

IMPACT OF HUMAN RESOURCES MANAGEMENT PRACTICES ON EMPLOYEE SATISFACTION

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This study examines the impact of human resource management (HRM) practices on employee satisfaction in Sri Lankan public sector banks. Employee satisfaction is one of the major challenges that banking sector managers is facing in current competitive globalized market. A lot of prior scholarly studies have been focused on the manufacturing sector within Western organisations. There has been a pronounced lack of focus on the relationship between HRM practices and employee satisfaction in Asian service sector organisations. Therefore, the main purpose of this study was to find out the impact of four HRM practices i.e. recruitment and selection, training and development, compensation and performance appraisal on satisfaction of employees in public sector banks. For this purpose, data has been collected from the 209 non managerial employees of public sector banks. Regression analysis, Cronbach's alpha, Pearson correlation coefficient and descriptive statistics were used for data analysis of the study. It was found that four HRM practices have positive relationship with employee satisfaction. Results reveals that the pre-specified bundle of human resource management practices significantly impacts on employee satisfaction ($p < 0.001$). Compensation practice was found to be most important factor for creating satisfaction among employees of public sector banks ($t = 13.874$; $P = 0.000$). Findings of this study would have a greater importance for HR managers of banks to examine the success of currently implemented HRM practices. It also could be useful for policy makers to identify effective HRM practices to motivate employees in banks. Further, this study has made a significant contribution to fill the gap in literature in relation to banking industry in Sri Lanka.

Keywords: Employee satisfaction, Human Resources Management practices, Public sector banks, Sri Lanka