



## The Influence of Human Resource Management Practices on Career Satisfaction: Evidence from Malaysia

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### ABSTRACT

The purpose of this study is to examine the relationship between human resource management practices (training and development, compensation and benefit, performance management) and career satisfaction. Data was collected through questionnaire from 80 employees of various banks in Johor Bahru, Malaysia. The results of the regression analysis showed that training and development and compensation and benefit were significantly related to employee career satisfaction. The findings suggested that training and development is the most important factor that influence career satisfaction followed by compensation and benefits. Performance management was found to be not significant in predicting career satisfaction.

**Keywords:** Career Satisfaction, Human Resource Management Practices, Training and Development, Compensation and Benefit, Performance Management, Malaysia

**JEL Classifications:** I25, J28 O15

### 1. INTRODUCTION

Banking industry had experienced tremendous growth, technological improvement and stiff competition among the banks in Malaysia. Banks used telecommunication and information technology to improve their services with automated teller machine, internet banking, mobile banking, debit and credit cards and other form of services. Recent trends in banking industry have led to the changes of bank management style resulting in more qualified professionals to enter the banking industry. Nevertheless, bank employees need to maintain their excellent performance standard in such competitive working environment via career satisfaction. Career satisfaction is defined as the main characteristic of job attitude (Khalid and Irshad, 2010). The level of organization commitment will decrease if the level of career satisfaction is low. According to Fitzgerald et al. (1994), effective services mainly depend on the workforce in the service sector such

as banking industry. Therefore, service quality rendered was highly influenced by career satisfaction of the bank employees. In relation to career satisfaction, human resource management (HRM) practices were perceived as important factors that influence career satisfaction. HRM is a process of putting people and organization together to ensure the individual and organizational goals and targets are met. One of the main objectives of HRM is to enhance the productive contribution of individuals towards the organization in a more ethical and responsible manner. There are several HRM practices in an organization which commonly used to improve the employee performance. They are training and development, compensation and benefit, performance management, job analysis, employee and employer relations, recruitment or selection. In the present study, training and development, compensation and benefit and performance management were selected as the predictors of career satisfaction owing to the fact that they were perceived as innovative HRM practices (Blazovich, 2013).

## 2. LITERATURE REVIEW

### 2.1. Career Satisfaction

Career satisfaction can be defined differently through many perspectives. Babalola and Bruning (2015) defined it as an internal state that is conveyed through emotions and/or cognitive means of evaluating an employment period with some level of likes or dislikes. Clarke (2015) on the other hand, explained career satisfaction as a mixture of both cognitive and affective response to varying impressions on what an employee experiences in a career as opposed to his or her initial expectation on the career. In other words, career satisfaction is a phase where an employee's needs through a long-term career match with the actual outcome experienced during the employment (Blazovich, 2013). However, Zhang et al. (2015) challenged these definitions by describing career satisfaction as an employee's reaction on his or her career emotionally. Previous study stated that the effect of HRM practices and the level of organization performance is mediated by career satisfaction (Tu et al., 2016). This supports the intention of the present study where it attempts to examine the influence of HRM practices on career satisfaction.

### 2.2. Training and Development

The main objective of any organization is to excel in its businesses. Likewise, the role of HRM, as widely acknowledged, is to enforce human capital management in line with the organization's corporate strategies. Additionally, it has been debated that training and development is considered as one of the most essential elements in HRM practices (Masoodul et al., 2013). Training and development is perceived to be one of the tools in which organization can use to achieve its corporate goals. In the Japanese work force, lifetime employment is of paramount importance whereby it is believed to provide employees with specific skills and learning opportunities which enhance career satisfaction among workers (Majumder, 2012). Similarly, Korean organizations regard human resource as the most valuable asset that assists the company to attain corporate goals. Generally, Koreans focus on training and development in gaining job related skills (Lee, 2016). A complete training and development program that includes job-related and general skills is able to reduce turnover rate in an industry and increase productivity (Majumder, 2012). On the same note, Karatepe and Vatankhah (2015) reported that workers who are trained professionally have higher career satisfaction level as it improves career opportunity and mobility. Masoodul et al. (2013) concluded that there is a relationship between employee career satisfaction and the presence of training in a company, but the exact nature of the relationship is still vague and not able to define. Hence, there is a need to fill the gap in the literature by identifying the relationship between training and development and career satisfaction. Based on the above discussion, it is hypothesized that:

H1: There is a positive relationship between training and development and career satisfaction.

### 2.3. Compensation and Benefits

Syed and Yah (2012) defined compensation and benefits as a package that includes pay, rewards, bonuses, commissions, annual leaves, recognitions, flexible working hours, medical coverage

and etc. Riska et al. (2015) studied the relationship between compensation and organization performance in a certain industry and discovered that there is a positive relationship between the two variables. They further went on to suggest that, in the talent force-dependant industries, compensations and benefits are significant to attract and retain skillful talents. Companies should offer compensation plans with appropriate appraisals and training and development as a combination package for high performance employees to increase their career satisfaction. Moreover, Tu et al. (2016) found that increment in salary had a great impact on employee turnover rate and that the impact is greater on high performers. High-performing workers who are offered tremendous increment in their salary have lower tendency to leave the organization. Coupled with equitable promotion opportunities and adequate compensation, it is viewed as a strong predictor of career satisfaction and able to curb turnover rate in one industry. In addition, Blazovich (2013) found that the absence of recognition and compensation system are potential causes for low career satisfaction. Therefore, based on the above discussion, it is hypothesized that:

H2: There is a positive relationship between compensation and benefits and career satisfaction.

### 2.4. Performance Management

Performance management is connected to career performance standards, evaluation and institutional goals, to which an employee career performance outcome level is always taken into consideration (Babalola and Bruning, 2015). Blazovich (2013) explained that performance management is an effort where a company enhances employees' ability to perform their duties and responsibilities by distributing rewards. Riska et al. (2015) found that career satisfaction will be enhanced when workers are satisfied with the company performance management system. Hence, there is a distinct positive relationship between performance management and career satisfaction.

In a study conducted by Majumder (2012), it is proven that when performance appraisal and evaluation were carried out with an appropriate criteria, the evaluation outcomes would positively influence career satisfaction. Through the study of Blazovich (2013), it was suggested that performance management is positively related to career satisfaction in the long run. In addition, Clarke (2015) found that high satisfaction on performance management was negatively related to turnover rate and positively linked to career satisfaction. The author also performed another study in which the results supported their findings earlier. The study found that workers who are happy with the way performance evaluation is conducted will result in lower turnover rate and higher career satisfaction. Based on the above findings, it is hypothesized that:

H3: There is a positive relationship between performance management and career satisfaction.

## 3. RESEARCH FRAMEWORK

Figure 1 represents the research framework which consists of three independent variables (i.e., training and development,

compensations and benefits, performance management) and a dependant variable (career satisfaction). Clarke (2015) explained that training and development, compensation and benefits and performance management are widely used HRM practices by most firms to increase employee career satisfaction and firm performance. Furthermore, these three independent variables were identified as innovative HRM practices (Blazovich, 2013). The more innovative the HRM practices are, the more productive the employees and the firm (Clarke, 2015). Thus, the research framework was established based on the above rationale.

#### 4. METHODS

##### 4.1. Sample

The sample of this study consists of 80 employees from different banks located in Johor Bahru, Malaysia. Questionnaire survey method was employed by using convenient sampling method. As shown in Table 1, the respondents were comprised of 38 men and 42 women. Most of the respondents were Chinese (62.5%), and majority of the respondent were aged between 25 and 35 years old (62.5%). In terms of educational level, 44 (55.0%) respondents possessed at least a bachelor’s degree, followed by 24 (30.0%) respondents with a diploma and the remaining (15.0%) were SPM/STPM holders. The length of service of the respondents was ranging from 6 to 12 months (32.5%), 1-3 years (40%) and more than 4 years (27.5%).

##### 4.2. Measurements

The career satisfaction scale (5 items) designed by Greenhaus et al. (1990) was adapted in this study. For training and development, measures (5 items) by Edgar and Geare (2005) were used in the study. Meanwhile, compensation and benefits was measured by instruments (5 items) adapted from Heneman and Schwab (1985). 5 items of measurement developed by Chang (2005) and Rogg et al. (2001) were employed to measure performance management of the respondents. All responses were rated on a 5-points Likert scale ranging from (1) “strongly disagree” to (5) “strongly agree.”

#### 5. RESULTS

Mean, standard deviation and Pearson correlation of the variables were shown in Table 2. There were positive relationship observed between training and development, compensation and benefits, performance management and career satisfaction. Reliability test of the study variables indicated that the Cronbach’s Alpha for career satisfaction, training and development, compensation and benefits and performance management were 0.832, 0.871, 0.845 and 0.826 respectively. Since the values of Cronbach’s Alpha for all variables were above the minimum value of 0.7 as suggested

by DeVellis (2003), the measures of the variables were deemed reliable and consistent throughout the study. To determine the dimensions of HRM practices that influence career satisfaction, regression analysis was performed. Table 3 indicates that 45.8% ( $R^2 = 0.458$ ) of the variance in career satisfaction had been significantly explained by training and development, compensation and benefits and performance management. The results also showed that training and development ( $\beta = 0.418$ ,  $P < 0.01$ ) was the significant factor in explaining career satisfaction followed by compensation and benefit ( $\beta = 0.288$ ,  $P < 0.05$ ). However, it was discovered that performance management is not significant in predicting career satisfaction. Therefore, hypothesis (H1) and

**Table 1: Respondents’ demographic characteristics (n=80)**

Demographic characteristics	Frequency (%)
Gender	
Male	38 (47.5)
Female	42 (52.5)
Race	
Malay	26 (32.5)
Chinese	50 (62.5)
Indian	4 (0.05)
Educational level	
SPM/STPM	12 (15.0)
Diploma	24 (30.0)
Bachelor’s degree	44 (55.0)
Length of service	
6-12 months	26 (32.5)
1-3 years	32 (40.0)
More than 4 years	22 (27.5)
Age (years)	
<25	10 (12.5)
25-35	50 (62.5)
36-45	18 (22.5)
46-55	2 (2.5)

**Table 2: Mean, SD and correlation of the study variables (n=80)**

Variables	$\alpha$	Mean±SD	1	2	3	4
Career satisfaction	0.832	3.62±0.615	1			
Training and development	0.871	3.64±0.693	0.57**	1		
Compensation and benefits	0.845	3.81±0.670	0.54**	0.36**	1	
Performance management	0.826	3.81±0.662	0.51**	0.36**	0.79**	1

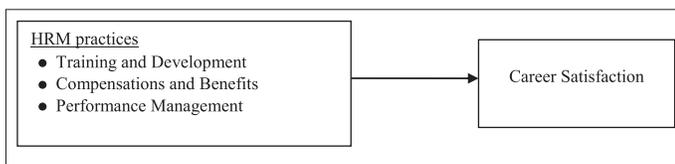
\*\*P<0.01. SD=Standard deviation (Tabachnick and Fidell, 2007)

**Table 3: Multiple regression results of HRM practice on career satisfaction (n=80)**

Independent Variables	B	Standard error	Standard beta	t	Sig.
(Constant)	0.816	0.358		2.277	0.026
Training and development	0.371	0.081	0.418	4.574	0.000**
Compensation and benefits	0.264	0.127	0.288	2.085	0.040*
Performance management	0.118	0.128	0.127	0.920	0.360

$R^2=0.458$ , \*P<0.05, \*\*P<0.01

**Figure 1: Research framework**



hypothesis (H2) were accepted while hypothesis (H3) was rejected in accordance with the results analysis.

## 6. DISCUSSION

In the present study, we tried to test and analyze the relationship between HRM practices of “training and development,” “compensation and benefits,” “performance management” and career satisfaction in the banking sector. We found that the aspects of “training and development” and “compensation and benefits” have significant impacts on employees’ career satisfaction. The reason probably lies on the fact that when a bank does not provide sufficient training and development program to the employees it would make employees feel dull of their job, and the employees may not have the opportunity to improve their skills and knowledge needed for the industry. Employees without improvement may feel left behind, dissatisfied and full of uncertainties towards their career prospect. On the other hand, employees who are trained sufficiently would feel that they have better opportunity for career advancement within the bank they work for. This finding further supports hypothesis one, and that it also supports the denotation stated in the literature review that workers who are trained professionally have higher career satisfaction level as it improves career opportunity and mobility. Further, if the bank has limited compensation and benefits given to the employees, employees may feel highly demotivated working for the particular bank. Employees will not serve the bank whole heartedly. Employees may start looking for better career opportunity towards the competitor banks. Hence, this increases the tendency of a higher turnover rate. When employees’ performance is not being assessed based on equitable rewards and compensation, it would result in ineffective and inefficient work outcomes. The employees will remain at their comfort working style, and if the situation worsens, it would affect customers’ satisfaction and eventually affect the bank performance as a whole. A non-profitable bank would have lesser opportunities, compensation and benefits for their employees and this in turn driving its employees to look for alternative career path with other banks. From the above discussion, it is obvious that factors such as “training and development” and “compensation and benefits” if not being handled properly, may hinder career advancement of an employee and ultimately reduce employees’ career satisfaction. The plausible reason that makes performance management insignificant in predicting career satisfaction maybe due to the fact that current work force is mainly occupied by employees from the generation-Y. Employees of generation-Y have lesser sense of commitment towards the company performance and put more emphasis on their own career path. Hence, generation-Y perceived training and development and compensation and benefits as the main factors that have direct impact towards their career satisfaction.

## 7. CONCLUSION

This study revealed that training and development and compensation and benefits were significant predictors of career satisfaction. Training assists employees to improve their competencies, self-esteem and derives better career satisfaction in

the present and future workplace. On top of that, trainings received may also contribute towards better job performance, which in turn leads to employee satisfaction, participation, and even better engagement with the job, management and organization (Diamantidis and Chatzoglou, 2014). In addition, employees always believed that compensation and benefits is being the best reason to remain in the organization and stay committed to their career. Nevertheless, this study was conducted under certain limitation that has to be taken into consideration. For instance, the respondents of the study were represented by a single industry (i.e., banking). It is suggested that future research is to examine the relationship of HRM practices and career satisfaction in a broader research setting (i.e., cross-industries) to provide various views and findings in different industries.

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