcategory “Organization“, the lower the employees’ attitude was towards their “Work conditions“ and “Job independency“. The subcategory “Salary“ significantly correlated with the employees’ attitude towards their “Salary and benefits“. The higher score a company got on the subcategory “Salary“, the higher the employees’ attitude was towards their own “Salary and benefits“. The last significant correlation was between “HR measures“ and “Management“. The higher score a company got on the subcategory “HR measures“, the higher the employees’ attitude was towards “Management“ in their company.

A multiple regression was conducted on the data from 2017 as well. The results are visible in Table 3. The independent variable “Company type“ significantly correlated with employees‘ overall job satisfaction and with every subcategory under it as well. The numbers are all negative which means that if the company was governmental, then the employees’ score on every subcategory under the overall job satisfaction was lower. Another significant correlation was between the companies’ score on the subcategory “Organization“ with
employees’ attitude towards both “Salary“ and “Happiness and pride“. The higher score a company got for “Organization“, the lower the employees’ attitude was towards the subcategories “Salary“ and “Happiness and pride“. The last significant correlation was between the companies score on the subcategory „Performance“ and employees’ attitude towards the subcategory “Image of the company“. The higher score a company got on the subcategory “Performance“, the higher the employees’ attitude was towards “Image of the company“.

Table 3

*Multiple regression between all variables.*

|                      | Job satisfaction | Management | Morale | Salary | Work conditions | Flexible work arrangements | Job independency | Image of the company | Happiness and pride | Equality       |
|----------------------|------------------|------------|--------|--------|----------------|---------------------------|------------------|---------------------|---------------------|----------------|----------------|
| Organization        | -0.04            | -0.02      | -0.02  | -0.10* | -0.05         | -0.02                     | -0.02            | -0.05               | -0.07*              | -0.01          |
| Salary and benefits | 0.02             | 0.02       | 0.01   | 0.08   | 0.01          | 0.01                      | 0.02             | -0.04               | 0.03                | 0.03           |
| Health promotion    | -0.04            | -0.06      | -0.04  | 0.00   | 0.01          | 0.02                      | -0.03            | -0.12               | -0.05               | -0.05          |
| Selection and hiring| 0.01             | 0.04       | 0.03   | 0.00   | -0.02         | 0.03                      | 0.02             | -0.05               | 0.01                | 0.02           |
| Recruit reception   | 0.02             | 0.02       | 0.02   | -0.11  | 0.10          | 0.04                      | -0.04            | 0.12                | 0.05                | -0.03          |
| Job exit            | -0.02            | -0.05      | 0.00   | -0.05  | 0.01          | -0.11                     | -0.01            | 0.13                | -0.03               | -0.08          |
| Job evolvement      | 0.00             | 0.00       | 0.00   | 0.04   | 0.00          | 0.00                      | 0.01             | -0.03               | -0.01               | 0.02           |
| Performance         | 0.01             | -0.02      | 0.00   | -0.04  | 0.00          | 0.00                      | 0.02             | 0.11*               | -0.01               | 0.01           |
| HR measurements     | 0.04             | 0.06       | 0.05   | 0.09   | 0.07          | 0.04                      | -0.02            | -0.02               | 0.06                | 0.06           |
| Company type        | -0.30**          | -0.35**    | -0.27**| -0.38**| -0.23*        | -0.22*                    | -0.11*           | -0.57**             | -0.25**             | -0.25**        |
| F                   | 3.56**           | 2.92**     | 3.05** | 3.17** | 1.38          | 1.16                      | 1.33             | 2.80**              | 3.27**              | 2.47*          |
| Adjusted R²         | 0.32**           | 0.26**     | 0.27** | 0.28** | 0.07          | 0.03                      | 0.06             | 0.25**              | 0.29**              | 0.21*          |

*p<0.05  **p<0.01
Additional analysis

The descriptive statistics for governmental companies that participated in „Governmental company of the year 2017 and 2018“ are demonstrated in Table 4. Not all governmental companies participated both years. The participation decreased between years, but there were four governmental companies from 2017 that did not participate in 2018.

The employee’s overall job satisfaction increased between years in the companies that participated in this study and in governmental company of the year 2017 and 2018. Employees‘ attitude towards “Equality“ increased between years. Same goes for “Management“, “Morale“, “Salary“, “Work conditions“ and “Happiness and Pride“, according to the results.

Table 4

Descriptive statistics for the governmental companies.

<table>
<thead>
<tr>
<th>All variables</th>
<th>$M$</th>
<th>$SD$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall job satisfaction ‘17</td>
<td>3.86</td>
<td>0.19</td>
</tr>
<tr>
<td>Management ’17</td>
<td>3.88</td>
<td>0.24</td>
</tr>
<tr>
<td>Morale ’17</td>
<td>4.14</td>
<td>0.17</td>
</tr>
<tr>
<td>Salary ’17</td>
<td>2.87</td>
<td>0.33</td>
</tr>
<tr>
<td>Work conditions ’17</td>
<td>3.75</td>
<td>0.31</td>
</tr>
<tr>
<td>Flexible work arrangements ’17</td>
<td>4.21</td>
<td>0.33</td>
</tr>
<tr>
<td>Job independency ’17</td>
<td>4.19</td>
<td>0.16</td>
</tr>
<tr>
<td>Image of the company ’17</td>
<td>3.54</td>
<td>0.60</td>
</tr>
<tr>
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<td>Equality ’17</td>
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<tr>
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<tr>
<td>Management ’18</td>
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Discussion
The results of the present study did not support the main hypothesis, that employees’ overall job satisfaction would differ between companies depending on the quality of the HRDs within the companies. There was a non-significant difference on the overall job satisfaction depending on the quality of the HRDs which was a calculated result from the questionnaire. These results from the present study are not parallel with the results from Huselid (1995) and Pfeffer (1998), but they demonstrated the importance of using HPWP in companies to increase the likelihood of greater job satisfaction. There was, however, a significant correlation between some of the subcategories under the questionnaire and some of the subcategories under the employees’ overall job satisfaction according to Pearson’s correlation and multiple regression analysis.

The correlation results indicated that higher score a company got on the subcategory “Organization“, the lower the employees‘ attitude was towards their “Salary“ and “Happiness and pride“. These results can be interpreted in many possible ways. Does a low score from the companies on the subcategory „Organization“ induce lower employees‘ attitude towards some subcategories or are employees‘ attitudes lower towards some subcategories under their overall job satisfaction because of companies‘ lower score on the subcategories under the questionnaire. It is difficult to demonstrate a causal relationship on this matter like Wright et al. (2003) described in their study.

There were more significant correlations between subcategories in the 2018 results compared to the results a year before. In the 2018 results, the higher score a company got on the subcategory “HR measures”, the higher the employees’ attitude was towards the subcategory “Management”. These results are in line with results from Mosadegh and Yarmohammadian (2006) where they demonstrated the importance of the subcategory “Management” in terms of job satisfaction in their study. Further results from 2018 indicated that higher score a company got on the subcategory “Organization”, the lower the employees’
attitude was towards their “Work conditions” and “Job independency”, according to Pearson’s correlation. These results, furthermore, indicate that if a company gets a high score on the subcategory “Organization”, then the employees’ attitude towards some subcategories under their overall job satisfaction gets lower. There was a significant correlation in the 2018 results between both salary subcategories. On the contrary with those results, a non-significant correlation was between the same subcategories in the results from 2017 and there might be two reasons for the difference between years. Firstly, the time difference between the companies’ results from 2017 and the questionnaire’s results might be a factor, but the results from the questionnaire came almost a year after the results from the job satisfaction questionnaire that employees answered. Secondly, private companies were not involved in the 2018 results.

For further analysis, a multiple regression was conducted. The results indicated a significant correlation between company type and employees’ overall job satisfaction and with every subcategory under the overall job satisfaction as well. Employees’ score on overall job satisfaction and every subcategory was lower if the company was governmental, according to the results. These results are parallel with the results from the descriptive statistics, but employees working for private companies scored higher on overall job satisfaction and every subcategory under it compared to employees working in governmental companies.

The secondary hypothesis failed as well. There was almost no difference between company types on the questionnaire’s total score. Private companies scored 22.68 on average, which is similar with governmental companies who scored 22.49 on average. These results indicate that quality of HRDs do not differ between company types. The company types, however, differed on all subcategories under the questionnaire, according to the results from the descriptive statistics.
There was, furthermore, a difference between company types on every subcategory under the overall job satisfaction, but private companies scored higher on all of them, according to the results from the descriptive statistics. The results indicated that employees working for a private company score higher on every subcategory under their overall job satisfaction compared to employees working for governmental companies. There might be a reason for why private companies score high on both salary subcategories. Governmental companies have more laws that are attached to their organizational performance whereas private companies do not have such a strict law environment surrounding their organizational performance.

There might be a couple of reasons for why the secondary hypothesis failed. Firstly, governmental companies had more participants in the study over private companies (66.07% vs. 33.93%). More answers from private companies would have been preferable for the analysis. Secondly, all companies had similar number of employees working in the companies (≥50) and perhaps it might have been better to compare company types with also other companies that differ on how many employees work for them. It is more likely that all companies that have similar number of employees working in the companies do not have HRDs that are working very differently from one another.

The third hypothesis failed as well. The likelihood of companies being higher or lower on employees’ overall job satisfaction did not depend on the quality of the HRDs within the companies. These results demonstrate the difficulties when it comes to measuring overall job satisfaction depending on the quality of HRDs.

This study had a several limitations. The participants were too few and that might be an unexplained variable in the results. Furthermore, the results from 2018 only included governmental companies which resulted in a fewer comparison analysis between years. The companies’ answers to the questionnaire and the results from the competitions in 2017 were
too far away in time. The representatives were answering the questionnaire in March 2018 and those results were being compared to the results from the competition from almost a year before that. According to the results, there was a difference on employees’ overall job satisfaction and the subcategories under it between the same governmental companies when the results from the questionnaire were compared to the 2018 results, which were closer in time. There might be a limitation to the questionnaire in terms of the quality of the questions. This questionnaire had never been used before so it was impossible to know if it measured all the right things in terms of HRD’s quality. Furthermore, it would have been better to have a few more answer possibilities for participants to answer the questions. For instance, if a company did something partly but not completely, then it would have been handy to have an answer possibility that said “Yes, partly” or “Sometimes”. Another limitation is measuring a complicated and multidimensional concept like job satisfaction is with results from a single questionnaire. Firstly, as further mentioned, a positive work factor for one employee might not be as positive for another employee and in the study’s results are at least 50 employees working in every company. There are always individual differences between employees so it is considered beneficial for employers to accommodate these differences between employees like Staren (2009) declared. As it turned out, it was difficult to demonstrate a causal relationship with these kinds of measurements, that is the results from the questionnaire to the employees’ overall job satisfaction.

This study had a few material strengths, primarily concerning the questionnaire that was created by the author and the thesis author. The questionnaire measured the quality of the HRDs with 36 questions that were all, except one, under nine different subcategories. The questionnaire was sent out to all participants on the same day which is supportive to the high internal reliability of the study. The participation in the study was acceptable, but almost 50% of the companies that received the questionnaire chose to participate. Even though the
companies were not many, the amount of companies (56) should be enough to reflect all
cOMPANIES in Iceland with ≥50 employees. Some of the subcategories correlated significantly
with each other despite the failure of the main hypothesis. The results from the governmental
company of the year 2018 were finished just in time to get added in to the analysis. The
Pearson’s correlation between subcategories in only governmental companies increased
between years, according to the results. That supports the idea that when the variables are
closer in time, the more likely it is to get more reliable results. There are many qualities from
earlier studies, like measuring productivity and organization’s performance with different
methods like Becker and Gerhart (1996) mentioned, but there are none of those studies
measuring job satisfaction directly depending on the quality of a HRD so this study was
groundbreaking for that matter. Finally, the results from the present study might indicate the
quality of the HRDs within the companies and when they will receive the study’s results, it
might give them an idea regarding how their HRD stands in comparison with other HRDs.

**Future research**

Results from earlier studies that was measuring organizational performance and job
satisfaction differed in many ways and to avoid that from happening, Becker and Gerhart
(1996) suggested that different researchers should jointly design measures for HR. Only a
few studies have been implemented to examine the relationship between job satisfaction,
performance and HRM (Ahmad & Schroeder, 2003) & (Gelade & Ivery, 2003), but further
research are needed to understand how HRDs can affect employees’ job satisfaction. A
narrower perspective is needed to examine exactly how HRDs can affect employees’ overall
job satisfaction. Nevertheless, as further mentioned, job satisfaction is a complicated concept
which makes it difficult to control for variables that might be affective.

An ideal future research might be a longitudinal study examining the importance of
HRDs within companies and measuring employees’ overall job satisfaction and the
subcategories that go under it and alter with the methods that HRDs use, for example, change the HPWPs’ methods. After one method has been changed, a questionnaire would be delivered to the employees to measure their job satisfaction and after that it would be changed back and then the job satisfaction would be measured again. This would be done for all methods for a long period of time. With this method might be easier to measure what variables are vital in terms of job satisfaction. Another ideal longitudinal future research is to use the questionnaire this study presented and develop it further with a few more questions and answer possibilities to measure the quality of HRDs. The dependent variable would have to be closer in time with the questionnaire’s results and more participants would be vitally important for better analysis.
References


https://doi.org/10.1177/0734371X13510853


https://doi.org/10.1177/014920639201800205


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Appendix

Skipulagsheild

Er mannaðsdeild (starfsmannadeild) skilgreind í skipuriti?

Á yfirmaður mannaðsdeildar (starfsmannadeildar) sæti í framkvæmdastjórn?

Er til skrifleg mannaðsstefna (starfsmannastefna)?

Er til skrifleg jafnréttisstefna?

Er til skrifleg áætlun um viðbrögð við áreitni og einelti?

Er mannaðsdeildin með áætlun fyrir hvert ár (starfsáætlun) um hvaða þætti eigi að bæta?

Laun og umbun

Er til skrifleg launastefna?

Er til skrifleg jafnlaunastefna?

Er fyrrirtækíð með jafnlaunavottun?

Byggir launasetning á formlegri starfaflokkun og starfsmati (e. job evaluation)?

Á starfsfólk kost á launaviðtali á hverju ári?

Heilsuefling

Er lögd sérstök áhersla á heilsueflingu starfsfólks?

Er boðið upp á líkamsræktarstyrk umfram styrki stéttarfélagu?

Er boðið upp á heilsufarsmælingu?

Er starfsfólki heimilt að stunda líkamsrækt á vinnutíma?

Val og ráðningar

Eru til starfslýsingar fyrir öll störf?

Byggja starfslýsingar á starfsgreiningu (e. job analysis)?
Er til skriflegt ráðningarferli?
Eru notaðar raunrófaðar aðferðir við starfsmannaval (s.s stöðluð viðtöl, sálfræðileg próf, starfstengd verkefní)?

Móttaka nýliða

Er til skriflegt ferli um móttoku nýrra starfsmanna?
Fær nýtt starfsfólk skipulega þjálfun í upphafi starfs?

Starfslok

Fara fram stöðluð starfslokasamtöl við starfslok?

Starfsþróun

Er til skrifleg starfsþróunarstefna?
Eru gerðar starfsþróunaráætlanir fyrir allt starfsfólk?
Er markvisst fylgst með árangri af þjálfun og fræðslu?
Er markvisst fylgst með hvort þjálfun og fræðsla nýtist í starfí?

Framistaða

Fer allt starfsfólk í reglubundið formlegt frammistöðumat?
Fær starfsfólk reglulega formlega endurgjöf á frammistöðu sína?
Er markmiðasetning notuð til að bæta frammistöðu?
Fara fram starfsmannasamtöl a.m.k. árlega?
Er starfsfólki umbunað byggt á frammistöðu?

Mannauðsmælikvarðar
Fara fram reglulegar viðhorfskannanir meðal starfsfólkis?

Eru framkvæmdar reglulegar launagreiningar?

Er fylgst með mannaúðsmælíkvörðum (s.s fjarvistir og starfsmannavelta) með markvissum hætti?

Er markvisst fylgst með kostnaði vegna fræðslu og þjálfunar?

Heildareinkunn [Svörmöguleiki: 0-10]

Hvaða einkunn myndir þú gefa þínu fyrirtæki þegar kemur að mannaúðsmálum?