

**ASSESSMENT OF HUMAN RESOURCE MANAGEMENT PRACTICES
AND EMPLOYEES' JOB SATISFACTION:**

(At Ethiopian Insurance Corporation)

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Dedication

This MBA thesis is expressly dedicated to the memory of my brother; Yonas Lahimu who passes by giving me the most precious chance of having education to me. I know that he would be the happiest brother in the world to know that his brother has successfully completed his thesis. May Allah place his soul among the righteous; and to my father Lahimu hussen & mother, Rewda Kemal, for her continuous blessings and prayers and whose love and guidance throughout my life can never be repaid, Secondly, I dedicate this dissertation to my family members, my children, Salim, Eman & the new comer Afnan and especially to my beloved wife, Hanan Aemero, Thank you for your continued encouragement, endless support, love, understanding and sacrifice. You are my life and my inspiration.

Declaration

I, undersigned, declare that the work entitled assessment of human resource management practices and employees` job satisfaction at EIC is the outcome of my own effort and study and that all sources of materials used for the study have been acknowledged. I have produced it independently except for the guidance and suggestion of my Research Advisors. This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the Executive Master of Business Administration.

Aliyu Lahimu

Date

WOLKITE UNIVERSITY

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CONTENTS

Assessment of human resource management practices and employees` job satisfaction

Acknowledgements.....	vii
List of abbreviation.....	viii
List of tables.....	ix
List of figures.....	x
Abstract.....	xi
CHAPTER ONE.....	1
INTRODUCTION.....	1
1.1 Background of the study.....	1
1.2. Statement of the Problem.....	3
1.3 Research objective.....	5
1.3.1. General Objective.....	5
1.3.2. Specific Objectives.....	6
1.4 Hypothesis.....	6
1.5 Significance of the Study.....	6
1.6 Scope of the Study/Delimitation/.....	7
1.7 Organization of the research report.....	8
CHAPTER TWO.....	9
REVIEW OF RELATED LITERATURE.....	9
2.1 The Concept of Human Resource Management.....	9
2.2 The Importance of HR as a Source of Competitive Advantage.....	11
2.3 Approaches in Studying HRM Practices.....	11
2.3.1 Universalistic perspective.....	11
2.3.2 Contingency perspective.....	12
2.3.3 configurationally perspective.....	12
2.4 Performance Assessment and Reward.....	19
2.5 The relationship between HRM practices and employee job satisfaction.....	21
2.6 Empirical Review.....	23
2.7 Conceptual Model of the Study.....	25

CHAPTER THREE	27
METHODOLOGY	26
3.1 Research Design.....	26
3.2 Target Population.....	26
3.3 Sampling Technique	27
3.4 Sample Size.....	27
3.5 Method of Data Collection.....	28
3.6. Administering the Questionnaire	29
3.7 Method of Data analysis	29
3.8. Reliability.....	30
3.9 Validity	30
3.10 Ethical Consideration.....	30
CHAPTER FOUR.....	31
DATA PRESENTATION, ANALYSIS AND INTERPRETATION	31
4.1 Descriptive Analysis	31
4.1.1 Demographic Information of Respondent	32
4.1.2 Data Analysis of selected human resource management practices and job satisfaction.....	33
4.2 Reliability Measurement	41
4.2.1 Reliability Statistics for HRM Practices	41
4.3. Inferential Analysis	42
4.3.1 Correlation Analysis	42
CHAPTER FIVE	50
SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	50
5.1 Summary	50
5.2 Conclusion	52
5.3. Recommendations.....	53
5.4. Limitation and Future research	54
Bibliography	55
Apendix.....	59

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Thank you all!!

List of abbreviation

ANOVA	-----	Analysis of variance
DS	Descriptive statistics
EIC	-----	Ethiopia Insurance Corporation
Fig.	-----	Figure
HRM	-----	Human Resource Management
HRMP	-----	Human Resource Management Practice
JS	Job satisfaction
PA	Performance Appraisal
RBV	-----	Resource-based view

List of tables

ITEM	PAGE
Table 3.1 Sample size	28
Table 3.2 Pearson correlation coefficient	29
Table 4.1 Demographic profile of respondent.....	32
Table 4.2 Descriptive statistics of recruitment and selection	34
Table 4.3 Descriptive statistics of performance appraisal.....	35
Table 4.4 Descriptive statistics of training and development	36
Table 4.5 Descriptive statistics of compensation	38
Table 4.6 Descriptive statistics of job satisfaction	39
Table 4.7 Descriptive statistics of HRMP & job satisfaction.....	40
Table 4.8 Reliability statistics for four HRMP.....	41
Table 4.9 Correlation Matrix of HRMP & Job satisfaction.....	43
Table 4.10 Model summery	46
Table 3.11 ANOVA for HRMP.....	46

List of figures

ITEM PAGE

Figure 2.1 conceptual frame work	25
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Abstract

Human resources are the greatest asset that an organization can possess and they are pivotal to organizational effectiveness. Satisfied employees' contribute greatly to the attainment of organizational objective. The main objective of this research is to examine the relationships of human resource management practices (recruitment and selection, performance appraisal, training and development and compensation) and employees' job satisfaction in EIC. The scope of study is focused on the full time employees and managers of the corporation found in Addis Ababa. In this study a total of 258 questionnaires were distributed to the respondents of EIC employees using stratified sampling techniques. Out of these, 224 (86.82%) usable questionnaires were collected. In order to analyze the data, Statistical Package for Social Science (SPSS) computer software program version 16 was used for data analysis. Despite the correlation coefficient of recruitment and selection is weaker compared with other variables performance appraisal, compensation, training and development found to have moderate and positive correlation with employees' job satisfaction. Each HRM practices in the corporation should be a source for employees' satisfaction and then employees will be loyal and willing to stay in the corporation because, employees' satisfaction on the job will reduce absenteeism and turn over intentions in the case company.

Keywords: Job Satisfaction, recruitment and selection, performance appraisal, training and development and compensation

CHAPTER ONE

INTRODUCTION

This chapter deals with background of the study, statement of the problem, research questions, research objectives, hypothesis and significance of the study, scope of the study and organization of the research report.

1.1 Background of the study

Strategic development of a highly committed and capable workforce using an integrated array of cultural, structural and personnel techniques (Storey, 2001). Beer et al., (1984) defined HRM as a strategic approach to the management of HR that involves all management decisions and actions that affect the relationship between the organization and employees. While Armstrong, (2006) defines HRM as a strategic, coherent and comprehensive approach to the management and development of the organization's HR in which every aspect of that process is wholly integrated within the overall management of the organization. Schuler & Jackson, (1987) develop the strategic model of HRM by linking HR practices to competitive strategies framework that an organization can use to gain competitive advantage.

They argue that the strategy that management of an organization employs can affect the kind of employees' behavior. However, this strategic model of HRM is not left with some flaws such as ignoring the employees' interest, not recognizing the legal requirement, social norms and values of the environment in which they operate (Legge, 1995:115; Budhwar and Debrah, 2001:500). According to Legge labels the strategy that management of an organization employs can affect the kind of employees' behavior as the hard HRM model, which contrasts totally from the 'soft model' of HRM that emphasizes commitment HR strategy. This commitment strategy model was as a result of the interest in the cultural factors that has promoted the Japanese economic performance making the country to have a competitive advantage over countries in the late 1970 to 1980. Looking at these three definitions of what HRM is, there is a major area of convergence, which is the 'Strategic' nature of the management approach. These definitions have encompassed the linking of various HRM practices such as recruiting, selection, rewarding, and training, appraising and planning. Hence, strategic that links the organizational goals with the management process (Sparrow, Brewster, & Harris, 2004).

The HRM environment can be more important determinant of productivity in the service sector than in the manufacturing sector, given the much larger share of total production costs accounted for by employment, and the much more extensive direct contact between employees and customers, in services (Ann, 2004).

Many researchers have pointed out that human resources management practices impact on the outcomes such as employee satisfaction, employee commitment, employee retention, employee presence, social climate between workers and management, employee involvement, employee trust, employee loyalty, organizational fairness (Edger & Geare, 2005; Paauwe & Richardson, 1997 and Storey, 1989)

Human resource practices are the primary means by which firms can influence and shape the skills, attitudes, and behavior of individuals to do their work and thus achieve organizational goals (Collins & Clark, 2003; Martinsons, 1995) these practices included aspects like recruitment & selection, training & development, performance appraisal and compensation. Job satisfaction is likely provides employees of all levels with feelings of fulfillment, achievement and even pleasure for their job. Thus, such feelings are believed to make people more productive, creative and therefore more profitable for the organization. Furthermore, feelings of job satisfaction can strengthen the commitment and loyalty of employees with the organization, which is very necessary in present times where all firms are looking for competitive advantage and especially through their people (Georgakopoulos, Sotiropoulos, & Dimitris, 2010). Currivan, (2000) defined job satisfaction simply as the degree of positive emotions an employee has toward his job.

Job satisfaction has been one of the major areas of interest in both fields of organizational behavior and HRMP as it reflects employees' attitudes towards their job and commitment to an organization. Hence, today's managers are compelled to consider the job satisfaction of their subordinates. Also the managers have a moral responsibility to provide the employees with a satisfying work environment and they are made to believe that satisfied workers make positive contributions in terms of higher productivity, quality of products and services and less wastage to the organization (Ramayah, Jantan, & Tadisina, 2001). Therefore, it was prudent to investigate the relationship between human resources management practices with job satisfaction.

There are two distinct reasons to classify job satisfaction research as an employee and organization. Firstly, employees' views and feelings about their jobs have on both themselves and their jobs. Secondly, the impact on performance and productivity of employees' behaviors against their jobs is very important. Because job dissatisfaction leads to turnover, absenteeism, poor performance, mental and physical illness (Feldman & Arnold, 1983)

There are extensive works done on the area of human resource management practices and its link to other human resource management practice out comes like turn over, employees' job performance, employees' job satisfaction in other institutions some of them are (Merga , 2016) The Role of HRM Practices, Public Service Motivation, and Job Satisfaction, Tilburg University. Tegegn, (2008) the Human Resource Management Function in Ethiopia; Focus on Civil Service in Southern Regional Government (SNNPRS).Mehret, (2014) an Assessment of Reward Management Practice in The Case of Dashen Bank Share Company, Addis Ababa. Mekonnin , (2004) the Effects of Job Satisfaction on Employees' Turnover, Addis Ababa. In EIC, since human resource management directorate has not conducted research on the case study so far the researcher is motivated to assess the relationship of selected human resource management practices on employee's job satisfaction the case company.

1.2. Statement of the Problem

The success of any organization in the long run depends very much on the quality of its human resource. This is especially true in the service oriented industry like insurances where improvements in service have to be made to meet the rising expectation of the customers. Mohammed et al., (2010), HR practices have significant association with job satisfaction. Because many scholars and practitioners believe that sound HR practices result in better level of job satisfaction which ultimately improves organizational performance (Appelbaum, Bailey, and Berg, 2000). HRM practices need to consciously revolve around provision of issues that not only enhance job security but make the employee satisfied on the job with increased job security and satisfaction (Barrows & Wesson, 2000).

Effective HRM practices have been deemed by many researchers to be of utmost importance in providing firms with competitive advantages and the ability to operate effectively within a competitive landscape (B. Becker & Huselid, 1998; Delery & Doty, 1996).

HRM practices directly influence the job satisfaction of employees, and subsequently promote organizational commitment (Ulrich, 1997). The recruitment and selection process

determines the decisions as to which candidates will get employment offers. The aim of this practice is to improve the fit between employees and the organization, teams, and work requirements, and thus, to create a better work environment (Tzafir, 2006). Sophisticated recruitment and selection system can ensure a better fit between the individual's abilities and the organization's requirement (Fernandez, 1992).

Hunter & Schmidt, (1982) concluded that employment stability could be achieved through a selection procedure based on ability. Katou & Budhwar, (2007) in a study on the Greek manufacturing firms found that recruitment and selection was positively related to all organizational performance variables such as effectiveness, efficiency, innovation, and quality.

The training is one of the ways in offering learning experience and help employees more specific with their job and as results in increasing the employee job satisfaction (Paul & Ananthraman, 2003). 'Training and development' has a significant positive impact on employees' job satisfaction (Garcia, 2005).

The better performance appraisal can help in motivate the employee and will give a good impact on employee job satisfaction. According to Francais & Kleiner, (1994) and Boice & Kleiner, (2009), performance appraisal is known as the important operation in the organization and help for advancement of the employees towards their job. Performance appraisal can help in higher the productivity effect (Brown & Heywood, 2005). Likewise, Brown et al., (2008) found that the performance appraisal is the basic element in the HRM and many HR decisions are made based on the results of the performance appraisal. As performance appraisal leads to pay raise, promotion, and training, it is assumed that better performance appraisal can have an impact on employee job satisfaction (Priya , 2013).

Reward Systems are a critical part of any organization's design. How well they fit with the rest of the systems in an organization has an important impact on how effective the organization is and on the quality of life that people experience in the organization (Edward E & Lawler Iii, 1993).

As an employee of EIC, the researcher's personal observation testifies that most of the issues in management meeting are about employees' turn over and their undesired behavior in the working atmosphere. Related to this issue there is prevalent of informal groups discussion regarding employees turn over and there is no room for exit interview to know why employees are leaving

the organization. In addition to this, it is quite common to be engaged fully with task load in the work area and dual responsibility of staffs due to turn over of employees and the time gap to take to recruit for the exiting position is high. Informal interviewees with some employees' reveal that, although the basic salary is good as compared to other industries in the market. However, there are a number of problems associated with human resource management practices like performance appraisal, training & development, financial and non-financial reward given by the corporation.

In relation to the above HRMPs, many employees complain that the selected human resource management practices of the company is not satisfying employees rather it is being a reason for employees de-motivation and turnover. As a result those who are de-motivated shift to the private industry and become its own competitors. If this problem is not taken care by applying effective HRMPs the quality of the corporation's services may decline, which might be a cause for its low market share in the future, and further other impacts.

To the best of the researcher's knowledge, no research was done that shows the relationship between human resource management practice and job satisfaction in EIC. Filling this gap is believed to be the main contribution of this research. Therefore, this research study evaluates the relationships of selected human resource management practices and employees' job satisfaction in Ethiopian Insurance Corporation. In doing this, the existing human resource management practices were evaluated from various aspects.

1.3 Research objective

This section presents the intended outcomes of this study. The formulated main objective and specific objective that elaborate the research are presented below:-

1.3.1. General Objective

The general objective of the study is to investigate the relationships of selected human Resource management practices and employees' job satisfaction at EIC.

1.3.2. Specific Objectives

The specific objectives of this research include:-

- To find out the relationship between recruitment & selection and employees' JS.
- To reveal out the relationship between training and development & employees' JS
- To describe the relationship between compensation and employees' job satisfaction.
- To assess the relationship between performance appraisal and employees' job satisfaction.
- To depict which HRM practices most influential on level of employees' JS.

1.4 Hypothesis

After referring related literatures the following hypothesis is present for research;

H1: There is significant positive relationship between recruitment and selection with employee JS.

H2: There is significant positive relationship between PA towards employee job satisfaction.

H3: There is significant positive relationship between impacts of training towards employee JS.

H4: There is significant positive relationship between compensation system and employee JS.

H5: There is significant positive relationship between HRMPs and JS.

1.5 Significance of the Study

In the researcher's opinion, the findings of the study are important for the organization, Human resource managers of EIC, employees, researchers, and other interested people.

From the organization's side, the output of the research work may suggest a clue as to how the existing human resource management practices function. It will also show the organization how effective the existing human resource management practices enhancing employees' job satisfaction. This can also give a clue for future amendment of the existing human resource management practices.

From the human resource manager of EIC, it may have great benefits in attracting, acquiring, maintaining and motivating, satisfying employees to accomplish their task efficiently which in turn may keep the organization attains competitive advantage over competitors.

Furthermore, the study may serve as a reference and base for future researchers who want to conduct detailed research on the issue.

1.6 Scope of the Study/Delimitation/

Conceptual scope of the study is that relationship between selected human resource management practices (recruitment and selection, training, performance appraisal and compensation) and employees' job satisfaction and geographical scope of the study will be only to full time employees and managers of the corporation all the districts and branches located in Addis Ababa including Head Office, these are seven districts (life Addis , Arada , Eastern , Southern, North Addis, Western Addis and Central Addis District) and its ten branches (Merkato Life, Bole life, Megenagna life, Mexico life, Bole General, Mercato General, Megenagna General, Gulele General ,Ayertena General and Saris General Insurance) that are at a clerical, professional and managerial position of the respective insurance. It is not necessary representative but believed that it can give us beginnings of answer and preliminary ideas about employees' satisfaction with human resource management practice in Ethiopian Insurance Corporation.

By considering geographical restrictions, access to data, financial constraint, expected rate of return from the study and degree of literacy, the study is confined to employees and managers at head office, districts and branches who are at clerical, professional and managerial level .therefore the researcher is bounded the study in Addis Ababa because it enables to access the research data properly, to be effective in cost administration and to manage the research study as easily as possible.

1.7 Organization of the research report

This research study entitled: “The Relationship between Human Resource Management Practices and employees` Job Satisfaction in Ethiopian Insurance Corporation” is organized in the following manner;

Chapter one will explain the issue that will be discussed in this study. It also highlight, the background of the research, back ground of the organization, statement of the research objective , research question, significance of the study, scope of the study and organization of the study.

Chapter two provides the literature on human resource management (HRM) practices and its relationship with employee job satisfaction. It begins with a review on the concept of HRM, the importance of HRM, and the resource-based view of the firm. An overview of previous studies on the researches that has been done in human resource management practices is also discussed.

Chapter three will describe the research design utilized. Specifically, the chapter describes research design, target population, sampling techniques and sample size determination, the measuring instrument used, the procedure followed to gather data, and the statistical techniques used to analyze the data and finally, ethical consideration that should be taken into account.

Chapter four will report on the results of the empirical analysis. Further, it proceeds with an analysis of the descriptive statistics on the variable under consideration. To facilitate ease in conducting the empirical analysis, the result of the descriptive, Pearson correlation coefficient analysis will present followed by analysis of variance (ANOVA).

Chapter five describes the result of the study in greater detail and where appropriate, existing literature will be integrated in to the discussion, the limitation of the study and the implications for future research are addressed finally, the chapter concludes with recommendation

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter is devoted to the literature on human resource management (HRM) practices and its relationship with employee job satisfaction. It begins with a review on the concept of HRM, the importance of HRM, and the resource-based view of the firm. An overview of previous studies on the researches that has been done in human resource management practices is also discussed.

2.1 The Concept of Human Resource Management

The term “human resource management” has been commonly used for the last ten to fifteen years. Prior to that, the field was generally known as “personnel management”. Dessler (1991) had made no differentiation between personnel management and HRM and saw that the latter as a modern expanded version of traditional personnel management due to technological change in the work environment and a shift in societal values. Torrington and Hall (1998) explained the differences between personnel management and HRM by mentioning that personnel managements considered as workforce-centered while HRM as resource-centered. Guest (1987) conception of HRM is not an alternate to personnel management but as a particular form of personnel management which stressed the strategic issues of employee commitment, flexibility, quality and integration.

Since there is no universal agreement on the meaning of HRM, many definitions have been offered. Armstrong (1995) defined HRM as “a strategic and coherent approach to the management of organization’s most valued assets – the employee’s who individually and collectively contribute to the achievement of the objectives of the business.” Beer et al. (1984) viewed HRM as involving all management decisions that affect the relationship between the organization and employees – its human resources.

Storey (1995) considered HRM as a distinctive approach to employment management which seek to obtain competitive advantage through the deployment of a highly committed and skilled workforce, using an array of techniques. While others have defined HRM as being concerned with the need to achieve congruency among the various HRM policies and practices so that they become mutually supportive, rather than conflicting (Milliman, Von Glinow & Nathan, 1991; Schuler & Jackson, 1987).

The increasing interest in human resource is due to the assumption that employees and the management of such employees are important to the success of the firm, (Mueller 1996; Kamere 1996; Lado and Wilson 1994; Wright et al (1994). Human resource practice in an organization has been viewed as one area which can influence employees' intention to leave or stay in the organization, as well as the extent of their feeling of job satisfaction and organizational commitment (Huang (2000).

The overall purpose of HRM is to ensure that the organization achieves its objectives and goals through employees (storey, 1992, Armstrong, 2009, Costea 2005). HRMPs have been observed to improve performance (Lee and Lee 2007). Human resource principles of high involvement, high commitment and high performance have been identified as contributing to the achievement of organizational objectives (Huselid 1995, Delancy and Huselid 1996). It has been contended that HRMPs is designed to achieve high level employee flexibility, commitment and performance (Bach & Sisson 2002). HRMP has been said to directly influence the JS of employees as well as promoting organizational commitment (Ulrich 1997). A view has been expressed that human resource practice can be a tangible and distinct activity. Wimalasmi (1995) and Jaiwe (1982) opine that policies in the area of training and development, rewards and incentives as well as career progression influence employees' commitment toward the organization. This can lead to greater effort on the part of the employees and may result in higher productivity.

Job satisfaction has been described as a reaction to job, arising from what an individual seeks in a job in comparison with the actual outcomes of the job to the individual (Rothman & Coetzer 2002). Job satisfaction has been defined as an individual's total feeling about his job and attitude he/she has towards various aspects of the job as well as attitude and perception that can influence the fit between the individual and the organization (Invancevich and Matteson, 2002; Spencer, 1997).

2.2 The Importance of HR as a Source of Competitive Advantage

In recent years, human resources have been recognized as an important source of sustained competitive advantage. Much of the human resources and theoretical and empirical work has been grounded in the resource-based view (RBV) of the firm (Barney, 1986, 1991, 1995). This theory maintains that in order to develop a sustainable competitive advantage, organization must create resource in a manner that is rare, non-imitable, and non-substitutable. Barney (1986, 1991, 1995), Pfeffer (1994), Snell, Youndt and Wright (1996) and Wright and McMahan (1992), have argued that because the resources that have historically provided organizations with competitive advantage are easily and rapidly imitated, the human resources of the organization may be an extremely important source of sustained competitive advantage.

Resources have been defined as “the tangible and intangible assets a firm uses to choose and implement its strategies” (Barney, 2001). This broad definition includes human, organizational, financial and physical resources. Barney (1991) and Teece, Pisano and Shuen (1997) have outlined a framework for determining if a resource can be considered a source of sustained competitive advantage. The key elements of this framework require valuable, rare, inimitable and non-substitutable.

2.3 Approaches in Studying HRM Practices

2.3.1 Universalistic perspective

Universalistic perspective is the simplest form of theoretical model in the HRM literature. Universalistic perspective seeks for “best practices”. Researches in the universalistic perspective are micro analytical in nature and posit that some HRM practices are always better than others are and that all organizations should adopt these practices. Huselid (1995) work reflected the “universalistic” approach to HRM. This perspective assumes that there are certain “best” HRM practices that contribute to increased financial performance regardless of the strategic goals of organizations. Further, a universalistic approach to HRM research assumes that HRM practices contribute to worker motivation (and thereby increased productivity) as well as increased efficiency (Ichniowski, Kochan, Levine, Olson & Strauss, 1996). While other authors concurred with these assumptions (Osterman, 1994; Pfeffer, 1994), different studies have

utilized various assortments of these HRM practices, and there has been little work that provides a definitive description as to which HRM practices should be included in a “best practice” system. Huselid (1995), for instance, utilized thirteen HRM practices. Pfeffer (1994) however, advocated the use of sixteen management practices to achieve higher productivity and profits. In another work, Delery and Doty (1996) identified seven practices that are consistently considered to be strategic in nature. Practices identified were internal career opportunities, formal training system, appraisal measures, profits haring, employment security, voice mechanism and job definition.

2.3.2 Contingency perspective

Contingency theorists posit that an organization needs to adapt specific HRM practices for different firm strategies. A number of researchers, however, have argued that contingency perspective is the more appropriate approach to HRM (Butler, Ferris & Napier, 1991; Dyer, 1985; Jackson & Schuler, 1995; & Lengnick-Hall, 1988; Schuler, 1989; Schuler & Jackson, 1987). The contingency theorists argue that, in order to be effective, an organization’s HRM Practices must be consistent with other aspects of the organization.

The contingency approach differs from the universalistic perspective in that these studies have attempted to link variations of HRM practices to specific organizational strategies (Hoque, 2000; Khatri, 2000; Youndt, Snell, Dean & Lepak, 1996). Schuler (Schuler & Jackson, 1987; Schuler, 1989) argued that HRM practices which are not synergistic and consistent with organizational strategy and, which conflict with other HRM practices are confounding in effect and create ambiguity which can inhibit both individual and organizational performance.

2.3.3 Configurationally perspective

The configurationally perspective is concerned with how patterns of multiple, planned human resource deployment and activities achieve the organization’s goals. A closely related body of work calls for a configurationally approach to HRM, and argues that it is the patter of HRM practices that contribute to the attainment of organizational goals (Wright & McMahan, 1992). According to the configurationally perspective, in order to be effective, an organization must develop its HRM system that achieves both horizontal and vertical fit. Horizontal fit refers to the internal consistency of the organization’s HRM practices, and vertical fit refers to the

congruence of the HRM system with other organizational characteristics, such as firm's strategy (Delery & Doty, 1996).

Many researchers have pointed out that human resources management practices impact on the outcomes such as employee satisfaction, employee commitment, employee retention, employee presence, social climate between workers and management, employee involvement, employee trust, employee loyalty, organizational fairness (Edger & Geare, 2005; Paauwe & Richardson, 1997 and Storey, 1989)

Human resource practices are the primary means by which firms can influence and shape the skills, attitudes, and behavior of individuals to do their work and thus achieve organizational goals (Collins & Clark, 2003; Martins, 1995) these practices included aspects like recruitment & selection, training & development, compensation, social benefits, promotion, performance appraisal and grievances handling procedures.

A. Recruitment & Selection

“Recruitment is the process of locating potential individuals who might join an organization and encouraging them to apply for existing or anticipated job openings” (Dessler, p.171).

Recruitment is the development of a pool of job candidates in accordance with a human resource plan. Further it can be explained as the process of locating, identifying and attracting capable applicants. During this process, efforts are made to inform the applicants fully about the qualifications required to perform the job and the career opportunities the organization can offer its employees.

Selection is the process of choosing individuals who have relevant qualifications to fill existing or projected job openings (Dessler, p.234)

The process of staffing employees in the organization consists of finding, evaluating, and assigning people to work (Harel and Tzafrir, 1996). Terpstra and Rozell (1993) found a significant and positive link between the extensiveness of recruiting, selection test validation, and the use of formal selection procedures and firm profits. HRM activities involved in getting the right person on the right place (employee skills and organizational structure) contribute to higher productivity (Huselid, 1995). In addition, research has shown that implementing an effective staffing process (selectivity in staffing) is positively related with organizational performance (Delany and Huselid,

1996). Koch and McGrath (1996) also found that sophisticated recruitment and selection procedures are positively related to labor productivity.

It is the process of assessing candidates and appointing a post holder to ensure that the most appropriate candidates are hired. Successful employee hiring decisions are the foundation of any organization's success. Most managers and senior executives would agree that the task of hiring can be one of the responsibilities with the most impact in their organization. There is no doubt; hiring mistakes are quite costly to organizations, regardless of the size of the organization. Hiring mistakes cause disruption in the workplace. People who do not perform up to desired standard cause a drain on other staff resources, making that staff far less productive, costing real dollars. In addition, management must devote time to attempt corrective actions. This takes away time from other duties for managers.

B. Training & Development

Training was included as a high-performance HRM practice, among others, by Huselid (1995), McDuffie (1995) and Koch & McGrath (1996) Training tends to be more narrowly focused and oriented toward short- term performance concerns, and development, which tends to be oriented more toward broadening an individual's skills for future responsibilities (Snell S & Bohlander G, 2007).

Training can be treated as an investment in organizational human assets. In addition, "...training is seen as a useful means of with changes fostered by technological innovation, market competition, organizational structuring, and demographic shifts (Knoke and kalleberg1994, cited by Sandra K.K *et al.*). Training and development encompasses three main activities: training, education, and development. Firms that offer training and employee development are making a visible investment in employees. Among its positive outcomes, this investment increases employability for the individual employee (Waterman et al., 1994).

In a rapidly changing global market place, characterized by increased technological advancement, organizations demand a more flexible and competent workforce to be adaptive and to remain competitive. Thus, demand for a well qualified workforce becomes a strategic objective. The human resource training and development (T&D) system of an organization is a key mechanism in ensuring the knowledge, skills, and attitudes that are necessary to achieve organizational goals and create competitive advantage (Peteraf, 1993).

Employees invest in human capital after the start of employment, and normally this investment is called training, provided either by the firm itself on the job, or acquired by the worker (and the firm) through vocational training. Economists typically distinguish between two types of training:

Firm – specific training: “This provides a worker with firm specific skills, or skills that will increase her or his productivity only with the current employer” (Garibaldi P., 2006, p.156).

General training: “This type of training will contribute to the worker’s general human capital, increasing his or her productivity with a range of employers” (Gary Becker, 1964)

However, general training and development may increase organizational risk, because, after having training, employees may decide to leave the organization to find a better job in another organization. It can be expected that firm investments in both technical and non technical training will have a positive impact on the extent to which the firm actually succeeds in developing the skills/ knowledge of its employees. Training was included as a high-performance HRM practice in, among others, Huselid (1995), MacDuffie (1995) and Koch and McGrath (1996).

Firms with superior training programs may also experience lower staff turnover than companies that neglect staff development. In firms with good technical and non-technical training programs, employees are likely to realize that their market value develops more favorably than in other firms. Therefore, it is in their own interest to remain longer in the firm in the field of HRM, training and development is the field concerned with organizational activity aimed at bettering the performance of individuals and settings. HRM practices influence employee skills through the acquisition and development of a firm’s human capital (Huselid M.A., 1995).

Organizations can adopt various HRM practices to enhance employee skills (Delaney & Huselid, 1996). First, such practices can be used for improving the quality of the individuals hired, or raising the skills and abilities of current employees or for both. Second, organizations can improve the quality of current employees by providing comprehensive training and development activities after selection of workers. Evidences from the previous research suggest that investments in training produce beneficial organizational outcomes (Russell et al, 1985; Bartel, 1994; Knoke & Kalleberg, 1994).

A substantial body of research has been developed that investigated the impact of training on firm performance. For instance, considerable evidence suggests that firm investments in training result

in better organizational performance (Russel et al., 1985; Bartel, 1994; Kalleberg and Moody, 1994). Generally, a positive relationship has been established between employee training and development and organizational performance (see: Delaney and Huselid, 1996; Koch and McGrath, 1996).

Firms with superior training programs are likely to experience lower staff turnover than companies that neglect staff development (Arthur, 1994; Fey et al., 1999). Also, more investment in training and employee development is positively related to organizational effectiveness, increased productivity and reduces employees' intent to leave the organization (Harel and Tzafrir, 1996; Lee and Bruvold, 2003; Arago'n-Sa'nchez et al., 2003).

A number of studies have looked at the effect of training on productivity, and they have found positive relationship between training and productivity of an organization (Bartel, 1994). Previous studies have found the relationship between various training & development practices and different measures of organizational performance (e.g., Delery and Doty, 1996; Becker and Huselid, 1998).

C. Compensation

“Employee compensation includes all forms of pay and rewards received by employees for the performance of their jobs” (Snell S & Bohlander G, 2007, p.378). Direct compensation Encompasses employee wages and salaries, incentive-payments, bonuses, and commissions Indirect compensation comprises the many benefits supplied by employers and non financial compensation includes fringe benefits like free insurance, subsidized lunch, etc. Intrinsic reward jobs, a nice work environment, and flexible work hours to accommodate personal needs. “Employee benefits constitute an indirect form of compensation intended to improve the quality of the work lives and the personal lives of employees” (Snell & Bohlander, 2007, p. 448)

Compensation systems that organizations offer to the employees play a key role in increasing employee motivation (Milgrom and Roberts, 1992, p.388), performance and productivity. Hence, most of the organizations are very much concerned about establishing and maintaining the optimal compensation systems. According to expectancy theory (Vroom, 1964), when pay is tied to some measure of individual or group performance, employees are more likely to work harder to

increase the individual's, the group's or the organization's performance and an increase in performance in any of these areas will lead to an overall improvement in firm performance.

Based on expectancy theory (Vroom, 1964), it can be expected that, if the company provides rewards desired by the employee in question, this employee is more likely to perform in a way that will bring him/her the reward. "Choosing an appropriate compensation mechanism is probably the core problem of human resource managers, and represents the heart of personnel economics" (Garibaldi P, 2006, p.82). Further he stated that compensation packages must be consistent with profit maximization on the part of firms, but they should also provide workers with the incentives to do as well as possible.

Garibaldi P. (2006, p.85-86) has introduced three types of compensation schemes: Purely input based scheme, Bonus scheme and franchising scheme.

Purely input based scheme: This scheme specifies a fixed payment per unit of time independently of the output produced and sold.

Bonus scheme: This scheme is made up of a fixed component plus a variable bonus, which is proportional to output.

Franchising scheme: In this case all extra income is given to the worker, so that he becomes a residual claimant of the project.

Several studies have been developed that examined the impact of compensation on firm performance and found that an advanced compensation system can be a potential source of achieving competitive advantage (Gomez-Mejia and Wellbourne, 1988; Gerhart and Milkovich 1992). In addition, incentive compensation has a positive impact upon organizational performance, lowers employee turnover and increases sales growth (Arthur, 1994; Delaney and Huselid, 1996; Batt, 2002). Delaney and Huselid (1996) find that a compensation system based on excellence results in increased employee performance.

Most studies have included performance-based compensation as one of the high-performance HRM practices (e.g. Arthur, 1994; Huselid, 1995; MacDuffie, 1995; Delery and Doty, 1996), and Delery and Doty (1996) even identified performance-based compensation as the single strongest

predictor of firm performance. High performance work practices (including compensation) have a statistically significant relationship with employee outcomes and corporate financial performance (Huselid, 1995).

Empirical studies of the relationship between performance-related pay and company performance have generally found a positive relationship. Studies of the market reaction to the adoption of incentive plans have also reported positive stock-market reactions (see: Rajagopalan, 1997). Employee motivation is arguably a crucial intermediate variable between a performance-based compensation system and firm performance. In studies related to compensation, Park, Ofori-Dankwa, & Bishop, (1994) and Trevor, Barry, & Boudreau (1997) found that salary growth had a pronounced effect on turnover. Particularly, salary growth effects on turnover were greatest for high performers, that is, high salary growth significantly reduced turnover for high performing employees.

Abassi and Hollman (2000) in their study have identified lack of recognition and lack of competitive compensation systems as reasons for employee turnover in the organization. A significant and positive correlation has been reported between compensation practices and perceived employee performance by Teseema & Soeters (2006). On the basis of above mentioned literature and arguments it can be safely assumed that compensation practices are correlated with the performance of employees.

D. Performance appraisal

“The PA can be defined as a process, typically delivered annually by a supervisor to a subordinate, designed to help employees understand their roles, objectives, expectations and performance success” (Snell S & Bohlander G, 2007, p. 332). PA is a systematically evaluating performance and providing feedback upon which performance adjustments can be made? It should be based on job analysis, job description and job specific.

Merit –based performance

Company-internal promotions based on merit rather than seniority may also enhance employee motivation and employee retention (Guest, 1997). Having skilled and competent employees is the most important capital for the organizations. This is because human capital influences and shapes the other resources of the organization and at the same time it is affected

by them. To be able to shape, control and co-ordinate production factors are qualifications and they are only possible through HR. Thanks to human resources, organizations are able to accomplish the goals they set out to achieve (Huselid, 1995).

Thus, human resources of the organizations are their most important assets and needs to be invested in. “Performance appraisal represents, in part, a formalized process of worker monitoring and is intended to be a management tool to improve the performance and productivity of workers” (Shahzad, Bashir and Ramay, 2008, p.304).

Performance appraisal, the process of observing and evaluating employees’ performance and providing feedback, is a potentially important method for developing an effective workforce. PA is also used as mechanism for improving employee performance. It is widely recognized as the primary HRM intervention for providing feedback to individuals on their work-related achievements (Waddell *et al.*, 2000). PA can be used as an aid in making decisions pertaining to promotion, demotion, retention, transfer, and pay. It is also employed as a developmental guide for training needs assessment and employee feedback.

Employee commitment and productivity can be improved with PA systems (Brown and Benson, 2003). Technological development process that constantly renews itself and brings new information in conditions of increasing competition businesses which want to go a step ahead, should, teach their employees technological innovations and information. The reason is that one of the ways to create success in an organizational sense customer relationship can be established together with the employees (Wilkinson, 1995).

2.4 Performance Assessment and Reward

Performance appraisal is, to analyze the job done by employee, and potentials of the employees individually, and to determine achievement degrees of employees’ job evaluations. Performance evaluation function is to reveal performance needs by giving feedback about employees’ performance, determine rewarding relations, comment on results and make decisions on human resource selections and recruitments (Akin, 2002). In organizations, there is a great importance in satisfaction and rewarding of employees in order to achieve ever-increasing levels of performance. It is known that rewarding increases employees’ morale and motivation (Lee and Miller, 1999).

Job satisfaction is another crucial term within the same body of literature. Job satisfaction likely provides employees of all levels with feelings of fulfillment, achievement and even pleasure for their job. Thus, such feelings are believed to make people more productive, creative and therefore more profitable for the organization. Furthermore, feelings of job satisfaction can strengthen the commitment and loyalty of employees with the organization, which is very necessary in present times where all firms are looking for competitive advantage and especially through their people.

Currivan, (2000) defined job satisfaction simply as the degree of positive emotions an employee has toward his job. On the other hand, (Goris et al. 2000) have identified five main facets of job satisfaction which include the work itself, quality of supervision, relationships with co-workers, promotion opportunities and pay.

Job satisfaction has been one of the major areas of interest in both fields of organizational behavior and human resource management practice as it reflects employees' attitudes toward their job and commitment to an organization. Hence, today's managers are compelled to consider the job satisfaction of their subordinates.

Also the managers have a moral responsibility to provide the employees with a satisfying work environment and they are made to believe that satisfied workers make positive contributions in terms of higher productivity, quality of products and services and less wastage to the organization (Ramayah, Jantan & Tadisina, 2001). Therefore, it would be prudent to investigate the impact of HR practices as a whole on job satisfaction. Employee's job satisfaction is mostly related with how the employees' job expectations meet with his needs and desires (Bingöl, 2010).

There are two distinct reasons to classify JS research as an employee and organization. Firstly, employees' views and feelings about their jobs have on both themselves and their jobs. Secondly, the impact on performance and productivity of employees' behaviors against their jobs is very important. Because job dissatisfaction leads to turnover, absenteeism, poor performance, mental and physical illness (Feldman and Arnold, 1983)

2.5 The relationship between HRM practices and employee JS

HR practices and job satisfaction are studied widely in different parts of the world. It is assumed that HR practices are closely associated with JS (Ting, 1997). Because many scholars and practitioners believe that sound HR practices result in better level of job satisfaction which ultimately improves organizational performance (Appelbaum, Bailey, Berg and Kalleberg, 2000). Steijn (2004) found that HRM practices had positive effect on JS of the employees of Dutch public sector whereas individual characteristics such as age, gender, and education had insignificant effect on JS. Gould-William (2003) showed that use of specific HR practices in local government organizations in the United Kingdom (UK) was associated with a greater degree of JS, workplace trust, commitment, effort, and perceived organizational performance.

HRM can be defined as involving of all management in the decisions making which can give impacts towards the relationship between employees and organization (Aguinis, 2009). Most of the researcher was found that HR practices have a positively relation with employee JS (Wright et al., 2003; Spector, 1997; Huselid 1995; Petrescu & Simmons, 2008). The corporate and professional communities' interests with (HRM) practices after realization the fact about people are making organization successful not the buildings. It would not be justified to assume that the concept of HRM is a newly emerged phenomenon. It is an advanced form of people management. Most of the research recommends the HRM practices are fundamental in order for an organization to achieve organizational success (Barney, 1991; Jackson & Schuler, 2000; Pfeffer, 1994).

HRM practices can be including performance appraisal, job analysis, recruitment, compensation, training and development, labor relation and selection (Desler, 2007). Besides that, Huselid (1995) were used eleven HRM practices in his study which are recruitment and selection, attitude assessment, promotion, training, job design compensation, performance appraisal, information sharing, , employee participation and job definition.

One is bound to ask what causes job satisfaction: The situation or the person (causes of job satisfaction). Variability in satisfaction rating has been observed and an attempt made to explain them. From a situational perspective, satisfaction varies because work conditions vary. From a dispositional perspective, satisfaction varies because affective dispositions vary. Herzberg's Two-Factor Theory (situation theory) proposes that job content factors ("motivators"), such as

responsibility, recognition, the nature of work itself, achievement, growth and development are responsible for presence or absence of job satisfaction. Job Context factors ("hygiene factors") such as pay, working conditions, company policy, administration, supervision, status, job security and interpersonal relations are responsible for the presence or absence of job dissatisfaction (Armstrong, 2005; Herzberg, 1968). Lawler's satisfaction model (Equity-based models) view satisfaction as a function of the extent to which the perceived amount of job rewards one receives matches the perceived deserved rewards (Mowday, 1996).

Locke's Value theory proposes that satisfaction is a function of the extent to which one's job is perceived as fulfilling important values (Locke, 1969); do perceived job characteristics match desired characteristics? - Satisfaction is determined by the discrepancy between preferred levels of job factors (pay, autonomy, etc.) and the actual level. Job enrichment has a positive effect on job satisfaction. Vroom proposed that job satisfaction is equal to the valence of the job; differences in valence of jobs are due in part to differences in properties of jobs. Positively valent outcomes: use of skills & abilities, control over pacing, decision authority. Satisfaction relates to the nature of the work itself, social relationships at work, and economic benefits of work (Dessler, 2003). Variables most strongly related to satisfaction: autonomy, perceived control, job complexity, pay level, coworker satisfaction, workload, and quality of interpersonal relationships.

Training is very necessary for every employee in perform a particular jobs because the job requires a particular skill, knowledge and ability by which the job will be easier to perform and it is benefit to the employee. The training is one of the ways in offering learning experience and help employees more specific with their job and as results in increasing the employee job satisfaction (Paul & Ananthraman, 2003). Likewise, Danvila Del Valle et al (2009), training can provide skills, abilities and knowledge required by the employee. The investing of training to the employees can give confidence to them in the future and will give them more effort to do their best in their work in an effective way.

Performance appraisal can be defined as a systematic process to evaluate the performance of the employee after a certain period. The better performance appraisal can help in motivate the employee and will give a good impact on employee job satisfaction. According to Francais & Kleiner (1994) and Boice & Kleiner (2009), performance appraisal is known as the important operation in the organization and help for advancement of the employees towards their job. Performance appraisal can help in higher the productivity effect (Brown & Heywood, 2005). Likewise, Brown et al (2008) found that the performance appraisal is the basic element in the

HRM and many Human Resource decisions are made based on the results of the performance appraisal.

There have many views about job satisfaction. According to Robbins (2003), job is about feeling of the employees towards the different dimensions of their jobs. The other researcher were defined job satisfaction as a pleasure able or positive emotional state resulting from the appraisal of one's job and job experience (Locke,1976). Likewise, Robbins (1930) defined employee job satisfaction as an employee attitude. Most of the researcher found that the HRM practices will give a good impact to the employee job satisfaction. Edgar and Geare (2005) were studied that HRM practices will give a positive influence towards organizational fairness, employee job satisfaction and organizational commitment. The employee job satisfaction in the workforce very important in every organizational because it can help to decrease of absenteeism or turnover, behavior problem and reduce the medical costs.

2.6. Empirical review

Empirical evidence has further supported the five personality trait dimension and has opined that employees who are high on the dimensions experience high job involvement (Srivastava, 2008, Digman, 1990, Goldberg, 1993, McCrae and Costa 1996, o'connor 2002, Costa & Cral 1985, Mount & Barrick 1995). Sampan et al (2002) have taken the view that job satisfaction is as a result of an individual's perception and evaluation of his/her job influenced by his/her own unique needs, values and expectations which are regarded as being important.

For Robbins (1993), a person with high job satisfaction appears to hold generally positive attitudes towards the job. Job satisfaction is any part of the job that produces feelings of satisfaction (Spector 1997). Reddin (1970) identified five correlates of job satisfaction which include stronger innovation, job involvement, organizational commitment life satisfaction less absenteeism. A number of job design approaches attempt to incorporate satisfaction into work. This is based on the assumption that workers contribute more if they are happy and feel they are contributing something of value (Petty et al 1984).

Job satisfaction is a general attitude which is the result of many specific attitudes in three areas namely, specific job factors, individual characteristics and group relationships outside the job (Blum & Naylor 1968). For Action and Golden (2003), human resource practice apart from creating job satisfaction, increases employee morale as well as enhancing job discipline.

Obviously job discipline increase employee efficiency and would tend to promote professionalism at work. Adequate compensation, training and development, enabling work environment and fringe benefits enhance job satisfaction which is the result of good management practice. (Moncarz et al, 2009, Deckop et al, 2006). It has been suggested that employees with opportunity for career development tend to have higher job satisfaction (Harrell and Tzaforir 1999. Locke (1976) takes the view that job satisfaction is predominantly premised on the way employees perceive their needs.

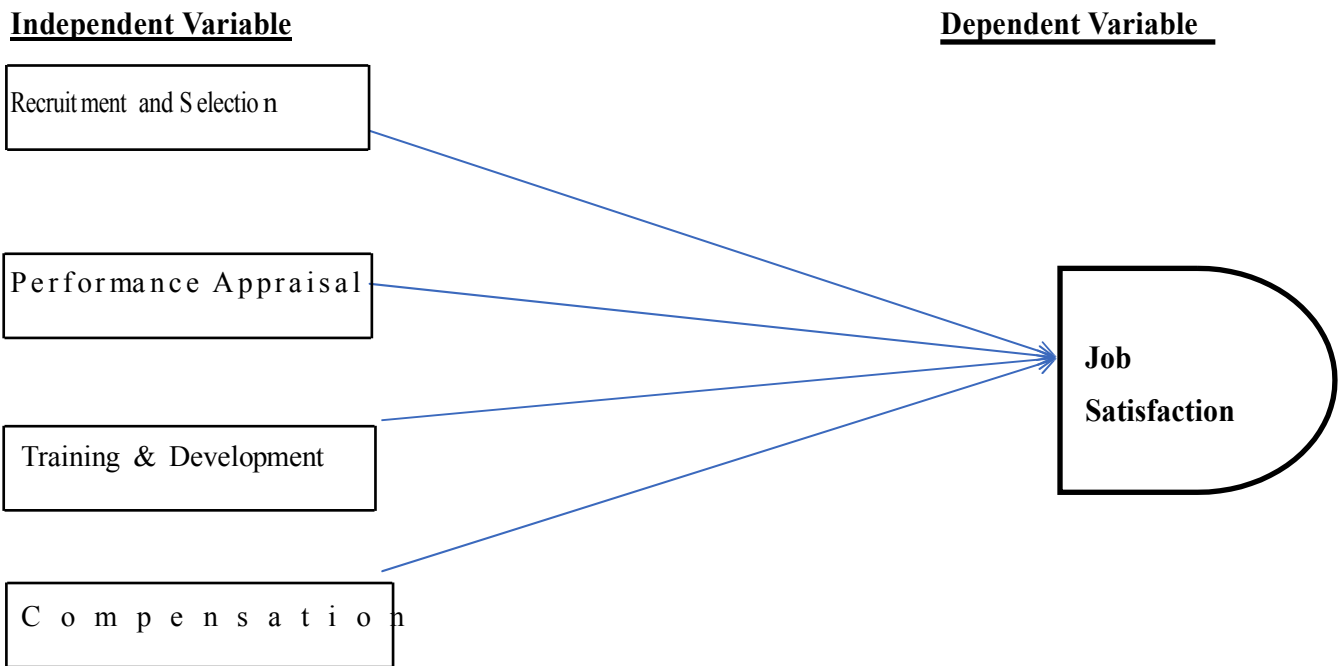
The result of some studies have shown meaningful relationship between job satisfaction and wages, management policy, working conditions, possibilities of promotion, gaining respect, the size of the organization and self development and achievement of the use of talents (Ergenc 1982a; Sencer 1982; Kose 1985, Yincir 1990). Job satisfaction is so critical hence its absence leads to lethargy and reduces organizational commitment (Moser 1997, Levinson, 1997). It has also been pointed out that lack of job satisfaction is a predictor of quitting a job (Jamal 1997, Alexander et al 1997).

Research findings indicate that age, professional experience and level of wages, educational level all have meaningful relationship with job satisfaction (Kose 1985; Hamshari, 1983, Delia 1979; well-maker 1985; Vaugan and Dinn in Adeyemo 1997; Lynch and Verchin 1983). Many organizations recognize the importance of the potential link between job satisfaction and a number of desirable organizational outcomes (Ivancevich 2011). However, Edwards et al (2008) have taken a divergent view by contending that one of the most debated and controversial issues in the study of job satisfaction is its relationship to job performance or effectiveness.

2.7 Conceptual Model of the Study

The conceptual framework indicates the crucial process, which is useful to show the direction of the study.

After the careful study of literature review, the following conceptual model is formulated to illustrate the relationship between selected human resource management practices in EIC and employees' job satisfaction. The model shows Recruitment and selection, Performance appraisal, Training and development, and Compensation as independent variables and job satisfaction as dependent variable.



Source: Review of literature

Fig.1: conceptual frame work

CHAPTER THREE

METHODOLOGY

This chapter describes the research design utilized, target population, sampling techniques and sample size determination, the measuring instrument used, the procedure followed to gather data, and the statistical techniques used to analyze the data and finally, ethical consideration that should be taken into account.

3.1 Research Design

The study was conducted as a quantitative study approach in order to depict the relationship of selected human resource management practices and employees' job satisfaction. A quantitative research was used to test the hypothesized relationships. Quantitative approach helps researchers to test relationships between variables.

In this study descriptive research design and correlation analysis were used in order to understand and systematically describe the selected human resource management practices of the insurance and also to identify the most influential variables that affect employees' job satisfaction level.

3.2. Target Population

According to Cooper and Schinder (2003), population is a well detail or set of people, services, elements, events groups or households that are being investigated. In this study Ethiopian Insurance Corporation (EIC) was selected as a unit of analysis for this study.

But, by considering geographical restrictions, access to data, financial constraint, expected rate of return from the study and degree of literacy, the study is confined to employees and Managers at head office, districts and branches with a size of 780 employees. The researcher bounded the study in Addis Ababa because it enables the research to access data properly, to be effective in cost administration and to manage the research study as easily as possible in addition employees' those who are non-clerical staff are not included in order to get reliable information from the respondent.

3.3 Sampling Technique

Stratified sampling technique was used to select sample from the target population. This is because; the study focuses on different groups of respondents would require representative from the total sample size. Stratified sampling guaranty specific groups within a population are adequately represented in the sample.

In EIC there are seven Districts, ten Branches and Head Office located in Addis Ababa. The researcher used the Head Office, Districts and Branches as a stratum. The estimated numbers of clerical, professional and managerial staff were identified from each stratum. Then from each stratum respondents were selected through random sampling method.

3.4 Sample Size

The researcher used the following formula in selecting the appropriate sample size based on 95% confidence level and 5% margin of error or level of precision.

$$n = \frac{Z^2 \cdot P \cdot q \cdot N}{e^2 (N-1) + Z^2 \cdot p \cdot q}$$

Where, n= the required sample size

N=number of total population

Z=confidence level at 95%

Value of confidence level from Z-table

e- Precise (error) =0.05 which is acceptable sample error (error term)

p=population proportion (assumed to be .50 since this would provide the maximum Sample size)

Given at 95% confidence level the value of z=1.96

N=780

$$n = \frac{1.96^2 (0.5)(0.5)(780)}{0.05^2 (780-1) + 1.96^2 (0.5) (0.5)}$$

n=258

So based on the above formula a sample of 258 has been selected from the target population, the sample size allocated to head office, districts and branches proportional to their population size.

Table 3.1 sample size

Grade	No of Areas In Insurance	Total Number of Staffs	Sample size Proportion
Head office	1	328	108
Districts	7	396	131
Branches	10	56	19
Total population		780	258

Source: EIC payroll confirmation; 2017

3.5 Source of Data & Method of Data Collection

The study used both primary and secondary sources of data. Primary data was obtained through questionnaires that are collected from employees and managers at Head Office and its branches and districts found in Addis Ababa. Questionnaires were prepared for employees and managers. In this study, the questioner was serving as the research tool to gather information.

Questionnaires were distributed to employees which were developed based on the HRMPs adopted mainly from (Raigamara Thnaweeraga Neelamani Thanuja Rathnaweera, 2010), Chang, 2005), Edgar & Geare, 2005), Balkin & Gomez-Mejia, 1990) and JS in other researchers like (Cammann., Fichman., Jenkins, & Klesh, 1979).

A five point Likert scale questionnaire ranging from strongly disagree (SD), disagree (D), neutral (N), agree (A) and strongly agree (SA) was distributed to 258 employees working in the Head office, Districts and Branches and the questionnaire measured employee perception regarding HRMPs & JS. The secondary data has been collected from relevant annual reports, insurance journals and articles, magazines and insurance website.

3.6. Administering the Questionnaire

The questionnaires were self-administered and permission was requested from the HR director on the basis of the forwarding letter from the university. Besides, the questionnaire was left with the respondents through well prepared questionnaire with preamble letter. To facilitate good response rate consent was made with employees in EIC; the collection of the data should take a maximum of one month. As a result the respondent could possibly fill the questionnaires with full attention without interference of the normal working hours. As much as possible maximum care has been taken in to account in designing the cover part and questions in the questionnaires.

3.7 Method of Data analysis

Quantitative data analysis tools were used to analyze the collected data. DS used to describe and interpret the result of the study. Correlation analysis more specifically Pearsons` correlation was used to measure the degree of association between HRMPs & employees JS.

From inferential statistics, multiple regression analysis, analysis of variance (ANOVA), was used. Statistical Package for Social Sciences (SPSS) software was used to analyze the data from the questionnaire.

Table 3.2: Pearson Correlation Coefficient

Coefficient range	Strength
+0.91 to +1.0	Very Strong
+0.71 to +0.90	High
+0.41 to +0.70	Moderate
+0.21 to +0.40	Small but definite relationship
0 to +0.20	Slight, almost negligible

Source: Hair, J. F. Jr., Money, A. H., Samouel, P., & Page, M. (2007).

Research method for business. Chichester. West Susseex: John Wiley & Sons, Inc.

3.8. Reliability

Internal consistency or reliability is a measure of consistency between different items of the same construct. Cronbach's alpha is a reliability measure designed by Lee Cronbach in 1951 (Bhattacharjee, 2012). It is a coefficient of reliability and it is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. For testing the reliability of the data instrument Cronbach's Alpha was calculated. According to Zikmund, Babin and Griffin (2010) scales with coefficient alpha between 0.8 and 0.95 are considered to have very good quality, scales with coefficient alpha between 0.7 and 0.8 are considered to have good reliability, and coefficient alpha between 0.6 and 0.7 indicates fair reliability.

3.9 Validity

Test of validity indicate the degree to which measures what it is supposed to measure. In this survey content validity was ensured by subject matter expert.

3.10 Ethical Consideration

The study was conducted by considering ethical responsibility. This includes providing information to the respondents which helps them to identify the purpose of the study and the use of the information as well. Informing clearly the data obtained was held in strict confidentiality by the researcher. Respondents' anonymity was kept so that participants will be feeling free and safe to express their ideas.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The main objective of this paper is to examine the relationship between selected human resource management practices and employees' job satisfaction in Ethiopia Insurance Corporation. In this chapter, the data obtained in the study are analyzed, presented, interpreted and discussed. The chapter starts by providing the demographic and personal information of the respondents. There are several analysis involved in the chapter which included reliability analysis, descriptive and inferential statistics analysis and Pearson's correlation analysis.

A total of 258 questionnaires were distributed to the respondents of EIC employees using stratified sampling techniques. Out of these, 224 (86.82%) usable questionnaires were collected. This response rate is quite large to confidently run the analysis. Accordingly, the analysis of this study is based on the responses obtained from these respondents.

Frequency of respondents' answer in the questionnaire is found by using descriptive analysis followed by the scale measurements which provide the result of reliability analysis. Apart from that, the last section in this chapter will be involved with Pearson's correlation analysis to determine the relationships between each dependent variable and the independent variables. In order to provide clearer information to the readers' tables were used to present the result.

4.1 Descriptive Analysis

This section explains the demographic data of gender, respondents' service length in Current Corporation, age, education level and working department. Below are the results of the frequency analysis.

4.1.1 Demographic Information of Respondent

Table 4.1 Demographic profile of the respondents

Demographic characteristics		Frequency	Percentage
Gender	Male	147	65.6
	Female	77	34.4
Age	25 years and below	25	11.2
	26-35	108	48.2
	36-45	53	23.7
	46-55	29	12.9
	Above -55	9	4.0
Education level	Certificate	13	5.8
	College diploma	50	22.3
	Firs degree	150	67
	Second degree	11	4.9
	PHD	-	-
Service length	1-5 years	47	21
	6-10 years	81	36.2
	11-20 years	59	26.3
	21-30 years	19	8.5
	31-40 years	18	8
Working position	Management	74	33
	Non management	150	67

Source: own survey, 2017

Table 4:1 above presents the demographic information of respondents. This finding implies females need encouragement in insurance sector hence the number of proportion between male 147(65.6%) and female 77 (34.4%) employees in the corporation are not proportional. Regards to age of the respondents (108 or 48.2%) belong to the range 26-35. This finding also warrants the need to train, empower and reward the younger employees with small length of service to enhance their engagement and retention in the corporation it shows also that majority of the employees belongs to the most active and energetic age group which may help the organization to achieve its goals.

A large proportion of the respondents 67% (150) are first degree holders. The qualifications of these respondents might have implications for their retention and work engagement in the years to come.

With regard to years of experience majority of the respondents (81 or 36.2%) are at the age of 6-10 years, it is believed that employees are well experienced and have a sound knowledge about their organization human resource management practices and procedure. For working department group, the above table shows that (74 or 33%) of the respondents work at management department and the rest of the respondents (150 or 67%) are non management group.

4.1.2 Data Analysis of selected human resource management practices and job satisfaction

The data collected from Employees of Ethiopian Insurance Corporation through structured questionnaire is analyzed and presented in this section below with the help of tables. The descriptive statistics analyzes the data based on research questions to relationship between selected human resource management practice and job satisfaction level of employees of EIC.

In section two of the questionnaires, questions related to selected human resource management practices with their criteria were determined. In order to establish the relationship of human resource management practices and job satisfaction five variables were selected and included in the questionnaires; 19 questions in four subsections from human resource management practices and three questions to examine job satisfaction. Accordingly the analysis of each HRM practice variables and job satisfaction is as follows.

In this section, measurement of central tendencies is to show the mean value of five interval scale constructs. Total 22 items are measured using 5 point interval scale ranging from strongly disagree (SD) to strongly agree (SA) in SPSS

4.1.2.1. Recruitment and Selection

Table 4.2: Descriptive Statistics of recruitment and selection

	SD	D	N	A	SA	Mean	Rank	Std
Applicants undergo a medical test before being hired	.4	2.7	1.3	57.1	38.4	4.30	1	.674
Job advertisements in newspapers are used by the corporation to recruit people		3.6	3.6	52.7	40.2	4.29	2	.704
Vacancies are filled from qualified employees who are working in the corporation		2.7	13.8	54	29.5	4.10	3	.729
Applicants take formal test (written or work sample) for selecting applicants for vacancies		2.7	13.4	55.8	28.1	4.09	4	.718
Applicants are fully informed about the qualifications required to perform the job before being hired		2.7	10.7	61	25	4.09	5	.677
Applicants undergo structured interviews (job related question, same question asked for all applicants) before being hired	.9	1.8	24.6	50.4	22.3	3.92	6	.785
Grand Mean						4.13		

Source own survey 2017

Table 4.2 represents the item statistics of recruitment and selection practices. The overall mean value 4.13 shows that recruitment and selection in the corporation is rated as satisfied by the majority of the respondents. A mean of 4.30 shows employees agree that applicants undergo a medical test before being hired. 95.5% of the employees' responded positively.

Respondents agree that Job advertisements in newspapers are used by the corporation to recruit people this is represented by mean of 4.29. The analysis shows 92.9% of the respondents are in favor of the question.

83.5% of the respondents agree that in EIC vacancies are filled from qualified employees who are working in the corporation represented by mean of 4.10.

Respondents also agree that applicants take formal test (written or work sample) for selecting applicants for vacancies and Applicants are fully informed about the qualifications required to perform the job before being hired which are represented by equal mean of 4.09 each. Majority of the respondents responded positively on these statement with the percentage of 83.9% and 86% respectively.

Employees agree that applicants undergo structured interviews (job related question, same question asked for all applicants) before being hired with the mean of 3.9. Respondents are in favor of the question with the percentage of 72.7% and 24.6% of the respondents neither agree nor disagree on this statement.

4.1.2.2 Performance Appraisal

Table 4:3 Descriptive Statistics of performance appraisal

Statement	SD	D	N	A	SA	Mean	Rank	std
1. Performance appraisals are based on objectives.	4.5	21	44.2	28.1	2.2	3.03	1	.873
2. Performance appraisals are based on quantifiable results.	5.4	27.2	37.9	29.0	.4	2.92	2	.890
3. The company has provided enough information regarding specific methods of the performance evaluation system	6.2	33.9	37.9	20.1	1.8	2.77	4	.902
4. Employees are allowed to formally communicate with supervisors regarding the appraisal results.	6.2	26.8	43.8	21.4	1.8	2.86	3	.887
Grand Mean						2.89		

Source own survey 2017

Table 4.3 above displays the item statistics of PA of EIC. Accordingly, the overall mean value 2.89 implies that the respondents had above average satisfaction with the PA of the case company.

Performance appraisals are based on objectives is represented by mean of 3.03 this gives an impression of neutrality; meaning, on the average, 44.2 % of the employees neither agree nor disagree to the statements and 30.3% responded in favor of the question and the remaining 25.5% responded against the statement.

“Performance appraisals are based on quantifiable results.”, “Employees are allowed to formally communicate with supervisors regarding the appraisal results.”, and “The corporation has provided enough information regarding specific methods of the performance evaluation system” scores with the mean of 2.92, 2.86, and 2.77 respectively respondents neither agree nor disagree on these statement with the percentage of 37.9%, 37.9% and 43.8% successively.

4.1.2.3 Training & Development practices

Table 4:4 Descriptive Statistics of Training & Development

	SD	D	N	A	SA	Mean	Rank	std
1. My employer encourages me to extend my abilities.	4.0	33.5	26.8	33.5	2.2	2.96	1	.960
2. The organization has provided me with training opportunities enabling me to extend	4.5	36.6	25.0	32.1	1.8	2.90	2	.965
3. I get the opportunity to discuss my training requirements with my employer.	7.1	48.2	26.3	16.5	1.8	2.58	5	.910
4. My organization pays for any work- related training I want to undertake.	7.6	36.6	37.9	16.1	1.8	2.68	4	.896
5. This organization is committed to the training of its employees.	5.4	36.6	40.6	15.2	2.2	2.72	3	.865
Grand mean						2.77		

Source own survey 2017

Table 4.4 represents the item statistics of Training & Development. The average mean value of 2.77 in the table indicates that respondents had slightly above average satisfaction with the training and development practices they observed in EIC.

A mean of 2.96 shows employees agree that my employer encourages me to extend my abilities. 37.5% of the respondent is against the question, 35.7% responded in favor of the question the remaining 26.8 neither agree nor disagree on this statement.

The organization has provided me with training opportunities enabling me to extend my range of skills and abilities is represented by a mean of 2.90. Greater part of the respondents 41.1% responded against the statement this is followed by 33.9% responded favor of the question and 25% of respondents neither agree nor disagree on this statement.

From the above table the mean of 2.72 is whether the organization is committed to the training of its employees shows respondents have low satisfaction. 42% of the respondent is against the question, 17.2 % responded in favor of the question the remaining 40.6% neither agree nor disagree on this statement.

The mean of 2.65 is whether the organization pays for any work-related training I want to undertake shows respondents have low satisfaction. 44.2% of the respondents are against the question 37.9% neither agree nor disagree only 17.9% positively responded.

The mean of 2.58 is whether the employees get the opportunity to discuss the training requirements with the employer shows respondents have low satisfaction. 55.3% of the respondents are responded negatively 26.3% neither agree nor disagree and the remaining 18.3% are in favor of the question.

4.1.2.4..Compensation

Table 4.5 Descriptive Statistics of compensation

	SD	D	N	A	SA	Mean	Rank	std
My company is committed to a merit pay system	1.8	47.8	25.9	21.4	3.1	2.76	2	.91
In my company, pay raises are determined mainly by an employees' job performance.	6.2	54.9	17.9	18.8	2.2	2.56	4	.94
Pay incentives such as bonus is an important part of the compensation strategy in this company	2.7	22.3	14.3	51.3	9.4	3.42	1	1.02
In my company, promotion is based primarily on merit	1.8	42.9	37.1	14.7	3.6	2.75	3	.86
Average mean						2.88		

Source own survey 2017

Table 4.5 above displays the item statistics of compensation in EIC. From the above table the average mean of 2.88 would mean that employees of EIC slightly above average satisfaction on the issues under compensation. Pay incentives such as bonus is an important part of the compensation strategy in this company is represented by mean of 3.42 show respondent have satisfied. Majority of the respondents (60.7%) responded in favor of the question 25% are against and 14.3 % neither agree nor disagree on this statement. This implies majority of the respondents agree that bonus is an important part of the compensation in EIC.

The mean of 2.76 is whether the Company is committed to a merit pay system shows respondents have low satisfaction. 49% of the respondents are against the question 25.9% neither agree nor disagree only 24.5% positively responded.

In my company, promotion is based primarily on merit score a mean of 2.75 shows respondents have low satisfaction. 44.7% of the respondents negatively responded 37.1% neither agree nor disagree the remaining 18.7% positively responded.

The mean of 2.56 is in EIC, pay raises are determined mainly by employees' job performance shows majority (61.1%) of the respondents are responded negatively 17.9% neither agree nor disagree and the remaining 21% are in favor of the question.

4.1.2.5 Job Satisfaction

Table 4.6 Descriptive Statistics of job satisfaction

	SD	D	N	A	SA	Mean	Rank	std
All in all I am satisfied with my job	1.8	30.8	21.9	37.5	8	3.19	3	1.022
In general I like my job	.9	19.6	25.9	42	11.6	3.44	1	.964
In general I like working here	2.2	20.5	23.7	40.6	12.9	3.42	2	1.025
Average Mean						3.35		

Source own survey 2017

Table 4.6 above displays the item statistics of job satisfaction in EIC. From the above table the average mean 3.35 indicates the aggregate responses from respondents show that employees are above average satisfaction on the level of job satisfaction in EIC.

In general I like my job is represented by a mean of 3.44 show respondent have satisfied with this statement. 53.6% positively responded 25.9 % neither agree nor disagree and 17.5 % are negatively responded. This implies that majority of the respondent like their job.

The mean of 3.42 is whether the employee like working in EIC or not shows respondents have satisfied with this statement. 53.5% of the respondents are positively responded 23.7% neither agree nor disagree only 22.7% against the question. This implies that majority of the respondent resembling working in EIC.

All in all I am satisfied with my job is represented by mean of 3.19 show respondent have satisfied. 45.5% of the respondents are positively responded 21.9% neither agree nor disagree and 32.6% against the question. This implies that majority of the respondent satisfied with their job.

4.1.2.6 Results of HRM practices

Descriptive statistics in the form of arithmetical means and standard deviation for the respondents were computed for the multiple dimension of human resource management practice that have been examined through the questionnaires collected from EIC.

In the sections below, the result of human resource management practices namely: recruitment and selection, performance appraisal, training and development and compensation are presented.

Table 4.7: Descriptive Statistics for the components of HRMP & Job satisfaction

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Recruitment and selection	224	1.67	4.83	4.13	.472
Job satisfaction	224	1.00	5.00	3.35	.917
Performance appraisal	224	1.00	4.75	2.89	.706
Compensation	224	1.00	5.00	2.88	.754
Training and development	224	1.00	4.40	2.77	.649
Valid N (list wise)	224				

Source: Own Survey, 2017

The descriptive statistics or the means and standard deviations of the HRMP and JS variable is displayed in Table 4.7 in a descending order (as per the magnitude of their means). As shown descriptively the mean or the average response of the respondents about their satisfaction with recruitment and selection in EIC was 4.133 (SD=.472) on a 5-point scale (with a minimum 1.67 and a maximum of 4.83 points).

This indicates the respondents had close to maximum satisfaction with the quality of recruitment and selection they observed in EIC. The mean of JS was found out to be 3.35 (SD=.917) and this implies the respondents had also above average satisfaction with the existing JS observed in EIC. The mean of PA 2.89 (SD=.706), compensation 2.87(SD=.754), training and development 2.76 (SD=.648) showed slightly above average respectively.

In general the above table implies that the mean scores for recruitment and selection was greater than the rest four variables indicating that respondents are better satisfied with the recruitment and selection practice than the remaining selected HRMPs. The mean scores for the rest four variables are closer to three (3) this indicates the respondents had above average satisfaction with the level of JS, PA, compensation and training and development with the respective as they observed in EIC.

4.2 Reliability Measurement

Reliability measurement is to find out whether the collected data is reliable to output a good and accurately results. The reliability measurement is form by testing for both consistency and stability. The purpose of reliability analysis is to give convenient and assist researcher to check whether the collected data are trust worthy. Cronbach’s Alpha is a reliability coefficient that shows how well the item in a set is positively correlated to each other variables. According to the Cronbach’s Alpha rule of thumb, 0.80 to 0.95 considered very good reliability, 0.70 to 0.80 considered good reliability, 0.60 to 0.70 considered fair reliability, and Researchers often use 0.6 as a minimum level, the closer the reliability coefficient gets to 1.0 the better and so do the researcher in this study.

4.2.1 Reliability Statistics for HRM Practices

Table 4.8 Reliability Statistics for four HRM practices & Job Satisfaction

HRM practice	N: of Items	Cronbach’s Alpha
Recruitment & Selection	6	.741
Training & Development	5	.747
Performance Appraisal	4	.807
Compensation	4	.821
Job satisfaction	3	.901

Data Source: Own Survey, 2017

Table 4.8 presents the results of reliability test for each HRM Practices. It could be observed that all of the alpha values are more than 0.6. According to the table, alpha value for compensation is 0.821 which is the highest alpha value among HR Practices followed by performance appraisal which is 0.807. The remaining computed alpha values exceed 0.7 for two HRM practices. They are training and development and recruitment & selection. the Cronbach's Alpha for JS is equal 0.901 which mean 90.1% of the questions which measure the dependent variables of the research are reliable. This Cronbach's Alpha value 0.901 is fall under the range 0.8 - 0.95; the three items measuring job satisfaction are very good reliability

4.3. Inferential Analysis

4.3.1 Correlation Analysis

Correlation analysis was applied to test the “interdependency” of the variables. This analysis can be used to examine the correlation among all dimensions of independent variables (i.e. recruitment and selection, training and development, performance appraisal, compensation) with dependent variable which is level of job satisfaction of employees towards the human resource management practices of the corporation .The Pearsons' product moment correlation coefficient was computed for the purpose of determining the relationship between human resource management practices and employees job satisfaction.

Table 4.9 Correlations Matrix of human resource management practice and Job Satisfaction.

		Recruitment & Selection	PA	Training & Development	compensation	Job sat.
Recruitment & Selection	Pearson Correlation	1	.096	-.010	.056	.141*
	Sig. (2-tailed)		.153	.879	.401	.035
	N	224	224	224	224	224
Performance appraisal	Pearson Correlation	.096	1	.637**	.373**	.398**
	Sig. (2-tailed)	.153		.000	.000	.000
	N	224	224	224	224	224
Training & Development	Pearson Correlation	-.010	.637**	1	.314**	.258**
	Sig. (2-tailed)	.879	.000		.000	.000
	N	224	224	224	224	224
Compensation	Pearson Correlation	.056	.373**	.314**	1	.380**
	Sig. (2-tailed)	.401	.000	.000		.000
	N	224	224	224	224	224
job satisfaction	Pearson Correlation	.141*	.398**	.258**	.380**	1
	Sig. (2-tailed)	.035	.000	.000	.000	
	N	224	224	224	224	224

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

Data Source: Own Survey, 2017

4.3.1.1 Recruitment and selection and Job Satisfaction

Hypothesis 1

H₀: There is no significant positive relationship between recruitment & selection and job satisfaction.

H₁: There is a significant positive relationship between recruitment & selection and job satisfaction.

Based on table 4.9, there is slight positive relationship between recruitment and selection and JS because of the positive value for correlation coefficient. The recruitment and selection variable has a 0.141 correlation with the JS variable. Therefore, when recruitment and selection is high, job satisfaction is slightly high almost negligible. The value of this correlation coefficient 0.141 is fall under coefficient range from 0 to ± 0.20 . Thus, the relationship is positive but not significant at 0.01. It is ($r=0.141$ $N=224$, $P=0.035$) the p-value 0.035 is greater than alpha value 0.01 but less than 0.05 therefore There is positive & significant relationship between recruitment and selection and job satisfaction at 0.05 level. In conclusion, reject null hypothesis and accept alternative hypothesis.

4.3.1.2 Performance appraisals and Job Satisfaction

Hypothesis 2

H₀: There is no significant positive relationship between performance appraisals towards employee job satisfaction

H₂: There is significant positive relationship between performance appraisals towards employee job satisfaction.

Based on table 4.9, there is positive relationship between performance appraisals and job satisfaction because of the positive value for correlation coefficient. The performance appraisals variable has a 0.398 correlation with the job satisfaction variable. Therefore, when

performance appraisal is high, job satisfaction is high. The value of this correlation coefficient 0.398 is fall under coefficient range from ± 0.21 to ± 0.40 . Thus, the relationship between performance appraisal and job satisfaction is small but definite relationship. The relationship between performance appraisal and job satisfaction is significant. It is because the p-value 0.000 is less than alpha value 0.01. In conclusion, reject null hypothesis and accept alternative hypothesis.

4.3.1.3 Training and development and Job Satisfaction

Hypothesis 3

H0: There is no significant positive relationship between training and development towards employee job satisfaction.

H3: There is significant positive relationship between training and development towards employee job satisfaction.

Based on table 4.9, there is positive relationship between training and development and job satisfaction because of the positive value for correlation coefficient. The training and development variable has a 0.258 correlation with the job satisfaction variable. Therefore, when training and development is high, job satisfaction is high. The value of this correlation coefficient 0.258 is fall under coefficient range from ± 0.21 to ± 0.40 . Thus, the relationship between training and development and job satisfaction is small but definite relationship. The relationship between training and development and job satisfaction is significant. It is because the p-value 0.000 is less than alpha value 0.01. In conclusion, reject null hypothesis and accept alternative hypothesis.

4.3.1.4 Compensation and Job Satisfaction

Hypothesis 4

H0: There is no significant positive relationship between reward system and employee JS.

H4: There is significant positive relationship between reward system and employee JS .

Based on table 4.9, there is positive relationship between compensation and job satisfaction because of the positive value for correlation coefficient. The compensation variable has 0.380 correlations with the job satisfaction variables. Therefore, when compensation is high, JS is high. The value of this correlation coefficient 0.380 is fall under coefficient range from ± 0.21 to ± 0.40 . Thus, the relationship between compensation and JS is small but definite relationship. The relationship between compensation and JS is significant. It is because the p-value 0.000 is less than alpha value 0.01. In conclusion, reject null hypothesis and accept alternative hypothesis.

4.3.2.1 Human resource management practices and Job Satisfaction

Hypothesis 6

H₀: There is no significant positive relationship between HRMPs & JS.

H₁: There is significant positive relationship between human resources management practices and job satisfaction.

4.3.2.1 Human resource management practices that explains the variance in JS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.480 ^a	.230	.216	.812

a. Predictors: (Constant), compensation, recruitment and selection, training and development, PA

Table 4:11 ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	43.144	4	10.786	16.363	.000 ^a
	Residual	144.362	219	.659		
	Total	187.506	223			

a. Predictors: (Constant), compensation, recruitment & selection, training & development, performance appraisal

b. Dependent Variable: job satisfaction

Data Source: Own Survey, 2017

It is evidenced that, according to table 4.10 above, the coefficient of multiple correlation R which is the degree of association between selected HRMPs and JS is 0.480 their fore accept the hypothesis and reject the null hypothesis .

There is also R square value of 0.230 and adjusted R square of 0.216. The model summary reveals that the proportion of the variation in JS is explained by the four selected HRMPs jointly is 23% and the remaining 77% of the variance is explained by other variables.

The F-statistic of 16.363 at 4 and 219 degree of freedom further shows that the explanatory variables (selected human resource management practices) considered in this study can moderately explain the variation of dependent variable at 0.000 (99%) confidence levels.

The study found a positive relationship between JS and HRMPs represented by recruitment and selection, training and development, PA and compensation. The result of the study is consistent with the finding of Ijigu, (2015a) in his research on the effect of selected HRMPs on employees' JS in Ethiopian public banks revealed that bundles of HRM practices mainly recruitment and selection, training and development, PA and compensation package are positively related to employee JS. According to Mohammed et al., (2010), HR practices have significant association with job satisfaction. Also Uvais, (2012) in his research found that JS is dependent on HRMPs. Furthermore, literature reveals that HRMP and employees' JS are positively and significantly correlated (Gopinath & Shibu, 2014). This means that effective HRMP lead to employee satisfaction.

Based on the result computing PA makes the strongest contribution to explain the variation in dependent variable (job satisfaction) consistent with the study conduct by Petti john (2001) conducted a study which revealed the potential relationship between characteristics of the appraisal process and the resulting level of JS of salesperson.

The results revealed that when the employees fully understand the criteria used for PA evaluation, agree with the criteria used, feel that the results of the evaluation have an impact on their level of compensation, and believe that the appraisal process is fair then the employees will experience the greatest levels of satisfaction. Likewise, Brown et al (2008) found that the PA is the basic element in the HRM and many Human Resource decisions are made based

on the results of the PA. In addition, Sarbapriya Ray and Ishita Aditya Ray (2011) suggest that PA, participation in decision making is found to have high positive impact on JS. It was shown in a study by Oyeniyi, Afolabi, & Olayanju, (2014) which investigated the effect of HRM practices on JS among Nigerian banks staff that performance evaluation practice is most important factor for creating satisfaction among employees in Nigerian banks. There is also positive relationship between compensation and JS because of the positive value for correlation coefficient. Thus, when compensation is high, JS is high.

A study revealed that there is positive relationship between compensation and JS. Some researcher concluded that compensation significantly influence in JS (Lambert, Hogan, Barton, & Lubbock, 2001). A better compensation management system will positively impact on employees, because they will be motivated and more satisfied with their job. Besides, the result of study conducted by St. Lifer (1994) stated revealed that there is a relationship between employee compensation and JS, the finding of the study also stated there is positive relationship between compensation and employee JS. This means that effective HRM practices lead to employee satisfaction.

Training is very necessary for every employee in perform a particular jobs because the job requires a particular skill, knowledge and ability by which the job will be easier to perform and it is benefit to the employee. The correlation result of the study also shows that they have positive relationship with job satisfaction consistent with the study that training is one of the ways in offering learning experience and help employees more specific with their job and as results in increasing the employee job satisfaction (Paul & Ananthraman, 2003). Likewise, Danvila Del Valle et al (2009), training can provide skills, abilities and knowledge required by the employee. The investing of training to the employees can give confidence to them in the future and will give them more effort to do their best in their work in an effective way.

The study revealed that there is positive but slight almost negligible relationship between recruitment and selection and JS consistent with the study that it has also been found that other elements like training and development, empowerment, compensation have substantial impact on employees' JS. But, job rotation, self-directed work teams, recruitment and selection have very negligible impact on JS as their respective statistics are insignificant (Sarbapriya Ray and Ishita Aditya Ray 2011)

The result of the research shows that there is a relationship between four selected HRMPs and the JS of employees in EIC; however, the strength of the relation of all practices is below moderate. The cumulative effect of these findings is that, the retention rate of employees in EIC will be very low, and that the company will undergo high absenteeism rates and increased intention to suspend. All these factors have a negative impact on organizational productivity.

On the basis of this finding it is advisable the management to focus on these practices to yield highly satisfied employees, so as the company can exploit the potential of employees and which is a very important factor to sustain the human capital.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

The summary of the findings of the study, the conclusions inferred from the findings, and recommendations forwarded in relation to what is concluded is presented in the following subsections.

5.1 Summary

This study was conducted to assess the relationship between selected HRMP and employee JS in EIC. The study was conducted through questionnaires data collected from 224 employees of the corporation.

The sample consisted majority male respondents (n=147 or 65.6%) than female (n=77 or 34.4%). The majority of the work force (n=108 or 48.2%) are participating in the study ranging between the age category of 26-35 years old and majority of them are married and first degree holder (n=150 or 67%). Besides, served their organization from 6 to 10 years (n=81 or 36.2%).

The result of DS among HRMPs shows that respondents are level to average satisfaction with the recruitment and selection (M=4.13, SD= .472), followed by PA (M=2.89, SD=0.706), compensation (M=2.88, SD=0.756) & training and development (M=2.77, SD= 0.65) had slightly above average satisfaction.

Aggregate responses from respondents shows that mean scores for recruitment and selection was greater than the rest four variables implies that respondents are better satisfied with the recruitment and selection practice than the remaining selected HRMPs. The mean scores for the rest four variables are closer to three (3) this indicates the respondents had above average satisfaction with the level of JS, PA, compensation and training and development with the respective variables as they observed in EIC.

Depending on the result of inferential statistics, moderate positive relationship was found between performance appraisal ($r=0.398$, $p<0.01$), and compensation ($r=0.380$, $p<0.01$) with job satisfaction, whereas, weak relationship is obtained with training and development ($r=0.258$, $p<0.01$), recruitment and selection ($r=0.141$, $p<0.05$).

The result of the research shows that there is a relationship between four selected HRMPs and the JS of employees in EIC; however, the strength of the relation of all practices is below moderate.

5.2 Conclusion

The study found a positive relationship between job satisfaction and human resource management practices represented by recruitment and selection, training and development, performance appraisal and compensation.

The result of the study is consistent with the finding of Ijigu, (2015a) in his research on the effect of selected human resource management practices on employees' job satisfaction in Ethiopian public banks revealed that bundles of HRM practices mainly recruitment and selection, training and development, performance appraisal and compensation package are positively related to employee job satisfaction.

According to Mohammed et al., (2010), HR practices have significant association with job satisfaction. Also Uvais, (2012) in his research found that Job satisfaction is dependent on Human Resource Management Practices. Furthermore, literature reveals that human resource management practice and employees' job satisfaction are positively and significantly correlated (Gopinath & Shibu, 2014). This means that effective HRM practices lead to employee satisfaction. The results of the study also indicate the critical importance of appropriate and positive human resource management practice in bringing out the best from an organization's employees

The effective management of the human resources of the corporation will create and sustain competitive advantage and improve employees satisfaction and then employees will be loyal and willing to stay in the corporation because, employees' satisfaction on the job will reduce absenteeism and turn over intentions in the case company.

The overall conclusion from the result of the study is that recruitment and selection, training and development, performance appraisal and compensation (human resource management practice variable) can jointly and independently predict job satisfaction.

5.3. Recommendations

The overall goal and objectives of the corporation would be achieved if and only if employees are satisfied with the job. Based on the major findings that have been discussed so far the following points are recommended for practical application to enhance the job satisfaction level of employees in EIC:

- Employees in EIC are moderately satisfied with the overall selected human resource management practices as well as the HRM dimension they have. On the basis of this finding it is advisable the management to focus on these and other HRM practices to yield highly satisfied employees, so as the company can exploit the potential of employees and which is a very important factor to sustain the human capital.
- As can be obtained from the finding some human resource management practices having weak relationship on job satisfaction level of employees, further research should be done to investigate what other factors affect the job satisfaction level of employees in EIC.
- EIC is having group of professionals that belong to the most active and energetic age group may help the organization to achieve its goals. The organization tries it's best to keep them satisfied by applying appropriate HRM practices, this possibly decrease the propensity of its employees' shift in other similar industries and becomes its own competitors. Because, employees' are strategic assets and they are not payroll cost and retaining them helps the organization to achieve its competitive advantages.
- The management is advisable to actively involve in sound decision with the concerned body and strive to accomplish that the existing HRMP of the company need continuous revision, revisiting and restructuring to ensure their fairness and competitiveness in the market.
- Findings of this study will be helpful to describe what HRM practices are positively related with Employees job satisfaction of EIC. Hence, findings of this research will be helpful to managers to examine the success of HR practices which are currently implemented by them and to identify HRM outcomes of them.

5.4. Limitation and Future research

The study sample is mainly focused on employees of the corporation at head office, districts & branches found in Addis Ababa. So, future researchers can take sample of outlying or regional branch employees and managers. Furthermore, the study is basically intended to examine the effect of some of HRM practices such as recruitment and selection, training and development, performance appraisal and compensation package on employees' job satisfaction. Potential researchers can study by considering further HRM practices whether or not they have a relation on employees' job satisfaction.

Future researches can be done in connection with private insurance company to compare the relationship of HRM practices with employees' job satisfaction between private and public sector insurances in Ethiopia.

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APPENDIX

ANNEX -A Questionnaire:

WOLKITE UNIVERSITY

COLLEGE OF BUSSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

QUESTIONNAIRE ON ASSESEMENT OF THE RELATION SHIP BETWEEN SELECTED HUMAN RESOURCE MANAGEMENT PRACTICES AND EMPLOYEES` JOB SATISFACTION IN ETHIOPIAN INSURANCE CORPORATION

Dear respondent

The purpose of this questionnaire is to collect relevant information on the **assessment of the relationship between selected human resource management practices and employees` job satisfaction in Ethiopian Insurance Corporation**. The information required is strictly for academic purpose

As part of a study for the award of MBA at Wolkite University and any information provided would be treated with the utmost confidentiality and shall be used only for the intended purpose.

If you have any questions or concerns regarding completing the questionnaire, please call 0911-30-34-52 or email to aliyul2000@gmail.com Thank you in advance for your time and effort in completing this survey questionnaire.

Your help is highly appreciated.

Sincerely,

Aliyu Lahimu

Part (1) Demographic Questions

The following questions concern your position and other personal information.

Please respond to the questions below by ticking (√) the right option.

1. Gender:

Male	
Female	

2. What is your marital status?

Married	
Unmarried	

3. How long have you worked for the present corporation?

Less than one year	
1-5 years	
6-10 years	
11-20 years	
21-30 years	
31-40 years	

4. What is your age group?

Under 25	
26-35	
36-45	
46-55	
Above 55	

5. What is your highest education qualification?

Certificate	
College Diploma	
First Degree	
Second Degree	
PhD	

6. What is your position?

Management class

Non management

Part (2) – Human Resource Management Practices

1	2	3	4	5
Strongly	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
Disagree(SA)				

Using the scale above (1 – 5) please tick (√) the levels of agreement in each of the items below with regards to the HRM practices of your corporation.

A. Recruitment and Selection

	SA	A	N	DA	SD
	5	4	3	2	1
1. Applicants are fully informed about the qualifications required to perform the job before being hired					
2. Applicants undergo a medical test before being hired					
3. Vacancies are filled from qualified employees who are working in the corporation					
4. Applicants undergo structured interviews (job related questions, Same questions asked of all applicants) before being hired					
5. Applicants take formal test (written or work sample) for selecting applicants for vacancies					
6. Job advertisements in newspapers are used by the corporation to recruit people					

B. Performance Appraisal

	SA	A	N	DA	SD
	5	4	3	2	1
1. Performance appraisals are based on objectives.					
2. Performance appraisals are based on quantifiable results.					
3. The company has provided enough information regarding specific methods of the performance evaluation system					
4. Employees are allowed to formally communicate with supervisors regarding the appraisal results.					

C. Training & Development practices

	SA	A	N	DA	SD
	5	4	3	2	1
1. My employer encourages me to extend my abilities.					
2. This organization has provided me with training opportunities enabling me to extend my range of skills and abilities.					
3. I get the opportunity to discuss my training requirements with my employer.					
4. My work pays for any work-related training I want to undertake.					
5. This organization is committed to the training of its employees.					

D. Compensation

	SA	A	N	DA	SD
	5	4	3	2	1
1. My company is committed to a merit pay system.					
2. In my company, pay raises are determined mainly by an employees' job performance.					
3. Pay incentives such as bonus is an important part of the compensation strategy in this company					
4. In my company, promotion is based primarily on merit.					

E. Job satisfaction

	SA	A	N	DA	SD
	5	4	3	2	1
1. Generally speaking, I was very satisfied with my job.					
2. I am generally satisfied with the kind of work I did in my job.					
3. I believe that if any of my colleagues were to take up the same work I had, they would found this work meaningful.					
4. I believe that if any of my colleagues were to take up the same work I had, they would have thought of quitting.					