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The Influence of Human Resource Policies on Organizational Performance: A Study of Some Selected Firms in Nigeria.

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Abstract. This study brings into focus, the extent to which human resource management policies affect employee's satisfaction leading to customers' satisfaction. The purpose of the study is to identify human resource policies and other factors such as job satisfaction, organizational commitments and leadership practice that affect employee's satisfaction in an organization. Human resource policies are the formal rules and guidelines that businesses put in place to hire, train, assess and reward the members of their workforce. These policies, when organized and disseminated in an easily used form, can serve to preempt many misunderstandings between employees and employers about their rights and obligations in the business place. As a business owner, writing up a human resource policy is of essence. Having policies written is important so that it is clear to all what the policies are and that they are applied consistently and fairly across the organization. Moreover, when issues concerning employees' rights and company policies come before federal and state courts, it is standard practice to assume that the company's human resource policies, whether written or verbal, are a part of an employment contract between the employee and the company. Employee satisfaction is the terminology used to describe whether employees are happy, contented and fulfilling their desires and needs at work. Many measures support that employee satisfaction is a factor in employee motivation, employee goal achievement and positive employee morale in the work place. In this paper, various variables responsible for employee satisfaction will be discussed such as organization development factors, job security factors, work-task factors, policies of compensation and

benefit factor and opportunities which give satisfaction to employees. Also, promotion and career development are to be considered.

Keywords: Customers' Satisfaction, Employees' Satisfaction, Human Resource Policies, Leadership Practice, Guidelines

1. Introduction

No company can achieve its goals if it does not have the right set of employees. The employees in a company largely determine the success of the company. This is the reason why companies put in extensive efforts in choosing candidates for their company. Most of the times, skills and knowledge of the employee is considered to gauge his performance in the company. One factor that is being overlooked by most of the company owners is employee satisfaction.

Various surveys and researches have shown that employee satisfaction plays a pivotal role in performance of the candidate. If any company wants to draw out the best from its employees then it should provide best means to satisfy the need and requirements of its customers. Before one can know various ways to facilitate employee satisfaction, it is essential to understand what does it actually mean.

Human resource policies are the formal rules and guidelines that businesses put in place to hire, train, assess, and reward the members of their work force. These policies, when organized and disseminated in an easily used form, such as an employee manual or large postings, can go far toward eliminating any misunderstandings between employees and employers about their rights and obligations in the business environment. "Sound human resource policy is a necessity in the growth of any business or company," wrote Ardella Ramey and Carl R.J. Sniffen in *a Company Policy and Personnel Workbook*. "Recognition of this necessity may occur when management realizes that an increasing amount of time is being devoted to human resource issues: time that could be devoted to production, marketing, and planning for growth. Effective, consistent, and fair human resource decisions are often made more time consuming by a lack of written, standardized policies and procedures. Moreover, when issues concerning employee rights and company policies come before federal and state courts, the decisions generally regard company policies, whether written or verbal, as being a part of an employment contract between the employee and the company. Without clearly written policies, the company is at a disadvantage."

2. Statement of the Problem

Every organization needs human beings to carry out its functions. The availability of manpower, material, finances and machines enables organizations to meet its aspirations while the level of satisfaction of an employee actually determines the overall effort the employee puts into the job and this might also affect the organizations goals and this has an impact in Customers' satisfaction since the employees, in one way or the other, have contacts with them. However, the problem statement should be able to identify those things that will satisfy an employee in an organization in order to improve their present performance. This includes good salary package, bonus, employee's recognition, training and development.

3. Purpose of the Study

The purpose of this study is to examine the impact of Human Resource Policies on Employees' Satisfaction, leading Customers' Satisfaction in an Organization.

4. Research Questions

1. Do human resource policies have impact on Employees' Satisfaction?
2. Do Employees' satisfactions lead to Customers' satisfaction?
3. Do human resource policies have impact on Customers' Satisfaction?
4. Is there any relationship between Employees' satisfaction and Customers' satisfaction?

5. Scope and Limitation

For a research of this nature, the scope of this study shall be the impact of Human Resource Policies on Employee Satisfaction in an Organization, leading to Customer Satisfaction.

The first limitation of this review study concerns the choice of quality criteria applied in this review. The four criteria used: (1) sample size and response rate; (2) quality of research design; (3) reliability and validity of the HRM, well-being and performance measures, and (4) the adequacy of statistical test, reflect common insights obtained from research in the field of HRM (Becker & Huselid, 1995; Gerhart, 2007; Guest, 2001; Wall & Wood,

2005; Wright & Gardner, 2003; Wright et al., 2005). However, other criteria are also possible. One such criterion concerns the inclusion of control variables. It has been argued that especially in cross-sectional research there is the need to control for third factors, for example organizational size or trade union involvement (Wall & Wood, 2005). Another related quality criterion is whether interaction effects are tested for. It would be interesting to see under which conditions the effects of HRM on well-being and organizational performance are strengthened or weakened.

This review is narrative in nature; a meta-analysis has not been conducted. By meta analyzing the empirical studies, the size of the relationships could be more accurately. Wright et al., 2003 and Wright et al., 2005). This implies that inclusion of these studies and the inclusion of multiple data points out of one study do not provide independent evidence regarding our research question on the effects of HRM on employee well-being.

6. Theoretical Framework and Empirical Support

Previous studies have provided some empirical support and theoretical backing that employee satisfaction; service quality, customer satisfaction, and firm profitability are likely to be associated to one another. We develop the following hypotheses and establish our research model grounded in pertinent theories and empirical works accordingly.

6.1 Employee satisfaction and Service Quality.

Yoon and Suh (2003) showed that satisfied employees are more likely to work harder and provide better services via organizational citizenship behaviors. Employees who are satisfied with their jobs tend to be more involved in their employing organizations, and more dedicated to delivering services with a high level of quality. Previous research has also suggested that loyal employees are more eager to and more capable of delivering a higher level of service quality (Loveman 1998, Silvestro and Cross 2000). Researchers have argued that service quality is influenced by job satisfaction of employees (e.g., Bowen and Schneider 1985, Hartline and Ferrell 1996). Hartline and Ferrell (1996) found evidence that job satisfaction felt by customer-contact employees is associated with service quality.

The argument that employee satisfaction improves service quality is grounded on the theory of equity in social exchanges (Gouldner 1960, Homans 1961, Blau 1964, Organ 1977). Although there are different views on social exchange theory, theorists agree that social exchange involves a series of interactions to generate obligations (Emerson 1976, Cropanzano

and Mitchell 2005) that are unspecified (Blau 1964). These interactions are usually seen as independent of the actions of another person (Blau 1964). The underlying reason is that an exchange requires a bidirectional transaction – something is given and something is returned (Cropanzano and Mitchell 2005). The transaction also has the potential of generating high-quality relationships among the parties involved (Cropanzano and Mitchell 2005). The underlying assumption of equity in social exchanges is that most people expect social justice or equity to prevail in interpersonal transactions (Organ 1977, Cropanzano et al. 2003). An individual accorded some manner of social gift that is inequitably in excess of what is anticipated will experience gratitude and feel an obligation to reciprocate the benefactor (Gouldner 1960, Organ 1977). Such positive reciprocal relationships evolve over time into trusting, loyal, and mutual commitments (Cropanzano and Mitchell 2005).

In the context of social exchange theory, when an employer offers favorable working conditions that make its service employees satisfied, the latter will in return tend to be committed to making an extra effort to the organization as a means of reciprocity for their employer (Wayne et al. 1997, Flynn 2005), leading to a higher level of service quality. Based on the theory of equity in social exchanges, we posit that employee satisfaction leads to higher service quality.

6.2 Service Quality and Customer Satisfaction

Many researchers have studied the relationship between service quality and customer satisfaction (Roth and Van Der Velde 1991, Roth and Jackson III 1995). Prior studies have considered service quality as an antecedent of customer satisfaction (Cronin and Taylor 1992, Anderson et al. 1994, Gotlieb et al. 1994). Empirical findings showed that service quality is related to customer satisfaction (Babakus et al. 2004). Customers who are satisfied with the perceived service quality will have a favorable emotional response, i.e., customer satisfaction. Research in service marketing considers customer satisfaction as an affective construct (e.g., Westbrook and Reilly 1983, Oliver 1997, Olsen 2002). Westbrook and Reilly (1983) suggested that customer satisfaction is an emotional response to the experiences provided by and associated with particular products purchased or services provided. Similarly, Oliver (1997) pointed out that customer judgment of a product or service would produce a pleasurable level of fulfillment (i.e., customer satisfaction). The emotive nature of customer satisfaction directly affects behavioral intentions of repurchases and referrals (Gotlieb et al. 1994, Oliver 1997).

The relationship between service quality and customer satisfaction can be accounted for by the attitude theory proposed by Lazarus (1991) and Bagozzi (1992). Lazarus (1991) proposed that appraisal processes of internal and situational conditions lead to emotional responses; in turn, these induce coping activities: appraisal → emotional response → coping. Bagozzi (1992) applied Lazarus' (1991) theory of emotion and adaptation to explain how attitudes might be linked to behavioral intentions. His theoretical framework suggests that appraisal leads to emotional response, which in turn induces coping behaviors. Bagozzi (1992) proposed that individuals typically engage in activities because of a desire to achieve certain outcomes. Accordingly, if an individual's appraisal of an activity indicates that the person has achieved the planned outcome, then "desire-outcome fulfillment" exists and an effective response follows, leading to satisfaction (Gotlieb et al. 1994).

When applied to service encounters, the framework infers that a favorable cognitive service quality evaluation, i.e., appraisal, leads to a primarily emotive satisfaction assessment (Bagozzi 1992, Brady and Robertson 2001). We therefore suggest the following hypothesis that service quality affects customer satisfaction.

6.3 Employee satisfaction and customer satisfaction

Research in Consumer Psychology has shown that exposing customers to happy employees results in customers having a positive attitudinal bias towards a product (Howard and Gengler 2001). Likewise, research in organizational behavior has revealed that the hostility of service employees has a direct impact on the hostile mood of customers (Doucet 2004), leading to customer dissatisfaction regardless of the performance of the core tasks of the services delivered to fulfill customer needs.

The direct relationship between employee satisfaction and customer satisfaction is established based on the theory of emotional contagion (Sutton and Rafaeli 1988, Hatfield et al. 1992, Hatfield et al. 1994, Barsade 2002). Emotional contagion is defined as the tendency of a person to *automatically* mimic and synchronize expressions, postures, and vocalizations with those of another person and, consequently, to converge emotionally (Hatfield et al. 1992, Hatfield et al. 1994). This process occurs through the conscious or unconscious induction of emotion states and behavioral attitudes (Schoenewolf 1990).

Barsade (2002) discussed a model of emotional contagion to explain how group emotional contagion processes operate. It starts when a person enters a group, they are exposed themselves to other group members' emotions. He

perceives the group members' emotions expressed primarily through their nonverbal signals, including facial expressions, vocalizations, postures, and movements. The group members' expressed emotion is then transferred to him. This transfer involves mimicry of facial expressions, speech rates, and body movements of the senders. Affective feedback from such mimicry then produces corresponding emotional experiences. Research has shown that mimicry is more likely when there is a relational bond between two parties. Moreover, mimicry is more probable when the receiver "likes" a sender.

6.4 Customer Satisfaction and Firm Profitability

Customer satisfaction has a long-term financial impact on the business (Nagar and Rajan 2005). Previous research has investigated the linkage of customer satisfaction and its various outcomes, such as customer loyalty (Stank et al. 1999, Verhoef 2003) and profitability (Anderson et al. 1994, Mittal and Kamakura 2001). Highly satisfied customers of a firm are likely to purchase more frequently, in greater volume and buy other goods and services offered by the same service provider (Anderson et al. 1994, Gronholdt et al. 2000). Research in accounting has also shown that customer satisfaction is an intangible asset and a leading indicator of business unit revenues (Ittner and Larcker 1998).

Customer satisfaction has a positive impact on firm profitability due to a number of reasons. First, customer satisfaction enhances customer loyalty and influences customers' future repurchases intentions and behaviors (e.g. Stank et al. 1999, Verhoef 2003). When this happens, the profitability of a firm would increase (Anderson et al. 1994, Mittal and Kamakura 2001). Second, highly satisfied customers are willing to pay premium prices and less price-sensitive (Anderson et al. 1994). This implies customers tend to pay for the benefits they receive and be tolerant of increases in price, ultimately increasing the economic performance of the firm. The last premise is that satisfaction results in enhanced overall reputation of the firm; in turn, this can be beneficial to establishing and maintaining relationships with key suppliers and distributors (Anderson et al. 1994). Reputation can provide a halo effect on the firm that positively influences customer evaluation. This discussion suggests that customer satisfaction generates more future sales, reduces price elasticity, and increases the reputation of the firm. Thus, we hypothesize that Hypothesis 4: Customer satisfaction has a positive influence on firm profitability.

7. Methodology

This deals with the design of the study, population, sample and sampling techniques, instrumentation, administration of the instrument, Procedure for Data Collection and Method of Data Analysis.

The study is mainly on the impact of Human Resources Policy on Employee satisfaction leading to Customer satisfaction in an organization. Field work is most appropriate for carrying-out this research work by way of administering Questionnaire among employees in customer service related organizations as well as taking a deep look and studying research scholars' views and perceptions of the same topic. Also archives, journals etc. are of great use.

In this regard, the chapter describes the research design, population and sampling, research instrument used and how data are analyzed.

7.1 Research Design

It was designed to enable the researcher anticipate what the appropriate research decision should be so as to maximize the validity of result. In this present study, the survey design method was utilized in which a simple questionnaire was administered and collected. This can as well be referred to as a case study method. This section therefore is concerned with the method and technique used in collecting data for the purpose of assessing the effect of some of the causal factors.

7.2 Population of the Study

The population for this study comprised the six (6) Geo-Political Zones (i.e. North-West, North-East, North Central, South-West, South-East and South - South) in Nigeria which covered the thirty-six (36) States and the Federal Capital Territory (FCT), Abuja. This was compressed as follows:

A. NORTHERN STATES

Jigawa	Adamawa	Benue
Kaduna	Bauchi	Kogi
Kano	Borno	Kwara
Katsina	Gombe	Nasarawa
Kebbi	Taraba	Niger
Sokoto	Yobe	Plateau
Zamfara	F.C.T-Abuja	

B. SOUTHERN STATES

Ekiti	Anambra	Akwa-Ibom
Lagos	Abia	Bayelsa
Ogun	Ebonyi	Cross-River
Ondo	Enugu	Delta
Osun	Imo	Fdo
Oyo		Rivers

7.3 Sample and Sampling Procedure

The study focuses on organization within the Geo-political zones of Nigeria. We identified Customers service oriented organizations ranging from Banking, Entertainment, Hospitality, I.T services, Insurance, Large Enterprise, Management, Professional services, Publishing, Real Estate, Retail, Small/Medium Enterprises, Technology, Education/other Financial services and randomly selected Ten different organizations from these in each of the compressed three zones. This was restricted to service organizations with 30-80 service employees. Service employees are defined as customer-contact persons whose major responsibility is serving customers and selling products. Being large organizations, their employee satisfaction level tends to be less consistent. The large chain was chosen in order to cover different types of services to strengthen the generalization of our study stores.

The research questions were answered through two research phases involving four distinct research tools. The first phase involved a survey of organizations, and provided specific information about employees in these organizations. Of 300 targeted respondents, (223) completed the survey questionnaire, a (74.33%) response rate. In the second phase, semi-structured interviews were used and the third research method used focus groups. The research used both quantitative and qualitative approaches to data gathering and analysis.

The data gathered utilizing the above tools lead to a number of results and conclusions. The aspects found most likely to affect job satisfaction are (1) jobs security (2) job descriptions, and (3) job profiles. There is also emphasis on the need for decentralization and reduced hierarchy in the workplace, and of empowerment and accountability in areas of work. In particular, the interview data involving employees revealed that a workplace environment should place importance on the employee growth culture. Participants also make the point that most organizations lack compensation benefits like overtime allowances, housing allowances, or telephone allowances, among many others. Northern employees show greater satisfaction with their organizations' leadership practices than Southern employees, who seem to have greater intent to leave than respondents in Southern? Males tend to be more concerned about commitment and leadership skills than females. In addition, a significant difference is found in attitudes towards leadership, where those without a need to supervise seem more in satisfied agreement than those with supervisory responsibilities.

The results show that national culture has a direct influence on organizational culture. Research participants indicate that the current workplace culture is not highly satisfactory, and that strategies are needed to improve it. The researcher finds that lack of empowerment and management style are factors that influence the Satisfaction of employees in most organizations. There were indications that employees did not like centralized leadership, and that this affected their intention to stay within an organization. There is a need to redesign jobs and provide employees with job descriptions, in order to let each of them understand what tasks they should do and how to achieve them. There is also a clear need for staff members to be informed on the difference between "Administration/Management" and "Human Resource Management", particularly with regard to the role the HR department plays in attracting and retaining qualified employees.

The findings of this research have implications for both theory and practice. The main theoretical contribution that this research theory offers regards the connection between employee satisfaction and leadership, job satisfaction, and organizational commitment. The secondary contribution is the study of employee turnover in the context of HR practices and the state of the labour market. The results also provide a practical guide to managers and policy makers, to enable them to recognize and initiate measures that will make the work place experience a more pleasant one for workers, and so weaken employees' intent to leave.

7.4 Method of Data Collection

The data was collected using the questionnaire which was randomly distributed among the selected Employees within the zones.

7.5 Procedure for the Administration of Instrument

For the purpose of this research study, the researcher decided to select Employees between the ages of 21-50years who are in active service. The selected sectors in the economy have earlier been stated.

The data collected were analyzed using an inferential Statistics, specifically, NOVA (Analysis of Variance). This was done coding the answers into categories and counting the number of responses in different categories.

7.6 Demographic Data

The data was extracted from the responses of the questionnaire as summarized in the table below:

Table 7.6.1

Location(X)	Total No. of Respondents.	HR policy Satisfaction		
		(W)	(H)	(CS)
Northwest	20	5	7	8
Northeast	25	10	6	9
North central	33	7	15	11
Southwest	60	15	17	28
South East	40	7	21	12
South South	45	17	18	10
	223	61	84	78

Let:

W represents the no. that Welcome HR policy

H represents the no. of Respondents that are happy with their Job as an impact of HR Policy on them

CS represents the no. that have Satisfied Customers as a result of their own satisfaction

Table 7.6.2

Source	SS	df	MS	F	P
Between Groups	47.45	2	23.73	94.92	0.05
Within Groups	565.83	15			
Total	613.28	17			

8. Discussion of Results

The population size of this study was limited to 300 out of which 223 individuals answered the questionnaire which gives a response rate of 74.33 %.

27.36% of respondents welcome the HR Policy as it has positive effect on their satisfaction with 9.87% from the Northern part of Nigeria and 17.49% from the South. 37.67% show those that are satisfied with their jobs as a result of HR policy, 12.56% from the North and 25.11% from the South. 34.98% have their customers satisfied as a result of their own satisfaction with 12.56% from the North and 22.42% from the South as shown on Table 4.21

9. Interpretation and Implications of the Results

Now that we have determined the F ratio, we are ready to go to F table to see if the calculated value is greater than the table value. Referring to F-table with 2 and 15 df, and at 0.05 level of significance. The table is entered now when these two values intersect, we find 3.68, the value of F required for significance. Since the F value 94.92 is greater than 3.68, then the null hypothesis is rejected and alternative hypothesis is accepted. That is, there is no significant impact of Human Resource Policies on Employee Satisfaction, leading to Customer Satisfaction.

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