HR Practices, Job satisfaction & Employees’ motivation: A case study of a non-profit organization in Pakistan.

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Abstract

In today’s world where technology, advancement, trade, business and modernization has been increasing day by day countries are emphasizing on business sector and individuals are focusing on earning more and more money but some peoples are still depressed and deprived due to rampant inflation and poor economic conditions the only solution for their problems are non-profit organizations. In developing countries like Pakistan where government is not providing basic necessities to their citizen where the concept of welfare state does not exist these non-profit organizations’ contribution is worth mentioning. The management practices, the satisfaction and motivation level of the personnel working in these non-profit organizations should be given importance because they are serving the humanity. A number of researches have been conducted on human resource practices and their impact on job satisfaction and employee motivation but most of the studies have been done in developed countries a few have been done in developing countries but the non-profit sector has not given too much importance keeping in view the importance and ignorance of non-profit sector this study has been conducted in a non-profit organization of metropolitan city of Pakistan, Karachi. The purpose of the study is to explore the human resource practices of non-profit organizations and to determine the satisfaction and motivation level of the individuals working in non-profit organization. Case study method has been adopted for this study and questionnaires have been filled separately for human resource practices from HR executives of studied organization as well from general employees for satisfaction and motivation. On the basis of collected data the study revealed that non-profit organizations are not performing all the human resource practices and the satisfaction and motivation level of individuals working in non-profit organizations is very low.

Key Words: (Non-profit Organizations, HR Practices, Training, Performance management, Employee Participation/Empowerment, Compensation and benefits, Promotion, Job Satisfaction and Motivation)

1. Introduction

Human Resource Management has become a very vital and crucial area for organizations. The contribution of human resources management can never be overlooked in organizational commitment and development. Previously human resources or personnel management was considered as surplus in organizations but with passage of time technology, innovation, commercialization and competition takes place and organization realized that they can only get competitive advantage by managing their most important asset that is human being working with the machines but have feelings, emotions and sentiments so they should be managed in different ways with different techniques and the need of human resource management felt by the organization. Now the world’s best organizations are having their human resource department and they are attracting, retaining, rewarding, respecting, training and satisfying their human capital. In developing countries like Pakistan organizations also giving emphasis on human resources practices because they have known that only satisfied employee can give his

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hundred percent performances and an employee can be satisfied only by good human resource practices. Any practice can be considered as HR practice whose objective and outcome is enhancing competencies, commitment, culture building, retention and satisfaction of employees. A huge number of researchers have done researches on the topic like human resources practices and their impact but most of researches are in public or private sector organizations a very few researchers gave importance to non-profit sector so this case study will generalize the human resource practices of non-profit organization and their impact on employee job satisfaction and motivation.

Non-profit sector is considered as third sector of the economy because these organizations are neither government organization nor they exist for the purpose of business or profit but the important role they are performing in economic development and welfare of society cannot be overlooked. In developing countries like Pakistan non-profit sector is playing a major role in health, education, poverty elevation, provision of food, disaster management etc and most of the services which are supposed to be done by government are now being done by non-profit organization that is why the management of non-profit organizations and the motivation of quality professionals working for non-profit organizations should be given importance.

This research paper will disclose the human resource practices of non-profit organization as well as the impact of those practices on job satisfaction and motivation. This paper comprises on 12 different sections following introduction, section two is the review of literature and key terms, section three is problem statement, section four is research question, Section five is research objective, section six is hypothesis, section seven is research methodology. Section eight is framework, section nine is research findings section ten is conclusion, section eleven is limitations and future areas of research and section twelve is referencing.

2. Literature Review

A huge literature review is available on the same topic but the purpose, industry and aspect of research is different some of the valued contributions are as under.

Sial, et al. (2011) conducted a research on HR practices and organizational commitment with the view to knowing the effects of HRM practices namely Promotion, Performance evaluation and Compensation on Organizational Commitment and identified that HR practices positively influence the organizational commitment but in developing countries like Pakistan people are more influenced by the compensation practices the other HR practices like performance and promotion do not have significant relationship with organizational commitment.

Nguyen (2011) Employees’ overall satisfaction is based on organizational characteristics like structure, leadership, relationship, rewards, helpful mechanisms and attitude toward change. Different sectors organizations have different characteristics.

Iqbal, Arif and Abbas (2011) conducted a research on the same topic HR practices in public and private sector and identified that HR practices like Job definition, training & development, compensation, team work, employees' participation and performance appraisal of different sector organizations are different with each other.

Bezboruah, Oyun (2012) Human Resource Management has become a challenge for non-profit organizations because attracting and retaining talented workforce for non-profit organization is very difficult task due to huge difference in compensation and benefits as compare to profit and public organizations.

Javed, et al. (2012) conducted research on HR practices and job satisfaction in public sector organization and concluded that HR practices are linked with job satisfaction and employee overall satisfaction is influenced by HR practices. Training, rewards and recognition
plays an important role in influencing job satisfaction.

Sevaneviciene and Srankeviciute (2011) The contribution of HRM in overall achievement of organization’s objectives cannot be overlooked while there is no consensus regarding which HRM practices constitute a complete set of HRM practices. HR practices also causing the satisfaction and dissatisfaction among the employees.

Absar, et al. (2010) concluded in his study that HR practices have impact and association with job satisfaction and T&D & HRP (training & development and human resource planning) is the most important element for job satisfaction among all the elements listed.

Tanveer, Y., et al. (2011) conducted a study on textile sector of Pakistan regarding human resources practices and employee performance and concluded that human resource practices has relationship with employee performance. Employees’ performance can be influenced by human resource practices.

**Non-profit organization**

Rehman (2003) Non-profit organizations are the organizations which are non-political, non-profit, non-governmental, and accountable to their stakeholders and involved in welfare and socio-economic development of the people. Non-profit sector has established itself as third sector of society along government and business, still the management, administrative thoughts and systems are in developing phase.

**HR Practices**

Noe (2004). Refer to polices, practices and systems that influence employees’ behavior, attitudes, and performance. Human resource practices play a key role in attracting, motivating, rewarding and retaining employees. Other human resource management practices include recruiting employees, selecting employees, designing work, compensating employees, and developing good labor and employee relations.

**Training**

Noe (2004). Training refers to an effort by a company to enhance employees’ learning of work relate competencies include knowledge, skills, abilities or behaviors that are needed for successful job performance. The aim and objective of training is for employees to increase the knowledge, competencies, skills, and behaviors emphasized in training programs and to apply them to their day to day activities.

Dessler (2004) Refers to the methods and procedures used to give current or new employees the skills they need to perform their work related activities.

**Performance Management**

Dessler (2004, p-310) Performance management refers to the process that consolidates the goal setting, performance appraisal, and development into a single common system the aim of which is to insure the employee’s performance is supporting the company’s strategic aims while performance appraisal refers to evaluation of an employee’s current or past performance relative to his or her performance standards.

**Employee Participation/ Empowerment**

Yazdani, Yaghoubi, and Giri (2011) Empowerment is a concept that provides benefits to organizations and make sense of belonging and pride in the staff. It makes employees loyal to the employer and creates Win - Win relationship between employer and employees. Factors affecting employee empowerment were analyzed and it was suggested that employees’ participation must be possible not only in decision making, but in goal setting process.

Emamgholizaded, Borghei, and Matien (2012) conducted a study and it was identified that higher level of employee participation in decision making significantly related to higher competence, meaningfulness, impact and self determination.
Compensation and Benefits

Dessler (2004, p-390) Compensation refers to all forms of pay and rewards going to employees and arising from their employment. It has two main components; one is direct financial payments which include wages, salaries, incentives, commissions and bonuses while the other is indirect payments which include insurance, vacations etc.

Promotion

Dessler (2004, p-385) Promotion traditionally refers to advancements to positions of increased responsibility.

Kosteas (2009) Examined the relationship between promotion and expected promotion and job satisfaction and identified that promotion and expected promotion has great impact on job satisfaction.

Job Satisfaction

AZIRI (2011) Identified that job satisfaction is influence by many factors it is the state of feeling good about the job and work. It has impact on work and it leads to motivation which causes organizational commitment.

Motivation

Kumar (2008) Motivation is a process of stimulating someone to adopt s desired course of action.

Kalat (2010) The process that determine the reinforcement value of an outcome. It is what makes you want something more at one time and less at another. Motivated behavior is goal directed behavior.

3. Problem statement

Non-profit sector is considered as third sector of the economy along government and business sector and the management thoughts systems and procedures of this sector are in development phase therefore it is argued that human resource management practices prevailing in non-profit sector are not managed well and there is dissatisfaction among the employees of non-profit sector organization.

4. Research Questions
1. What HR practices prevailing in non-profit sector?
2. What is the relation of HR practices with job satisfaction and motivation?

5. Research Objectives
1. To understand the HR practices of non-profit sector.
2. To identify the relationship between HR practices and job satisfaction and motivation.

6. Hypothesis
The following hypothesis has been developed on the basis of literature review.

H1: There is a significant relationship between HR practices and job satisfaction of non-profit organization.

7. Research Methodology

This research is a case study that will generalize the human resource practices of non-profit organization and the impact of these practices on job satisfaction and motivation. A mixed methodological approach has been used for data collection both qualitative and quantitative methods of data collection have been adopted. A comprehensive close ended questionnaire on human resource practices like training, performance management, participation, empowerment, compensation and benefits, and promotion has been developed and filled by all the human resources executives of the studied organization the basic theme and some questions with modification were taken from Qureshi, and Ramay (2006) who conducted a similar study on different sector as well as top executives of the organization have been interviewed with structured open ended questions to get the data on human resource practices. Another close ended questionnaire related to job satisfaction and motivation has been developed and filled by the sample of 50
general employees of the studies organization the question was designed with the view to checking internal comparison reliability. All the respondents were told about the objectives of the research as well as it was assured to them that their information will be kept strictly confidential and it will be used purely for academic purpose.

8. Framework

Figure 1: HR practices and its effects on employee behavior

The above framework shows the relationship between Human resources practices and these practices are training, performance management, participation/empowerment, compensation and benefits, and promotion and the effects of these practices on employee behavior that is satisfaction and motivation.

9. Research Findings

On the basis of collected data and analysis it was found that there exist a linkage between human resources practices and job satisfaction and employees’ motivation. The hypothesis was accepted and it was also found that nonprofit organizations are not performing all the human resource practices.

Figure 2: (a) Responses of HRM executives for Training.
Figure 2: (b) Responses of Employees for work difficulty.

Figure 2: (a) and (b)

Figure 2(a) shows that response of human resource executives of the organization that how the training practice has been conducted in organization on the scale of 1 to 5 which represents 1 strongly disagree and 5 strongly agree a simple bar diagram has been drawn by taking the mean of the responses. So we can conclude that the organization is not giving importance to training and during the interview it was found that only on job training is being conducted in the organization and that is only for those cashiers who are lacking skills except there is no training program in the organization the respondent further added that the nature of work is very easy and majority of our staff does not face any difficulty in performing his duties.

Figure 2(b) shows the responses of the general employees of the organization regarding the difficulty faced by them while performing their job on the same scale rating 1 to 5 which represents 1 strongly disagree and 5 strongly agree a pie diagram has been drawn on the above pie diagram 20% strongly agree, 26% agree that they do not face any difficulty in performing their job and only 2% strongly disagree and 24% disagree that they do not face any difficulty in performing their job while 28% were indifferent.

By comparing the both figures 2(a) and 2(b) we can conclude that training practice has no influence with the behavior of employees of non-profit organization. Hence it can be concluded that employees are not facing any difficulty in performing their duties without training program.

Figure 3: Responses of HRM executives to Performance Management.
Figure 3: Represents the mean of responses of human resource executives of the organization about performance management on the scale of 1 to 5 which represents 1 strongly disagree and 5 strongly agree a simple bar diagram has been drawn. So we can conclude that the performance management practice is not managed well in the organization except the provision of feedback to employees regarding performance and to some extent the system is fair.

![Bar Diagram](image)

**Figure 4: Responses of HRM executives to Participation/Empowerment.**

Figure 4: Represents the mean of responses of human resource executives of the organization about participation and empowerment on the scale of 1 to 5 which represents 1 strongly disagree and 5 strongly agree a simple bar diagram has been drawn. So we can conclude that to some extent employees are asked to participate in decision and they are encouraged to solve problems but they don't have decision making power and their suggestions are not taken seriously by the organization.

![Bar Diagram](image)

**Figure 5: Responses of HRM executives to Compensation & Benefits.**

Figure 5: Represents the mean of responses of human resource executives of the organization about Compensation and benefits on the scale of 1 to 5 which represents 1 strongly disagree and 5 strongly agree a simple bar diagram has been drawn. So we can conclude that to some extent performance base

![Bar Diagram](image)
increments are given in the organization otherwise organization is not providing enough compensation and benefits to its employees.

Figure 6: Responses of HRM executives to Promotion.

Figure 6: Represents the mean of responses of human resource executives of the organization about promotion on the scale of 1 to 5 which represents 1 strongly disagree and 5 strongly agree a simple bar diagram has been drawn. So we can conclude that employees are aware about promotion policy but they are not satisfies with it.

Figure 7: Responses of employees to satisfaction with Appraisal/ Increment.

Figure 7: Shows the response of general employees regarding their satisfaction with appraisal and increment system of the organization. 38% employees strongly disagree and 30% disagree with the system so it constitutes a total of 68% employees who are disagreeing with the system. Only 4% strongly agree and 10% agree with the system while 18% are indifferent. It can easily cloud from the findings that employees are not satisfied with the increment and appraisal system.
Figure 8: Responses of employees for Empowerment and participation in Decision Making.

Figure 8: Shows the responses of general employees of the studied organization with respect to empowerment and decision making participation so we can conclude from the findings that to some extent they are encourage solving the problems but their words are not given importance in organization. The majority of the respondent lies in the middle indifferent category which also represents that they do not have much concern in empowerment and decision making participation.

![Employees' responses regarding empowerment and decision making](image)

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<thead>
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<th>Encouraged to Solve Problems</th>
<th>Importance of Words</th>
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<tbody>
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<td>5</td>
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</table>

Figure 9: (a) Responses of employees for their need fulfillment by job.

Figure 9 (a) has been drawn from the responses of general employees of the organization which clearly shows that employees' needs are not fulfilled by their current job. 16% employees strongly disagree about their need fulfillment by job and 26% disagree about the same question so aggregate 42 % (16+26) employees disagree and only 6% strongly agree about the 24% agree while 28% respondent were indifferent about this question.
Figure 9 (b) Responses of employees to satisfaction with Salary.

Figure 9(b) represents the responses of the general employees of the organization about their satisfaction with their current salary. A huge number of respondents are not satisfied with their current salary. 40% of employees strongly disagreed with their current salary and 32% disagree with the current salary so we can conclude that 72% of employees are not satisfied with their current salary. Only 2% employees strongly agreed and satisfied with the current salary, 8% agreed with their current salary while 18% were indifferent.

Table 1: Descriptive Analysis: Satisfaction with reference to compensation.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1=Strongly Disagree</td>
<td>10</td>
<td>20%</td>
<td>20%</td>
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<td>2= Disagree</td>
<td>21</td>
<td>42%</td>
<td>62%</td>
<td>62%</td>
</tr>
<tr>
<td>3= Indifferent</td>
<td>11</td>
<td>22%</td>
<td>84%</td>
<td>84%</td>
</tr>
<tr>
<td>4= Agree</td>
<td>08</td>
<td>16%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>5= Strongly Agree</td>
<td>00</td>
<td>00%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Table 1 shows the descriptive analysis of the data on with reference to satisfaction of employees with their compensation. The responses were taken on the scale of 1 to 5 which has been shown in the first column of the table and the frequencies of the responses on the second majority of employees are not satisfied with their compensation. 20% strongly disagreed that they are satisfied with the compensation and 42% disagreed that they are satisfied with their compensation which constitutes 62% cumulative frequency so we can conclude that 62% are not satisfied with the compensation. Only 16% agreed that they are satisfied with the compensation and 0 (zero) % strongly agreed that they are satisfied with their compensation while 22% were indifferent.
Table 2: Descriptive Analysis: Satisfaction with reference to Promotion.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1=Strongly Disagree</td>
<td>14</td>
<td>28%</td>
<td>28%</td>
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<tr>
<td>2= Disagree</td>
<td>19</td>
<td>38%</td>
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<td>66%</td>
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<td>90%</td>
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<td>4= Agree</td>
<td>04</td>
<td>08%</td>
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<td>98%</td>
</tr>
<tr>
<td>5= Strongly Agree</td>
<td>01</td>
<td>02%</td>
<td>02%</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Table 2: shows the descriptive analysis of the data on with reference to satisfaction of employees with their promotion. The responses were taken on the scale of 1 to 5 which has been shown in the first column of the table and the frequencies of the responses on the second majority of employees are not satisfied with their promotion. 28% strongly disagreed that they are satisfied with the promotion and 38% disagreed that they are satisfied with their promotion which constitutes 66% cumulative percent so we can conclude that 66% are not satisfied with the promotion. Only 08% agreed that they are satisfied with the promotion and 02% strongly agreed that they are satisfied with their promotion while 24% were indifferent.

Figure 10 (a): Responses of employees for changing their job.

Figure 10 (a): Represents the responses of general employees of the studies organization with reference to their plan to change the job. Majority of the respondent lies in indifferent category 38% responded as indifferent and 16% strongly disagreed that they don’t have any plan to change the job and 20% disagreed that they don’t have any plan to change their job so we can conclude that 36% employees are not satisfied with the job. 18% agreed that they do not have any plan to change the job while only 8% strongly agreed that they do not have any plan to change the job.
Figure 10 (b): Responses of employees to better opportunities in current organization.

Figure 10 (b): shows the responses of the general employees of the organization regarding opportunities and growth with their current organization on the same scale rating 1 to 5 which represents 1 strongly disagree and 5 strongly agree a pie diagram has been drawn on the above pie diagram majority of the respondent answered as indifferent with this question 18% strongly disagreed, 30% disagreed that they feel better opportunities in their current organization and only 18% agreed that they feel better opportunities in their current organization while a minimum of 0 (zero)% strongly agreed about this statement.

10. Conclusion

Based on the findings of the data we can generalize and conclude that non-profit organizations of metropolitan city of Pakistan Karachi are not giving emphasis on human resource practices like training, performance management, participation, empowerment, compensation, benefits, and promotion due to this lack of concentration on human resource practices there is huge dissatisfaction in the employees of non-profit organization and the level of motivation is very low.

Non-profit organization are lacking specially in compensation benefits and training that is why a majority of employees responded that they are not satisfied and they do not feel better opportunities in their current organization and they have plan to change their current jobs. Non-profit organizations should give more focus on employee retention. In the interview with the management of the studied organization it was identified that the non-profit organizations believe in activism or volunteerism that is why they do not focus on salary and other benefits they believe that their employees are also working with the same enthusiasm but it would be recommended to non-profit organizations that activism is very important for organizational commitment but side by side with activism there must be some professionalism because some sort of works requires highly professional working.

11. Limitations & Areas of further research:

The study has been conducted in a single organization so it may be the wrong generalization of non-profit organizations. A sample of 50 employees has been taken for job satisfaction out of above 500 employees so this constitutes 10% so it could not be the true representative of the organization studied. Further studies can be done by enlaraging the number of organizations. Comparative study can be done with two or more non-profit organizations as well as comparative study can be done between non-profit and profit organizations to identify the differences and similarities.


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