A STUDY OF CORPORATE PERFORMANCE AND JOB SATISFACTION IN THE CONTEXT OF HUMAN RESOURCE ATTITUDE SURVEYS: THE CASE OF HOTEL SERVICES IN LEBANON

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List of Abbreviations

ANOVA   One-Way Analysis of Variance

CP   Corporate Performance

HR   Human Resource

HRM   Human Resource Management

PM   Personnel Management

SHRM   Strategic Human Resource Management

USAID   United States Agency for International Development

IPD   Institute of Personnel and Development

WERS   Workplace Employment Relations Survey

Abstract

The study exposes a technical fault in human resource (HR) attitude surveys in that they fail to include an important control variable that is corporate performance (CP), when exploring the effects of HR practices on employee attitudes. Through research, this study reflects on the disappointing consequences when HR attitude surveys *fail* to remove, statistically, the effects of CP. In this respect, statistical bias in the relationship between HR practice and job satisfaction can result, leading to misleading academic and practical HR conclusions.

The study establishes that CP has a significant effect on employee satisfaction over and above HR practices. High CP was related to higher job satisfaction, while the inverse is true for low CP. The work here followed a carefully designed longitudinal study carried out in luxury hotels that follow best practice HRM in the country of Lebanon. Two global employee satisfaction scales and an HR measurement tool were employed in collecting data from hotels. Statistical tests comparing satisfaction scores from 689 questionnaires revealed statistical differences between them from a time of high CP to a time of low CP respectively at the hotels.

In an explorative step, qualitative interviews held with 33 employees on HRM implementation implicated that HR practices such as job design and employee involvement are not being implemented professionally by managers, a finding which can well explain the low job satisfaction of hotel employees in this study.

This study offers an essential contribution to knowledge in the context of HR attitude surveys by identifying an important organizational control variable, that is CP, and thus highlights the need to control for this variable when testing the effects of HR practices on job satisfaction in surveys. In addition, employee interviews on the state of HRM offer an important contribution to knowledge in the field of HR practice implementation in hotel services in the country of 'Lebanon'.

Declaration

I, Hussein Ismail, hereby declare that no portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

March 2006   Hussein Ismail

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CHAPTER I

INTRODUCTION

1.1 Background to Research

The Best Practice model (Pfeffer; 1998) approach shall be the model for analysis for this research study. In a nutshell, the underlying theme of the model of best practice is that a certain set of progressive human resource (HR) practices can be virtually applied anywhere and still produce good organizational performance; in other words they are said to have universal effects on performance. In line with UK literature (Patterson et al., 1997; Guess and Coway, 1999), the progressive HR practices amount to ten practices: opportunities for training and development, being informed about business performance, formal appraisal, opportunities to learn new things, recruitment from within, jobs made interesting, single status, policy of no compulsory redundancy, bonus or merit pay, and employee involvement programme. Generally speaking in the UK, it is taken that the *higher* the number of progressive HR practices that employers provide to their employee, the *better* the organizational performance (Patterson, et al., 1997; Guest, 1999, 2002).

Implicit in these models (MacDuffie, 1995), and some rare times tested directly (Guest, 2002), is the claim that HR practices lead to positive organizational performance, *due* to its effects on employees' attitudes (MacDuffie, 1995), as illustrated below.

HR practices → Positive attitudes (i.e. satisfaction) → Motivated behaviour (i.e. higher employee effort) => Higher organizational performance

This justification given by researchers of best practice HRM (Mac Duffie, 1995), that HR practices have their impact on business profitability *via* higher employee motivation and satisfaction brought about by these HR practices, it is too often taken for granted (Ramsay, et al., 2000). Although they justify the links between HR practices and business performance is the result of better employee attitudes, it is nonetheless a claim which is often left untested (Purcell et al., 2003). Indeed, the relationship between best practice human resource management (HRM) and employee attitudes is largely under-researched (Ramsay, et al., 2000; Purcell et al., 2003).

Therefore there is an essential need to conduct more research in this area in order to understand more fully the relationship between HR practices and employee attitudes and what important implications it can offer for managers in this respect. Fortunately, this area of HR attitude research has been receiving a greater attention lately as evident in some recent human resource attitude surveys (Harley, 2002; Guest, 1999, 2002; Guest and Conway, 2001 Ramsay, et al., 2000), but still remains in its infancy as Guest (2002) claims.

This study concerns itself with this area in general and the human resource attitude surveys in particular, which should add a fundamental contribution to this under-researched area. The study has generated data from the hotel sector in the country of Lebanon. In specific, the high luxury hotel sector which are reputed to have best practice HRM, offers a fine background for examining human resource management. The next section presents the research problem in the context of human resource attitude surveys and for which this research aims to tackle.

1.2   The Research Problem

Although the studies that explore the relationship between the number of HR practice and employee attitudes indicate a direct significant link between them, they are limited in a number of ways. Current HR surveys which explore the effects of HR practices on employee attitudes (job satisfaction) do not adequately contextualize their studies within the factors specific to the workplace; an observation common to employee opinion survey research in general (see Marchington, Wilkinson, Ackers, and Goodman, 1994). In simple terms, HR attitude surveys fail to control for what could be important organizational factors that might well impact employee attitudes over and above HR practices. Although HR attitude surveys rightly control for a number of demographical/ personal factors (i.e. employee age, gender, education, marital status length of service, and union membership), they tend to neglect important organizational factors[1] which may well lead to statistical errors and misleading human resource management conclusions as result. In this respect, a potentially important organizational factor which might have an impact on employee attitudes over and above HR practices, is corporate performance. The work by Marchington, Wilkinson, Ackers, and Goodman (1994) is worth citing in this regard.

In their post analysis of data previously collected as part of a case-study project on worker participation at the workplace in 25 organizations in UK in the period from 1989 to 1991, Marchington and his colleagues (1994) inferred that employees' general attitudes towards their organization seemed to reflect the status of their current organizational performance. In specific, comparing employee interview responses from a sample of six organizations (out of the original 25 organizations), it was concluded from their work that employee attitudes seemed to be mostly positive

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[1] Expect for organizational size and industry type which are sometimes controlled for.

in those organizations that were experiencing profits while attitudes were negative in firms that were experiencing financial difficulties. This was true regardless of the fact that all six organizations looked at had a similar management style. This suggests that employee attitudes seem to be influenced by the state of corporate performance (i.e. positive corporate performance tends to affect employee satisfaction positively, while organizations with negative corporate performance may have the opposite effect on attitudes) as the work of Marchington and his colleagues demonstrate in their review in the field of worker participation. Extending Marchington and his colleagues work to the human resource management surveys which statistically explore the effects of HR practices on employee attitudes (job satisfaction), corporate performance may stand to be a potentially important organizational factor. By failing to control for corporate performance in the current HR attitude surveys statistical bias and misleading practical and management implications may result. Therefore, there is a research need to establish if fluctuations in corporate performance actually have an impact on employee attitudes over and above HR practices.

A second limitation in surveys, which is related to the first one, relates to the means of collecting HR information in these surveys (Gerhart, et al., 2000). In the vast majority of these studies (Guest, 1999 is one exception), data on the number and type of HR policies that are followed in an organization is mainly collected from managers (e.g. Arthur, 1994; MacDuffie, 1995) to the neglect of employees' irony (Mabey et al., 1998; Legge, 1989). Accordingly, this hides the true picture on the ground with regards to HRM implementation in the organization, since the party (the employee) who is actually experiencing those HR practices is not actually taking part in the HRM surveys questions/issues (Mabey et al. 1998). Therefore, unless employees views on the state of HRM implementation in the organization is considered, it can be

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difficult to judge if HR practices are exercised and *actually* implemented by management. In fact, there tends to be a gap between managements' rhetoric and reality, with many managers failing to match their HRM rhetoric as the small but growing research shows (Truss, 1999; Grant, 1999; Hallier and Leopold, 1996; Hales and Klidas, 1998) (see chapter 2). Hence, in addition to managerial accounts on HRM, there is a research need to explore *employees'* perceptions and opinions themselves on the state of HRM in their organizations, in order to understand more fully the reality of HRM on the ground, adding to the growing body of knowledge in this area.

In summing what has been said so far, current attitude surveys in the field of HRM suffer from two major limitations: 1) they fail to control for important organizational factors, that is corporate performance for our purposes, which may have the potential to influence attitudes over and above HR practices; and 2) they are largely driven by management accounts to the neglect of employee views and opinion – the major receivers of those practices.

As will be mentioned later in more detail in the methodology section of this chapter, the hotel context makes it feasible to determine if corporate performance has an impact on employee satisfaction attitudes. This is due to the fact that hotels experience periodic swings in corporate performance due the seasonality issue particular to the hotel industry and hence allows testing changes of corporate performance on employee satisfaction. In addition, the hotels studied in Lebanon are international luxury hotels which are reputed to having best practice HRM and therefore present a sound case for examining employee satisfaction in the context of HRM.

Accordingly, based on what has been said so far, the study aims to answer the following research questions:

1) Does corporate performance have an influence on employees' attitudes?

2) Is HRM actually fully practiced in organizations as managers emphasize?

1.3 Aim and Objectives of the Study

Contrary to most corporate performance research in HR, which is commonly based on the accounts and views of managers (Legge, 1995b), this research explores the employees' perspective − in line with the recommendations made by Mabey et al. (1998).

As indicated earlier, most current surveys suffer from a limitation which is they fail to control for important organizational factors (Marchington et al., 1994) that may have an impact on employee attitudes over and above HR practices and could therefore potentially lead to misleading statistical associations and implications (see chapter 3). A major organizational factor, which may possibly have a significant impact on employee attitudes, is corporate performance, as Marchington and his colleagues (1994) hypothesized from their qualitative review of a number of case studies in UK in the field of worker participation. The goal of this study is to test this hypothesis explicitly and extend it into the human resource management field.

Firstly, the study here will assess statistically if fluctuations in underlying corporate performance does actually have a significant influence on employee satisfaction over and above HR practices found at the workplace. The potential impact of corporate performance on employee satisfaction will be tested in organizations which are reputed to having a sophisticated HRM system in place. After testing, if it were shown that the impact of fluctuations in corporate performance on employee satisfaction is

significant, the study would have identified an important control variable that affected attitudes over and above HRM practices. Secondly, and related to the first research objective, this research study will explore employees' views on HR practices in an effort to determine whether HRM practices are actually implemented in practice as managers may want us to believe. This second step complements the first research objective in that it attempts to investigate the state of employee satisfaction from a human resource management perspective. It follows that if the results of this study show that there is a high dissatisfaction during times of low corporate performance, then this makes us question the implementation of HR practices, which are supposed in theory, to enhance and maintain high satisfaction and motivation among employees (see chapter 3). Indeed, the likelihood that corporate performance may impact employee satisfaction strongly is expected to sit comfortably with the fact that HRM implementation may be limited in the first place (Legge, 1995b) (see chapter 2), and therefore job satisfaction may not be maintained, especially during the low corporate performance times when employees' morale is expected to be down. Therefore, is HRM actually being fully implemented by management? Employee interviews here, as part of the second objective of this study, will shed light on this question.

Technically, in tackling the mentioned objectives of this research, the study had the following aims:

- Measuring job satisfaction in times of high corporate performance in HRM organizations;
- Measuring job satisfaction in times of low corporate performance in HRM organizations;

- Measuring the change in job satisfaction scores from times of high to low corporate performance in HRM organizations, and in congruence;

- Assessing the statistical magnitude of the impact of corporate performance on employee satisfaction;

- Examining the extent to which HRM practices are actually implemented in practice

Research on the impact of corporate performance on employee satisfaction in organizations is a relatively new area of research. Therefore, the study is a unique piece of research in the sense that it adds a novel dimension in studying the relationship between HR practice and attitudes. Exploring the impact of organizational factors, such as corporate performance, on employee attitudes promises to fill the void in current HR surveys where the relationship between HR practices and job satisfaction is explored to the neglect of potentially important organizational factors (see section above) and consequently offers a more balanced view of the HR attitude survey equation. After testing, if it were shown that the impact of fluctuations in corporate performance on employee satisfaction is significant, the study would have identified an important control variable that affected attitudes above and beyond HRM practices. Moreover, if it is confirmed in the study that HR practices are not implemented properly in practice by management in the first place (Legge, 1995a), then this has implications for the state of job satisfaction.

1.4   The Scope and the Implications of the Study

There are several important academic and practical implications behind this research. The rationale for the first research objective is to expose the technical faults that current attitude survey research may experience when they fail to statistically control for important organizational factors, that is corporate performance for our purposes, which can potentially affect employee satisfaction over and above HR practices. The fact that HR attitude survey research is not aware or neglects the importance of corporate performance in their statistical models may therefore place their statistical findings and conclusions at risk. Accordingly and very importantly, business firms adopting current academic results in this area of HR may be misled. Without improving or refining current attitude research within the HRM domain, results are expected to be inaccurate. In sum, a major contribution of this research is to reflect on some of the consequences when surveys fail to control for the effects of fluctuations of corporate performance on employee satisfaction when studying the effect of HRM on attitudes.

The study is carried out in the country of Lebanon.[2] It is worth noting at this stage that the study is not intended to be country-specific, but is originally conducted to offer general contributions to knowledge in the human resource management field of research. Nevertheless, studies are context bound (Lawler et al., 1985), and therefore this study will eventually attempt to reflect on the results of this study from a wider country perspective. In particular, a review of socio-economic factors particular to the Lebanese context and how they may impact HR activities in Lebanon will be presented in this research.

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[2] Chapter 4 in this thesis provides general background information of Lebanon pertaining to broad issues such as its geography, political system, economy, and the labour market.

The second research objective, which explores employees' views of HRM implementation in their organizations in the country of Lebanon, offers practical implications for policy makers in improving human resources in the hospitality industry on a national level. Furthermore, employees' views on the state of managerial practices in the organizations studied would ultimately offer practical recommendations for employers in improving management practice and ultimately their business performance as a result. In effect, that latter goal is achieved as employees' quality of working life is improved through human resource management practices which essentially recognize their needs and aspirations (Schein, 1980), leading to a highly motivated and committed workforce in improving business performance.

1.5 Methodology

The hotel sector is chosen for this study. The main rationale for basing the study on the hospitality sector is that it is known for experiencing fluctuations in corporate performance due to what is called "seasonality". Therefore, the hotel setting would make it feasible to test the effects of positive and of negative company performance (high season vs. low season setting) on employees' satisfaction.

The study is a combination of quantitative and qualitative methods. Employees' satisfaction is explored in five international luxury hotels in Lebanon over a 5 month period. Three of them will follow a longitudinal study design, while the remaining two are cross sectional. Respondents in the first three hotels are therefore surveyed twice, once during a period where the hotel is experiencing high corporate performance and again during a period where the hotel is experiencing low performance. Respondents from the remaining two hotels are surveyed once. The

rationale behind using two snap shots of hotels was to control for order effects which may arise in repeated measure designs. All hotels are reputable organizations which are said to have a best practice HR in place as managers of these hotels claim and hotel publications demonstrate.

A total of 436 participants took part in the survey, representing around 18% response rate. Furthermore, 253 of them representing three hotels, were surveyed twice which adds up to a final figure of 689 questionnaires overall. Two global satisfaction scales (Cammann, et al., 1982; Kunin, 1955); an HR measurement tool (Guest and Conway, 2001), and employee background questionnaire were the methods used to collect the survey data. Comparative statistical tests, including paired sample t-tests and one-way analysis of variance were employed to analyze data. The survey analysis was mainly carried out as part of the first research objective towards answering the first research question which asks if corporate performance has an impact on employee satisfaction. Finally, in tackling the second research objective, a total of 33 employees were interviewed on matters relating to the extent of HR practices implementation in their hotels. Fulfilling the second research objective is a prerequisite towards answering the second research question which asks if HRM is fully implemented by managers.

1.6 The Structure of the Thesis

Chapter One, presented here, provides a general overview of key HRM issues and introduces the research argument and the academic rational for examining this area in particular.

Chapter Two reviews the human resource management paradigm and presents a body of evidence which offers an overall picture of the uptake in HRM in organisations.

Chapter Three narrows down the focus on the HRM literature and pays close attention to the main research gap that this study is interested in. In particular, this chapter presents a review of best practice HRM surveys which assume that HR is related to employee satisfaction and sheds light on their limitations, reflecting on their failure to control for corporate performance in HR attitude surveys. It follows by discussing the negative consequences this has on the human resource management academic and practical fields when surveys fail to control for a potentially important organizational factor, that is corporate performance. It presents the research argument and ends with a concluding section.

Chapter Four provides background information for the study by presenting an overall picture of the Lebanese geography, political system, economy and human resource management in the Lebanon.

Chapter Five reviews the methodology that will be employed to test the research proposition. It includes sections on the design of the study, description of the sample, measures and instruments used to collect data, and the statistical tests and analysis to be conducted.

Chapter Six mainly presents the findings of the study related to whether fluctuations in corporate performance do have a significant impact on employee satisfaction. Additionally, results from employee interviews with respect to HR implementation in hotels are presented.

Chapter Seven discusses and analyses the results pertaining to the research questions with cross references to the literature.

Chapter Eight offers key points arising from this thesis, and presents the academic and practical implications of this study. As a final chapter, it outlines the limitations of the study and presents recommendations for future studies.

Chapter II

HUMAN RESOURCE MANAGEMENT

2.1   Introduction

This chapter presents a review of the human resource management (HRM) literature. In particular, it has two main goals: 1) it defines the human resource management practice and discusses its rise with reference to the factors that helped HRM emerge in the 1980s, and 2) it presents a review of the empirical evidence on the uptake of HR practices in organizations.

In the main, the emergence of human resource management (HRM) in the 1980s came as a response to the hard economic pressures brought about by the high competition from international markets. HRM was associated with the American dream (Guest, 1990) which stressed the importance of the growth of human potential (McGregor, 1960), and as a means to overcome the industrial anxiety then. In this context, it offered an attractive alternative to the jaded image of personnel management (Guest, 1990). Simply speaking, it offered a new hope. Although, the significance of the human resources as a means for competitive advantage has been stressed before, HRM tended to *emphasize* this message (Legge, 1995a).

Whether or not this message has been fully successful will be seen in the second part of this chapter which deals with empirical evidence on the extent of adoption of HRM in UK organizations. Items presented in this chapter include the meaning and conceptualizations of HRM, and presentation of evidence on the extent of uptake of human resource management in organizations. Finally, the chapter ends with a summary and conclusion.

2.2   The Nature of Human Resource Management

Ultimately, the developments in HRM are seen as a response to the changing context of work brought about by intense competition (Redman and Wilkinson, 2001). The North American and the European economic context, characterized by recession and increasing competition from Asian markets, has made the task of effective people management more critical (Bach and Sisson, 2000). Indeed, the developments in HRM have mainly been driven by large scale organizational changes as employers adjust to a much more competitive global economic environment brought about by higher concerns for organizational effectiveness and efficiency (Redman and Wilkinson, 2001). Centralized organizations, characterized by rigid hierarchies and traditional personnel management policies may no longer be feasible for firms facing global competition (see Warner, 2004 for the Chinese case). Downsizing, delayering, and decentralization have characterized new organizational structures to meet the challenges of intense competition; flexibility was the main objective with complementary culture change programmes such as total quality management, performance management, and lean production to name a few. Eventually, the highly competitive market environments, with the resultant organizational restructurings that followed have naturally pressed for *new* forms of people management that would accompany these restructurings (Redman and Wilkinson, 2001). Notably, new designs of people management break away from the traditional management style of strict employee control, by offering employees higher discretion in performing their tasks and responsibilities needed to fit the logic of the new business structures of decentralization. Indeed, research findings from USA (Osterman, 1994) confirms that firms facing global competition are the *most likely* to adopt new forms of people

management, compared to those who do not face fierce competitive pressures from the environment.

Indeed, the recent changes in the employment relations in the UK (Cully et al., 1998; Gallie et al., 1998; Bratton and Gold, 2003) confirm significant indications of restructurings. A brief review of those changes is worthwhile. Relying on the Workplace Employee Relations Survey (Cully et al., 1998), Sisson and Storey (2000) provide a good overall picture of the changes that have taken place in the UK context. Below, is a summary of their contribution (Sisson and Storey, 2000: 1-22):

'The most fundamental change has been the decline in joint regulation by collective bargaining. According to the first findings of the 1998 Workplace Employee Relations Survey (WERS), the proportion of workplaces recognizing trade unions had fallen from 66% in 1984 to 53% in 1990, between 1990 and 1998 it fell further eight points to 45% (Cully et al., 1998: 28). Meanwhile the proportion of workplaces with no union member increased from 27% in 1984 to 36% in 1990, to 47% in 1998. In the words of the authors of the first findings: "This signals, clearly, a transformation in the landscape of British employment relations, particularly when contrasted with the relative stability and continuity that has characterized the system for much of the post-war period (Cully et al., 1998: 28).

A second major change is the growth in the different forms of the so-called atypical or non-standard forms of employment. Most obvious is the growth in part-time work. Part-time employees account for around one-quarter of the workforce and they make up the *majority* of the workforce in a similar proportion of the workplaces. Significantly, this figure is up from 16% in 1990 (Cully et al., 1998: 6).'

Further, there are also four major changes in the patterns of employment and they are related to the ongoing shift from manufacturing to services; the shrinking size of workplaces; the polarization of the occupational structure; and the feminization of the workforce (Sisson and Storey, 2000: 10-15).

In brief, it appears that much of UK economy is becoming services-oriented. Indeed, the WERS shows that less than one in five workplaces are in manufacturing as table 2.1 shows.

Table 2.1 The significance of sector

	Distribution of workplaces by sector (%)	Workplaces with no part-time employees (%)	Workplaces with most employees part-time (%)	Low paying workplaces (%)	High productivity growth workplaces (%)
Manufacturing	18	36	1	5	34
Electricity, gas, water	0	51	0	0	55
Construction	4	39	0	1	49
Wholesale and retail	18	14	43	8	51
Hotels and restaurants	6	3	55	48	29
Transport and communications	5	23	4	0	60
Financial services	3	20	5	0	62
Other business services	9	23	7	10	34
Public administration	6	9	1	0	42
Education	14	0	40	2	42
Health	13	1	50	17	34
Other community services	4	8	51	19	23
All workplaces	100	16	26	9	41

Base: all workplaces with 25 or more employees, except column 5, where it is all workplaces five or more years old with 25 employees
Figures are weighted and based on responses from 1,929 managers for column 1, 1,914 for columns 2 and 3, 1,890 for column 4 and 1,668 for column 5.

Source: Cully et al. (1998)

Further, the size of the workplace is continuously shrinking. Accordingly, all things held constant, this has had implications for union membership where a smaller firm size has been associated with a lower rate of union membership (Sisson and Storey, 2000). Table 2.2 on the next page summarizes the trends in workplace size.

Table 2.2 The significance of workplace size

Workplace size	Union density: % of employees who are members	Any union members: % of workplaces	Union recognition: % of workplaces	Low paying workplaces (%)	High productivity growth workplaces (%)
25–49	23	46	39	12	40
50–99	27	52	41	8	38
100–199	32	66	57	6	42
200–499	38	77	67	4	50
500 or more	48	86	78	2	56
All workplaces	36	53	45	9	41

Base for columns 1–4: all workplaces with 25 or more employees; for column 5 all workplaces five or more years old with 25 employees
Figures are weighted and based on responses from 1,889 managers for columns 1–3; 1,890 for column 4 and 1,668 for column 5,

Source: Cully et al. (1998)

In addition, the decline in manufacturing has led to decreases in blue-collar workers. "The largest single groups are "managers and administrators" (4,306,000) followed by "clerical" (4,096,000). "The two groups of "professional" and "professional and technical" amount to 5,517,000, whereas "craft and related" accounts for 3,370,000." More people are employed in "personal and protection services" (2,986,000) than are "plant and machine operators" (2,589,000). It goes without saying, the main divide is now between managerial and professional groups than had been between blue-collar and white-collar. Table 2.3 below provides an overall picture of the current occupation trends in the UK.

Table 2.3 The significance of occupation

	Employment (%)	Union membership (%)
Managers and administrators	16	20
Professional	10	50
Associated professional and technical	10	46
Clerical	15	25
Craft and related	12	34
Personal and protective services	11	28
Sales	8	9
Plant and machine operators	9	38
Others	8	26

Source: Labour Market Trends, 1998 (cited in Storey and Sisson, 2000)

Finally, a major growth in female employees has been noted, as shown in table 2.4. The reasons for this are attributed to the shift in sectors, with women predominating in sectors such as retail or hotels, compared to manufacturing and construction which has much fewer women (Sisson and Storey, 2000).

Table 2.4 Workplaces by gender

	Workplaces largely male: > 75% male	Workplaces largely female: > 75% female	Workplaces mixed (%)
Private sector	32	22	46
Public sector	14	49	37

Base: all workplaces with 25 or more employees
Figures are weighted and based on responses from 1,914 managers

Source: Cully et al. (1998)

In addition to the economic antecedent of HRM, it is also worth mentioning that the political environment (Wright and Ferris, 1996), although to a lesser extent, in the early in 1980s in the UK is also said to have aided in the uptake of the HRM (the new forms of people management practices) in companies (Ackers et al., 1993; Marchington et al., 1993). Indeed, the reforms in the Conservative governments then, which decreased the power of unions, had therefore given employers a more free hand in handling worker-related issues – enter human resource management policies (Beardwell and Holden, 2001). As Beardwell (1992, 1996) argues: "a very significant factor in the UK, generally absent from the USA, was the desire of the government to reform and reshape the conventional model of industrial relations, which provided a rationale for the development of more employer-oriented employment policies on the part of management" (cited in Beardwell and Holden, 2001: 17). The Thatcher Conservative government "encouraged firms to introduce new labour practices and to

reorder their collective bargaining arrangements (Hendry and Pettigrew, 1990: 19). It is argued that the main theme behind the Thatcher proposed reforms, favouring employer-oriented policies, reflect an ideology for individualism similar to that of the American dream values with their emphasis on human potential for growth (Guest, 1990). In the UK, the dominant rhetoric emphasized getting the economy moving by releasing businesses from the 'shackles' of state regulation's and freeing up the labour market by undermining excessive trade union power (Cross and Payne, 1991; Marsh, 1992; McInnes, 1987) (Black et al., 1999: 941). In this welcoming context, the human resource management rhetoric had emerged aimed at utilizing human resource potential. Although employers seem to have gone some way towards accepting anti-union legislation and promoting individualistic forms of employee involvement, management have largely not been willing to accept the underlying ideology (Guest, 1990: 394). Indeed, as presented later, recent evidence shows that although management may embrace the rhetoric of human resource management with policies on employee development, involvement, and motivation, the reality on the ground is different (Truss, 1999).

In summing up this section, evidence generally shows that the adoption of HRM in organizations has been mostly a materialistic economic response to the industrial pressures rather than on humanistic ideologies on part of management (Wood, 1999, see also Legge, 1995a). In line with this, HRM or the novel people management practices, tend to be driven mostly by changing business needs rather than any real interest on the part of management to respond to employee needs and aspirations (Legge, 1998; Keenoy, 1991). As we will see later on in the chapter, the fact that employee-oriented HR practices seem to be limited in practice makes us skeptical of

HRM as being reflective of an employee-oriented era as HRM supporters have theorized.

Having laid out an overview of the context in which HRM has emerged sets a solid background for the next step which is to review the meanings and conceptualizations given to HRM in the literature.

2.3   Human Resource Management Meanings

When the HRM concept was adopted from the USA in the mid 1980s, it seemed so much progressive than traditional personnel management that academics readily consigned personnel management to the trash can that Peter Drucker had described for it 30 years before (Torrington, 1998: 25). Personnel management, rightly or wrongly (Bach and Sisson, 2000) which was seen as a welfare-oriented model (industrial relations) had failed managers and therefore it had to be altered to become more sensitive to *business* needs (Leat, 2001). As Torrington (1998: 25), sarcastically puts it: "HRM was strategic with a long-term outlook (Storey, 1989), unlike personnel management which was condemned as merely operational (Gennard and Kelly, 1994); HRM used planning and was proactive, whereas personnel was reactive and downstream (Miller, 1987; Schuler, 1989); HRM added value, but personnel was welfare-oriented (Storey, 1989); HRM would be integrated with the rest of the business, whilst personnel managers were simply picking up the pieces (Guest, 1987); HR managers would be architects, whereas personnel practitioners were often administrators". Therefore personnel management had failed, and a new people management concept was sought. This field would be called Human Resource Management. Compared to personnel management, the HRM stereotype is characterized as being much more concerned with business strategy, and linkages

with HR strategy, taking the view that HR is a, if not *the* most important organizational resource (Redman and Wilkinson, 2001: 4 – emphasis in original). In a nutshell, the major themes that seem to occupy the upbeat literature in HRM are related to 1) viewing workers as assets (Barney, 1991), and 2) integrating HRM into business strategy. Indeed, the apparent novelty of HRM lies in the claim that by making full use of its human resources, a firm will gain competitive advantage (Guest, 1990: 378).

Put simply, HRM can be defined as a "strategic and coherent approach to the management of an organization's most valued asset- the *people* working there who individually and collectively contribute to the achievement of its objectives" (Armstrong, 2000: 6, my emphasis).

A contribution by Bender, Urban, Galang, Frink, and Ferris (1996: 22) summarizes the story well. They state that HRM reflects the recognition of the value of workers in the organization. In particular, to those authors, the transformation of the HR function can be characterized by three major changes: 1) viewing people as assets rather than costs; 2) being proactive rather than reactive; 3) recognizing multiple constituencies, or balancing employee interests and organizational concerns (Beer and Spector, 1985; Fitz-enz, 1990; Giblin, 1986; Miller and Burack, 1979; Mills and Balbacky, 1985; Tsui, 1987) (cited in Bender et al., 1996). They add that the new labels given to the function: "business effectiveness agent" (Desatnick, 1979) or "consultant to management" (Briscoe, 1982) can indeed reflect the huge changes that are actually happening in the HR function (cited in Bender, et al., 1996). The authors go on to describe in more details the three new HR dimensions (Bender et al., 1996: 22).

Bender and his colleagues (1996) argue that the first *fundamental* change (my emphasis) is the *realization of the importance of the firm's human resources*, which

they note was triggered possibly by the huge changes in nature of the labour market. As Bender et al. (1996: 22) state: "with a change in values and expectations of the workforce, together with increasing costs involved in attracting and retaining workers, motivation of employees to perform and contribute more productively to the organization has gained importance". Accordingly, the authors go on to state that employers are increasingly becoming aware that effective management and utilization of their human resources can be to their competitive advantage.

Bender and his colleagues note that a second change in the role of HRM entails being more *proactive than reactive*. A proactive orientation would need a more integrated HR function, as well as the linking of the HR function to the business strategy of the organization (Rowland and Ferris, 1986) (cited in Bender et al., 1996). The authors argue that whereas employee management functions and activities were previously loosely organized and set, a need emerged for the integration of various activities and functions, where "HR systems and programs fit together, complement and reinforce each other as building blocks of a larger HR plan that is developed in relation to the overall strategic business plan of the company" (Mills and Balbaky, 1985: 265) (cited in Bender et al., 1996: 22). The authors (Bender et al., 1996) additionally note that being proactive requires senior management active participation in linking with the organization's business plan at top management level; such a provocative role for HRM has been recognized under the term *strategic* human resource management (SHRM) (original emphasis). In this direction, Anthony, Perrew, and Kacmar (1993) (cited in Bender et al., 1996: 22) identified six key elements of SHRM: "explicit recognition of the influence of the external environment, recognition of labour market features, long-range focus, focus on choice and decision making, consideration of all personnel, and integration with overall corporate and functional strategy".

A final change, which is offered by Bender and his colleagues, is related to the *constituencies being served by the HR function*. The HRM department now concerns all major parties to the organization. As the Bender et al., (1996: 22) state: "from initially serving the interests of management alone, to being an employee advocate concerned only with employee welfare even to the extent of being adversarial to the organization's interests, HRM has evolved into a new role that calls for balancing the interests of employees with those of the organization" (Fitz-enz, 1990). Tsui (1987) (cited in Bender et al., 1996: 22) identified constituencies whose needs and expectations must be satisfied by the HR department as a basis for the effectiveness of the HR function; along with the employees and the line managers, Tsui includes union officers, academic HR experts, and other HR managers at various levels.

The implication is that HRM leads a *distinctive* approach in managing people, compared to traditional personnel management (Guest, 1987). While personnel management seemed to stress compliance-based systems of control (i.e. strict rules and close employee supervision), HRM advocated a commitment-based approach to managing people (Guest, 1991). As far as this section of the review is concerned, the central distinguishing feature of HRM is its emphasis on employee commitment rather than control (Guest, 1995; Poole, 1990; Storey, 1995). In his seminal article "From Control to Commitment", Walton (1985: 77) puts it clearly:

> The symptoms are familiar: a good strategy is not executed well; costs rise out of all proportion to gains in productivity; high rates of absenteeism persist; and a disaffected workforce, taking little pride or pleasure in what it does, retards innovation and quality improvement. To those at the top of the corporate leader, it seems as if they are the captains [captain] of a ship in which the wheel is not

connected to the rudder. Whatever decisions get made, little happens below. Only lately have managers themselves begun to take responsibility for these symptoms and for the approach to work-force management out of which they grow. Only lately have they begun to what workers respond best- and most creatively, not when they are tightly controlled by management, placed in narrowly defined jobs, and treated like unwelcome necessity, but instead when they are given broader responsibilities, encouraged to contribute, and helped to take satisfaction in their work. It should come as no surprise that eliciting worker commitment- and providing the environment in which it can flourish -- pays tangible dividends for the individuals and for the company.

The message is clear: HRM is an employee champion (Ulrich, 1997). Based on the social exchange theory and norm of reciprocity (Blau, 1964), employees' commitment to the organization is based on their perceptions of employers commitment to and support of them. By necessarily offering employees an amount of autonomy in designing their jobs and keeping them informed about the big organizational matters coupled with extensive training and development and so on, employees perceive a positive commitment and trust on part of the employer towards them and therefore respond back by becoming more committed to their organization. Rather than controlling employees with strict rules, regulations, and observation which may eventually lead to worker stress and alienation (see Spector, 1997) and distrust, HRM fosters employee commitment and satisfaction which ultimately leads to healthier employee behaviour (see Spector, 1997) .

In particular, there are several aims of HRM. Armstrong (2001: 8) suggests several HRM goals (see also Ulrich et al., 1997 and Ulrich, 1998):

- enable the organization to obtain and retain the skilled, committed and well-motivated workforce it needs;

- enhance and develop the inherent capacities of people – their contributions, potential and employability – by providing learning and continuous development opportunities;

- develop high performance work systems that include "rigorous recruitment and selection procedures, performance-contingent incentive compensation systems, and management development and training activities linked to the needs of the business" (Becker et al., 1997);

- develop high commitment management practices that recognize that employees are valued stakeholders in the organization and help to develop a climate of cooperation and mutual trust;

- create a climate where productive and harmonious relationships can be maintained through partnerships between management and employees;

- develop an environment in which teamwork and flexibility can flourish;

- help the organization to balance and adapt to the needs of its stakeholders (owners, government bodies or trustees, management, employees, customers, suppliers and the public at large);

- ensure that people are valued and rewarded for what they do and achieve;

- manage a diverse workforce, taking into account individual and group differences in employment needs, work style and aspirations;

- ensure that equal opportunities are available to all;

- adopt an ethical approach to managing employees that is based on concern for people, fairness, and transparency;

- maintain and improve the physical and mental well-being of employees.

The above portrays a rosy picture of HRM especially for employees. In themselves, the dimensions mentioned above are undoubtedly very important and would ultimately fill the gaps where traditional personnel management may have failed. It is argued however, that the ambitious aims and goals of human resource management have, ironically, been stressed by normative models of personnel management (Legge, 1989; Armstrong, 2001). The fact is that the authors seem to be comparing normative models of HRM (what HRM aspires to be) with descriptive models of personnel management (what it actually is on ground) rather than comparing like with like (see Legge, 1989; Legge, 1995a). If so, what is all the hype about human resource management? Essentially, is human resource management any different from personnel management? Indeed, Legge (1989) strongly argues that HRM and personnel management are in fact very similar, and that the changes are trivial. However, this is not to say that variations do not exist. Indeed, as Legge (1995a: 74) states: "[although] the differences between normative models of personnel and human resource management are more those of meaning and emphasis *than* substance – but nonetheless the differences are *"real"* for that (my emphasis). To this end, Torrington et al (2002: 11) summarize the differences more specifically: first, that human resource management concentrates more on what is done to managers rather than on what is done by managers to other employees; second, there is a more proactive role for line managers; and third, that there is a top management responsibility for managing.

In short, compared to personnel management, HRM highlights a much more proactive role for managers in managing employees in the organization (Legge, 1995a). Indeed,

Fowler (1987: 3) identifies the real difference between HRM and personnel management as "not what it is, but who is saying it; in a nutshell, HRM represents the discovery of personnel management by chief executives" (cited in Legge, 1995a). It therefore offers more weight to the concept of people management by placing it exclusively within top managers agenda. It presents a "stereotypical" hope for businesses which have failed in the personnel management context. As Armstrong notes (2001: 1): "although there is nothing new in the idea, insufficient attention has been paid to it in many organizations. The new bottle or label can help to overcome this deficiency". Theoretically, HRM is now an ever important strategic agenda in organizational survival. If true, it could then be said that HRM has eventually succeeded in convincing senior managers of the unquestionable importance of people in organization (i.e. Ulrich, 1997; Pfeffer, 1998) as a means to gaining competitive advantage. Has the message been finally delivered? (Armstrong, 1987). In other words, from the practical perspective, is HRM actually being implemented in reality? Before we turn our attention to evidence, the next section reviews the specifics in the recent developments in the delivery of human resource management functions in organizations.

2.4   Human Resource Management Functions and Delivery

Generally speaking, human resource management encompasses a set of activities that shape the nature of work and regulate the employment relationship (Bratton and Gold, 2003). In broad terms, such activities include recruiting and selecting eligible individuals, training them and motivating them through performance appraisal and pay systems, negotiating union contracts, and ensuring that all of these activities are carried out within the requirements of applicable legal systems (Wright and Ferris,

1996). More specifically, drawing on the works of Millward et al. (1992, 2000) and Ulrich (1997), Bratton and Jeffrey Gold identify eight key HRM functions, policies, programs and practices designed in response to organizational goals and contingencies, and managed to achieve those goals (2003: 15):

1) Planning: preparing forecasts of future HR needs in light of an organization's environment, mission and objectives, strategies, and internal strengths and weaknesses, including its structure, culture, technology and leadership.

2) Staffing: obtaining people with the appropriate skills, abilities, knowledge and experience to fill jobs in the work organization. Key practices are human resource planning, job analysis, recruitment and selection.

3) Developing: analyzing learning requirements to ensure that employees possess the knowledge and skills to perform satisfactorily in their jobs or to advance in the organization. Performance appraisal can identify employees' key skills and competencies.

4) Motivating: the design and administration of reward systems. HR practices include job evaluation, performance appraisal, pay and benefits.

5) Maintaining: the administration and monitoring of workplace safety, health, and welfare policies to retain a competent workforce and comply with statutory standards and regulations.

6) Managing relationships: encompasses a range of employee involvement/ participation schemes in non-union or union workplaces. In a union environment, this includes negotiating contracts and administrating the collective agreement.

7) Managing change: this involves helping others to envision the future, communicating this vision, setting clear expectations for performance and developing the capability to reorganize people and reallocate other resources.

8) Evaluating: designing the procedures and processes that measure, evaluate and communicate the value-added component of HR policies and the entire HR system to the organization.

The delivery of these functions may not be confined to the firm's HR department/specialist alone as had traditionally been the case. The concerned parties responsible for the actual delivery of these practices may differ from one organization to another (Torrington, et al., 2002). In fact, many of the HR functions are now being delivered by line managers (McGovern, 1999), and consultants (see Wilkinson and Marchington, 2003). For instance, a recent Industrial Society (1998c) survey of 706 organizations, found that around two-thirds claimed to be devolving greater responsibilities to line managers (cited in Bach and Sisson, 2000). Job interviews, performance appraisal, health and safety monitoring, promotion selection, discipline and dismissals, induction, recruitment specifications, annual records and employee communications and counselling were among the greatest HR activities to be devolved (IRS, 1998). However, training and development seem to be partially handed over, while pay determination appears to be an activity where there is greatest reluctance to devolve. What is the major rationale behind the increasing devolution of HR activities to the line? Before answering this question it is worth giving a brief overview of the criticisms that line managers have put to HR specialists. Marchington and Wilkinson (2002: 256) put four: First, personnel managers are regarded to be disengaged with business realities, and incapable of understanding the nature of

business, its customers, or its corporate goals. In other words, HR managers are accused of being overly enmeshed with welfare issues, which are seen as distant from the commercial environment. Second, HR is often thought to limit the autonomy of managers in making good business-wise decisions. Line managers are particularly frustrated by legal constraints, especially in the area of equal opportunities or individual rights, or about having to negotiate and consult with union representatives. Third, HR managers are thought to be unresponsive and slow to act, always wanting to check options thoroughly rather than pursuing a series of actions and not worrying about the consequences until later (Cunnigham and Hyman, 1999: 17). Examples here are related to legislation and employee relations. Finally, HR specialists are criticized for promulgating policies that may be fine in theory but hard to put in practice.

Put simply, the HR function is caught in a cleft stick, criticized both for being too interventionist and too remote at the same time (Marchington and Wilkinson, 2002) (also see Legge 1995a: 27-8; vicious circle in personnel management).

2.4.1   Devolution of HR Activities to Line Managers

Having laid out the criticisms that line managers have about HR specialists, it is now worth plotting the major rationale for the devolution of many of the HR practices to the line. To this end, a contribution by Storey and Sisson (2000: 219) is useful. To Bach and Sisson, the failure of productive support to line managers (as has been argued above) has made the devolution urgent. Practically, the recurring argument is that people management is too important to be left to HR specialists. It is a very essential activity that should be the task of all managers in the organization. Moreover, Storey and Sisson argue that greater divisionalization brings greater accountability in every area of management. Lastly, greater devolution means that line

managers can tailor employment relations decisions to particular circumstances and make those more quickly. This is mainly due to the fact that line managers operate closer to employees, and therefore are able to make more efficient and effective decisions.

In addition, there is another major argument for the devolution of HR practices to line managers. It is said that devolution of operational activities enables HR managers to focus more on strategic concerns (for a critique from a different angle, see Torrington, 1998). In similar vein, the less the specialist becomes involved in operational matters, the smaller the likelihood that line managers will abdicate responsibility, blaming the specialist for any mistakes that follow and being eventually trapped in a vicious cycle as has been noted above (Storey and Sisson, 2000: 219). However, it should be noted that there may also be problematic issues in devolution of HR activities to line managers (see IRS, 1998 for pros and cons). One issue is related to implementation difficulties. The 2000 IRS survey showed that 60 percent of its respondents had experienced problems with the devolution of HR activities to line managers (cited in Marchington and Wilkinson, 2002). Without getting into the details (see IRS, 1998 for pros and cons of devolution to the line) (cited in Marchington and Wilkinson, 2002), suffice to say here that the low educational and technical base of line managers in Britain (McGovern et al., 1997) is a significant constraint on the effective devolution of HRM (Marchington and Wilkinson, 2002). Moreover, given the nature of limited training environment in British companies (Storey and Sisson, 1993), adds to the challenge. In addition, line managers, while supporting devolution in principle, may be unwilling to undertake more enhanced people management responsibilities, especially if they are uncertain about whether they will get the necessary training and support (Hall and Torrington, 1998: 49).

Having laid some of the major implementation problems, a second problematic issue is more abstract in nature and concerns the general conceptual idea of HR function devolution. It is argued that by devolving the HR activities to the line managers could eventually lead the HR department to become marginalized or make its contribution to the company less clear, especially when they had long been accused of never making any real contribution to the business (see Legge, 1995b for a review). Indeed, personnel specialists, it seems, are not necessarily willing to abandon their operational role, especially as devolution increases (Bach 1999) (cited in Storey and Sisson, 2000).

In support, Torrington (1998) argues that "it is only by establishing expertise in operational role matters that the personnel specialist is able to persuade senior managers that they have the capability to make a strategic contribution" (cited in Bach and Sisson, 2000: 17).

2.4.2   External HR Consultants

So far the discussion has been centred on personnel activities carried in-house. Another development in the delivery of HR practices relates to the increasing role of external HR consultants. In the last decade or so, there has been a growing trend towards the outsourcing of HR activities. Much of the HR functions are now carried out by external agencies/consultants than by internal HR specialists. In this case, to some organizations, the employment of internal HR specialists seems unnecessary. In fact, only a *minority* – around 17 per cent according to the 1990 Workplace Industrial Relations Survey (Millward, et al. 1992: 27-38) of workplaces with 25 or more employees have specialist HR managers (cited in Storey and Sisson, 2000).

Having said this, organizational differences should still not be overlooked. Torrington et al. (2002) claim that in theory the larger the organization, the more likely an HR specialist will be in place. Indeed, research by Cully et al. (1999) showed that nearly 90 per cent of those companies employing more than 500 employees had an HR specialist on site. Moreover, other factors that increased the likelihood of an HR presence were foreign ownership, being in the public rather than in the private sector, and being part of a wider organization rather than a stand-alone workplace, this in addition to sectoral differences (Marchington and Wilkinson, 2002). In other words, there is considerable diversity in whether the HR function is located at workplace level or above (Cully et al., 1999: 52) (Cited in Marchington and Wilkinson, 2002). However, for now, it could be safely said that the role of external HR consultants is gaining large momentum (See Adams, 1991 for a review). More and more of the HR functions are being outsourced (Greer, et al., 1999). In fact, the overriding majority of the UK's largest companies have now outsourced some or all of their HR activities (Marchington and Wilkinson, 2002). Not only routine HR functions, such as security and catering arrangements, have been outsourced, but also some of traditional personnel activities such recruitment, training, and employee welfare management (Redman and Wilkinson, 2001). Reasons for outsourcing include making use of consultancies expertise which may not be available within the organization; enabling the firm to focus more on more important strategic issues, while outsourcing routine activities; and saving money for eventually giving up on permanent in-house specialists and use an external consultant when the need arises (Marchington and Wilkinson, 2002). However, as Fowler (1997: 43) points out there are three main arguments against total outsourcing (Storey and Sisson, 2000: 226):

1) A significant proportion of personnel work is so central to the culture and strategic objectives of the organization that it can be undertaken effectively only by the organization itself.

2) Some situations are unpredictable and require immediate action.

3) There is no significant market for the provision of a total personnel function – rather it is characterized by many providers of specialist services, such as executive search, job evaluation, training courses, and so on.

After reviewing the recent trends in the delivery of HR matters in organization, the next section turns to evidence addressing the important question of whether the hype for HRM has been equally matched in reality (Legge, 1995b). Accordingly, is HRM fully implemented in organizations? We now review the evidence.

2.5   Evidence

Critics (Keenoy, 1990, 1999; Legge, 1995a; 1998; Noon, 1992) argue that the transformation from personnel management (PM) to human resource management (HRM), represented by renaming PM department into HR department, is far from representing a paradigm shift in the management of people in organizations. In other words, human resource management in practice does not seem to match the rhetoric of recognizing employees in organizations. In fact, as will be seen below, recent evidence collected confirms that HRM is still very limited in practice, with many of the soft HR practices being barely adopted by organizations.

A recent study on ten five-star hotels in Amsterdam questions HRM implementation in practice (Hales and Klidas, 1998). Based on interviews with managers and employees, and on observations of work processes in these hotels, their research revealed a wide gulf between managerial rhetoric and reality.

Managers in the study stressed the importance of their employees in delivering the high-quality service that their hotels needed. They argued that to be able to deliver the end goal of the high-quality service, their employees had to be fully involved with decisions affecting the service delivery and empowered to act exclusively on their own in making those decisions, to be extensively trained and developed in both technical and social skills, to be recognized and rewarded for their high performance accordingly and to have a good communication system with employees (1998: 92). This they felt is a necessary prerequisite to foster trust and commitment on the part of skilled employees to deliver the end goal of high quality service to customers. However, as Hales and Klidas (1998: 92) note: "this rhetoric, embodied in company mission statements and official policy was not matched in practice".

They report that employee involvement was confined to employee participation in departmental meetings of varying frequency, rather than in decisions which affected the hotels as a whole. Only two hotels had formal suggestion schemes in which case employees often did not use. Moreover, none of the hotels' managers allowed full decision making on part of employees, but allowed only limited discretion. While in few hotels, employees could, for example, compensate customers in a free-drink or handle customer complaints, the supervisor had to approve most cases before employees actually act on their own. As Hales and Klidas (1998: 92) argue: "employee autonomy was limited in both scope and depth". Moreover, none of the front-line employees were given additional pay for their extra responsibilities which questions the extent of actually rewarding employees for their extra effort. With respect to communication, it was limited to downward communication mostly in the form of employee newsletters and staff magazines in some cases. However, upward communication or means to encourage a two way communication between employees

and managers seemed absent in most hotels. In addition, training was restricted to tasks at hand in most cases to the neglect of broadening employee skills and education necessary for enhancing employees' future careers.

Further evidence on the rhetoric of HRM comes from the work of Truss (1999) who used a mixture of qualitative interviews and employee surveys within eight popular organizations in the UK, BT Payphones; Chelsea and Westminster NHS Truss; Citibank; Glaxo Pharmaceuticals UK; Hewlett Packard; Kraft Jacobs Suchard; Lloyds Bank, and W.H. Smith News. Truss (1999) noted that no organization adopted a pure soft version of HRM where employee careers would have been a priority. Indeed, at the rhetorical level, many managers embraced the tenets of the soft version (i.e. employee career planning), but the underlying principle was invariably restricted to the improvement of bottom-line performance. "One conclusion of our study, therefore, is that even if the rhetoric of HRM is "soft", the reality is almost always hard, with the interests of the organization prevailing over those of the individual" (Truss, 1999: 57). This echoes with Legge (1989) who argued that the hard version represents reality and the soft version the rhetoric. Truss goes on to say that the unhealthy economic climate (at time of study) may have forced managers to focus on more on organizational needs, but that as the economy grows the interest of individual employees make take more prominence.

Additional evidence of HRM implementation comes from the Ford Motor Company case (cited in Legge, 1998). Although Ford senior managers say that equal opportunities policy is part of its overall organization culture, a case in 1996 demonstrated that this was far from being true. As Legge (1998: 16) argues: "how do

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we account for the embarrassing incident in February 1996, when Ford admitted to an error involving their advertising agency whereby five black/Asian workers appeared in promotional material as white people" (Legge, 1998: 16). The commercial ad which technically changes the body color of black people into white makes some skeptical of the company's claimed equal opportunity policies. As Legge (1998: 16) notes: "this completely contradicts Ford's proclamation of treating people without regard to ethnic origin."

On a wider national scale empirical evidence, The Workplace Employee Relations Survey (WERS)[1] of the UK is consulted. The latest WERS survey was carried out in 1998[2] (Cully et al., 1998). All workplaces in Britain with ten or more employees were eligible to take part in the survey, be they schools, shops, offices or factories. In the main survey, 2191 workplaces participated with a response rate of 80 per cent. Interviews were conducted with a manager in each workplace, and 950 representative workers were also interviewed, representing 82 per cent of cases where an eligible representative was identified. Completed questionnaires were obtained from 28,323 employees, around two-thirds of those distributed. In the panel survey, 882 surviving

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[1] http://www.data-archive.ac.uk: The Workplace Employee Relations Survey (WERS) series began in 1980. It was previously known as the Workplace Industrial Relations Survey (WIRS) and included surveys conducted in 1980, 1984 and 1990. In 1998, the name of the series was changed to better reflect the present content of the survey. Cross-sectional and panel WERS surveys were conducted in 1998. The primary aim of the survey series is to provide statistically reliable, nationally representative data on the current state of workplace relations and employment practices in Britain. The National Centre for Social Research (formerly SCPR) has been responsible for sampling and statistical consultancy, the conduct of the fieldwork, coding and preparation of the final data. The 1980, 1984 and 1990 surveys were conducted among a cross-section of establishments in Great Britain with 25 or more employees. The scope of the fourth (1998) survey was widened to include establishments with 10 or more employees.

[2] The final printed version of the fifth WERS (Kersley et al., 2005) is expected to be out in April 2006. For the moment, however, initial findings of WERS5 relating to HRM practices show that the figures had remained fairly *constant* from WERS4 of 1998 (Cully et al., 1998) with only a marginal increase in few. For example, in the area of performance appraisals 78% of the workplaces relied on them compared to 73% in 1998. Further, around 21% of the workplaces had problem solving groups of non-managerial employees that met to solve problems or discuss aspects of work, compared with 16% in 1998.

workplaces from the 1990 survey took part, a response rate of 86 per cent (DTI website, 2005).

To the disappointment of HRM positivists, in the main, the results of the survey do not seem to reflect a major take up of HRM practices. The following remarks are cited in Storey and Sisson (2000: 3-7) review of the Workplace Employee Relations Survey (Cully et al., 1998):

In the case of *appraisal and reward* it is noted that just over one-half of non-managerial employees are subject to some type of appraisal. It follows that only one in ten of these employees has individual performance pay. This figure is somehow disappointing for human resource management positivists. Such a finding raises questions about the amount of attention such arrangements [individual performance appraisal rewards] have received in the prescriptive literature (Sisson and Storey, 2000: 3). However, more employees enjoy the benefits of share ownership (one in seven) and profit sharing (one in three), but they remain very much a minority as Storey and Sisson (2000) note.

In the case of *involvement and participation*, there are greater signs of activity here, but still less than half of workplaces were affected. Thus, 37 per cent of workplaces reported regular meetings, 42 per cent said they had some kind of problem-solving group such as quality circles and 45 per cent that they had used staff attitude surveys as reported in the Workplace Employee Relations Survey (Cully et al., 1998) (cited in Storey and Sisson, 2000). Only teamworking and team briefing were reported as practiced in majority of the workplaces in the UK.

However, as Storey and Sisson (2000: 5) state, the latter data need to be treated with caution. It follows that "around two-thirds of workplaces (65 per cent) reported that

employees worked in formally designated teams. Yet only a handful (5 per cent of those with teams) had something resembling the semi-autonomous teamworking which has come to be regarded as the leitmotif of new forms of work organization, i.e. respondents said team members had to work together, had responsibility for specific products or services, jointly decided how work was to be done, and appointed their own team leaders (Storey and Sisson, 2000: 5). If, in Peter's (1987: 302-3) (cited in Storey and Sisson, 2000) uncompromising words, "the only possible implementers" of a strategy of quality production are "committed, flexible, multi-skilled, constantly retrained people, joined together in self-managed teams", the UK clearly has a very long way to go.

The next dimension reviewed by Sisson and Storey (2000) is *training and development*. Here too, "the evidence is hardly supportive of a paradigm shift" as they note (2000: 5). In spite of the Government strong promotion of the important concept of training Government, only 12 per cent, or one in eight, said that most employees received a minimum of five days training per year. Storey and Sisson further note that only 27 per cent one in four, said they trained most supervisors in employee relations skills - an even more surprising finding. Such skills have been found to be strongly correlated with both the more advanced forms of involvement and participation and with their estimated success of these schemes more generally (see, for example, European Foundation for the Improvement of Living and Working Conditions, 1997: ch.9). (cited in Storey and Sisson, 2000: 5)

The final cluster explored by Storey and Sisson involves *status and security*. As they note, less than half of workplaces (41 per cent) had single-status arrangement between

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managerial and non-managerial employees, and only 14 per cent, or one in seven, guaranteed job security or had a no-compulsory redundancy policy.

It is worth saying, as Storey and Sisson (2000) claim, that these four main areas of people management activity are not new in themselves – indeed most personnel management texts seem to emphasize them. However, what concerns us most is that these practices are now supposedly part of the human-asset paradigm (HRM) – and it is therefore expected that they should now be much more represented in the majority of firms. But this does not seem to be the case as the above review of the WERS (Cully et al., 1998) by Storey and Sisson (2000) shows. Moreover, the figures measure incidence only and not scope of the practice (Storey and Sisson, 2000) which could hide away variations within and eventually across firms and therefore making us even more skeptical of a paradigm shift.

Likewise, US research also shows very limited diffusion (see Boxall and Purcell, 2003: 66-67 for a review). For instance, a cross industry survey conducted by Osterman (1994) showed that only 35 per cent of US establishments had adopted at least two forms of innovative work practices for at least 50 per cent of their core staff.

In conclusion, the fact that the employment relationship is a social and legal as well as an economic relationship means that it is deeply embedded in both particular national and organizational contexts (Storey and Sisson, 2000: 9). Indeed, in view of the above results, it could be said that UK business environments are mainly inhospitable to treating people as key to success (Bach and Sisson, 2000). To this end, Bach and Sisson (: 8) summarize four key elements of the British business environment:

1. An overwhelming emphasis on shareholder value as the key business driver, as opposed to the interests of other stake-holders.

2. Institutional share ownership by investment trusts and pension funds which encourages a focus on short-term profitability as the key index of business performance rather than long-term market share or added-value.

3. Relative ease of take-over, which not only reinforces the pressures on short-term profitability to maintain share price but also encourages expansion by acquisition and merger rather than by internal growth.

4. A premium on financial engineering as the core of organizational competence, and the domination of financial management both in terms of personnel, activities and control systems, over other functions.

Moreover, Bach and Sisson (2000) also argue that unlike some developed economies, the overall UK industrial relations does not pressure or encourage investment in human capital. Two major features are cited:

1. A tradition of "voluntarism" in virtually every area of UK employment relations (including vocational education and training), which means that the framework of rights and obligations (individual and collective) is much less than in other EU member countries.

2. A highly decentralized and diverse structure of collective bargaining, deeply embedded in procedural rather than substantive rules, which means the UK does not posses the detailed multi-employer agreements, which supplement and extend the legislative framework in most other EU member countries.

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2.6   Summary and Conclusion

Even after 20 years of its birth, the HR function is still ambiguous. Indeed, Sparrow and Marchington (1998) (cited in Bach and Sisson, 2000) describe the HR function as if in crisis, in a black hole, and in unchartered territory. There is no clear definition of HRM; the term continues to be surrounded by controversy (Storey, 1985) (cited in Sisson and Storey, 2000). Generally speaking, for some, HRM represents a new era where employees are to be viewed as strategic assets worthy of nurturing and development, while for others, HRM represents a manipulative tool by management aimed at intensifying work. In particular, the first camp argues that HR is a very important organizational resource for gaining competitive advantage (Redman and Wilkinson, 2001: 4). On the other hand, the second camp argues that HRM is only traditional personnel management but is now upheld by senior managers as the most recent cultural fad in employee manipulation in the face of a highly competitive global environment. In other words, HRM is sheep in Wolf's clothing (Keenoy, 1990).

In the main, the economic rationale seems to have been the major driver of HRM rather than any new legitimate concerns on the part of managers to invest in employees. Technical speaking, the massive organizational restructurings in many companies in some parts of the world have called for new types of people management policies to fit with the new organizational structures. Thus, it could be said that HRM is merely a technical people management concept aimed to accompany new production concepts rather than being implemented on humanistic grounds (Wood, 1999). It follows, that the fact, that implementation of human resource management practices is limited in practice (Truss, 1999; Cully et al., 1998) suggests that there is still a long way to go for managers to totally accept the ideology of

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realizing the strategic importance of investing in human capital. The workplace employment relation surveys (Cully et al., 1998; Kersley et al., 2005) confirm that several of the popular people management practices which have been pictured to represent the core of HRM such as semi-autonomous teamworking are indeed still quite limited across the British workplaces. Generally, the conclusion that can be derived from the fourth and fifth WERS, is that most of the HR practices seem to be adopted at their basic level, but fail in many instances to be applied at their advanced levels. In other words, although many British workplaces provide off-the-job employee training for instance (84% of workplaces) (Kersley et al., 2005), details show that only very few of them adopt sophistication in training represented by 5 days a year for their core employees (12%) (Cully et al., 1998). In light of this, the limited adoption of sophisticated HRM has to be viewed in a British context where financial and cost concerns along with a tradition of voluntarism ultimately discourage investment in human resources (see Bach and Sisson, 2000).

Importantly, the evidence presented in this chapter with respect to the deficiencies in HRM implementation in organizations offers valuable implications for my research objectives which includes exploring the extent of HRM implementation/ adoption in the organizations in this study. Having said this, the evidence offered here from the UK (with respect to HRM implementation by managers), presents a valuable preliminary picture of what this area may involve. Furthermore, the fact that HRM does not seem to be fully adopted by many organizations as shown in this chapter implies that its implementation is ultimately influenced by several contextual variables, as noted in the last section above on the elements of British context (Bach and Sisson, 2000) (see also Purcell, et al., 1999; Boxall and Purcell, 2003). The over-emphasis on cost management in organizations, bureaucratic managerial attitudes, and

external environmental pressures tend to hold companies from fully taking up/investing in their human capital (HRM) generally. This said, put into the perspective of my study in general and in the Lebanese context in specific, there are clearly contextual variables *particular* to the Lebanese context which would influence implementation of best practices HRM (all things held constant), which this study will shed light on as we progress through the thesis.

The next chapter focuses further on the subject area of this research, dealing with human resource attitude surveys and corporate performance.

CHAPTER III

HR PRACTICES: CORPORATE PERFORMANCE AND JOB SATISFACTION

3.1 Introduction

This chapter focuses on the link between corporate performance and job satisfaction from a human resource management perspective. In particular, it explores attitude surveys within the area of HRM.

The best practice modellers (Guest and Conway; 1998; Patterson et al., 1997; Guest, 1999) argue that by having more HR practices leads to better performance *via* their effects on employee satisfaction. However, to what extent can their conclusions be validated against the relationship between HRM practices and job satisfaction when 1) ironically evidence shows that HRM seem to be very limited in practice as previously shown in chapter 2, and 2) when surveys fail to control for important organizational factors that could well affect job satisfaction over and above HRM, but remain neglected. Indeed on the latter point, as will be argued later in this chapter, human resource attitude surveys seem to neglect a potentially important organizational control variable, that is corporate performance, which may well affect employee attitudes over and above HR practices.

This chapter is divided into five main sections. After the introductory section presented here, the next section presents the best practice model in human resource management. The following sections deal with the main issue of concern for this research which is the relationship between HRM practices and employee attitudes. A section is devoted to reviewing the theory, followed by another that reviews the studies in this respect. The fourth section presents the overall argument of this research. Finally, the last section presents a conclusion to the chapter highlighting the

important issues that were discussed in this chapter and their implications to the research objectives of this study.

3.2 Best Practice HR

The subject of HR practices and corporate performance has been the centre of attention among many HR academics in recent years, and accordingly many works have been devoted to this end. The main assumption of these works is that there is a certain set of best practice HR which can be virtually introduced in any organizational setting and still result in improved business productivity. In other words, they have "universal" effects. As Boxall and Purcell (2003: 61) put it: "in best practice thinking, a universal prescription is preferred. The staunchest advocates of best practice argue that all firms will see performance improvements if only they identify and implement best practice". This line of thinking has created a lot of empirical work on the part of many academics (especially from north America) (Huselid, 1995; Delery and Doty, 1996; Youndt et al., 1996; Wood, 1995; Wood and De Menezes, 1998; Guest and Conway; 1998; Patterson et al., 1997) where they typically test the relationship between a number of HR practices and their correspondent effect on performance. The heightened interest in this body of work is partly inspired by the works of Pfeffer, in his two books *Competitive Advantage through People* (1994) and *The Human Equation: Building Profits by Putting People First* (1998). Based on a number of organizational case studies, Pfeffer (1998) identifies seven best HR practices (down from 16 in his earlier book) that successful organizations seem to follow. Grugulis and Marchington (2000: 1107-1109) offers a summary of each of these:

1) Employment security: It is not expected to have motivated and committed workers without offering them employment security. In other words, employees need to feel secure in their jobs to be motivated to work harder and offer innovative ideas.

2) Selective hiring: Employers who wish to have people of high caliber in their organizations should employ sophisticated hiring methods to ensure that they actually hire superior talents. The use of psychological testing is one example in that respect.

3) Self-managed teams or teamworking: It is said that workers who are "pushed around" and who sense that they are strictly controlled would feel that they are not trusted by their company and therefore become less motivated to offer new ideas and help their organizations grow (McGregor, 1960). Employers who allow self-managed teams create an overall sense of trust in the organization, which should translate into a motivated workforce. In addition, technically, jobs designed around teams is a way of pooling ideas and improving work processes similar to that of the successful Japanese working style (see Sinclair, 1992 for criticism against teamworking) (cited in Marhington and Grugulis, 2000).

4) High pay contingent on company performance: According to Pfeffer (1998), employees who are paid more than average pay level in the market become attracted to stay in their current organization and become more committed to their firms as a result. Additionally, pay should also be tied to workers' performance to create a highly motivated team of workers who strive to achieve organizational goals.

5) Extensive training: Training has the potential of developing the needed superior employee talents in an organization necessary for building the competitive advantage in highly global competitive markets. A well trained and developed workforce is expected to push the organization forward with acquired superior technical skills and the generation of new ideas.

6) Reduction of status differences: This is seen as a basis for creating a sense of equality among employees in the organizations. Manual workers who sense that senior managers receive similar treatment would eventually make employees feel that they are as perceived as important. Feelings of worthiness on their part are expected to make workers more committed and be more encouraged to work harder and contribute to organizational success accordingly. Similar clothing worn between senior managers and workers is an example.

7) Sharing information: This practice is seen as the most essential part of the HR system. Involving employees with their company's financial information, business strategies, and operations can make them feel that they are more trusted and hence become more motivated to offer innovative ideas which could benefit the organization in the long run. In a similar vein, being more informed about their organization would put employees in a better position to take the right organizational decisions.

As Pfeffer argues, organizations which follow this set of seven practices are expected to outperform all organizations which do not have such a set of practices in place. The British list of best practice HRM is based on the same reasoning, but are slightly

modified, compromising 10 HR practices in total (Patterson, et al., 1997; Guest, 1999; Guest and Conway, 1998; 1999) which are:

1) Opportunities for training and development
2) Informed about business performance
3) Formal appraisal
4) Opportunities to learn new things
5) Recruitment from within
6) Jobs made interesting/ varied
7) Single status
8) Policy of no compulsory redundancy
9) Bonus of merit pay
10) Employee involvement programs

Although, the exact number and type of HR practices can differ from one HRM study to another (a methodological concern in current studies) (Hutchinson, et al. 2000), the proposition is essentially similar: *all* other things constant, progressive HR practices are key to superior improvements in organizational performance, and this impact is greater when the practices are greater in number (Guest, 1999; 2001; McDuffie, 1995). Most studies, if not all, seem to show this (Guest, 1997):

> Essentially, what they all [studies] show, either across industries or within a specific sector, is that the *more* of the [HR] practices are used, the better the performance as indicated by productivity, labour turnover or financial indicators (Guest, 1997: 272) (my emphasis).

Although many studies in this field do seem to confirm a positive relationship between the number of HR practices and organizational performance, the studies have been criticized. Most of the studies are purely cross-sectional which would eventually question the causality direction. Accordingly, it may not be clear if whether indeed a higher number of HRM practices are driving companies towards higher financial

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performance as authors (Huselid, 1995; MacDuffie, 1995) of these HR studies may prefer to claim, or that companies with good financial resources invest (are able to afford) higher number of HRM practices? It may well be argued that organizations with more money invest in a higher number of HR practices rather than the other way around (Legge, 2001). In fact, results have not always been consistent. While American studies do show high performance effects (Arthur, 1994), others in the UK show a less optimistic image (Wood and Menezes, 1995). In addition, the studies also suffer from other methodological limitations which would also make one skeptical of their results and implications.

The studies have been criticized on a number of issues including those pertaining to firm size, reliance on one respondent, the number and type of HR practices, and sample size (Huselid and Becker, 2000; Gerhart, Wright and McMahan, 2000; Huselid and Becker, 1996; Godard and Delaney, 2000; Gerhart, Wright, McMahan, and Snell, 2000; Wright, Gardner, Moynihan, Park, Gerhart, and Delery, 2001). For example, Becker and Gerhart (1996) point out that the exclusive focus on one respondent, in most HR-performance studies, to answer on a range of organizational issues is deemed to result in large measurement error due to rater bias.

Equally, the absence of a number of control variables in those studies ultimately questions the results reported. For example, the general economic context, the availability of product substitutes, barriers to entry and in general the industry structure within which the organization is operating (Porter, 1980), would eventually influence organization profitability regardless of the number of HRM practices in place (i.e. Lahteenmaki, Storey, and Vanhala, 1998). Take this simple hypothetical example, if firms begin to export huge amounts of their products, due to an economic treaty between two countries for instance, the exporting firms are bound to experience

positive performance regardless of the number of HR practices at the organization – which may inflate HR-performance results. Although the economic conditions determine to a large extent a firm's revenues, it remains neglected (not controlled for) in many of the studies concerned with measuring the impact of HRM on organizational productivity/ profits.

The results of Lahteenmaki et al., (1998) are worth citing in this respect.

One of the goals of Lahteenmaki and colleagues was to evaluate the impact of economic recession on the relationship between HRM and company performance.

The study makes use of large scale empirical material which were collected via a mailed questionnaire in the summer of 1993 (Lahteenmaki, et al., 1994), targeted at 987 Finnish companies and public sector organizations. The overall response rate was 43.5 per cent. The data were collected midway through the deepest economic recession in post-war Finland. GDP fell by almost 15 per cent from 1990 to mid-1993, and the unemployment rate rose from 3.4 per cent in 1990 to 17.9 per cent in 1993 (Vanhala, 1995).

The results showed that HRM practices had virtually no significant effects on performance in that context. As Lahteenmaki and his colleagues (1998: 59) put it:

> 'The result of applying different analysis was that, regardless of the state of HRM, the only factor having a significant impact on the development of the company results in the previous three year period (1990-1993) were the recession and a change in demand for the core product. These were also strongly linked to each other and to the market share....HRM indicators either had no, or only an indicative, interaction with the actual result of the company.'

Similarly, an economic boom can have the opposite effect, leading to positive organizational performance. As Lahteenmaki et al. (1998: 60) note, the companies with poor management and in general poor HRM in particular may end up with excellent results, meaning that it may also be difficult to identify the impact of HRM, or management in general, on company result.

Indeed, the current HR-performance studies seem to involve certain hidden assumptions as the authors argue: the existence of a stable economic environment instead of a more turbulent situation, and the company holding a non-monopolistic position.

Further, in light of their results, they conclude that the relationship between HR practices and performance is bound to be influenced by the economic context of the company. As Lahteenmaki and his colleagues (1998: 61) convincingly note:

> 'Perhaps strategic HRM is so much bound to the context – the type and life-cycle of the organization, competitive situation, labour legislation, etc - that no general relationships can be identified at all, or such a relationship, if identified, would be too general to meet the theoretical or practice-level challenges as also suggested by Becker and Gerhart (1996).'

In this respect, one study which seems to ignore external context to a large extent is Hoque's (Hoque, 1999). Hoque was investigating the effects of HR practices on performance in the hotel sector and did find that HRM was related to performance. However, the study neglected the seasonality effect which is very particular to the hotel industry (see Medlik, 1980 for a review on hotel business). Different hotels tend to have different "seasons"; depending on their geographical location for instance. Therefore, the different hotels in Hoque's study may have been subject to fluctuations

in customer demand associated with the seasonality phenomenon which has a direct influence on organizational profits regardless of HRM. However, this fact has been neglected by Hoque, which may well have resulted in errors in his HR – performance results.

It seems that academics who are examining the relationship between HR and company financial performance are more concerned with micro issues (i.e. inter-organizational level), at the expense of the macro view (i.e. economic context) which could well explain and mediate the relationship between organizational HRM and company performance. For example, profitability of the firm is determined to a large extent by competitive forces in the environment (see Porter, 1985). Porter identifies five forces (current competition and potential competition (rivalry), threat of substitute products or services, the power of buyers, and the power of suppliers, and barriers to entry) as having a significant impact on firm's profitability. Indeed, incorporating such external environmental elements in future HRM studies would eventually lead to a more balanced view of the HR-performance link and would make us more confident in concluding that HR practices affected organizational profits/performance over and above (regardless of) competitive forces of the environment (Porter, 1985).

Again, the relationship between HRM and corporate performance is unquestionable in theory (due to their motivational effects on employee who are expected to work harder and smarter and hence raise performance), however what is questionable is the proposals made by authors (Pfeffer, 1994; 1998) that HRM is *wholly* responsible for corporate profits. Although, human resources are key to competitive advantage and profitability (Pffefer, 1998) it follows that there are contextual variables which may be

equally powerful in contributing to organizational profitability (Porter, 1985) above and beyond the number of HR practices at the workplace (Lahteenmaki, et al., 1998).

As Godard and Delaney (2000: 491) correctly note:

> "We are not suggesting that any of the studies finding positive performance effects is irredeemably flawed or that the authors' interpretations are without foundation. Our point is that the results of these studies are limited in a number of (probably unavoidable) ways and it may be premature to conclude that the performance claims associated with the new paradigm have been confirmed (see Becker and Gerhart 1996; Wood 1999b)."

Finally, from a practical point of view, although attractive to employees in their own right, the notion of best practice HR is overly optimistic/ or too idealistic ideal to fit organizational realities (Marchington and Grugulis, 2000) where organizations are equally concerned with cost management which would after all deter them from investing in expensive HR practices in certain contexts (Boxall and Purcell, 2003). Indeed, a core question to ask here, is if best practice HR is the key to successful corporate performance, why then do we see such a limited diffusion of them across most sectors as evidence shows? (Boxall and Purcell, 2003). In Britain, the Workplace Employee Relations Survey confirms that the spread of the best practices in workplaces are no more than 14 per cent (Cully, et al., 1999). Likewise, US research also shows very limited diffusion (see Boxall and Purcell, 2003: 66-67 for a review). Simply, why don't all firms implement best practice? Indeed, the framework of cost-effectiveness presented by Boxall and Purcell (2003) offers a convincing rationale for

this. As they correctly point out, labour productivity ought to be seen as the primary goal of a company's labour management (Geare, 1977; Heneman, 1969, Osterman, 1987) (cited in Boxall and Purcell, 2003). The authors go on to state that labour productivity is the touch stone against which every new HR policy ought to be evaluated: will it make labour more productive and will its costs, or the investment it implies, be justified? In other words, is it *cost-effective*? (my emphasis: 8). Some small firms may find it too expensive to invest in a sophisticated HR policy if they judge that it does not justify its cost. For example, the authors here give an example relating to a formal appraisal process as an expensive HR policy (one Pfeffer's best practice HR list) vs. an informal feedback on performance of employees. While the former can clearly be helpful, it is regarded as too bureaucratic and thus too costly. Therefore small firms are very reluctant to use the former one, and instead rely more on the latter approach as it is more cost-effective to firms of their size. Extensive training and development, formal performance appraisal, sophisticated hiring methods, employee news letters, and high salaries are typically expensive HR policies which tend to foster high employee motivation and create superior employee skills. For some firms, such as automakers, it makes good business sense to invest heavily in their human resources. Human error for instance (due to low job satisfaction or lack of skills) can be very costly for these firms – and therefore the high cost in an advanced HR system is justified. On the other hand, a small supermarket in one's neighbourhood does not need to invest heavily in HR practices – doing so can result in large unjustified expenses. Indeed, emerging evidence consistently shows that organizations that are more likely to adopt sophisticated HRM are large in size, and are high-value added industries, and exposed to international competition (Osterman, 1994; Gittleman, et al., 1998; Weinstein and Kochan, 1995) (cited in Boxall and

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Purcell, 2003). Put differently, it may be said that there are some clear contextual variables which justify a firm's investment in HR. As Purcell and Boxall (2003: 66) conclude:

> Employers will typically adopt more expensive model of HRM when they are competing in a sector which means they must do so or when there is clear pay-off from doing so. Considerations of cost-effectiveness are clearly an important part of the story of limited diffusion of model of "best practice" (Purcell and Boxall, 2003 :68).

After this general review or the issues pertaining to HRM-performance surveys, the next sections move closer toward the main theme of this research study. The following section sheds light on the relationship between HR practices and employee attitudes (e.g. job satisfaction), a central theme by which the above studies justify the links between HRM and organizational performance.

3.3   The Hypothesized Link between HR Practices and Employee Attitudes

There is an overall agreement in the literature that human resource management practices influence organizational performance through their positive effects on employees' attitudes (see Boselie, et al., 2001 for a demonstrative illustration). In other words, the humanistic people management policies (i.e. giving employees more say in organization-wide issues) are expected to increase employee satisfaction and commitment which will then lead to positive behaviours (i.e. pay more attention to product quality, work more efficiently, and become good organizational citizens) which will eventually be translated into the final goal: positive organizational performance (Guest, 1987). As Ramsay et al., (2000: 503) put it:

'In brief, the implicit argument is that HPWS [HR practices] may be taken at face value, as employee-centred and empowering. Employees, in turn, find that their needs are being met by the opportunities and benefits these practices provide, and respond by taking initiatives without instruction and showing loyalty and enthusiasm for their employer.'

The argument is that the more HR practices in an organization the better employee attitudes are (Patterson, et al., 1997). In more detail, the logic behind this assumption, that greater is essentially better, is not hard to see. From a psychology perspective, keeping all things constant, *more* HR practices are expected to satisfy *more* of one's needs which will eventually be translated into higher motivation and eventually better organizational performance. Within this discipline, HR practices such as, employment security, teamworking, and empowerment promise to satisfy *more* of one's basic needs (Maslow, 1954) and hence result in higher motivation, than in organizations which provide fewer of these HR practices for instance. Moreover, from a technical skills view HR practices do not only affect one's inner psychological needs but are also associated with improving employees' mental and immediate physical skills which are necessary to do the job right. Viewed from this lens, HR practices such as training, job rotation, and development should have immediate employee implications for improving the actual quality of work on the shop floor and hence contributing directly to organizational performance. Accordingly, certain types of HR practices are more likely than others to elicit different (although may be overlapping) employee responses (e.g. psychological motivation vs. practical employee skills) (i.e. MacDuffie, 1995). Therefore, theoretically, HRM practices have the potential to raise organizational performance through two main processes: 1) the psychological effects

(our central concern for this thesis) (i.e. HR practices such as employment security) and 2) technical job aspects (i.e. HR practices such as training) (see also Guest, Conway and Dewe, 2004). Such analysis shows the benefits of having more of HR practices from *both* (not from one) categories just identified in order to capture the full benefits of an HRM system (i.e. MacDuffie, 1995). McDuffie's (1995) study on car manufacturers follows such theoretical logic. Although inevitably arbitrary (Guest et al., 2004), and essentially basic (Boxall and Purcell, 2003) the theoretical justification for the HR – performance linkage (i.e. HR practices affect skills and motivation) offered in MacDuffie (1995) study may seem sound enough as a basis for future studies (i.e. Boxall and Purcell, 2003) (see also Applebaum, et al., 2000 for a very similar structure).

As MacDuffie (1995: 197) puts it:

> Innovative human resource practices are likely to contribute to improved economic performance only when three conditions are met: when employees possess knowledge and skills that managers lack; when employees are motivated to apply this skill and knowledge through discretionary effort; and when the firm's business or production strategy can only be achieved when employees contribute such discretionary effort (Levine and Tyson 1990; Bailey 1992). I will argue that all three conditions must be met for HR practices to contribute to performance. Skilled and knowledgeable workers who are not motivated are unlikely to contribute any discretionary effort. Motivated workers who lack skills or knowledge may contribute discretionary effort with little impact on performance. Even if innovative HR practices generate skilled and motivated workers, the HR system must be integrated with the firm's production strategy for discretionary effort to be appropriately channelled toward performance improvement.

He classifies HR practices into at least two categories or bundles (based on the theoretical conditions that he proposes above - in an attempt to explain the link between HR and performance): *work systems* index and *HRM policies index*, where the former compromises HR practices which have to do with workers skills, while the latter is more concerned with workers motivation. For example, he identifies (statistically) "contingent rewards" (one type of HR practice) as having a direct influence on employee motivation, while "job rotation" (another type of HR practice) is identified with skills generation. As has been implied, MacDuffie is grouping statistically HR practices into their bundles (i.e. Work Systems Index, and HRM policies index) and demonstrating the interaction between these bundles on corporate performance. As MacDuffie (1995: 198) states:

"I investigate the hypothesis that "bundles" of interrelated and internally consistent HR practices, rather than individual practices, are the appropriate unit of analysis for studying the link to performance, because they create the multiple, mutually reinforcing conditions that support employee motivation and skills acquisitions."

Although identifying and measuring a bundle remains a great statistical and theoretical challenge (see Guest et al., 2004), the argument is that organizations which combine and add more practices from the different bundles of categories (i.e. those identified by MacDuffie for example) are more successful than organizations that do not (MacDuffie 1995). In other words, there are realized synergetic effects to be derived from actually strategically combining appropriate bundles of HRM – rather than following an arbitrary pick and mix approach which could in principle result in no significant performance effects (Huselid, 1995).

The general point from this study and other similar studies is that organizations which bundle human resource practices into a system outperform those who do not (MacDuffie, 1995) and which in essence logically reinforce the point that implementing the *full* set of HR (i.e. all of Pfeffer's 7 practices) is ideal/ best (Pfeffer, 1998), and/ or the closer the organization gets to the ideal type the better its performance will be (Guest, 1997).

In this respect, it is worth noting that surveys which exclusively test this relationship (the effect of HRM practices on *employee* attitudes) are indeed lacking – a fact that is unsurprising within HRM literature which has been criticized as being silent on employees' views and relying mostly on management accounts instead (Legge, 1998). Nevertheless, there are a number of important studies conducted which test this relationship (although not all exclusively). In addition, recently, the Journal of Industrial Relations has devoted a special issue in 2002 aimed exclusively at exploring the link between HR practices and employees' outcomes. The studies resemble the core theme of this research and will be reviewed in the next section.

3.4   Studies Exploring the Effects of Sets of HRM Policies on Job Satisfaction[1]

As mentioned before, studies within the human resource management paradigm (Guest, 2002) that test a set of HR practices on employee satisfaction (an employee attitude) are very few. Generally, UK studies investigating the *number* of HR practices on employee satisfaction have reached the same conclusion: that a higher number of HR practices are related to better job attitudes (Patterson et al., 1997; Guest

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[1] Broadly speaking, job satisfaction is a specific set of attitudes held by workers (Dubrin, 1985). As an attitude, job satisfaction is an evaluative judgment an employee makes about his/ her job. Technically, is seen as an individual's a) cognitive, b) affective, and c) evaluative reactions toward their jobs (see Greenberg and Baron, 2000). The high interest in job satisfaction stems from the fact that it has been related to important organizational consequences such as employee turnover, absenteeism, customer satisfaction, physical health, and performance (see Spector, 1997).

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and Conway, 1998). In this respect, most of these studies follow very similar methods in conducting their analysis and deriving conclusions. For our purposes, these involve measuring the number of HR practices in organizations, collecting background information on employees and sometimes on organizations themselves (establishment size), and finally measuring job satisfaction. Typically, in the UK, they collect information on the number of HR practices in organizations by asking managers (and rarely employees) to answer, yes or no to ten HR questions (considered to be progressive HRM - see early discussion in this chapter), with a "yes" indicating a higher take up HRM in the organization (see table 3.1 below for the detailed questionnaire).

Table 3.1 Measurement of HR practices questionnaire (Guest and Conway, 2001)

HR1: Tries to make jobs as interesting as possible *a) Yes   b) No   c) No answer*
HR2: Actively uses teamworking where possible *a) Yes   b) No   c) No answer*
HR3: Keeps employees well informed *a) Yes   b) No   c) No answer*
HR4: Provides opportunities for training and development *a) Yes   b) No   c) No answer*
HR5: Tries to get employees involved in workplace decision making *a) Yes   b) No   c) No answer*
HR6: Carries out equal opportunities in the workplace *a) Yes   b) No   c) No answer*
HR7: Provides regular employee performance appraisals *a) Yes   b) No   c) No answer*
HR8: Avoids compulsory redundancies *a) Yes   b) No   c) No answer*
HR9: Has provisions to help employees deal with non-work responsibilities (i.e. family-friendly policies). *a) Yes   b) No   c) No answer*
HR10: Fills vacancies from inside *a) Yes   b) No   c) No answer*

Next, they collect background information on employees who take part in the study including their age, gender, length of service in organization, number of hours worked per week, marital status, and union membership. In addition, researchers sometimes

gather background information on the company itself which is company/establishment size (number of employees) and industry type (sector). Finally, researchers measure employee satisfaction at the workplace with a single-item overall satisfaction measure for instance such as the one used in Guest and Conway (1998) IPD study:

- How satisfied are you in your job as a whole?

5= very satisfied to 1= not at all satisfied

After all information is gathered, the next step would be to run a statistical analysis on the data.

In Guest and Conway's (1998) study the conclusion that a higher number of HR practices is related to higher employee satisfaction was reached through a standard regression analysis run for the above data (i.e. number of HR practices, age, gender, etc.) collected from 1000 employees in organizations with 25 or more employees to examine the effect of HRM practices on the dependent variable: job satisfaction. For instance, they found that four items had a statistically significant effect on general employee attitudes[2] with HRM being one major variable (see figure 3.1 on the next page). In order of importance, these were:

- a more positive psychological contract[3]
- the use of more human resource practices
- working in smaller establishments
- being female

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[2] Represented here as attitudes towards management, and attitudes towards companies policies.
[3] Psychological contract represents an unwritten mental contract based on expectations or promises that employees expect employers to fulfill or otherwise represent a breach of "contract" (Ismail, 2001).

Figure 3.1 Influences on work

attitudes
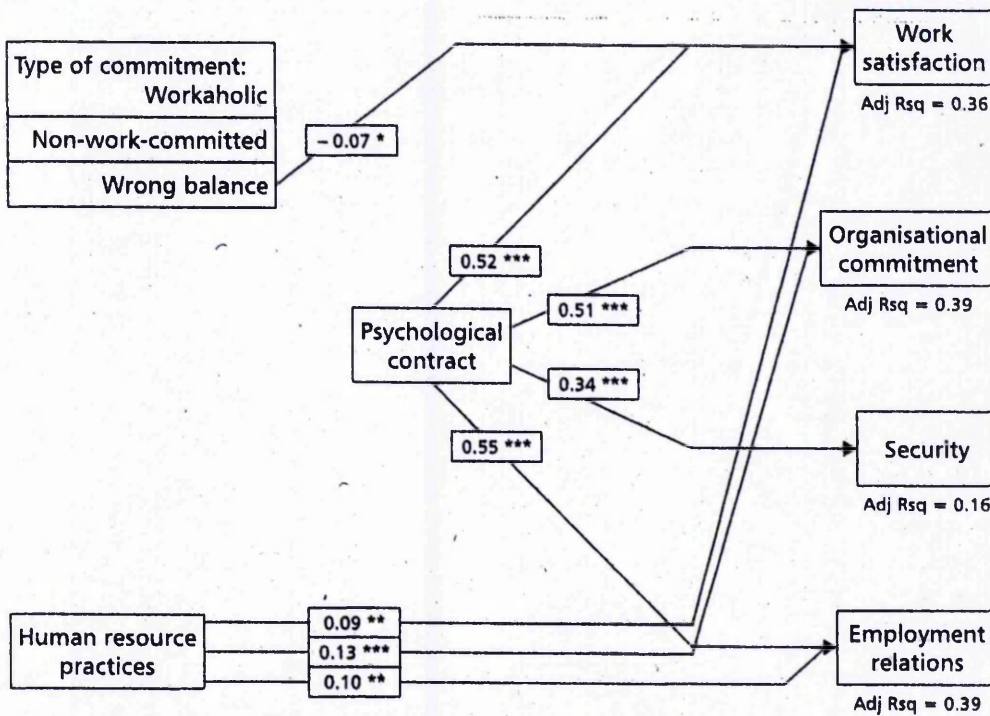
Notes: 1 * significant (p<0.05); ** strongly significant (p<0.01); *** very strongly
significant (p<0.001)
2 Organisational and individual background variables have been omitted from this
diagram for ease of presentation. Information on whether they emerged as being
significant predictors or not is contained within the main body of the report.

Source: Guest and Conway, 1998

In another study (Guest and Conway, 1999), Guest and Conway extended their study
to test the effects of HRM on job satisfaction attitudes (our main focus for this
research) in particular and employee commitment in general. Standard means of job
satisfaction scores and employee commitment scores were calculated from employee
responses and it was found from that the means of both employee attitudes were
higher in organization with high HRM practices (classified here as organizations with
6 to 10 HR practices). Nevertheless, it is worth to note that in a regression analysis it
was revealed that although HRM practices were statistically associated with employee

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commitment, this was not so for job satisfaction[4]. The latter was instead associated with background variables such as type of industry, employee age, and educational qualifications and psychological contract (highly moderate relationship) as Table 3.2 shows below.

Table 3.2 Predictor of attitudes: regression results

Independent variable	Mean	s.d.	Job satisfaction	Organizational commitment
Size of organization (25–99 employees = 1; 99+ = 0)	0.32	0.47	0.07	0.11*
Type of industry (industrial = 1; other sectors = 0)	0.07	0.26	−0.02	−0.09
Type of contract (no formal contract = 1; formal contract = 0)	0.05	0.27	−0.13*	−0.02
Occupation (professional = 1; non-professional = 0)	0.13	0.34	0.06	0.01
Gender (female = 1; male = 0)	0.52	0.50	0.08	0.11
Income[a]	1.87	1.02	−0.02	−0.03
Age (18 to 24 = 1; greater than 25 = 0)	0.19	0.39	0.12*	0.04
Educational qualification (no qualifications = 1; qualifications = 0)	0.19	0.39	0.07	0.06
Tenure (years)	6.23	6.77	−0.09	0.06
Attitudes towards working overtime (enjoy = 1; otherwise = 0)	0.02	0.14	0.06	0.04
HR practices	4.03	1.68	0.03	0.14*
Reason for leaving last job (choice = 1; circumstances = 0)	0.34	0.47	−0.06	−0.06
Expectation of redundancy	3.35	0.87	0.05	0.07
Job alternatives	2.79	1.02	0.02	−0.06
Psychological contract	2.71	0.71	0.58***	0.53***
R^2			0.46	0.42
Adjusted R^2			0.43	0.38
F			11.84***	10.05***

[a] Income was coded: less than £10,000 = 1; £10,000–14,999 = 2; £15,000–19,999 = 3; more than £20,000 = 4.
Entries represent standardized beta coefficients.
* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$.

Source: Guest and Coway (1999), page: 381

So far, the studies cited above are general in the sense that they test the *whole* set of HRM (i.e. number of HR practices) on job satisfaction. The study that will be cited next, although following very similar data collection methods as the above cited studies (e.g. see table 3.1 for a reminder of the HR measurement tool used to measure the number of HR practices in these studies), takes a different approach analyzing the effects of HRM on employee satisfaction or attitudes in two ways in particular. First, in addition to assessing the whole set of HRM on satisfaction as previous studies have done (Guest and Conway, 1998; 1999) and finding statistical support for this, the authors extend earlier studies by measuring the relationship between *specific* HR practices and job satisfaction. Secondly, it is more sophisticated in the sense that it

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[4] Regression analysis was done in this step on organizations which have less than six HR practices.

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uses a number of additional control variables to ensure "that the results [HRM-job satisfaction link] do not reflect specific characteristics of individuals or organizations above and beyond the HR practices" (Guest, 2002: 347). The control variables related to the individual background variable were: age, education level, divorced, dependent children, ethnic minority, tenure, trade union member, part of management, hours worked, full-time; while the control variables related to the organization were limited mainly related to organization/ establishment size. In addition, variables related to work experience (organizational climate and job alternatives available) and participation were also controlled for as they have been found to be associated with job satisfaction in previous literature (Guest, 2002).

This survey (Guest, 2002) covers a total of 2000 workers: 500 workers surveyed from four different sectors, these being the central government, the local government, the health service, and the private sector. The HR practices and background variables were entered into a regression analysis using employee satisfaction as the dependent variable. Results show that one HR practice, the deliberate attempt to make jobs as interesting and varied as possible is strongly and consistently associated with higher work satisfaction across the four business sectors that were investigated. In addition, across the sample as a whole other types of HR practices are also associated with higher job satisfaction. These are keeping people well informed about developments, equal opportunities, practices to limit harassment at work and family friendly policies. On the other hand, performance-related pay and training and development, employee involvement activities, filling vacancies from inside, and a stated policy of avoiding compulsory redundancies do not feature as practices associated with employee satisfaction. There are a number of background variables that have also had statistically significant associations with employee satisfaction. For example, working

longer hours; having high educational qualifications; and being part of management have all been associated with lower satisfaction. Table 3.3 summarizes the regression results of factors that were associated with employee satisfaction.

Table 3.3 Factors associated with work-related satisfaction

	Central govt	Local govt	Health	Industry	Total
Personal and organisational background					
Age	–	–	12*	15**	07**
Educational level	–	–	–10*	–	–08**
Divorced	–	–08*	–	–	–04*
Dependent children	–11*	–	–	–	–
Ethnic 'minority'	–08+	–	–	11**	–
Tenure	–	–	–09+	–	–
Trade union member	–	–	–	–	–05*
Organisation size	08+	–	–	–12**	–06**
Establishment size	–08+	–	–	–08+	–
Part of management	–	–	–	–11*	–06*
Hours worked	–	–17*	–	–	–11***
Full-time	–	09+	–	–	–
Human resource practices					
Equal opportunity practices	08+	–	–	09*	06**
Anti-harassment practices	11*	10*	–	–	05*
Workers kept informed	–	08+	07+	–	06**
Training and development	–	–	08+	–	–
No compulsory redundancies	–	–	–	08+	–
Performance appraisal	–	–	–	–	–
Family-friendly practices	08+	–	11**	–	06**
Challenging/interesting jobs	15**	21***	11*	20***	17***
Vacancies filled from within	08*	–	–	–	–
Employee involvement activities	07+	–	–	–	–
Performance-related pay–	–	–	–	–	–

Source: Guest (2002), page: 348

Table 3.3 (continued)

	Central govt	Local govt	Health	Industry	Total
Work experience and perceptions					
Direct participation	–	12**	–	–	07**
Friendly climate	32***	25***	28***	27***	28***
Dynamic climate	07+	16***	–	11**	09***
Bureaucratic climate	–	–	–	–08+	–
Job alternatives available	08+	–	08+	–	06**
n =	500	500	500	500	2000
Adj R2	.28	.33	.32	.32	.31
R2	.34	.38	.37	.38	.32
F	5.47***	7.00***	7.15***	7.14***	23.14***

+$P < 0.10$; *$P < 0.05$; **$P < 0.01$; ***$P < 0.001$.

Source: Guest (2002), page: 349

In another similar study conducted by Harley (2002), on the relationship between *specific* HR practice and employee attitudes, the findings actually reveal that HRM has very little, if any, relationship with employee satisfaction. The data was drawn from the Australian Workplace Industrial Relations Survey (AWIRS95) involving around 20,000 employees representing organizations with 20 or more employees. AWIRS95 contained data on 25 HR practices (that were statistically grouped into 14 HR practices) in organizations and provided measures on employee attitudes including the job satisfaction attitudes. Accordingly, the dataset allowed the exploration of the effects of HRM on job satisfaction. In addition, a number of workplace and employee control variables were drawn from the dataset. The former category included workplace size, sector, and establishment age (years); while the latter category on employee variables included employee age, gender, hours worked per week, union membership, and occupational group. A bivariate correlation analysis was undertaken in the first stage, and then a regression analysis was used in the second part of the analysis.

In the bivariate analysis it was shown that all HR practices were at least associated with a number of attitudinal variables, especially job satisfaction but all associations are very small in any case. Nonetheless there were sufficiently significant associations which justified taking the analysis to the next higher stage (regression).

The regression analysis (which included the control variables mentioned above) revealed that only one HR practice (quality circles) was associated with job satisfaction, with a very small beta. Instead, a number of the organizational and employee background variables including organization size and employee age seemed to be the major variables associated with job satisfaction (Harley, 1999). In addition, the two-phase regression analysis showed that the addition of HRM practices to the

equation, after controlling for the background variables, virtually made no difference to the overall model. Overall, HRM had a very little effect, if any, on employee satisfaction as table 3.4 shows.

Table 3.4 Regression of employee outcomes variables on HRM practice variables and control variables

Independent variables	Dependent variables						
	Discretion	Job satisf	Attn to mngmt	Cont. com.	Insecurity	Effort	Stress
Step 1: Control variables							
Establishment size	-.030*	-.048**	-.055**	-.002	.007	-.021	.000
Establishment age	-.003	.022	.012	-.027	-.006	.010	-.025
Foreign ownership	.033	.017	.013	-.025	-.017	.002	-.006
Union density	-.009	.021	.011	-.029	-.003	.004	-.021
Production sectors	.037*	-.002	.001	-.008	.018	-.004	-.028
Female	-.023	.022	.044*	-.045*	-.044*	.112**	.017
Age	-.021	.066**	.049**	-.137**	.039*	.093**	.053**
Casual status	-.081**	.011	.002	-.054**	.031*	-.041*	-.080**
Hours worked/week	.085**	-.072**	-.055**	.039*	.031	.026	.148**
Union member	-.103**	-.106**	-.108**	.066**	.090**	-.046*	.040*
Manager	.276**	.061**	.038*	-.007	-.032	.047*	.102**
Professional	.195**	.033	-.009	.017	-.023	.039*	.078**
Para-professional	.111**	.032	-.033	-.022	-.013	.012	.074**
Clerical	.128**	.042*	-.034	.003	.003	.003	.032
Sales and personal services	.103**	.065**	.001	-.016	-.074**	.039	.061**
Trades	.038**	.009	-.047*	-.011	.012	-.005	-.007
Plant and machine operator	.008	.036	-.006	-.020	-.002	.016	.013
Step 2: HPWS items							
Use of appraisals	.006	.010	-.027	.011	.007	.024	-.008
Downward communication	-.002	.022	.030	-.015	.003	-.026	.006
Upward communication	.017	-.026	-.012	.005	-.006	-.009	-.009
EEO	-.023	.028	-.009	-.005	.009	-.006	-.007

Source: Harley (2002), page: 428

Table 3.4 (continued)

Independent variables	Dependent variables						
	Discretion	Job satisf	Attn to mngmt	Cont. com.	Insecurity	Effort	Stress
Step 2 Continued							
Incentives	-.009	-.012	-.002	.004	-.010	-.006	-.006
Employment security	.001	-.016	-.039*	.020	.049*	-.016	-.020
Training	.013	-.002	-.005	-.023	.005	-.005	-.023
Direct employee consultation	-.019	-.017	-.010	.020	-.010	.026	-.031
Involve unions in change	.003	.027	.018	-.020	-.058**	.040*	-.014
Involve employees in change	.016	.032	.031	-.033*	.012	-.011	-.001
Family friendly policies	-.010	-.014	-.002	.003	.028	.000	-.007
AWGs	.015	-.006	.025	-.001	.023	-.005	.010
Quality circles	.011	.042**	.041	-.037*	.005	.008	.018
Team building	.035*	.012	.033	-.028	-.017	.016	-.015
Step 1 Adjusted r^2	.155	.024	.024	.023	.023	.024	.061
Step 2 Change in adjusted r^2	.001	.003	.004	.003	.003	.000	.000
n	4229	4229	4229	4229	4229	4229	4229

$* P < .05, ** P < .01, *** P < .00.$

† Regression coefficients are standardised; occupation dummy variables are referenced to labourers and related workers.

Job satisf, job satisfaction; Attn to mngmt, attention to management; Cont. com., continuance commitment.

Source: Harley, 2002, page: 429

As Harley (2002: 430) notes: "it should be made clear...that the r2 values for the models are small in any case", confirming that the whole model explained very little variation in job satisfaction.

In summary, the studies cited above confirm a major issue, which is that the relationship between HRM and employee attitudes (job satisfaction) seems to be a complex one (Ismail, 2001) and that the latter are likely to be influenced by a "wide and complex range of factors" (Harley, 2002: 430). Although there have been a number of significant associations between a limited number of HR practices and job satisfaction, the association was very weak in any case. This is more disturbing in Harley's (2002) study where the relationship between HRM and job satisfaction was almost negligible. This appears ironic when HRM practices which are based on the human relations school (Mayo, 1946), carrying a theme for improving employees general working lives and their satisfaction accordingly do not seem to have a significant effect on employee satisfaction in the recent HRM studies. The recent evidence (Harley, 2002; Guest and Conway, 1999) seems disappointing and even surprising to many HRM academics who have for the past years agreed in theory that organizational performance outcomes arise *chiefly* because the practices improve employee wellbeing/ satisfaction, which makes them more productive (Harley, 2002, my emphasis) . One major justification for the weak results evident here, is that human resource management practices are not being implemented by managers in organizations. It seems that what is being measured is the mere *presence* of an HR practice and not necessarily its implementation (Wood and Wall, 2002). In their current form, HR measurement tools (see section 3.4 above) may not be sophisticated enough to measure effectively the implementation of these practices but may only be

measuring their presence, and hence the weak correlations. Moreover, as Harley (2002) notes, HRM practices may just be another managerial fad which is of little practical importance to how employees do their work. Indeed, deep qualitative research on HRM continuously shows that HRM does not match management rhetoric in practice (Truss, 1999) (see previous chapter on HRM evidence).

The main point here, as pointed out earlier, and which is of direct relevance to this research is that employee attitudes seem to be affected by a number of factors, regardless of HRM as the studies reviewed above show. Accordingly, as Harley (2002: 430) concludes:

"It should be made clear, however, that the r2 values for the models are small in any case, which reinforces the point that employee outcomes are likely to be influenced by a wide and complex range of factors".

The next section attempts to identify one major potential factor that may have a strong impact on employees' attitudes but is missing from current surveys.

3.5   The Potential Influence of Corporate Performance on Job Satisfaction

Many researchers seem to analyze attitudes without contextualizing them within their overall organizational context. As Marchington, Wilkinson, Ackers, and Goodman (1994: 2) argue "[attitude] results appear abstracted from reality and not adequately "located" within their organizational context". Generally speaking, the term "context" refers to the surroundings associated with the phenomena which help to illuminate that phenomenon, typically factors associated with unit of analysis above those

expressly under investigation (Cappelli and Sherer, 1991: 56). In this respect, Marchington, Wilkinson, Ackers, and Goodman (1994: 2) argue:

> "Typically, surveys differentiate between responses on the basis of individual characteristics such as age, gender, the length of service, to the neglect of organizational factors [corporate performance]."

By neglecting organizational factors in attitude surveys, findings would seem abstracted from their overall context and possibly result in misleading conclusions. In other words, the fact that attitudes are being influenced by a whole range of complex and unknown factors (Harley, 2002) suggests that we may be in an uncomfortable position of relating attitudes solely to human resource management practices, when in fact the former may indeed be influenced by important and unknown intervening factors. By neglecting the impact of potentially strong factors on employee attitudes, we could be deriving erroneous statistical associations by arguing that attitude ratings are a *result* of HRM whereas it is equally possible that the attitudes are being caused by other unknown variables not controlled for in the current surveys. Accordingly, as will be illustrated in the next passage, one major potential factor which does seem to have a significant impact on employee attitudes and is missing from attitude survey studies is the corporate performance (e.g. Marchington et al., 1994; Hyman, Watson, Munro, 2002).

Based on comparison of employee interview responses towards employee involvement practices from a number of organizations in the UK, Marchington and his colleagues deduce that corporate performance tends to influence employee attitudes. Their inferences were based on pre-collected employee interview data which

was carried out originally as part of a wider project which focused on 25 organizations drawn from different regions and sectors of employment (Marchington, et al., 1992) (cited in Marchington et al., 1994). Out of the 25 organizations, it was seen that six organizations stood out from the whole sample; with the first three having the most positive employee attitudes (positive trio) while the remaining three had the most negative attitudes in the sample (negative trio). Marchington and his colleagues (1994) selected to examine these cases closely. All six organizations that were looked at had similar characteristics: a) they had very similar if not the same employee involvement practices and, b) they were in the manufacturing sector which should make comparison more valid. The research goal of Marchington and his colleagues was to research attitudes within their overall context in an attempt to identify the contextual or the organizational factors that may be responsible for the negative and positive attitudes accordingly. In their review of the six case studies, it was deduced that the underlying corporate performance was a major factor behind the state of attitudes. In detail, the first groups of organizations (negative trio) were all experiencing financial losses faced by severe competitive pressures, which ultimately led to negative feelings among employees. As the authors note (: 9) "these highly negative attitudes can only be understood in the context of recent (and perceived future) corporate performance, redundancies and contraction which have led to feelings of "frustrated expectations" among employees." On the other hand, the other three organizations (positive trio) were all enjoying high financial growth with employees receiving positive regular team briefings about their "excellent" corporate financial standing and optimism about future prospects. Accordingly, their positive attitudes towards the employee involvement practices may be symptomatic of a "feel good" factor on part of employees as Marchington and his colleagues suggest.

It is interesting to note that the negative and positive trios had very similar employee involvement policies, as mentioned above, and one might expect that the attitudes toward these policies in the former would not differ from the latter, but nevertheless employee attitudes towards these policies seemed to reflect the status of organizational performance; a fact which reinforces this potential factor (corporate performance) in colouring employee attitudes.

As Marchington and his colleagues conclude (1994: 9):

"The cases which have been analyzed demonstrate clearly the limitations of reporting surveys of employee attitudes without locating these within their organizational context. Without this approach, there is danger that debatable conclusions might have been drawn from our attitude survey."

Put more simply, in their current form, surveys which do not take context into consideration might conclude that attitudes are a result of the independent variable under study while it may well be due to the underlying corporate performance influencing attitudes and hence results in misleading implications accordingly.

Marchington and his colleagues offer this example in this respect: (1994: 9)

Comparisons of ComputerCo (a company from the positive trio) and Southern Shoe (one company from the negative trio) would have suggested that team briefings (one type of employee involvement practice) which are held twice a year, and are not integrated with any other formal employee involvement techniques in the workplace, have a more positive impact on employees that those which take place monthly, have clear lines for dealing with queries and are subject to regular review. Adopting the

ComputerCo system without being aware of the company's recent market performance and growth…would be misguided.

As exemplified above, the failure to contextualize results within their overall context can lead researchers to erroneously conclude that, in this case, the types of employee involvement practices ComputerCo are causing the positive employee attitudes, whereas in fact the good attitudes are a result of the good financial prospects enjoyed by ComputerCo. Indeed, it is most likely that positive attitudes to employee involvement practices might very well be positive at Southern Shoe had it been experiencing good financial prospect, as Marchington and his colleagues argue. In essence, erroneous conclusions could be made without contextualizing attitude results within their overall context.

Put into perspective, extending Marchington and his colleagues observation into the HR survey field in particular, it follows that HR surveys exploring the relationship between the number of HR practices and employee attitudes might not be very accurate in light of failing to control for (removing the effects of) corporate performance which potentially seems to have a significant impact on employee attitudes. For example, in high (low) performing companies attitude surveys may show that HRM is associated with high (low) job satisfaction attitudes while in essence the high (low) job satisfaction in this case may be a result of the positive (negative) underlying corporate performance influencing job satisfaction. In this case, HR – attitudes are overestimated (underestimated) / or simply inflated. In addition, this issue may become more critical for authors who went further than numbers to correlate *specific* HR practices to employee satisfaction and making implications
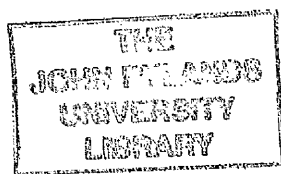
accordingly (see Guest, 2002 above). For example, one implication out of Guest (2002) (see the studies above), was that three HR practices identified as making job interesting, family friendly policies, and equal opportunities were statistically associated with job satisfaction. In this respect, employers who may want to raise satisfaction in the workplace may take this implication and emphasize these specific practices in his/ her workplace. Although, the study findings and implications may be sound, nevertheless there is a big risk involved when the survey does not control for the effects of corporate performance on attitudes and hence put these implications at risk, as was exemplified earlier, and mislead interested managers accordingly. Again, could it not be that job satisfaction was equally influenced by corporate performance and hence negating some of these implications? In fact, the same HR practices found in Guest's (2002) study failed to associate with job satisfaction in Harley's study (2002). This is equally true for Guest and Conway's (1999) study where none of the HR practices were associated with job satisfaction. This shows that there are inconsistencies in the studies' results in the HR – attitudes field.

In summary, the association between HRM and job satisfaction is very weak at best and the main conclusion is that employee attitudes seem to be influenced by a wide range of complex and unknown factors (Harley, 2002) regardless of HRM practices which may not be implemented in the first place (Grant, 1999). In their qualitative analysis, Marchington and his colleagues turn our attention to one major factor which may potentially have a significant influence on employee attitudes: the underlying corporate performance.

3.6   Summary and Conclusion

This chapter has dealt mainly with the issue of best practice human resource management. Many studies have shown empirically that a higher number of human resource management practices are associated with a better organizational performance (e.g. Patterson et al., 1997). Nevertheless, there are several methodological problems related to those studies, including causality and measurement problems, which ultimately questions their result (Goddard and Delaney, 2000) that a higher number of HR practices is always related to superior organizational performance especially when there are equally several external intervening variables which could have an impact on performance but remain largely uncontrolled for (e.g. Lahteenmaki et al., 1998).

In any case, there is a wide consensus in the literature that performance gains arise chiefly due to the positive psychological effects that the HR practices have on employees (i.e. higher job satisfaction) (Guest, 1997). However, recent empirical studies have been rather inconsistent and disappointing at times. Although it has been shown that higher HRM leads to be positive attitudes (Guest and Conway, 1998), it has not been so with job satisfaction in other studies (Guest and Conway, 1999). In addition, whereas one study identified specific types of HR practices as being associated with job satisfaction (Guest, 2002), in another piece of work those same practices have failed to associate with employee satisfaction (Harley, 2002). Moreover, not only are results inconsistent but overall they are rather disappointing and ironic for HRM academics - with evidence showing that only very few HR practices are being associated with job satisfaction (Guest, 2002) and at best are weak associations in any case (Harley, 2002). Moreover, the r2 which explains the variations in the overall model showed in a recent study that HRM makes very little

difference to employee attitudes and that attitudes seem to be affected by a whole range of unknown factors (Harley, 2002). Accordingly, in the absence of controlling for important control variables, survey results become limited. In other words, there may be other causal factors which are influencing attitudes over and above HR practices that by neglecting them from the equation may eventually lead to misleading statistical correlations. In this respect, a major factor identified in Marchington and his colleagues study (1994) was the underlying corporate performance, where it was theoretically deduced in their work that organizations which were experiencing "bad" corporate performance had negative attitudes and the opposite was true for organizations with "good" corporate performance.

On a related issue, the fact that HRM do not seem to be related highly to job satisfaction begs the question, are HR practices actually being *implemented* in the first place? The limited qualitative evidence which shows that HRM is a mere management rhetoric in organizations (Legge, 1995b, Grant, 1998), as shown in chapter 2, should not make one surprised at the weak correlations between HRM and attitudes.

In line with my research objectives, the key implication here is that by failing to control for fluctuations of corporate performance on employee satisfaction, which could well have a significant impact on satisfaction over and above HR practices, surveys may well draw inaccurate academic and practical management implications as shown in this chapter. Therefore, this chapter establishes that there is a research need to assess the impact of corporate performance on employee satisfaction in HRM organizations in order to measure if it actually does affect satisfaction over and above human resource management practices.

Before discussing the methodology and the design of the study in chapter 5, it is important that a general background information about Lebanon is provided in order to set the context for the research. Therefore, the next chapter, chapter 4, sheds light on the context of Lebanon.

Chapter IV

SOCIO-ECONOMIC BACKGROUND AND HRM IN LEBANON

4.1   Introduction

The main area of concern of this thesis as had already been mentioned in the introduction, lies in studying the links between corporate performance and employee satisfaction, within the area of HRM in general and HR practices surveys in particular. The study here is not intended to be a country-specific study, as can be recalled from the introduction chapter. However, given that the study has generated data from the country of Lebanon, it was deemed appropriate to provide background information of the Lebanese environmental features that are likely to be related to HRM activities in the region (e.g. Branine, 2002) and which may be of particular interest to future researchers in this field. There is an extreme lack of management literature on Lebanon; an observation that is common to the Middle East region and developing countries in general (Budhwar and Debrah, 2002). Indeed, in September, 2005, an internet search of the terms HR and Lebanon using two popular electronic-based search engines of academic journals, Proquest® and EBSCO®, returned no hits on the former, while the latter produced one hit only (Ezzedine and Swiercz, 2001). Broad issues pertaining to the Lebanese physical and human geography, the political system, its economy and human resource management will be offered here.

4.2   Physical and Human Geography

The Republic of Lebanon is a country of an 'Arab-face' located on the eastern shore of the Mediterranean Sea in Southwest Asia. Lebanon is one of the world's smaller sovereign states of only 10,452 sq km (4,036 sq mi); from north to south it extends 217 km (135 mi) and from east to west it spans 80 km (50 mi) at its widest point. Its capital is Beirut. The country is bounded by Syria on both the north and east and by Israel on the south. Lebanon's landforms fall into four parallel belts that run from northeast to southwest: a narrow coastal plain along the Mediterranean shore; the massive Lebanon Mountains (often referred to locally as Mount Lebanon) that rise steeply from the plain to dominate the entire country before dropping eastward; a fertile *intermontane* (between-mountain) basin called the Bekáa Valley (Al Biqā'); and the ridges of the Anti-Lebanon Mountains, shared with Syria. Lebanon's highest peaks are Qurnat as Sawdā' (3,088 m/10,131 ft) in the country's north, and volcanic Mount Hermon (2,814 m/9,232 ft) at the southern end of the Anti-Lebanons (New Encyclopedia Britannica, 1985: 905-917). The country's name comes from the old Semitic word *laban,* meaning "white," which refers to the heavy snow in the mountains.

The climate of Lebanon is generally subtropical and is characterized by hot dry summers and mild, humid winters. Mean daily maximum temperatures on the coast and in al-Biqa range from 32° C (90° F) in July to 16° C (60° F) on the coast and 10° C (50° F) in al-Biqa in January. Mean minimum temperatures in January are 10° C (50° F) on the coast and 2° C (35° F) in al-Biqa.

A 2005 population estimate placed the figure at 3,826,018, yielding a population density of 374 persons per sq km (969 per sq mi) (Encarta, 2005). It may be worth to

note that, apart from four million in Lebanon, it is estimated that there are about four times this figure of Lebanese who are residing in different countries around the world. The population of Lebanon comprises different ethnic groups and religions: Muslims: (Shi'ites and Sunnis), Christians (Maronite Catholics, Greek-Catholic Melkites, Greek Orthodox, Armenians, Protestants) and a small minority of others (Druze and Alawite sects). The population is estimated to consist of a majority of Muslims (60%), followed by a large minority of Christians (39%), and other religious groups (1%). Although the multi-religious Lebanese society has been living in harmony, the political system and leadership in Lebanon have often reinforced sectarian identification unfortunately.

Arabic is the official language but French and English are widely spoken.

Lebanon has one of the most educated and technically prepared populations in the Middle East. In 2005, 88 per cent of Lebanese aged 15 and older were literate (Encarta, 2005). Primary education in Lebanon is free and compulsory for five years; school attendance is near universal for primary school-aged children.

4.3   The Political System

4.3.1   Constitutional System

The political system in Lebanon is consisted of three branches : Executive, Legislative, and Judiciary. The executive Branch includes the President and the Counsel of Ministers. The President is elected by the ministers for a six year term. According to 1943 National Pact, an unwritten agreement between confessional groups, the president is a Christian Maronite, the speaker of the Parliament is a Muslim Shiite and the Prime Minister a Muslim Sunni. The Vice-Speaker and the Vice-Premier are Christian Greek-Orthodox. The Counsel of Ministers offers a

balance between the major political parties (by product of democracy and freedom of speech) represented in Parliament and non-parliamentarian technocrats holding key ministerial positions related to development and construction. The legislative branch is the Parliament. The Parliament consists of 128 members elected by the people. The Parliament sears are assigned ten confessional groups, but the electorate votes for all candidates of his area. The number of members for each region is determined by the size and population of that region, with specified number of members for each religious section.

The Judicial Power is mainly based on the French system. The Lebanese judicial system consists of the regular civilian courts and the Military Court. The former deals with personal civil matters including marriage, divorce, child custody, inheritance based on religious affiliations, while the latter is concerned with issues relating military personnel.

4.3.2   The Post-War Changes

The Lebanese civil war which began in 1975 had ended in 1991 with the Taif Agreement. The political situation that continued after the war has had huge a impact on the labour market and organizational life in Lebanon. In particular, the Syrian involvement in Lebanon, which was seen as legal under the Taif Agreement, have had an influence on the socio-economic life in Lebanon. Prior to the Syrian army withdrawal from Lebanon in 2005, it was estimated that the number of Syrian workers living in Lebanon were around 500,000 (a UNDP estimate). Many of the Syrian workers had worked hard labour jobs, including construction, road works, and agriculture. Indeed, many of the Lebanese employers have benefited from great savings in labour cost as Syrian workers are willing to work for a much lower pay

than Lebanese. The implications of such a high number of immigrant workers for labour market and in Lebanon are huge. It is estimated that as much as 20% of the Lebanese unskilled labour force is left unemployed in agriculture and construction industries mainly, as the Syrian labour force dominates this labour market (*The Daily Star*, 2001). In addition, those who manage to get unskilled jobs in the face of stiff Syrian competition are usually forced to accept low wages, dismal working conditions, and no health insurance or other benefits (Gambill, 2005).

In 2005, after a 30 year long involvement in Lebanon, the Syrians withdraw their troops. In parallel, The Syrian workers have begun returning home in huge numbers, because of mounting tensions in the country. The withdrawal of Syrian workers from Lebanon is expected to have an impact on the labour market and the organizational life in Lebanon. In particular, this may mean higher labour cost for organizations in the construction industry in particular. It follows that Lebanese unskilled workers may not be willing to work for lower wages as Syrians, and hence organizations will have to incur the cost. In addition, employers may also have to provide more benefits to Lebanese workers, than they used to with Syrian workers. However, in the long run, Lebanese workers can benefit as a result of higher employment.

4.3.3   International Relations

Lebanon is a founding member of the United Nations, the League of Arab States and is a member of all international organizations under the auspices of the United Nations including UNESCO (United Nations Educational, Scientific and Cultural Organization), IFAD (International Fund for Agricultural Development), FAO (Food and Agricultural Organization), and others. Lebanon also has membership status in

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the International Monetary Fund (IMF), the World Bank (International Bank for Reconstruction and Development IBRD), the International Finance Corporation and International Development Association. The country has 85 diplomatic and consular missions abroad and hosts number of missions home. Lebanon also hosts international organizations such as The United Regional Office for Education, Science and Culture in the Arab Countries, the United Nations Commission for Refugees, FAO International Health Organization, the United Nations Fund for Childhood, UNDP (United Nations Development Programme), and the Arab Centre for Legal and Judicial Research affiliated to the Arab League. ESCWA (Economic and Social Commission for Western Asia) headquarters moved back to Lebanon in October1997 as a signal of regained confidence in the country (Audi Report, 2005). Since 1999, the US government has completely lifted restrictions on American businessmen wanting to come to Lebanon (Audi, 2005).

4.4   The Economy

Date on the Lebanese economy is mainly derived from Audi (2005) and InfoPro (2005) data sources.

The Lebanese economy is liberal economy characterized by free markets and open trade. After the independence in 1943 and until the mid-70s, Lebanon became a prosperous lower middle income country, enjoying one of the most dynamic and stable economies in the Middle East region. Due to the high growth achieved, it was later referred to as "Lebanese Miracle", generating relatively growth rates averaging 5.8% over 1964-1974 (Audi, 2005), with a stable monetary and financial conditions. However the prosperous economy was severely hit the war which began in 1975.

4.4.1   The Conflict Economy

The war, which lasted for 17 years (1975-1991) caused significant human and material damages, especially since the Israeli invasion in 1982. According to the United Nations, the damage to infrastructure and physical assets amounted to US$25 billion.

The period 1982-1990 witnessed the following disturbances: a 50% drop in GDP, a fall in the minimum monthly wage from US$ 200 to US$ 90; an average inflation rate of 88.3% per year and an average depreciation rate of 96.4%; a drop of the coverage ratio of public expenditures by public revenues to 16%; a 76% drop in Central Bank foreign exchange reserves; a cumulative deficit in the balance of payments of US$ 1.7 billion; massive capital outflows which led to a 62% fall in bank deposits; and massive conversions to foreign currencies which raised the dollarization ratio from 29% to 74% (Audi, 2005).

4.4.2   The Post-Conflict Economy

With the war ending in 1990-1, with the Taef Agreement, the economic situation started improving. Nevertheless, in the past eight years the economic situation hasn't been at its best. Audi (2005) categorizes the economic performance after the war into four phases: A boom, a slowdown, a recession and a slow recovery.

The first half of the 1990s was characterized by an economic boom, with GDP growth rates averaging 6.5% over the period 1992-1995 (Audi, 2005). The notable growth reflected positive expectations and increased confidence by businesses after the war, with the big reconstruction program of Lebanon. The Central Bank of Lebanon took proper steps to control the inflation and stabilize the inflation. Inflation was brought

down sharply from 131% in 1992 to about 10% in 1995, while the exchange rate appreciated by 13% over the period (Audi, 2005).

Growth however started waning in the second half of the 90s. Real GDP growth decreased on average to 3.7% during 1996-1998 (Audi, 2005). The main reasons behind the lost momentum were attributed to the cumulative effects of the monetary stabilization policy which along with a high interest rate policy and a refrained reconstruction program, dampened productive investment and inflated the debt service burden. (Audi, 2005). These developments were translated into very high public debt. The tight fiscal policy that followed is believed to have restricted economic growth, and to have contributed to the major recession that marked the years 1999 and 2000.

Economic performance was severely hit in the years 1999 and 2000, whereby GDP was almost nil. Debt to GDP reached 150% in 2000, and the budget deficit to GDP peaked at 23.4% (Audi, 2005).

The government efforts to enhance growth were not very successful, with only a slow improvement as real GDP growth reached 2%, 2% and 3% respectively in 2001, 2002 and 2003 (Audi, 2005).

In the year 2002, in an attempt to control and reduce the public debt, the Lebanese government set a comprehensive privatization plan. The plan emphasized the privatization of telecom sector and electricity in the first stage, and the Port of Beirut and water utilities in a later stage. The Lebanese government would use the proceeds

for reducing the public debt. In addition, the government claimed that privatization plans would also aid the economy by reducing interest rates and raising foreign and private investment. However, the privatization plan was put on hold.

4.4.3 Agricultural Sector

Lebanon's agriculture sector accounts for about 6% of national output (Audi, 2005). . In 2001, agriculture contributed $1.2 million to a GDP estimated at not far short of $17 billion (InfoPro, 2005). The sector's contribution to national output is low however, compared to the 1970s, and this due to poor infrastructure after the war, and the displacement of the rural population. Competition from cheaper imports has further damaged its potential, notably in crops such as tomato, watermelon, and potatoes.

The Agricultural sector represents a modest 1.1% of bank credit to the private sector, and only 1.7% of total number of credit accounts (Audi, 2005). Nevertheless, this sector managed to attract 60%, or US$ 46 million, of total inter-Arab of agricultural investments in 2004 making the largest Arab recipients of such investments (Audi, 2005). In addition, the agricultural sector received aid from World Bank, UNDP, and United States for International Development (UNDP).

4.4.4 The Services Sector

The Lebanese economy relies heavily on the service sector, which accounts for approximately 60 per cent of GDP. The financial services, represented by the banking sector, has been growing significantly. Banking activities reached $67.8 billions by the end of 2004; Lebanon bank assets to GDP ratio is a record high in the region, it reported 347% at the year-end of 2004, against an average of 105% in the Arab world

(Audi, 2005). Indeed, as the Audi Report (2005) states, this high ratio represents an important potential for cross-border expansion.

Since the war the ended, the Lebanese banks have been successfully accessing the international capital markets. In particular, since 1996, several banks raised over $2 billion on the international debt markets and several banks raised approximately $300 million through the issuance of global depositary receipts on the international equity markets (Lebanese Ministry of Economy and Trade data). Indeed, the banking system in Lebanon plays a key role for regional development.

In addition, the tourism sector in general and the hospitality sector in particular sector play a major role in economic growth in Lebanon (see section 4.4.6).

4.4.5   The Industrial Sector

Based on official data, it is estimated that the industry accounts for about 14% of GDP. The industry is mostly family owned and very fragmented. The vast majority of firms in this sector employ less than five employees. Main industries include plastic, paper, furniture, textile, marble, cement, and wood. Lebanon's Manufacturing Value Added (MVA) is $287 ranking it as 7th in the Arab world, but lags much behind developing countries' MVA standard of $908 (Audi, 2005).

Product exports have witnessed a marked increase over the past few years. Arab markets have been the biggest importer (53%) of Lebanese goods, followed by Europe (9%), and non-EU countries (20%) (Audi, 2005). The major exported goods were jewellery, food and chemicals, and pharmaceuticals.

On an international scale, Lebanon has signed a number of treaties with the Gulf states and the European union which facilitates the exporting of Lebanese goods and aids in the development of this sector.

The Lebanese industrial sector only attracted 9.5% of total inter-Arab industrial investments (Audi, 2005). Further, industry attracted only 12.4% or $130.5 millions of total Arab investments in Lebanon, compared to 83.2% for services (Audi, 2005). Indeed, the high production cost in Lebanon would mean a higher product price compared to similar products in the international market at a lower price, and hence the Lebanese industry may not be successful in attracting investment.

4.4.6   The Hotel Services Industry and Tourism

Since this study is based in the hospitality sector, a brief description of tourism and hotels in Lebanon is warranted.

Over the past few years, there have been quite a large number of international hotels opening gigantic sites in Lebanon with a number of the existing ones expanding on their own sites. So far, the total number of international hotels in Lebanon is ten. In fact, most of international hotel chains have been literally "rushing" to Lebanese soil in recent times, as they compete for the rising number of tourists visiting Lebanon. Many analysts see Lebanon as regaining its former glory which the 22 year long war had totally destroyed. The high number of international hotels which have been opening and the ones that are being built now reflect a high investor confidence in the region with high expectations of gaining more market share. In fact, the number of tourists has been increasing steadily. The number of visitors grew by 10% from 1999 to 2000, 17.8% in 2001, 9.5% in 2002 and a further 6% in 2003 to reach over 1 million arrivals (HSBC report, 2004). Moreover, recent statistics for 2004 (*Al Nahar*, 2004; *Al Safir*, 2004) show that there has been an increase from 1 million tourists visiting Lebanon to 1,278,469 tourists in 2004. The Arabs ranked first with 28,329 visitors, the Europeans followed at 25,437, the Asians ranked third with 14,865

visitors, the Americans ranked fourth with 11,026 tourists, and the rest from Australia, Africa, and others respectively. The table below lists the number of visitors according to individual countries in ranking order (Al Nahar, 2004; Al Safir, 2004).

Table 4.1 Foreigners Visiting Lebanon in 2004

Rank	Country
1	France (6,859)
2	Saudi Arabia (6,064)
3	Jordan (5,703)
4	Egypt (4,579)
4	England (3,234)
6	Germany (2,621)

Source: Al Nahar, 2004, page 22, December 15

Indeed, Lebanon relies heavily on tourism for economic growth. In the 1960s and 70's tourism accounted for around 20% of GDP, attracting many tourists to its mountains and beaches (Stat-USA, 2005). Since the war, growth in tourism has been strong and is estimated to account for about 9% of GDP (HSBC report, 2004). Equally, a hotel industry which provides proper customer services brought about by capable and motivated hotel staff is therefore not only important for attracting more loyal customers at the organization levels, but also as a result of "better" human resource management, a rising tourists number on the national level can be maintained – and hence contributing more to general health of the economy, all things held constant. In this respect, in addition to the contribution that this study has for the academic field, it also offers practical human resource management implications for the hospitality sector.

In additional to generous local financing, the tourism sector has attracted a lot of international funds. In 2003, The World Bank offered a $31.5 million loan for ruin sites development. Equally, the government of Italy, France, and Japan financed tourism project in Lebanon up to $60 million.

4.5   Human Resource Management

Data on HRM policies in Lebanon are derived from the InfoPro Center for Economic Information Market website (2005) and from UNDP report (1997) through their website.

4.5.1   The Labour Market: Demographic Data

The active labour force (working population aged between 15 and 64) is about 1.3 million, or around 36 per cent of the resident population (3,627,774 according to World Bank July 2001 estimates).

Typically, employees begin working at a relatively young age and have a long working life. Around 36.6 per cent of the 15 to 19 age group work, and more than half, or 56.1 per cent, of the 65 to 69 year age bracket – i.e. those beyond normal retirement age – are active. The 24-to-30-year-olds are the most economically active age group.

A breakdown of the labour force by sector perpetually shows the pre-eminence of the service sector. Figures vary according to the source. About 41 to 46 per cent of the working population are employed in the service sector, almost twice as much as the

trade sector, which employs 23 per cent. Industry follows, then construction, and finally agriculture (Ministry of Labour data).

Unemployment estimates are inconsistent between sources. According to the National Survey of Living Conditions, unemployment was at 8.5 per cent, although a pronouncement by the Ministry of Labour in 1999 indicated it could be as high as 25 per cent.

A study by the National Employment Office (NEO) in 1997, in collaboration with the UNDP and International Labour Office (ILO), took a sample of 2,751 families and identified 4,019 people within those families as "unemployed". The study shows that people between 50 and 65 are most likely to be out of work, followed by those between 20 and 24.

Overt unemployment is currently estimated to be somewhere between 12 to 14 percent of the whole labour force. The most affected category are young people who are seeking employment for the first time. Every year, there are around 35,000 to 40,000 people who enter the labour force market for the first time. Most of those are university graduates, many of which are educated in disciplines for which there are limited job opportunities.

Work permits required for foreign nationals working for an international company in Lebanon are not difficult to get. The labour law, as in many other countries, does impose many rules and regulations when applying for a labour permit, however in practice the Ministry of Labour in Lebanon is somehow lenient on these regulations.

Some of the documents needed when applying for a work permit include a document about the company's business activity and a copy of a bank statement showing an operating capital of at least LL100 million (£39,215). An overseas national should have at least one local partner in Lebanon holding the majority of the share.

The managers, branch managers, or chief accountants of an overseas company registered in Lebanon require the local company's commercial registration, which is issued by the Ministry of Trade and Economy. In addition, a certified copy of the company by laws from company headquarters is needed, as well as a letter of appointment certified by the embassy in the country of origin and by the Lebanese Ministry of Interior.

The country's labour law, like many others around the world, advise that jobs should normally be filled by Lebanese.
For a company to hire a foreigner, the employer must present convincing documents to the ministry that the demanded qualifications are not available from the local labour market.

There are certain professions and positions that foreigners are prohibited to work in but this rule is often loosely interpreted. This list includes (among other areas) areas such as banking, laboratories, pharmacies, and jewellery. Similarly, there are several sectors in which the employer must be a Lebanese national. They include engineering, banking, architecture, shoemaking, furniture manufacturing, printing and accounting sectors.

The Ministry of Labour reserves the right to cancel any work permit at any time. If the documents presented were discovered as illegal, the ministry would cancel the permit.

Only after an foreign employee has a permit, he or she can then apply for a residency. Additional documents are needed for the application for residency, and it usually takes around ten days to complete this phase. Similar to the work permit, residency is granted on an annual basis.

4.5.2   Employee Relations

The basic labour laws were enacted in 1946, and in 1963, a Social Security law came into effect, which includes provisions for benefits such as end-of-service compensation, family allowance, illness, maternity, and compensation for work-related accidents. The legal framework is also provided for a Labour Arbitration Council, a judicial committee that resolves problems between employers and employees.

Two categories of employees are under the law. The first category includes all professional workers who hold office jobs, while the second category is comprised of manual labourers.

Workers have certain rights and responsibilities under the law.

When hired, the employees is placed on a three-month probation.

When this trial period is finished, the employer must pay at least the equivalent of the minimum wage, which is currently LL300,000 (£120) per month.

On leaving his/her employment, the person is prohibited from opening a business for a specified period which is in direct competition with his/her previous employer and within a close distance to his/her previous company.

Every company which has more than 15 employees must send a copy of its working regulations to the Ministry of Labour. The regulations should incorporate the labour law guidelines.

The work contract, be it written or oral, is governed by a number of basic principles.

In case the contract is a written document, it should be written in Arabic. However, other languages can be accepted if the employer is a foreign national.

All workers are subject to the guidelines set by the labour law. An employer may exceed the 48 regular hours per week for his/her employees. Under special circumstances, employers can add extra hours to an employee's regular shift, but this requires a permit from the Ministry of Labour.

Employees who work on a full-time basis are entitled to 15 days paid vacation at the end of their first year of employment. The employee may accumulate two annual leave periods.

There are two compulsory public holidays on which all employers must give their workers a holiday with pay and these are Labour Day (May 1) and Independence Day (November 22). Moreover, there are 13 other government-recognized holidays when most public offices and most business firms close.

Employees who have already remained with their employers for more than three months, become entitled to a half month paid sick leave. In case the employee's sick leave exceeds the entitled annual amount, the employer has the right to deduct the extra days from the annual leave entitlement.

In addition to annual and sick leave which employers are required to provide for their employees, employer are also required to provide their workers with two days in cases of bereavement, to be used upon death of close family members, including grandparents.

In case there is no payment for damages or entitlements, the employer and the employee can both agree to break a written work contract at any time. On the other hand, if one party decides to break the contract on his/her own, the other party is entitled to seek compensation.

If for reasons of misconduct or misbehaviour, one party breaks the contract that party should file a lawsuit within a month after the breaking the contract. Employees who are made redundant by their employers on unjust or personal reasons, would be considered as an act of misconduct against the employee.

In exceptional cases, such as when employers face financial difficulties, an employer is allowed to terminate the services of his/her employee. Nevertheless, the Ministry of Labour must be informed at least one month prior to the employees being released.

There are five categories of labour unions in Lebanon. The major one is the General Union, which includes both professional and manual labourers and is the umbrella organization of 28 local and professional unions.

All employees have the right to join a syndicate. However, syndicates are not to be used for political purposes. Before establishing a syndicate, a license is required from the Ministry of Labour.

4.5.3   Rewards and Remuneration

The National Social security Fund (NSSF) was established by a 1963 decree. It provides workers with national insurance coverage for sickness and maternity care. In addition, it covers end-of-service pensions, family allowance, and work-related accidents and diseases. All workers from all different sectors are eligible to enrol in the program.

Generally, foreigners working in Lebanon are also entitled to join the NSSF, based on the condition that their home country offers the equivalent or better program to Lebanese residents in that foreign country. In reality, it happens rarely.

Employees can ask for their end-of-service benefits at any time even though the official retirement age is 64. At the age of 60, an employee can ask for early retirement and end-of-service compensation given that he or she has completed 20 years of service in the organization.

In addition, employees are also entitled to transportation, family, and educational allowances. The benefits are based on the husbands' rather than on the wives' salaries.

Furthermore, a married employee registered with the NSSF receives a 20 per cent allowance for the spouse and an additional 11 per cent for every child (maximum five). The allowance is calculated as a percentage of the minimum salary, which is currently at LL300,000 (£120).

Once an employee is registered, the NSSF covers the employee and his or her dependents in maternity, sickness, and work-related accidents.

The employee is liable for 10 per cent of all hospitalization costs and 20 per cent of medication and medical check expenses.

The law requires all firms to contribute to the NSSF fund. Small-time companies with less that ten employees have to submit their report every three months.

Bigger enterprises must submit their reports monthly.

Fines for violation of these rules and regulations range from LL100,000 (£113) to LL1.5 million (£585) for each offence, depending on the circumstances of the case. Fines for any subsequent offences are double.

The percentage of the labour force covered by NSSF contributions is low. Studies by the NSSF show that only 38,890 companies have registered with the organization, with 355,646 employees enrolled for health and maternity coverage. It is estimated that are 160,000 functional companies and 1.3 million workers.

The Ministry of Labour sets the minimum wage. Currently, it is LL300.000 (£120) (however plans are set to increase this figure to L.L.450,000, reaching around £180).

This wage standard is applied in both, the public and private sector. However, in international chains such as 5-star hotels, the minimum salary for the basic personnel is usually doubled.

The National Living Conditions Survey conducted by the Central Administration of Statistics noted that in 1996-1997 the annual average national salary was LL10,512,000 (£4,102). Since each family has more than one contributing member (1.4 per cent on average) the real income was LL15,241,000 (£5,944) per year.

4.5.4 Recruitment

The local bureau of employment is an occupational unit in the National Employment Office which aid in recruiting people. It involves the following procedures, as listed on their website:

- Applicants should come personally to the Employment Bureau in order to fill the job application; a special file shall be opened for each one of them; Or they can fill a job application through internet. This application will be activated online after validation of the information and presentation of the required documents.

- Documents required:

   Copy of the ID or an individual civil status certificate

   One recent passport photo

   CV (if any)

In addition, there are public and private recruitment agencies in Lebanon. People who person have been unemployed for an extended period, can seek help from agencies to retrain them in fields for which there is greater demand.

4.5.5 Training

The training sector is dominated by private schools and characterized by the failure of existing types of specialization in public schools to match the actual needs of the labour market. In addition, there is a lack of programmes to rehabilitate workers and technicians currently employed. To tackle these problems, the government established in 1993 a specialized ministry and has initiated an ambitious programme for development of the sector, involving the building of new vocational and technical education schools, and upgrading and developing the institutional capacity (planned allocations amount to US$ 250 million during the plan period) (UNDP, 1997).

The current training institutions are poorly equipped and staffed. The type of training offered tends to be very basic, addressed mainly to females who constitute 75 percent of those enrolled (sewing courses, flower arrangement and hair dressing).

In study by the government in 1993 it was revealed that the majority of training institutions lacked the financial resources and incentives to offer training in fields requiring costly equipment and highly-skilled instructors (cited in UNDP, 1997). Moreover, training organizations do not maintain permanent and regular links with employers, and thus cannot predict accurately the training programs that would fit the current and future market needs. Moreover, training within work place, or through workshops contracted with companies and firms, is either weak or absent (UNDP, 1997).

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In practice, there is a need for Arab organizations to adopt modern human resource management practices in order for them to able meet the demands of international competition more efficiently. Indeed, the market forces with their emphasis on the concepts of efficiency, quality controls, product safety are all factors which press organizations to change in accordance with the environment. Technically, for Arab organizations to be able to compete internationally they need to adhere to certain international market certifications and standards such as ISO certification and other certifications for example, which ultimately demand quality HR practices to ensure compatibility (Murphy, 2002).

Many organizations in the Arab world still follow a control or Taylorist style of people management practices based on a top-down command and control model (Suliman, 2001). It is based on authoritarian style of control where workers are given instruction to follow, there is little or no delegation of authority to lower levels in the organization. In an environment of intense global competition, such control-oriented people management style would not be feasible for a number of reasons. The fact that employees' are not given the opportunity to contribute with their input and suggestions in Arab organizations, employers therefore fail to make use of employee talents necessary for creating competitive advantage (Applebaum, et al., 2000; Barney, 2001). Secondly, due to the nature of command and control environment, decisions have to be approved by managers first, and pass through several organizational levels. Consequently, workers cannot respond quickly in tackling problems on the shopfloor and this ultimately leads to slower response times and hence lower operational efficiency and effectiveness as a result. Additionally, from a psychological perspective, job involvement would enrich their jobs and satisfy their needs for achievement leading to higher self esteem, commitment and satisfaction

(Tomer, 2001). As a result, employees are motivated to work harder and smarter, contributing to organizational growth (Guest, 1987).

Technically, these may involve HR practices such as quality circles, team briefings, and suggestion schemes which all carry a theme for harnessing employees' potential aimed at improving current products in line with international standards at high efficiency (Murphy, 2002), and innovation (Suliman, 2001). Equally and importantly, organizations should provide employees with supporting HR practices such as good training and development opportunities to refine those skills and improve their talents, and with job security and rewards in order to keep them satisfied and motivated in their jobs (MacDufie, 1995).

4.6   Conclusion

In conclusion, this chapter has provided background information of the Lebanese context. In particular, information on the human and physical geography of Lebanon, its political system, the economy, and on the Lebanese labour practices were provided in this chapter. The constitutional system was explained. In addition, the changes after the civil war, in particular the Syrian army withdrawal and its implications for organizations and labour in Lebanon were presented. In addition, issues pertaining to Lebanese political international relations issue were discussed.

With respect to the Lebanese economy, it was stated that the economy experienced high inflation during the war, but the monetary efforts by the Central Bank after the war were successful in controlling the inflation. The economy was severely hit with a recession after the war, however, and which it hasn't fully recovered from. Additionally, a huge public debt of more than $32 billion dollars had been accumulated.

The services sector in general, and the hospitality sector in specific were briefed as being the most successful in Lebanon. The industrial and the agricultural sectors require more governmental support in order to improve and attract more foreign investment. Privatization plans for telecoms, electricity, the port, and water which would reduce the public debt and improve the economic situation had been set, but were later put on hold.

Moreover, information on the labour policy in Lebanon was presented. Issues focused on Lebanese labour market, employee relations, rewards and remuneration, recruitment, and training. Finally, the section ended with a discussion highlighting the need for modern HRM practices in Arab organizations. Essentially, it was argued that traditional people management system with its control-oriented environment has to give way to a more employee 'participative' climate. In this respect, suggestion schemes, quality circles, autonomous teams are among the few human resource practices that make use of employee talents necessary for organizational development and competitive advantage, and which Arab organizations should emphasize more.

The next chapter follows by presenting the methodology to be used in tackling the main research questions of this research.

CHAPTER V

METHODOLOGY

5.1   Introduction

The previous chapters have reviewed literature centering on two main areas: 1) human resource management theory and practice, and 2) employee attitudes in context, namely the interaction between employees' attitudes and organizational context. Based on the literature review body, we will next examine the methods and procedures that will be employed in analyzing the effects of corporate performance[1] on job satisfaction in the hotel sector from a human resource management perspective.

The methodology chapter is presented as follows. After the introduction presented here, section 2 presents a brief background of Lebanese hospitality industry; section 3 outlines the main hypothesis for study. Section 4 describes the sample. Section 5 presents the research methodology which includes subsections dealing with issues such as study design, instruments, and the statistical procedures followed. The sixth section continues with assessment of statistical assumptions for the statistical tests used in this work. Finally, the chapter closes with a concluding section.

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[1] Corporate performance here signifies hotel's seasonality- a high season characterized by a high corporate performance, and a low season typified by times of low corporate performance – offering a testing ground for testing the effects of fluctuations in corporate performance on employees' attitudes.

5.2   Main Hypothesis

As argued earlier in the literature review chapters, attitude surveys testing the effects of HR practices on employee satisfaction attitudes seem to ignore important organizational factors which may have strong effects on employee satisfaction attitudes. This is especially true when a recent study showed that job attitudes are being influenced by a range of unknown factors independent of HRM (Harley, 2002). Accordingly, ignoring important control variables is bound to create a statistical bias in results and misleading academic and practical implications accordingly. One major untested organizational factor which may seem to influence employee attitudes but remains ignored in surveys is corporate performance (Marchington et al., 1994). The major research questions that this study addresses are: Does corporate performance have an influence on employees' attitudes in hotels with progressive human resource management practices? Is HRM actually fully practiced in organizations as managers emphasize or is it just "rhetoric" on the part of managers?

Technically, the study tackles the following major hypothesis:

- Hypothesis 1: There will be a statistically significant difference in job satisfaction scores from a time of high corporate performance to a time of low corporate performance.

o   Sub-hypothesis 1: Job satisfaction is significantly lower in times of low corporate performance than during times of high corporate performance.

- Hypothesis 2: HRM policies and practices are partially diffused by management.

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5.3   Sample Description

5.3.1   Hotels

This study looks at the hotel sector involving five international luxurious hotels. Based on management interviews and company document, these hotels market themselves as being superior in training and treatment of their workforce. Accordingly, they follow a high number of progressive HR practices including formal appraisal, continuous training and development, making jobs interesting, bonus pay, and employee involvement programs for all their employees.

Five different international five-star hotels are involved in this study. It was agreed with hotel managers that the hotel names and sensitive information will remain totally confidential. For our purposes, the five hotels will be called A, B, C, D and E. The five hotels have opened in recent years in the Lebanese capital, Beirut, as many other international hotels have been doing so lately. In addition, each hotel employs above 400 employees. Specifically, Hotel A opened two and half years ago and is owned by a European company and has more than 50 hotels and resorts worldwide mostly in central Europe and in the Middle East. Hotel A employs around 10,000 employees in its hotels and resorts worldwide. Hotel B opened three years ago and is owned by a Gulf group and has six current resorts with half of them being in the Gulf region, and the rest in Europe and Lebanon. In addition, a huge resort representing a 120,000,000 sterling investment is currently under construction in Lebanon, making the total amount of resorts being seven for this Gulf group. Hotel C opened two years ago and is owned by a Gulf company. It operates hotels in the Middle East region only. The company was opened in 1962, and currently has 13 hotels in five Arab countries, with the latest one opening in Lebanon in

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2003. Hotel D opened two and half years ago and belongs to an American company which has more than 740 hotels in 82 countries totaling more than 230,000 rooms. By 2003, the company had more than 110,000 employees at its businesses worldwide. Finally, Hotel E opened three years ago and is owned by an American company. It has around 430 hotels in more than 60 countries operating almost 105,000 rooms.

The hotels used for study tend to be similar on a number of aspects. All five hotels are located in Beirut region with very close physical proximity that the distance between the two furthest hotels does not exceed two kilometers. Related to this is the fact that all hotels surveyed share approximately the same seasonality effect. Moreover, all hotels have world-renowned reputation for offering a high-quality customer service. Each one of them has a range of customer facilities on site including a sophisticated valet parking, big health club, coffee shops and fancy restaurants with each offering a different cuisine, shops and regular events. In addition, the majority of those employed in these organizations are Lebanese and hold a variety of posts from the basic waiter to the head manager. In addition, the most important common aspect for each of these hotels, and of most concern for this thesis is their reputation for continuously training and developing their human resources (Barney, 1991), as a prerequisite for establishing "excellence" in customer services for which these organizations compete for internationally. In other words, they see their employees as the key for securing a competitive advantage in services. Accordingly, HR policies such as training and development are supposed to be very common in these hotels in order to build capable employees. In addition, these prestigious hotels also have an image for "excellence" in employee treatment. Put simply, not only do they want to build superior employee skills (i.e. via training) but they also

want to keep them fully satisfied in their jobs. Notions of career building, continuous education, and being part of the "family" all tend to form a happy working environment for employees. In this respect, HR policies such as single status, job security, and recruitment from within seek to keep a satisfied and motivated workforce. Indeed, inspecting the international websites of these hotels and finding statements such as "Build a career with us", "be recognized", "are you ready for the challenges?", "continuous opportunities for advancement", "annual salary increases", "be all you can be" cannot but give a sense of the importance of employees to those hotels. In other words, the hotels under study are all considered progressive in their HRM practices and policies.

Below is a convenient tabular summary of the hotels' characteristics mentioned above.

Table 5.1   Hotel Description Summary

Hotel	Year opened in Beirut	Area of operation in world	Ownership	Scale of operation (world-wide)
A	2002	Worldwide (most in Europe and the Middle East)	European	50 hotels
B	2002	Gulf, Middle East, Europe	Gulf	6 hotels
C	2003	Middle East	Gulf	13 hotels
D	2002	World-wide	American	740 hotels
E	2002	World-wide	American	430 hotels

Source: own compilation

5.3.2 Employees

A total 460 employees from the five hotels originally took part in the survey. In specific, 131 employees came from Hotel A, 81 employees came from Hotel B, 50 employees came from Hotel C, 101 employees came from Hotel D, and 82 employees came from Hotel E. However, from the first three hotels, it was not possible for nine employees to continue with the second phase of the study (see study design section) (drop-outs). The final figures of those formally entered into survey minus dropouts are listed below (see table 5.2).

Table 5.2   Breakdown of Number of Participants in Survey

Hotel name	Number of participating employees	Total Employees	Total number of employees participating in survey = 436
A	131 - [5 drop-out]	126	
B	82 - [2 drop-out]	79	
C	50 - [2 drop-out]	48	
D	101	101	
E	82	82	

Source: own compilation

Full details of the respondents are reported in the next chapter.

5.4   Research Methodology

5.4.1   Study Design

As has been indicated, the fact the HR attitude surveys fail to realize and control for the impact of fluctuations of corporate performance on job satisfaction (which may potentially impact job satisfaction over and above HR practice as was argued in chapter 3), can therefore put their generalizations and implications at risk, in the field of HRM.

Put simply, current HR attitude surveys which investigate the effects of HR policies on job satisfaction may suffer from erroneous statistical association and conclusions accordingly, in the absence of controlling for corporate performance. If it is shown here in my study that fluctuations in corporate performance do have an effect on employees satisfaction in the HRM progressive hotels, then the study would have identified an important control variable (corporate performance), a variable which HR attitude surveys fail to realize and control for in their current models. In view of that, this study incorporates the element of corporate performance in the analysis. This calls for a longitudinal design study where the state of corporate performance is followed over a period of time with the aim of analyzing the changes in corporate performance on attitudes in HRM progressive corporations. In particular, the hospitality industry was chosen for this study. In light of the fact that hotels pass through changes in corporate performance in what is called seasonality, it therefore allows for studying the changes in corporate performance on employee satisfaction. The study follows a repeated measure design in three out of the five hotels (Hotels A, B, and C), with a snapshot study of the two other different international hotels which basically serve as control groups (Hotels D and E) (details follow on this). Following interviews with hotel managers, it was agreed that the months of July and August reflected the hotels' highest corporate performance periods, or high season, while the months of September, October, and November represented their low season[2] .

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[2] Indeed, in macro terms, this is a national tourism fact which is common to most hotels located in the same geographic location (Medlik, 1981).

At the same time, tick box HR questionnaires were distributed on the spot to hotel managers to tick which HR practices they had in their hotels. Moreover, with respect to the three longitudinal hotels (A, B, and C), more than 500 questionnaires were distributed to employees in each of these hotels in mid July with the intention of surveying the same employee groups again on the same questionnaires in the low season period. In addition, more than 500 questionnaires were distributed to control group (Hotel D) at time 1 in the same period. The questionnaire to be completed by employees contained background info (age, gender) and two job satisfaction instruments (see instrumentation section). Further, respondents in hotels A, B, C had been asked to give a contact number and a mail address in order to be contacted later "for filling a similar questionnaire sometime soon, with thanks". Accordingly, each respondent supplying a contact address is given an id number on my codebook. After around 25 days, all replies had been collected from the hotels A, B, C, and D totaling 335 respondents, with 262 respondents being from hotels A, B, and C.

In preparation for time 2 analysis, the respondents from hotels A, B, and C were mailed with two job satisfaction questionnaires again in early September. After allowing around 18 days, telephone calls were made to collect verbal replies from respondents totaling 253 subjects. The calls were made in October and lasted around five days totalling in a final figure of 253 respondents taking part in both waves of the study out of an original figure of 262 respondent from the three hotels (A, B, and C). In parallel, around 500 questionnaires, also containing background variables and two job satisfaction instruments had already been distributed to control group Hotel E in early September. After twenty days, 82 questionnaires had been collected from the hotel.

Overall, response rate for the whole sample was around 18%. At this point, it may be useful to offer some lessons learned from doing research in Lebanon. First of all, with regards to gaining access into these hotels, networking is extremely important. I would say that it would have been extremely hard to conduct the field work successfully had it not been for key individuals (my father's connections for example, and my mother's in some cases) who greatly facilitated the process into eventually being able to gain access into these hotels in Lebanon. Furthermore, it can be a very lengthy and tiresome process when collecting back questionnaires. A problem in Lebanon is that appointments are not very definitive. For example, sometimes the questionnaires would not be ready to collect on the date specified and therefore I would have to come back the next week. Even then, expect to be postponed several times further as had I had experienced from doing the fieldwork there. Finally, it follows that even with key contacts, managers/superiors are very reluctant to give out information even where such information would be public in some other countries or readily available. In my case, information on HR issues was restricted to what managers filled on the questionnaires, hotel websites, and very thankfully from employees most of whom were approachable. People management documents were strictly confidential. Generally, formal written information/documents with regards to business are very restricted, and therefore one has to rely on oral data (e.g. management interviews).

Before describing the instruments and how the variables of interest had been measured in detail, the following deals with the nature of repeated study design methodology and its advantages in this regard.

5.4.2   *Repeated Measure Design*

One of strengths of this study lies in its methodological design, a repeated measure design. Most HR surveys in this respect are cross-sectional which can eventually make the critical reader be skeptical of causality links assumed as indeed the authors of these studies acknowledge. A repeated measure design which involves the same people tested on the same dependent variable (a job satisfaction instrument) before the treatment (high season) and after the treatment (low season) has the power to genuinely reveal if there are significant differences in job satisfaction scores between the two periods.

The primary advantage of using a repeated measure design, involving the same people is in the fact that it greatly reduces the effects of external factors (e.g. gender, age) that might have an influence on our dependent variable (job satisfaction) had we not used the same people.

Although related measure designs are very reliable in detecting the effects of the independent variable under study compared to independent designs, they suffer from a disadvantage which is order-effect or a carry over effect (Howell, 1999). For example, subjects who answer an attitude questionnaire in time 1 may eventually become very familiar with their answers that when they come to fill the same questionnaire in time 2 they may possibly just fill them based on their previous answers. Howell (1999: 254) defines an order effect as "the effect of performance attributable to the order in which treatments were administered". Field (2004: 211) lists two possible sources of error that could result in related measure designs:

1   Practise effects: Subjects may perform differently in the second condition because of the familiarity with the experimental situation and/ or the measures being used.

2   Boredom: Subjects may perform differently in the second condition because they are tired or bored from having completed the first condition.

Therefore, it is recommended that such possible effects are controlled for (Howell, 1999) in a way that independent samples are introduced at time 1 and time 2 (see Field, 2004).

With respect to the current study such effects are possible, but given the large sample size, multiple job satisfaction instruments used, and a good stretch of time between time 1 and time 2 such effects may not therefore have a strong effects on results. Nevertheless, it was recommended that this study should control for these effects. Accordingly, Hotels D and E serve as independent "control" hotels. Hotel D will be surveyed once in time 1 and Hotel E will be surveyed in time 2. One-way analysis of variance will be conducted on the means of job satisfaction scores for hotels A, B, C and control group D. The same will be applied for time 2 for hotels A, B, C, and control group E. It is hypothesized that mean scores of the control groups (D and E) will not be statistically different from the dependent groups at time 1 and the dependent groups at time 2 respectively and therefore results are genuine; that is, it will be assumed that:

H0: There are no statistical differences in job satisfaction scores between hotels A, B, C and control group D for time 1 and between hotels A, B, C and E for time 2.

5.4.3 Measures and Procedures

5.4.3.1 Job Satisfaction

Job satisfaction was measured with two general satisfaction measures: the Faces scale (Kunin, 1955), a single-item global scale; and the Overall Job Satisfaction scale (Cammann, et al., 1982), a multiple-item global scale. Both are facet-free satisfaction scales measuring overall job satisfaction to one's job and have been used in a number of studies with success (Fisher, 2000; Weiss et al., 1999; Tekleab and Taylor, 2003; Kickul et al., 2002). Facet-free job satisfaction instruments can be defined as ones which measure a person's overall feelings about his or her job in general, unlike facet-based satisfaction instrument which measures one's feelings about certain job aspects. Based on our research question (Wanous et al., 1997), facet-free job satisfaction scales seemed more appropriate for our purposes than using facet-based measures (Wanous et al., 1997). Since the interest here is about fluctuations or changes in overall job satisfaction over time, it follows that facet-based measures may not allow for this condition (Schneider and Dachler, 1978). Facet scale measures, such as the popular Job Description Index (JDI; Smith, Kendal and Hulin, 1969), which are constructed with reference to relatively stable features of a job (Weiss and Cropanzano, 1996) including questions on attitudes towards opportunities for promotion, and to pay (i.e. JDI, Smith et al., 1969) would not seem appropriate for research which is interested in examining *changes* in job satisfaction over a limited time span. Put more specifically into the perspective of this study, the goal of capturing the effects of changes in corporate performance (i.e. hotels' high season vs. hotels low season context) on employee's job satisfaction attitudes cannot be examined using the common facet instruments that are based on examining employees' satisfaction

attitudes to somewhat stable features of a job. As Ironson et al. (1989: 195) put: "it [multiple facet scales] are only meaningful when the situation remains constant". In summary, the time dimension in the measurement of attitudes, which is very critical to this research, seems to be missing from popular facet scales (Weiss and Cropanzano, 1996). Furthermore, facet-based scales may not include all variables that may be of importance to a particular employee and to research itself (Ironson et al., 1989). In other words, employee satisfaction may then be restricted to those items on a scale and thus may lead to inaccurate results (Scarpello and Campbell, 1983). For example, typical facet-based scales such as the Job Description Index (JDI; Smith, Kendal and Hulin, 1969) which measure attitudes to five main general facets which are work, pay, promotion, supervision, and co-workers may not be able to measure attitudes to other wide ranging job features which may have been brought about by a change in the underlying corporate performance. As Spector (1997: 7) argues "the major disadvantage...is that it will be limited to only the facets that the developers chose to place in their instrument...They will not include more specific areas of satisfaction or dissatisfaction...These could include satisfaction with specific decisions, events, individuals, or policies."

Although, the relationship between the global and facet measures tend to be weak (Rounds, et al., 1976) (Cited in Scarpello and Campbell, 1983) to relatively moderate (Wanous, et al., 1997), Scarpello and Campbell (1983) argue convincingly that weak correlations are mainly due to facet scales omitting major determinants of job satisfaction. In their study, they empirically show that global satisfaction scales are more representative of one's satisfaction than are facet-based scales and hence the weak

correlations. Naturally, for Scarpello and Campbell, global satisfaction scales therefore seemed to be more balanced than facet scales.

In line with what has been said above, it was decided that a general global scale of job satisfaction is more congruent with the aims of this research; while facet-based scales might be more appropriate when the intention is to examine employee attitudes and outcomes to *specific* features of a job (Ironson, et al., 1989; Scarpello and Campbell, 1983). In other words, facet scales may be more job-explorative in the sense that they help academics and managers alike to explore sources of (i.e. in terms job facets) to turnover and absence in jobs for example.

The Face scale (Kunin, 1955) is a single-item measure made of 11 faces where subjects would choose the face that "best describes how they feel about their job in general" (Dunham and Herman, 1975: 630). The satisfaction score for each individual is the value corresponding to the face chosen (Angelo Kinicki, personal correspondence) starting from the left: saddest face equals eleven, while the happiest face equals one. The average score of the whole sample would be the sum of the values divided by the number of respondents, with a lower score representing higher job satisfaction. Furthermore, based on a number studies, the faces scale seems to be the most balanced scale for measuring job satisfaction in terms of the cognitive and affective components of satisfaction (see Brief and Roberson, 1989; Brief and Weiss, 2002; Fisher, 2000), compared to many of other popular job satisfaction in the literature, including the Minnesota Satisfaction Questionnaire (Weiss et al., 1967), the Job in General Scale (Ironson et al., 1989) and the Facet-free Job Satisfaction (Quinn and Staines, 1979).

It is worth pointing out that single-item measures, such as the Faces measure used here, received their share of criticism with respect to the natural fact they cannot yield measures of internal consistency. Loo (2002: 68) summarized the general criticisms in the literature as follows: "while a single-item measure allows for the test-retest reliability, such a measure does not allow for the estimation of the more psychometrically important internal consistency reliability of the measure". Nevertheless, the studies by Wanous and Reicher (1996) and Wanous et al., (1997) challenged this view and have shown through mathematical equations the reliability of the measure. In addition, given the fact that single measure instruments tend be more inclusive of job satisfaction construct, it thus makes it an important design in itself (Nagy, 2002). Furthermore, given the wide use of single measures in the literature confirm their reliability. Nevertheless, the study here found it best to add a multiple-item satisfaction scale in order to allow measurement of internal reliability which for many researchers may seem preferable.

The Overall Job Satisfaction scale (Cammann, et al., 1982) is a three-item scale global satisfaction scale. Responses are on a seven-point dimension, and the mean value across items (with one reverse-scored) constitutes the scale score (see Cook et al., 1981). A higher mean indicates higher job satisfaction. The items are:

1. All in all, I am satisfied with my job
2. In general, I don't like my job (R)
3. In general, I like working here

Responses: Strongly disagree (1); Disagree (2); Slightly disagree (3); Neither agree nor disagree (4); Slightly agree (5); Agree (6); Strongly agree (7).

A test-retest correlation of .78 was obtained for the faces measured over a two-week interval showing good reliability. Moreover, according to Cammann, Fichman, Jenkins and Klesh (1979) the Overall Job Satisfaction scale has good internal consistency, with a Cronbach alpha of .77. With respect to my study the Cronbach alpha obtained was .89.

5.4.3.2   Human Resource Practices

The number of progressive human resource practices at the organization level was measured via an HR checklist that has been widely used in the British IPD studies (Petterson, et al., 1997; Guest and Conway, 1998) (see appendix A-2). The checklist compromises ten HR practices, which are said to be best practice HR in the UK. In brief, the checklist asks managers ten questions where they have to tick yes or no to whether a certain HR practice exists for their employees or not. The practices are:

1) Opportunities for training and development

2) Informed about business performance

3) Formal appraisal

4) Opportunities to learn new things

5) Recruitment from within

6) Jobs made interesting/ varied

7) Single status

8) Policy of no compulsory redundancy

9) Bonus of merit pay

10) Employee involvement program

In the questionnaire format, the question on the practice: "employee involvement" would be in the following format (Guest and Conway, 2001) (see appendix A-2 for questionnaire):

1   Tries to get employees involved in workplace decision making: Yes, No

In line with UK literature, organizations which had six HR practices or more of those practices presented above would be considered progressive HR organizations (Guest and Conway, 1998). The logic here is additive, or simply the more HR practices present the better are employee attitudes (Guest, 1999). As has been stated earlier in chapter 3, this logic is based on the fact that more HR practices are expected to satisfy more of one's basic needs (Maslow, 1954) and hence result in job higher satisfaction (Ramsey et al, 2001).

5.4.4   Interviews:

The second step in this research methodology will be essentially qualitative. Indeed, qualitative research is very useful for discovering underlying motivations, feelings, values, attitudes, and perceptions of people, and uses a naturalistic approach that seeks to understand phenomena in context-specific settings (Hoepfl, 1998). Moreover, not only can qualitative methods be used to better understand any "phenomenon about which little is yet known" (Strauss and Corbin, 1990), but they can also be used to gain new perspectives on things much is known about already, or to gain more in-depth information (Hoepfl, 1998). One major gap in the HRM literature is the over-reliance on quantitative surveys, with a minimal emphasis on qualitative research interviewing (see

Mabey et al., 1998). Further, it is argued that claims of HRM are voices of management, with little or no attention to employees' views who are actually the end receivers of these policies (Legge, 1995b; Mabey et al., 1998; Marchington et al., 1994). Accordingly, this research tries to add or incorporate "employees" views of human resource practice at their workplace; thus getting a closer picture of reality. Based on a number of studies in the UK (Truss, 1999; Marchington, et al., 1994; Hallier and Leopold, 1996), the reality seems to be HRM rhetoric. Indeed, if it is shown in my study that that a low corporate performance significantly affects employee satisfaction negatively then this would ultimately make us question any "real" managerial implementation of HR practices in the workplace, which are supposed to maintain a high level of job satisfaction. Therefore, employee interviews seemed necessary to explore deeper the implementation of HR practices on the ground from the end receivers themselves. Two of the five hotel HR managers, hotels A and B, granted me permission to conduct quick one-to-one interviews with employees during the lunch break at a specified day. In order to remain consistent in research, the same HR practice questions that were asked to managers (those often used in HR studies, see Guest and Conway, 1998) (refer to appendix A-3) have been used as basis for interviewing employees on the state of HRM in their organization. During the lunch breaks, prior to asking the HR questions, I would inform employees on the spot about my study and their valuable views and opinions in improving HRM in Lebanon and their working conditions over the long run. Employees were asked questions on different types of HRM practices including the extent to which they are involved with company information, or if they ever felt bored in their jobs, and so on. Employees were generally frank and approachable. The main task was to explore the extent or the degree to which

these HR practices are actually implemented in the workplace (the secondary hypothesis), via short open-ended interviews with employees. A total of 33 interviews were conducted on my part with employees from both hotels; 14 employees came from Hotel A, and 19 employees came from Hotel B.

5.4.5   Data Analysis

The primary hypothesis, that there will be a statistically significant difference in job satisfaction scores from time 1 of high corporate performance to time 2 of low corporate performance will be tested using paired sample t-tests for hotels' A, B, and C respondents. As the sub-hypothesis indicates, it is expected that there will be a significant decrease in job satisfaction scores from time 1 to time 2.

Moreover, a one-way analysis of variance test with planned comparisons will be conducted on the data for the three groups of hotels (A, B, and C) to be compared with control group Hotel D at time 1; and the same tests for the three groups of hotels (A, B, and C) compared with control group E at time 2. This is mainly done to explore if the means of the control groups are different from the rest at times 1 and 2, thus potentially raising the risk of an order effect. At the same time ANOVA tests are conducted for the whole set of hotels at each separate time to explore if there are any differences apparent between them. As the hotels share several aspects, it is expected that the null hypothesis will hold.

Paired sample t-tests are used to compare the mean scores on some continuous variable (i.e. job satisfaction) for the *same* group of people on two different occasions (Howell, 1999, my emphasis). In particular, paired sample t-tests (also called repeated measures)

are used when one is interested in changes in scores for the same subjects tested at time 1 and then again at time 2 (often after some intervention or event) (Pallant, 2004). If the significance level is less than or equal to .05 (set at 95% confidence interval) then it can be concluded that there is a statistically significant difference between the two sets of scores (Bluman, 1997). One-way analysis of variance (ANOVA) is similar to a t-test but is used when there are two or more groups to compare on a continuous variable; it is called one-way analysis because the interest is in knowing the impact of only one independent variable on the dependent variable (Pallant, 2004). When the means differ significantly, then the Sig. value will be less than or equal to .05; the F test value will be greater than 1, and the null hypothesis will be rejected (Bluman, 1997). However, it should be noted that in case of significance level of less than .05 obtained, ANOVA does not tell where the difference exists (Howell, 2002). In other words, it will only reveal that there is a difference between the means of the groups compared, but it does not specify which of the groups are different. Accordingly, in case of a difference detected among the groups, it is appropriate to conduct further analysis (e.g. Tukey test) to find where the difference exists (Bluman, 1997).

5.4.6 Effect Size

Although paired sample t-tests (or other comparative statistical test) can reveal if there are statistical differences between the two sets of data, they are limited on their own (Howell, 1999). In other words, any differences obtained do not automatically qualify them as being of practical or theoretical importance (Pallant, 2004). Indeed, even though significance testing, comparisons, and parameter estimation help illuminate the nature of

group differences, they do not assess the degree to which the independent variable (corporate performance for our purposes) and the dependent variable (job satisfaction) are related (Tabachnick and Fidell, 1996: 53). However, there are procedures that help in this direction (Howell, 1999). In order to assess the importance of the finding obtained, the "effect size" is calculated (also known as strength of association) (Tabachnick and Fidell, 1996; Howell, 1999; Pallant, 2004). This is a set of statistics which indicates the relative magnitude of the differences between the means. More technically, strength of association assesses the proportion of the variance in the dependent variable that is associated with the levels of an independent variable; it assesses the amount of total variance in the dependent variable that is predictable from the knowledge of the levels of the independent variable (Tabachnick and Fidell, 1996: 53). There are a number of different effect size statistics, the simplest and most common is eta squared (Howell, 1999). Values of eta squared can range from 0 to 1. To interpret eta squared values the following guidelines can be used (Cohen, 1988):

1   .01=small effect
2   .06=moderate effect
3   .14=large effect

Although, SPSS computer software provides eta squared for some statistical tests, it does not supply it for t-test. Therefore, calculation of effect size is to be calculated by hand for the paired sample t-tests.

5.4.7   Limitations of Method

As common to most studies, the study methodology followed here is not without limitations. One limitation is related to the use of comparative statistical tests. Although, t-tests results showed a significant difference in the satisfaction scores between time 1 and time 2 it could not be totally assumed that seasonality changes *caused* the drop (or rise) in job satisfaction. As Tabachnick and Fidell (1996: 326) state: "the [comparative] statistical test in no way assures that changes in the dependent variable were caused by the independent variable...the inference of causality is a logical rather than a statistical problem that depends on the manner in which subjects are assigned to levels of the independent variables, manipulation of levels in the independent variables by the researcher, and the controls used in the research". In this respect, the problem of inference was mitigated by a number of steps designed to reinforce the main hypothesis that fluctuations in corporate performance caused the changes in job satisfaction. First of all, as Tabachnick and Fidell (1994) and Pallant (2004) emphasize, a sound scan of literature is warranted for making claims for the independent variable. Accordingly, this research followed up on the qualitative work of Marchington and his colleagues (1994) in the UK whose study had vital implications for this research. Second, the fact that this work surveys the *same* individuals in the two waves of the study (during high season and again during low season) greatly reduces the effects of any confounding factors that would have come about had the research surveyed different subjects and hence greatly increases the likelihood that differences in job satisfaction was caused by changes in corporate performance. Third, this study calculates the effect size (Cohen, 1988) which assesses the degree to which the independent variable (corporate performance) is related

to the dependent variable (job satisfaction). Lastly, control groups in the form of two independent hotels (D and E) were employed in order to isolate more effectively the effects of the independent variable (Tabachnick and Fidell, 1996). In technical terms, the latter step is done to control for "order effects".

One other limitation relates to sample size. It may be argued that the five international hotels that were surveyed may, in statistical terms, not be enough to make wider generalizations from the results. It is highlighted, however, that there are currently ten international hotel chains in Lebanon; therefore this survey actually represents half of the hotel groups in Lebanon. Nevertheless, given the relative novelty of the area, that is, examining the effect of corporate performance on employee attitudes, this study would need further replications and refinements to allow further generalization (Yin, 1994).

5.5   General Assumptions for Comparative Tests (ANOVA, Paired Sample t-tests)

T-tests and ANOVA are considered as robust, meaning that it is more or less unaffected by moderate departures from the underlying assumptions, namely that of normality and homogeneity of variance (Howell, 1999). After reviewing the assumptions in general below, the next section will concern itself with actually assessing the assumptions in accordance with this research.

5.5.1   Normality

One basic assumption underlying the use of Paired sample t-tests and one-way analysis of variance tests is that the population distribution for each treatment condition is normal

(Gravetter and Wallnau, 1988). In other words, it is assumed that the distribution of scores on the dependent variable is "normal" (Pallant, 2004). However, given the robustness of those statistical tests, it follows that this assumption can be relaxed when using large samples (i.e. =30) (Gravetter and Wallnau, 1988; Stevens, 1996; Howell, 2002, 1999; Tabachnick and Fidell, 1996). As Beck (1975: 111) (cited in Stevens, 1992) notes, "even for distributions which depart markedly from normality, sums of 50 or more observations approximate normality. For moderately non-normal distributions the approximation is good with as few as 10 to 20 observations" (see also Howell, 2002 for a review of similar literature). For our purposes, the fact that this study compromises more than 430 subjects would safely make it a robust sample against any deviations from normality.

There are several techniques for assessing normality of data, however Tabachnick and Fidell (1996) recommend assessing normality graphically such as histograms. In case of extreme violations, transformation of data is advised (although not universally recommended) (see Tabachnick and Fidell, 1996: 81-82 for a review) where the scores are transformed mathematically until the distribution looks normal; or the use of nonparametric alternatives to paired sample t-test and ANOVA such as Wilcoxon Signed Rank Test and Kruskal-Wallis Test respectively (see Bluman, 1997).

5.5.2 Homogeneity of Variance

A second assumption underlying the use of ANOVA is that samples are obtained from populations of equal variances (Pallant, 2004). In other words, this means that the

homogeneity of variance assumption is given much more prominence than the normality assumption in research (Gravetter and Wallnau, 1988), and therefore researchers are more concerned about violations of this assumption. Levene test for equality of variances is used to assess the homogeneity of variance assumption. If a significance value of less than .05 is obtained then it this assumption has been violated (Pallant, 2004). Nevertheless, ANOVA tests are considered robust against violations this assumption and most likely to be valid provided that the largest variance is no more than four of five times the smallest or as long as the group sizes are approximately equal (largest/ smallest < 1.5) (Stevens, 1992; Pallant, 2004; Howell, 1999, 2002; Gravetter and Wallnau, 1988). It is worth noting that these two conditions do not mix; when *both* conditions are suspected to have been violated simultaneously then it is probably that this assumption has been seriously violated (Howell, 2002; Stevens, 1996). Remedies to violations include transformation of data which may not be accepted by all authors in the field (see Tabachnick and Fidell, 1996), or using the Welch procedure (which can be requested from SPSS software when performing ANOVA) (see Howell, 2002). Welch's procedure is recommended with samples having different variances (as indicated by Levene test for example) especially when the sample sizes are unequal, and has been shown to be a powerful and a robust procedure (see Wilcox, 1987; Tomarken and Serlin, 1986) (cited in Howell, 2002).

5.5.3 Assessing Assumptions

Histograms were run for assessing normality of scores attained on the face satisfaction scale (Kunin, 1955) and the overall job satisfaction scale (Cammann, et al., 1979) for the

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data at the two different periods. Technically, face satisfaction and overall satisfaction at time 1 had hotels A, B, C, and D; face satisfaction and overall satisfaction at time 2 had hotels A, B, C and E. Inspecting the histograms for the scores at the two different periods, it is revealed that they do approximate normality. Nevertheless, transformations of data was attempted with the aim of further improving normality (Tabachnick and Fidell, 1996) but did not make any worthy improvement to the scores and therefore data was left in their original form (Pallant, 2004). As the current data do approximate normality (Pallant, 2004), the homogeneity of variance assumption was the second assumption to be assessed. The Levene test for equality of variances as part of analysis of variance analysis was performed for the four sets of data:

1 Face satisfaction time 1 (hotels A, B, C, and D): .006
2 Face satisfaction time 2 (hotels A, B, C, and E): .000
3 Overall satisfaction time 1 (hotels A, B, C, and D): .003
4 Overall satisfaction time2 (hotels A, B, C, and E): .000

As far as the results above are concerned, it is revealed that Levene test of equality did not pass for all data sets (i.e. significance level greater than .05). Nevertheless, analysis of variance would still most likely to be valid if the ratio of the largest variance over the smallest variance is less than four (Howell, 2002; 1999 and Wallnau and Gravetter, 1988). Accordingly, the next step was to calculate the largest variance over the smallest variance for the four sets of data:

5 Face satisfaction time 1 (hotels A, B, C, and D): 5.610/2.636= 2.12
6 Face satisfaction time 2 (hotels A, B, C, and E): 5.602/1.315= 4.26
7 Overall satisfaction time 1 (hotels A, B, C, and D): 1.673/.790= 2.11
8 Overall satisfaction time2 (hotels A, B, C, and E): 2.209/.439= 5.031

Face satisfaction at time 1 and overall satisfaction at time 1 were safe for ANOVA analysis as their ratios were well below the value of four. However, since face satisfaction at time 2 and overall satisfaction at time 2 ratios' were higher than four, ANOVA results could not be valid and therefore the Welch procedure is recommended in this case (Howell, 2002). Results are presented in the next chapter.

5.6   Conclusion

In conclusion, this chapter presented a review of the research methodology that this research will employ for examining the main research question which asks if fluctuations in corporate performance have an impact on employee satisfaction, in organizations with human resource management practices. The study will explore this research question, longitudinally, in the hotel sector as it allows for direct tests of fluctuations in corporate performance due to seasonality particular to the hospitality industry. Moreover, the hotels chosen were all first class hotels which emphasize HRM policies in their organizations. Job satisfaction scores in times of high corporate performance will be statistically compared with satisfaction scores in times of low corporate performance for the same respondents in each hotel. Accordingly, measuring the impact of changes in corporate performance (our independent variable) on job satisfaction longitudinally for the *same* respondents in the *same* organizations greatly reduces the chances of any confounding variables that would interfere with job satisfaction and hence bolsters confidence in the results that the change in our independent variable caused any potential changes in job satisfaction. Moreover, put into our research focus of studying this effect from a human resource management perspective, it follows that comparing job satisfaction scores

longitudinally over two different time periods for the *same* organizations would control for HRM practices and therefore allow us to assess more accurately the potential impact of our independent variable (corporate performance, the intervention) on job satisfaction independent over and above the HR practices. In effect, if it is shown that changes in corporate performance does have an impact on employee satisfaction attitudes in HRM organizations then this research would have identified an important control variable for future research in HRM surveys which would significantly contribute to reducing statistical bias in HR – attitude correlations. Measures for HRM practices, overall job satisfaction, and background variables are used to collect relevant data for this study. Paired sample t-tests with calculations of effect size are employed for analyzing the data. Lastly, employee interviews will be employed to assess more deeply the extent of HRM implementation in practice in the hotels studied.

CHAPTER VI

RESULTS

6.1 Introduction

This chapter presents the study findings from the 689 questionnaires[1] aimed at tackling our research goal which assessed the impact of corporate performance on employee satisfaction in organizations with best practice HR. In addition, results from the 33 open ended interviews with employees will be previewed in this chapter. This chapter is divided into seven main sections. After this section here, the second section presents a tabular description of hotel employees that took part in the survey. The third section presents the findings related to the number of HRM practices present in the organization as reported by managers. The next section offers the job satisfaction findings, with subsections covering paired sample t-tests and that of one-way analysis of variance (ANOVA) tests respectively. Section 5 provides a descriptive overview of job satisfaction in time 1 and time 2 respectively. Section 6 presents an overview of the interview results. Finally the chapter ends with a conclusion.

6.2 Employee Description Findings

The data here was obtained from the employee background questionnaires administered to the survey respondents.

Table 6.1 shows, on the next page, that employees are well educated with the majority having either a university degree or a technical school diploma in hospitality. Over half of the sample (52.3) had a technical degree in hotelier. Around 42 per cent had a

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[1] The number of participants taking part in the survey was 436, of which 253 were surveyed twice, producing a final figure the total number 689 questionnaires.

university degree. The good educational standard represented by our sample here seems congruent with the high known standards of those hotels surveyed. Looking at this from a social angle, some may even be overqualified but since unemployment figures tend to be high in Lebanon (18%, 1997 est.), some individuals may be forced to take up any work opportunity that may arise.

Table 6.1 Education Level

Highest Educational Level	Frequency n=436	%
University	179	41.1
School Diploma	29	6.7
Hotel Technical	228	52.3
School Certificate	x	x
None	x	x

Source: own compilation

Another finding worth noting is that most employees are single. As Table 6.2 on page 146 portrays, two thirds (60.3%) of the sample are single which may be due to high living expenses, coupled with low wages which do not exceed 230 pounds sterling in those hotels for the basic employee, ultimately prevents them from marrying and facing the extra financial responsibilities of marriage. This also has to be seen in light of the fact that employees may also have extra responsibilities of providing for their parents in poor families which means even more pressure for the individual employee. Around 40 per cent of the employees were married.

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Table 6.2 Marital Status

Marital Status	Frequency n=436	%
Single	263	60.3
Married	173	39.7
Divorced	x	x
Widowed	x	x

Source: own compilation

Furthermore, from Table 6.3 it can be seen that employees surveyed were equally spread in gender numbers, with males number being slightly higher (52.1%). In general, this seems typical of the hospitality sector where no single gender domination prevails (see for example Lucas, 1995) unlike some other sectors which may continue to be dominated by either sex (Badgett and Folbre, 2003).

Table 6.3 Gender

Gender	Frequency (n=436)	%
Male	227	52.1
Female	209	47.9

Source: own compilation

Moreover, most of the respondents were full-timers as is shown in Table 6.4. This trend may sound uncommon for the hospitality industry which had long been dominated by part-time contracting (Robinson and Wallace, 1983). Further, it may be worth noting that not only is the hospitality industry dependent on part-time employment, but is a growing

trend in a number of sectors in UK for example where part-time employees make up one-quarter of the workforce according to a recent Workplace Employee Relations Survey (Cully et al., 1998) (see Sisson and Storey, 2000: 2-3). The continuing reliance on full-time employment in Lebanon may not be very clear, but it may be related to maintaining parental cultural values (Hofstede, 1980) specific to Lebanon and similarly to provide motivation in the form of employment security where unemployment largely prevails in this region.

Table 6.4 Type of Contract

Status	Frequency n=436	%
Full-time	289	66.3
Part-time	147	33.7

Source: own compilation

None of the respondents claimed to being a union member. It seems that union membership is discouraged, with managers ultimately not favouring outside interference. This is seen as a growing trend in other countries, where it is believed that trade unions hinder flexibility and slows down decision making at organizational level (see Sisson and Storey, 2000 for a brief review).

As Table 6.5 shows on the next page, out of 436 respondents, most of those surveyed were between the ages of 25 to 29 (42.9%) followed by age group 18 to 24 (27.3%). Indeed the hotel sector tends to be staffed mostly by a young generation, especially front-line employee groups. The third highest group was between the ages of 30 to 34 (17%).

Around 9% of the respondents were aged between 35-44, while the minority were between the ages of 45-54 (3%).

Table 6.5 Age

Age Group	Frequency n=436	%
18-24	119	27.3
25-29	187	42.9
30-34	74	17.0
35-44	42	9.6
45-54	14	3.2

Source: own compilation

Finally, as Table 6.6 indicates, many of the employees surveyed indicated that they had been working for at least three months (29.8%) and two years (27.3%) respectively. It should be remembered, that the hotels being studied had opened recently along with several other international hotels in Lebanon (see methods chapter).

Table 6.6 Length of Service

Length of Service	Frequency n=436	%
1 – 3 mo.	130	29.8
4 – 6 mo.	32	7.3
7 – 9 mo.	6	1.4
10 – 11 mo.	2	0.4
1 yrs.	74	17
2 yrs.	119	27.3
3 yrs	73	16.7

Source: own compilation

6.3 Human Resource Management

In line with our research objective, which involves assessing the impact of corporate performance on job satisfaction over and above HR practices, it was necessary therefore to confirm the existence of HR practices with the hotel managers.

Accordingly, all managers in all five hotels had indeed ticked all boxes on the HRM questionnaire (see table 6.7 on page 150), indicating that all ten practices are followed in their organization. This is not surprising given that these hotels are considered to be a group of the finest hotels in the world. Therefore, it is expected that they follow a sophisticated HR policy. In addition, some few managers gave general remarks on their practices in the workplace. On good will treatment for example, one HR manager from Hotel C said:

"Once, one of our employees had a car accident and the company paid his full hospital and medical fees. We also try to *involve* employees in certain matters. For example, we let them know that we have to reach a certain financial budget this year and that we should all work for that".

Another HR manager from Hotel A also stressed the importance of the policies in his organization:

"Yes, we try our best to apply all these [listed] policies. Indeed, we have regular performance appraisals, once every six month and this insures that our services remain of high standard. We also have training sessions regularly with all employees. We also avoid compulsory redundancies for our full-time employees and whenever possible we try our best to ensure that vacancies are filled from the inside".

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Table 6.7 Human Resource Management Practices in the Five Hotels

HR Practice	Hotel A	Hotel B	Hotel C	Hotel D	Hotel E
Tries to make jobs as interesting as possible	√	√	√	√	√
Actively uses teamworking where possible	√	√	√	√	√
Keeps employees well informed	√	√	√	√	√
Provides opportunities for training and development	√	√	√	√	√
Tries to get employees involved in workplace decision making	√	√	√	√	√
Carries out equal opportunities in the workplace	√	√	√	√	√
Provides regular employee performance appraisals	√	√	√	√	√
Avoid compulsory redundancies	√	√	√	√	√
Has provisions to help employees deal with non-work responsibilities (i.e. family-friendly policies).	√	√	√	√	√
Fills vacancies from inside	√	√	√	√	√

Source: own compilation

6.4   Job Satisfaction

As indicated in the methodology chapter, the next step in the research was to measure job satisfaction of the same employees in the hotels at two different times. The first time was during the hotels' high corporate performance (CP) period (high season) and the second time was during the hotels' low corporate performance period (low season). The rationale here was to assess if a change in corporate performance (high vs. low) would produce a change in job satisfaction regardless of HRM. If the result of this study identifies that there has been a significant change in job satisfaction scores from time 1 to time 2, then this study would have identified an important organizational control variable over and above HRM (CP), currently neglected in HR surveys.

6.4.1   Paired Sample t-tests

Paired sample t-tests were conducted on the three main hotel groups whereby data on participants' satisfaction in their jobs was collected in two *different* times. As has been previously described, time 1 was characterized by high performance on the part of the hotels, whereas time 2 was characterized by a low performance accordingly. In hospitality jargon terms, time 1 was associated with hotels' in-season while the latter was linked to hotels' out-season. The hotels to be studied in this part are hotels: A, B and C respectively.

In what follows are the results/output of the paired sample-tests used here to investigate if there are any significant differences between participants job satisfaction from time 1 to time 2, using the two job satisfaction instruments (Kunin, 1955 face satisfaction scale; Cammann et al., 1982 overall job satisfaction scale).

6.4.1.1 Hotel A: Time 1 vs. Time 2

i.   Face satisfaction scale (Kunin, 1955)

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Face satisfaction time 1	4.4127	126	2.12892	.18966
	Face satisfaction time 2	6.3333	126	1.96774	.17530

Paired Samples Test

		Paired Differences							Sig. (2-tailed)
					95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	
Pair 1	Face satisfaction time 1 - Face satisfaction time 2	-1.9206	1.38335	.12324	-2.1645	-1.6767	-15.585	125	.000

As evident from the output tables with respect to Hotel A on the Faces satisfaction scale (Kunin, 1955), there was statistically a significant decrease in scores from time 1 (M=4.4127, SD=2.128) to time 2 (M=6.3333, SD=1.967), t(125)=-15.58, p<.0005. The eta squared statistic (.66) indicated a large effect (see Cohen, 1988).

ii. Overall Job satisfaction scale (Cammann, et al., 1982)

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	MEANOS T1	4.8439	126	1.18636	.10569
	MEANOS T2	3.7566	126	1.16116	.10344

Paired Samples Test

		Paired Differences							
					95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2-tailed)
Pair 1	MEANOST1 - MEANOST2	1.0873	.74854	.06669	.9553	1.2193	16.305	125	.000

With respect to the second job satisfaction instrument used in this study (Cammann, et al., 1982) for the same hotel, the tables two tables above show there was statistically a significant decrease in satisfaction scores from time 1 (M=4.8439, SD=1.186) to time 2 (M=3.7566, SD=1.161), t(125)=16.30, p<.0005. The eta squared statistic (.65) indicated a large effect.

6.4.1.2 Hotel B: Time 1 vs. Time 2

i. Face satisfaction scale (Kunin, 1955)

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Face satisfaction time 1	4.5443	79	2.36858	.26649
	Face satisfaction time 2	6.9873	79	2.36694	.26630

Paired Samples Test

		Paired Differences							
				Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
		Mean	Std. Deviation		Lower	Upper			
Pair 1	Face satisfaction time 1 Face satisfaction time 2	-2.4430	4.62087	.51989	-3.4781	-1.4080	-4.699	78	.000

The output of paired sample t-tests, comparing job satisfactions scores of respondents between time 1 and time 2 on the Faces job satisfaction scale (Kunin, 1955) in hotel B, are shown above. As can be seen, there was statistically a significant decrease in scores from time 1 (M=4.5443, SD=2.368) to time 2 (M=6.9873, SD=2.366), t(78)=-4.699, p<.0005. The eta squared statistic (.22) indicated a large effect.

ii.   Overall Job satisfaction scale (Cammann, et al., 1982)

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	MEANOS T1	4.7932	79	1.29353	.14553
	MEANOS T2	3.2996	79	1.48650	.16724

Paired Samples Test

		Paired Differences							
				Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
		Mean	Std. Deviation		Lower	Upper			
Pair 1	MEANOST1 - MEANOST2	1.4937	2.70636	.30449	.8875	2.0999	4.905	78	.000

With respect to job satisfaction scores for the second job satisfaction instrument (Cammann et al.,1982), there was statistically a significant decrease in satisfaction scores from time 1 (M=4.7932, SD=1.293) to time 2 (M=3.2996, SD=1.486), t(78)=4.905, p<.0005 - as illustrated in the tables above. The eta squared statistic (.23) indicated a large effect.

6.4.1.3 Hotel C: Time 1 vs. Time 2

i.   Face satisfaction scale (Kunin, 1955)

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Face satisfaction time 1	4.5417	48	1.62374	.23437
	Face satisfaction time 2	6.4375	48	1.14680	.16553

Paired Samples Test

		Paired Differences							
					95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2-tailed)
Pair 1	Face satisfaction time 1 - Face satisfaction time 2	-1.8958	1.53317	.22129	-2.3410	-1.4506	-8.567	47	.000

Similarly, employee satisfaction in hotel C also differed between the two periods. As indicated in the two tables above, for the Faces satisfaction scale (Kunin, 1955), there was statistically a significant decrease in satisfaction scores from time 1 (M=4.5417, SD=1.623) to time 2 (M=6.4375, SD=1.146), t(47)=-8.567, p<.0005. The eta squared statistic (.60) indicated a large effect.

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ii.   Overall Job satisfaction scale (Cammann, et al., 1982)

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	MEANOST1	4.9236	48	.88923	.12835
	MEANOST2	3.5069	48	.66307	.09571

Paired Samples Test

		Paired Differences							
					95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2-tailed)
Pair 1	MEANOST1 - MEANOST2	1.4167	.97365	.14053	1.1339	1.6994	10.081	47	.000

Finally, with respect to responses on the overall satisfaction scale (Cammann, et al.,

1982) in hotel C, there was statistically a significant decrease satisfaction in scores from

time 1 (M=4.9236, SD=.889) to time 2 (M=3.506, SD=.663), t(47)=10.081, p<.0005. The

eta squared statistic (.68) indicated a large effect.

6.4.2 ANOVA

In the previous section, tests were carried to investigate any statistically significant differences in the means *within* each hotel for the job satisfaction dataset.

In this section, the analysis is carried a step further to examine differences *between* hotels for both times 1 and time 2 datasets separately. As a result of attaining a significant result on Levene's test for homogeneity of variance for datasets in time 2, it is recommended that Welch's test is used in this case (see Methodology chapter).

| Time 1: Hotels A, B and C and control group hotel D. |
| Time 2: Hotels A, B and C and control group hotel E. |

6.4.2.1 Face satisfaction Time 1: Hotels A, B, and C and control group Hotel D.

ANOVA

FACESAT1

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.806	3	3.269	.702	.552
Within Groups	1542.295	331	4.660		
Total	1552.101	334			

Contrast Coefficients

	F1GRP			
Contrast	A	B	C	D
1	-2	1	-1	2

Contrast Tests

		Contrast	Value of Contrast	Std. Error	t	df	Sig. (2-tailed)
FACESAT1	Assume equal variances	1	.8846	.72888	1.214	331	.226
	Does not assume equal	1	.8846	.72062	1.227	253.733	.221

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Examining the ANOVA tables above, which are concerned with comparing the job satisfaction scores for hotels A, B, C and control group hotel D in time 1, show that there are no significant differences between the hotels on the faces satisfaction scale (Kunin, 1955). The output for the one-way analysis of variances between the hotel groups in time 1 for the face satisfaction scale is summarized as follows: [$F_{(3, 331)}$=.702, p=.552] and [$F_{(3, 331)}$=1.568, p=.197]. Moreover, the contrast tests gives support to the null hypothesis, in that means of satisfaction scores of the control group (D) is not statistically different from the rest of the hotels (p>.05). In particular, for face satisfaction at time 1 the results are summarized as follows (equal variances assumed): $F_{(1, 331)}$=1.473, p=..226.

6.4.2.2 Overall Satisfaction Time 1: Hotels A, B, and C and control group Hotel D.

ANOVA

OVERSAT1

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.896	3	2.299	1.568	.197
Within Groups	485.374	331	1.466		
Total	492.271	334			

Contrast Coefficients

	OV1GRP			
Contrast	A	B	C	D
1	-2	1	-1	2

Contrast Tests

		Contrast	Value of Contrast	Std. Error	t	df	Sig. (2-tailed)
OVERSAT1	Assume equal variances	1	-.7875	.40889	-1.926	331	.055
	Does not assume equal	1	-.7875	.40670	-1.936	247.558	.054

As indicated in the ANOVA tables above for the second job satisfaction scale (Cammann, et al., 1982), the results on this scale are similar to faces satisfaction scale in that there were no differences detected here between the job satisfaction scores in time 1 for hotels A, B, C, and D. The output for the one-way analysis of variances between the hotel groups in time 1 for the overall satisfaction scale is summarized as follows: [F(3, 331)=1.568, p=.197]. In addition, the contrast tests gives support to the null hypothesis that means of satisfaction scores of the control group (D) is not statistically different from the rest of the hotels (p>.05). In particular, the overall satisfaction scores at time 1 yielded the following results: (equal variances assumed): F(1, 331)=3.709, p=.055 .

6.4.2.3 Face Satisfaction Time 2: Hotels A, B, and C and control group Hotel E.

Robust Tests of Equality of Means

FACESAT2

	Statistic[a]	df1	df2	Sig.
Welch	1.647	3	172.037	.180

a. Asymptotically F distributed.

Contrast Coefficients

	F2GRP			
Contrast	A	B	C	E
1	-2	1	-1	2

Contrast Tests

		Contrast	Value of Contrast	Std. Error	t	df	Sig. (2-tailed)
FACESAT2	Assume equal variances	1	.5366	.62762	.855	350	.393
	Does not assume equal	1	.5366	.59398	.903	332.429	.367

Results from the Welch tables above, for hotels A, B, C, and the second control group hotel E at time 2, also confirm that there were no statistical differences (p>.05) between the hotel groups during this period. The results for face satisfaction at time 2 can be summarized as follows: $F(3, 172)=1.647$, $p=.180$. Further, as evident from the contrast tests tables for time 2, there were no significant differences between the control group (E) and the rest of hotels. Specifically, results for face satisfaction time 2 are (equal variance not assumed): $F(1, 332)=.815$, $p=.367$.

6.4.2.4 Overall satisfaction Time 2: Hotels A, B, and C and control group Hotel E

Robust Tests of Equality of Means

OVERSAT2

	Statistic[a]	df1	df2	Sig.
Welch	2.096	3	173.156	.103

a. Asymptotically F distributed.

Contrast Coefficients

	OV2GRP			
Contrast	A	B	C	E
1	-2	1	-1	2

Contrast Tests

		Contrast	Value of Contrast	Std. Error	t	df	Sig. (2-tailed)
OVERSAT2	Assume equal variances	1	-.5265	.38250	-1.376	350	.170
	Does not assume equal	1	-.5265	.36085	-1.459	327.439	.146

Similarly, results from the Welch tables above for the second job satisfaction instrument (Cammann, et al., 1982) with respect to hotels A, B, C, and E (control group) at time 2, also confirm that there were no statistical differences (p>.05) between the hotels in this

period. The results for overall satisfaction in time 2 can be summarized as follows: $F(3, 173)=2.096$, $p=.103$. Further, as shown in the contrast tests tables above for time 2, there were no significant differences in the job satisfaction scores between the control group (E) and the rest of hotels. Technically, output for overall satisfaction at time 2 is as follow: $F(1, 327)=2.128$, $p=.146$.

In concluding this section, one-way analysis of variance was conducted on the job satisfaction data to test if there were any statistical differences in the mean scores between the hotel groups. Results confirm the null hypothesis that there were no statistical differences in the means of the face satisfaction scores and overall satisfaction scores for periods 1 and 2 suggesting that the hotels are comparable. Further, comparison tests between control groups and rest of the hotel groups, revealed that there were no significant differences in the mean satisfaction scores, which confirms that there were no order effects. In addition, the fact that job satisfaction control groups were not statistically different from our three dependent hotels boosts the validity of the results in this study.

6.5 The Impact of Corporate Performance on Job Satisfaction

Findings from the paired samples t-tests run on the questionnaire data, showed that mean job satisfaction scores on both satisfaction scales (Kunin, 1955; Cammann, et al., 1982) differed significantly from time 1 (high corporate performance) to time 2 (low corporate performance) in the three hotels, as summarized in table 6.8 and 6.9.

Table 6.8 Summary of Paired Sample t-tests – Face Satisfaction Scale

Hotel	Mean Satisfaction at Time 1	Mean Satisfaction at Time 2	Effect Size
A	4.4127	6.3333	Large
B	4.5443	6.9873	Large
C	4.5417	6.4375	Large

Source: own compilation

Table 6.9 Summary of Paired Sample t-tests – Overall Satisfaction Scale

Hotel	Mean Satisfaction at Time 1	Mean Satisfaction at Time 2	Effect Size
A	4.8439	3.7566	Large
B	4.7932	3.2996	Large
C	4.9236	3.506	Large

Source: own compilation

Accordingly, the results show that corporate performance has an impact on employee satisfaction. Indeed, all things held constant, the large effect size (Cohen, 1988) reported here confirms the relatively large magnitude of differences between the mean scores compared in the two different time periods and hence its significant influence on job satisfaction (Tabachnick and Fidell, 1996). The first hypothesis of the study is therefore confirmed: corporate performance has an impact on job satisfaction

Briefly speaking, the number of satisfied employees fell by 40% from time 1 to time 2 in the three hotels. Specifically, out of 253 respondents surveyed in the in-season period, 176 of them were satisfied, however when surveyed again during the out-season period the number of satisfied fell to 73 respondents. Said differently, the number of dissatisfied employees in hotels A, B, and C rose from nearly 30% of the sample in time 1 to around 55% of the sample in time 2 as shown in table 6.10. Figure 6.1 summarizes the table in graphical form.

Table 6.10 Comparisons of Employee Satisfaction Scores Between Time 1 and Time 2 for hotels A, B, C

Performance * face satisfaction Crosstabulation

| | | | face satisfaction | | | |
			dissatisfied	halfway	satisfied	Total
Performance	high	Count	48	29	176	253
		% within Performance	19.0%	11.5%	69.6%	100.0%
	low	Count	138	42	73	253
		% within Performance	54.5%	16.6%	28.9%	100.0%
Total		Count	186	71	249	506
		% within Performance	36.8%	14.0%	49.2%	100.0%

Source: own compilation

Figure 6.1 A Graphical Comparisons of Job Satisfaction Between Time1 and Time2 for Hotels A, B, C
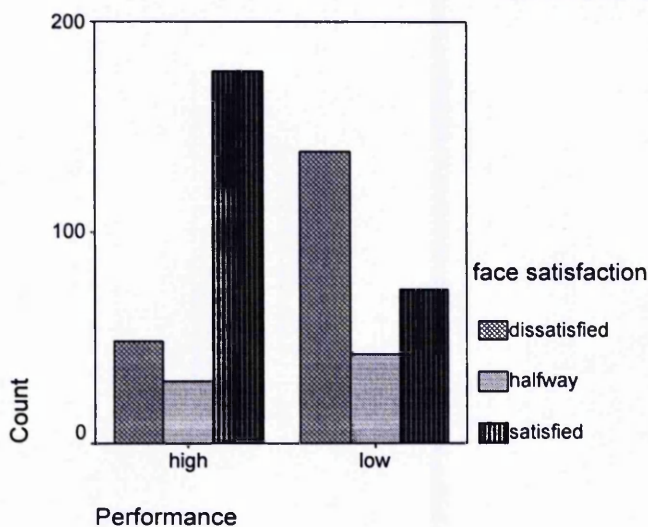
Quite similar to the above results, job satisfaction results for the two separate hotels which were surveyed once also confirm such a trend. As can be seen in the tables 6.11 and 6.12, Hotel D had more than 62% of satisfied employees of the 82 surveyed in time 1. On the other hand, Hotel E which was surveyed in time 2, during low performance times, had less satisfied employees; around 30% of the 101 employees surveyed were reported as being satisfied. The results are also portrayed in graphical form in figures 6.2 and 6.3 respectively on the next page.

Table 6.11 Independent Hotel D Job Satisfaction Scores at Time 1

face satisfaction for Hotel D- time 1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	satisfied	51	62.2	62.2	62.2
	halfway	10	12.2	12.2	74.4
	dissatisfied	21	25.6	25.6	100.0
	Total	82	100.0	100.0	

Source: own compilation

Figure 6.2 Graphical Representation of Employee Satisfaction in Hotel D

face satisfaction for Hotel D- time 1
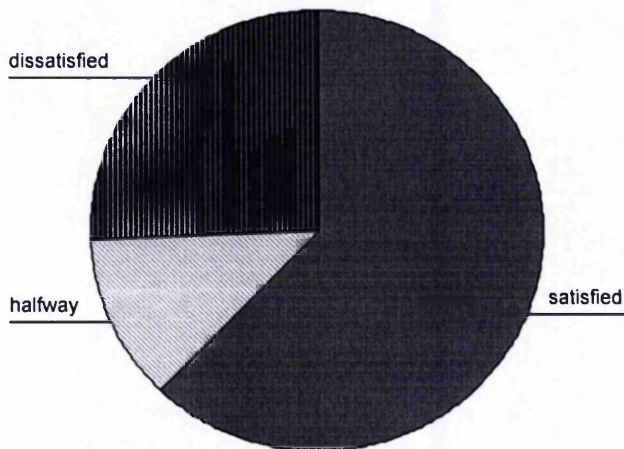
Table 6.12 Independent Hotel E Job Satisfaction Scores at Time 1

face satisfaction hotel E- time 2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	dissatisfied	64	63.4	63.4	63.4
	halfway	8	7.9	7.9	71.3
	satisfied	29	28.7	28.7	100.0
	Total	101	100.0	100.0	

Source: own compilation

Figure 6.3 Graphical Representation of Employee Satisfaction in Hotel E

face satisfaction hotel E- time2

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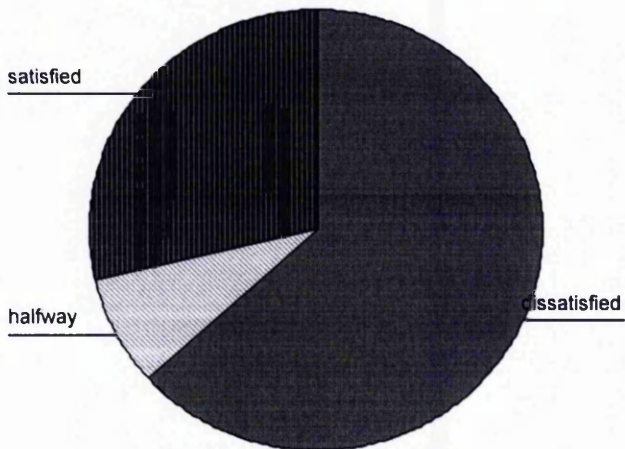
As mentioned earlier, the results reported are as measured by the Face Satisfaction scale (Kunin, 1955). In summary, the figures above clearly show a trend. Hotels surveyed during the in-season had a higher number of satisfied employees, compared to the number of satisfied employees during the out-season period. The first sub-hypothesis is confirmed: job satisfaction is lower during low corporate performance.

On the whole, from the job satisfaction scores attained here, it is clear that the state of employee satisfaction at all the hotels studied here was generally not high enough. Overall, the average number of satisfied employees in times of high corporate performance at the hotels did not exceed 68% of the sample, at its best.

Put into HRM perspective, at first glance, the low job satisfaction scores portrayed here come as a surprise for HRM supporters who assume that HRM has a very positive effect on employee attitudes. As mentioned earlier in the methodology chapter, the hotels picked for this study are prestigious international hotels known for their people-oriented policies, which should make one believe that job satisfaction at the these hotels would be at its highest. However, a general look at the satisfaction scores (especially in time 2) paints a rather ironic picture. This is indeed ironic given that best practice HR practices are based on half a century of the human relations movement which clearly make the case that supporting/nurturing employees in organizations (i.e. via the people management activities) serves in dramatically raising job satisfaction in the organization.

Put into perspective, it may well be that HR practices are not being fully implemented by managers in the first place which may explain the weak employee satisfaction scores attained in this study. The next section sheds light on this matter.

6.6   Interviews

The fact that employee responses on the job satisfaction scale revealed that they were dissatisfied (in the second part of the study mainly) as indicated earlier in this chapter, tends to make us skeptical of management's efforts in managing their workforce effectively, or in particular, implementing HR effectively (e.g. Truss, 1999; Marchington, et al., 1994; Hallier and Leopold, 1996). Therefore, it was felt necessary to shed light on this issue with views from the ground which can give us a richer picture of reality and how HR may be implemented in the organizations studied. As previously mentioned in the methodology chapter, one purpose of employee interviews in this study was to offer us a wider understanding of HRM implementation on the ground, from the end receivers of those practices. Therefore, in addition to managers' participation in this study who 'proudly' claimed that all ten HR policies are implemented in their hotels as noted earlier in the chapter, interviews were held with employees who were asked questions on their views/ perceptions of the ten HR practices in their hotels (see appendix A2 for questions, Guest and Conway, 1998).

Detailed discussion of interviews listed below, from the perspective of job satisfaction, HR practice, and Lebanese contextual factors follow in the next chapter (Discussion of Findings). It is suffice to say here, however, that based on the short interviews conducted with 33 employees from two hotels, A and B, it is revealed that many of HR practices seem to be partially applied in practice on the part of management or simply mismanaged. The following are the interview findings from employees with respect to HRM practices. For ease of illustration, the HR practices have been broadly grouped into six main HR categories: Training and development, information sharing and employee

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involvement, performance appraisal, rewards and employment security, job design, and equal opportunities.

6.6.1 *Training and Development*

Building and developing employee skills in the organization is important to achieve excellence in customer services. This is necessary for competition in this highly competitive luxury hotel sector and ought to be managed (the training policy) effectively by managers. Nevertheless, several employees complained about its application in the organization as their comments below demonstrate:

"Training is good, but we feel that the training staff are not really eligible enough to be training us..."

"I think the training here is better than what is given elsewhere"

"We all get crammed in one small class sometimes, that we can't learn properly...also there is no first impression, there isn't any sophisticated teaching atmosphere. For example, there are no proper charts...its simply not interesting."

"Although I think that the company is investing great time and effort in training us, but I think they should do more than that. I think we should get training more often".

"Training is limited for the [task at hand] only... with no training opportunities for personal development here...outside of this country, in Europe for example, they invest in their employees, but not in this country!"

"They should invest more in developing our careers rather than being trained in very general things which I think would not help building our careers over the long run."

As evident from employee interviews, there are concerns expressed by employees with respect to training environment and career development opportunities. The training environment was generally perceived as unsatisfactory in terms of a poor class design and illegible training staff. In addition, career development opportunities seemed very limited.

6.6.2 *Information Sharing and Employee Involvement*

Although managers noted that they keep employees well informed of their business matters and try to engage them in decision making, employee attitudes on this issue painted a rather disappointing picture. They did express the following views:

"We are not involved in decision making of course, as [basic] employees. Even high ranking managers are not involved. It is a one man-show I guess"

"No, all big things are kept with our superiors. We just know what they want us to know."

"During the Iraq war, I felt so afraid that they might lay us off permanently due to the very bad business in these times. We [employees] were very distressed not knowing what was going to happen to our jobs. In the end, I was told that I should leave on unpaid leave until the war ends and business is back. I did not mind being laid off temporarily as this war affected us. I understand.... But I would have really appreciated some communication on the part of managers to tell us what would happen to us and to the hotel, rather than keeping us [in the dark] for weeks not knowing anything..."

"We are only involved in budget plans where we have to reach a particular financial goal in a certain given period...but other than that all information is kept with our superiors. Also, we are never involved in hotel's decision making...everything is kept with them. We do not expect to be involved anyway..."

"They can have sports events on the beaches, and maybe let in non-members to the beach which can bring more revenues into the hotel. There are many choices I believe. But we are not involved in giving suggestions."

In line with employee comments on information sharing, it follows that employees are rarely informed about their hotels' operations, be it business plans, financial information, or other general hotel related issues. Moreover, employees find that their suggestions on different organizational issues are not taken into consideration by managers. Employees are not involved in decision making, and are not encouraged to participate after all. The overall picture is that employee involvement is near absent in the hotels studied.

6.6.3 Performance Appraisal

Performance appraisal is another important practice considered necessary to achieve the HR outcomes of job satisfaction and commitment in the workplace (Guest, 1987; Guest and Conway, 1998). Employee comments implied that there is room for improvement in this practice by management:

"Formal appraisal is not taken very seriously here...our views are not taken into consideration when being appraised."

"My performance gets appraised twice per year, I think it is good to know where you stand and how you can improve, but at the same time I think the appraisal process is very unorganized."

"Not bad, it is [performance appraisal] better than where I used to work."

"Appraisal is just politics, if they like you they say you are doing well, if they want to replace you they just say you are not doing your job well as an excuse. It is a matter of personal preference, not your skills."

Judging from the above expressed views by employees, the delivery quality of performance appraisal by managers does not seem to be of a quality standard, and at least not of the standard which would fit the image of such highly reputable hotels. Indeed, performance appraisal in the hotels studies seemed to be of an unstructured and unplanned process, and where employees' think of their supervisors (or appraisers) as being unjust.

6.6.4 Rewards and Employment Security

The HR practices of rewards and job security are central for ensuring high job satisfaction and motivating employees to work effectively and efficiently which has implications for increasing organizational profits in the organization as a result. Many of the employees believed that their managers are doing very little in recognizing and rewarding their efforts. At the same time however, employees felt they were secure in their jobs. Below are their responses:

"Rewards are okay here. Usually if we work hard toward a certain goal they set for us, we get a bonus. But still, our basis salary which we earn in this country is never enough. We need at least a double of what we earn here, so that we can live a "good" life."

"There is no motivation here whatsoever. No recognition, no promotions, no good pay, no bonus pay. There is just no professionalism by our managers. I am just working because I have to. No commitment. It is all politics in here. There are even people who are promoted and who are not qualified at all...politics. Also, you work so hard sometimes and you don't get compensated for it...you don't get paid for overtime. They just take advantage of you sometimes because of the high unemployment in the country. Also there is no coordination between managers and employees, things are very unorganized here..."

"Our salary is not that high, but still with a high unemployment in the country, we are forced to accept the reality."

"There is not much motivation here. No recognition for your efforts. In other civilized countries, they appreciate your work, but not here."

"They don't recognize my work very much in this hotel. I have two friends in one good hotel, who started work as a concierge and now actually became a manager there. Another one I know, was also promoted there. But here, I don't think we have this at all."

"I don't think it is about appreciation of skills here, its more about who you know."

"Employee support is very little here. Its just the salary we earn."

"Employees get [financial] support sometimes if they need it. One colleague had injured himself once, and the hotel helped."

"I feel secure in my job, we don't feel we will be suddenly laid off – I think it is not done easily in this country as much as in Europe."

"I think they [manager] cannot just fire anybody like this [very simply] – the law does not allow it, they [managers] have a [moral and social] responsibility towards us. I feel secure."

Employees were consistent in their views that their salaries and bonus rewards (in few cases) are low, especially when compared to other countries. Indeed, such perceptions are indeed understandable given that Lebanon is considered the most expensive country in the Arab region that, holding all other things constant, salaries may have to be doubled in Lebanon in order for employees to lead a somehow content life. In similar vein, employees felt that their efforts are not recognized or appreciated (in terms of tangible and intangible rewards) resulting probably in low motivation and satisfaction as will be discussed the next chapter. Nevertheless, employees noted in their interviews that they felt they were secure in their jobs, relating this to employment laws against compulsory redundancies in Lebanon and to managerial moral responsibility practice to them.

6.6.5 *Job Design*

Making jobs interesting is another central HR practice included as part of the ten HR practices in the UK literature, and is considered necessary for achieving better employee attitudes and organizational performance. Employee views were consistent, in that their jobs become very boring and uninteresting during the low season, which ultimately questions the top management efforts to actually implement the details of this practice. The following employee comments are noted:

"I like what I do usually. But when the out-season comes in we all feel so bored...bored to death. Bored than you can ever imagine. In these times we feel both mentally and physically depressed. It is a horrible feeling...I think managers can do several things [to alleviate employees' boredom/ depression in low season]. ...they can simply rotate us around other departments to meet other employees from other departments and learn about their activities that may be new and interesting for us...they can also take us on travel tours just to freshen us. I really hate it when this feeling sets in [in the out-season]. Everyone is so sad and down. You should see managers how they turn in these times, very angry they don't have a feeling to talk to anyone...It is sad times for us in this period I guess."

"The feeling is great during the high season, I enjoy my job...however, in low season it becomes very boring. I would not want to work in such an environment I suppose; it is an ugly feeling..."

"There is just no professionalism at all in here...And I really don't expect it from a manager who [actually] comes to work wearing his Hawaiian shirt and shorts!..."

"I think I am very bored in the job."

In the area of job design and making employee jobs interesting in particular, managers tend not to give this area a lot of attention in the hotels. This is indeed unfortunate given that the area of job design is actually perceived as the most important job facet to have an influence on job satisfaction (Saari and Judge, 2004). In line with employee comments on this practice, employees generally felt very bored during times of low corporate performance (low hotel season). In fact, the management failure to make jobs interesting especially during the low season is probably a major explanatory factor behind the lower job satisfaction scores attained in time 2 of the study.

6.6.6   Equal Opportunities

Finally, the reality of the HR practice pertaining to ensuring equal opportunities in the organization by management is not very encouraging. Employees expressed the following remarks:

"Employment, rewards, promotions, everything is based on the superior that you know. Nepotism [here], as its all around the country here."

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"No, I think lots of politics in this hotel as in all things in this country. They don't hire based on skills, but on your connections. Its all about networking, if you know this manager then there is a chance to be hired, if you don't know anybody and still have excellent skills you will still not be hired."

"Not really. It is all based on who you know, religion, place of birth, etc…You know, managers may prefer people on others, if they come from same place where they were born. Its like that everywhere I think, but you never know about these, its all hidden."

"Yes, I think the hotel does treat us all equally."

"I am new here, but what I hear from my colleagues I think there is lots of politics on what you get [a favour from the manager] in the end. But all employees like and respect each other as a family, its just a matter between you and your employer."

Most employees seemed to agree that it is a culture of 'favouritism' in these hotels. They noted that workers get promoted, hired, and rewarded based on sect or religion mostly. Such practice can increase the chances of creating an unjust climate in the organization and which can well lead to negative employee attitudes over the long run.

As evident from the interviews above on HR practices in the hotels, although the best practice HR policies are espoused by managers and featured on their corporate websites and resources, the application of these practices it follows seem very far from being properly and fully implemented by managers as was observed above. Accordingly, job satisfaction cannot not be enhanced and maintained as can indeed be realized from the results of this study.

6.7   Conclusion

The main focus of the previous sections was to analyze the data collected from respondents of this study, with respect to employee background variables, job satisfaction, and human resource management practices. Briefly, concerning the background of employees, most of them were single, in their 20's, and highly educated. The respondents were somehow equally spread in terms of gender. None of them was a union member. Furthermore, around 60% of the sample had been working for more than a year. Finally, more than 65% of the respondents surveyed were full-time employees.

Results from paired sample t-tests comparing employee satisfaction scores between time 1, characterised by a period where the hotels were enjoying high performance, and time 2, where the hotels were experiencing low corporate performance, revealed that there were statistically significant differences in the job satisfaction scores. In other words, employee satisfaction was significantly influenced by corporate performance which comes in support of the first hypothesis of the study. Having said this, this study has therefore identified that corporate performance has a direct impact on job satisfaction and therefore stands to be an important variable to be statistically controlled for in human

resource surveys that test the effects of HR practices on employee satisfaction. Important variables which can have a significant impact on job satisfaction, such as has been identified here, should be controlled for in order to ensure "that the results [HRM-job satisfaction link] do not specific characteristics of individual or organizations above and beyond the HR practices" (Guest, 2002: 347). Controlling for important factors helps in reducing statistical bias and hence, very importantly, more accurate HR conclusions and implications are reached, as was explained in chapter three. Moreover, ANOVA tests were carried out on the data and showed that there were no statistical differences in job satisfaction scores between the hotels in each separate period and in particular no differences between the dependent hotel groups and the control groups. Therefore, there were no signs of order effects; results were reliable. Additionally, this indicates that the hotels chosen were soundly "comparable" for analysis.

Technically, job satisfaction was generally not high enough at hotels, especially in time 2 of the study where it had decreased further- a finding which comes in support of the first sub-hypothesis of this research. In theory, this should not happen given that human resource practices are based on the human relations school which demonstrates that nurturing and supporting employees enhances and maintains job satisfaction. Indeed, unsurprisingly, upon deeper exploration of HR practices implementation with employees themselves, it was revealed that the implementation of HR practices by managers is far from being fully implemented by them. This finding comes in support of the second hypothesis of the study.

Although, managers responded very positively with respect to all best practice HR as being implemented in their hotels, exploration with employees showed there were

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actually many problems with HR practice implementation on ground. The problems included a poor training environment, limited career development opportunities, lack of serious efforts in making employees' job interesting, unorganized performance appraisal process, inadequate rewards, and a very limited employee involvement.

The next chapter discusses the findings from the human resource management perspective in relation to job satisfaction and Lebanon context.

CHAPTER VII

DISCUSSION OF FINDINGS

7.1 Introduction

The main aim of this study was to shed light on a major organizational factor, corporate performance, which would influence job satisfaction attitudes. In a longitudinal study design, this work has confirmed the influence of fluctuations in corporate performance on employee satisfaction attitudes, regardless of HR practices. The results suggest that corporate performance is an important control variable in the attitude surveys in human resource management, but is currently neglected. In addition, the second part of the study explored HRM implementation in the hotels. Qualitative interviews were conducted with employees in an attempt to assess the extent to which HRM was implemented by managers and what implications this has for the job satisfaction results attained in this study accordingly.

This chapter is divided into four main sections. Section 2 discusses the results particular to questionnaire findings with respect to the impact of corporate performance on job satisfaction. Section 3 discusses the interview results, and their links with job satisfaction in the Lebanese (Middle Eastern) context. Finally, the chapter ends with a conclusion.

7.2 The Impact of Corporate Performance on Job Satisfaction

The relationship between HR practices and job satisfaction attitudes has been demonstrated in a number of studies (Guest, 2002; Guest and Conway, 2000; Ramsey et al., 2001). Nevertheless, the associations have been very weak at its best and inconsistent across the studies. It has been argued in this thesis that surveys which

examine the relationship between HR practice and employee attitudes tend to control for a wide number of employee control variables but fail to do so for organizational control factors which can potentially have an influence on job attitude over and above HR practices. Accordingly, through literature research, this work has identified a potentially powerful organizational control factor, corporate performance, that could well have an impact on employee attitudes over and above HRM. In line with this, the study aimed to test this model, that is the impact of high and low corporate performance on employee satisfaction attitudes, through a well-designed longitudinal measure in HRM organizations; the first main research objective.

Results from paired sample t-tests indicated a significant difference in job satisfaction scores within the hotels from time 1, where the hotels where experiencing a high customer intake to time 2, where the hotels had been experiencing a hard financial slow down - confirming the general hypothesis of this study that corporate performance influences job satisfaction attitudes. It follows that a positive corporate performance context impacted job satisfaction attitudes positively in the workplace, while a low corporate performance influenced job satisfaction negatively. The results attained here show a direct support for Marchington et al. (1994) theoretical argument on the effects of corporate performance on general employee attitudes (see chapter three). In addition, interestingly, the findings here show that the effect of corporate performance on attitudes is considered very important, as reflected by the large effect size established in the study (Cohen, 1988). Further, given the strength of the study design, as being a repeated measure, involving the same employees being surveyed twice in the same organizations (once during high corporate performance and another time during the low performance) would eventually keep effects of confounding variables at a great minimum and further boosts the conclusions of this study (e.g.

Field, 2004). In other words, the "validity" of the effect of our independent variable (corporate performance) on attitudes is "amplified". Putting this into an HRM perspective, the act of comparing job satisfaction scores longitudinally over two different periods in the *same* organizations controlled for HRM practices and allowed us therefore to assess more accurately the potential impact of our independent variable (corporate performance) on job satisfaction over and above the effects of HR practices. Job satisfaction attitudes are therefore being influenced by the underlying corporate performance regardless of the number of HR practices. Harley's (2002) study which showed that employee satisfaction was affected by a whole range of unknown variables over and above HR as shown by a very small (r2) in his model fits well within the results of this study. This study, it seems, has identified a significant control variable in this direction. Given the significance of corporate performance on attitudes as shown in this study, current surveys which explore the relationship between the number of HR practices and employee satisfaction would therefore be limited in the continued absence of not controlling for corporate performance (i.e. Marchington et al., 1994); leading eventually to a statistical bias. By failing to incorporate the effects of corporate performance on employee attitudes in these HR surveys, the HR-attitude relationships being explored in the current studies may risk being either overestimated or underestimated. In simple terms, HR-attitude studies in their current form may be underestimating the effects of HR practices on employee attitudes in organizations experiencing low corporate performance and overestimating them in organizations experiencing high corporate performance. Accordingly, the potentially inaccurate results in the current studies may lead to misleading management implications (see chapter three). For instance, in the study by Guest (2002) it was shown from the regression analysis that out of ten HR practices

investigated the results indicated that making jobs interesting (a type of HR practice), along with two other HR practices were the ones associated with job satisfaction. However, given the absence of controlling for corporate performance in Guest (2002) study it may well be that the job satisfaction was also being influenced by our confounding variable (corporate performance) which may have caused a statistical bias in Guest findings in the relationship between HR practice and job satisfaction. Accordingly, interested managers adopting HR conclusions from Guest's study may well be misled. Indeed, generally, there is great inconsistency in results in this field of HRM surveys that where a certain type of HR practice would appear related to job satisfaction in one study (e.g. Guest, 2002) would fail to correlate with that attitude in other studies (e.g. Guest and Conway, 1999; Harley, 2002). This may imply that attitudes are indeed being affected by a whole range of "unknown" variables over and above HR, which as a result of ignoring them is leading to mixed results across studies. This study has therefore identified one important variable in this direction.

In detail, the number of satisfied employees fell as much as by 40% from time 1 to time 2 in the three dependent hotels in this study. Particularly, out of 253 respondents surveyed in the in-season period, 176 of them were satisfied, however when surveyed again during the out-season period only 73 were satisfied out of the 253 respondents. Explaining the psychological reasons for this effect is beyond the scope of this research, however it may suffice to say that employees may tend to have a general feeling of happiness during the "in-season" context which may eventually translate into the positive attitudes that we saw in part one of the study (Marchington et al., 1994). On the other hand, during difficult times represented by a hotel's out-season context employees tend to exhibit negative feeling as reflected in their low job

satisfaction scores in part two of the study (Hyman et al., 2002). It may be that employee motivation and morale is most positive when employees are part of successful organizations. This is what Marchington et al. (1994) called a "feel good" factor on the part of employees, during positive times. Moreover, Purcell et al. (2003: 8) also note that "people like working for successful organizations and the experience of success, especially if shared, feeds back to help reinforce attitudes". In contrast, during difficult times employees seem to have low morale which translates into low satisfaction scores as this study has shown.

Speaking of the overall state of employee satisfaction in this hotel sector study, hotel employees were not very satisfied in general. At its best, the average number of satisfied employees at the hotels did not exceed 68% in time 1, with job satisfaction decreasing even further in time 2 of the study.

Finally, it should be pointed out that ANOVA tests comparing job satisfaction scores between the hotels in *each* given period separately did not show any significant differences between them accordingly, which evidently indicates that the organizations were indeed validly "comparable". It follows that confidence in results of this study is amplified by the fact that our sample has been drawn from a single industry in which industry-specific confounders can be better understood and controlled (Rondeau and Wagar, 2003: 16). Equally, caution should be expressed that the study conclusions to other industries may not hold and therefore similar replications in other industries may be warranted.

7.3 Exploring HRM Implementation

From the human resource management perspective, the results of this study seem disappointing at first glance. Ironically, human resource management practices and polices which have long been regarded as being highly related to job satisfaction are failing to show such a strong effect on job satisfaction(e.g. Harley, 2002; Guest and Conway, 1999). One reason of why HRM is not "delivering the goods" in enhancing and maintaining high satisfaction, may be due to managers' failure in implementing the human resource management practices. It should be noted that it is not HR themselves that matter, but it is the actual *delivery* of these practices by managers that is important (Guest, 2002). HR policies and practices may simply be a mere management "fad" (Harley, 2002). Human resource management practices may not be fully implemented in the hotels (e.g. Legge, 1995b; Truss, 1999) (see chapter two) leading to the low job satisfaction scores, especially in the second part of the study where it decreased much further. Thus, in line with second research objective of this thesis, interviews were held with employees to determine if HR practices were actually implemented properly by managers in the hotels.

The next section discusses the employee interviews outlined in the results chapter, with respect to HRM implementation.

7.3.1 Training and Development

In the area of workforce training and development, employees raised concerns about the overall training environment and staff eligibility. Employees perceived that the overall training environment was not of a high standard. In this respect, they cited

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examples including over-crowded classes, improper training charts, and limited training.

These issues are very well established in the literature as being related to the success of training in the workplace (Noe, 1986). Moreover, these factors mentioned by employees are all part of the training "experience" that employees are exposed to and thus have a direct influence on employees' attitudes (Santos and Stuart, 2003). In other words, a poor training environment can be a source of dissatisfaction to employees as was seen in this study.

In addition, hotel employees complained that the training staff were not qualified enough to be training them, a finding which may have also led to the lower job satisfaction in this study. It follows that the trainers seemed to lack the necessary skills to train hotel employees. Indeed, this finding here pertaining to the low qualification of training staff, can be directly compared to a Lebanese study (Awad, 1999) sponsored by United States Agency for International Development on HR skills in 12 popular hotels in Lebanon. The study surveyed tourism professionals who worked closely with these hotels. The study identified that there are major deficiencies in the hotels' workforce skills including language skills, customer care attitudes, selling skills and time management. Accordingly, one of the major concluding points identified in the Awad (1999) study, and which is of direct relevance to us here, is "serious lack of professional human resource and training managers". Indeed, the party who is generally more or less directly responsible for such gaps in human resources are the human resource managers who are in charge of recruiting and selecting the right employees and training and motivating them. Having said this, a critical human resource need identified by Awad (1999) was to train the HR trainers themselves in matters relating to managing employees in the workplace.

To name a few, these matters included areas in career planning, recruitment, compensation systems, coaching and counselling, motivation and conflict management, total quality management (TQM), computer skills, management of cultural diversity, and legal training.

In chapter 2, several contextual factors, particular to the UK context, were outlined as having an influence on HRM practices (Bach and Sisson, 2000). For example, it was argued that the market pressure on managers to maintain share price meant a higher concern with financial matters at the expense of personnel issues (Bach and Sisson, 2000). Eventually this meant a lower training and development environment in UK organizations (e.g. Truss, 1999). In the case of Lebanon, a number of contextual variables can be cited, as having an impact on the training practice.

One major contextual element is the economic environment in Lebanon. The low investment in employee training and development programs by Lebanese organizations in general is mainly due to the difficult economic conditions that the country has witnessed. The severe recession that Lebanon has passed through in the last ten years and which still has not totally recovered from has had a direct impact on the training investment behaviour of firms in Lebanon. Many organizations have cut their training expenditures in light of the recession and the pessimistic economic outlooks (for example, see Legge, 1988).

In addition, the unstable political situation in Lebanon that continued even after the war had been finished has also had a direct effect on human resource management activities. The post-war conditions characterized by Israeli conflict in south of Lebanon, the ongoing political tension within the Lebanese government itself, and the recent assassination of Lebanese prime minister Rafik Al Hariri are all elements

which may have discouraged companies in Lebanon to invest highly in training and development programs for their employees. Indeed, based on employee interviews in this study, most of the training programs were focused on basic and immediate task training. Learning opportunities for building and developing superior employee talent in the organization (Barney, 1991) were nearly absent.

7.3.2 Information Sharing and Employee Involvement

In addition to limitations in training policy which had a negative impact on job satisfaction, the HR practices related to information sharing and employee involvement were also not fully implemented by management. Information sharing can create an atmosphere of trust in the hotels and which can further increase employee commitment and satisfaction in the organization (Pfeffer, 1998). However, it seems that employees are not regularly updated on hotel issues such as hotel plans and financial revenue forecasts. Employees noted that information is often kept with senior management. Accordingly, hotel employees may feel that they are not valued by their organization, which therefore can lead to lower employee identification and commitment to the organization (Kelly and Kelly, 1991) and on their overall job satisfaction as was evident in this study. Additionally, the lack of employee information sharing (in hotels projected sales and plans for example) may make employees hopeless and confused about where their own organizations are "going" (e.g. Marchington et al., 1994). The is especially true in times of low corporate performance, which may be characterized by uncertainty, and which therefore has a direct influence on employees' job security and on job satisfaction ultimately. Indeed, the comments made by one employee in this study where he stated that during the

difficult corporate performance times of Iraq war he was totally confused as he was not well informed of the hotel's plans, is one example.

Further, employee active involvement and participation in organizational and job matters seem very limited according to employee interviews. When asked if managers involved them with hotel decision making, employees noted that there is minimal involvement, if at all. This seems unfortunate, given that employee involvement is considered a very central element to the human resource management paradigm (Wood and Wall, 2002). Involving or engaging the employee with organization matters, a central practice in HRM, can result in higher employee self-esteem, leading to higher employee commitment and satisfaction in the workplace (Tomer, 2001). Organizations that give opportunities to employees to participate in decision-making can benefit from employee talents and creativity, resulting in high organizational performance (Walton, 1985). However, the hotel managers do not seem to give the concept of employee involvement high appreciation. At the rhetorical level, although the managers in this study embraced the tenets of HRM as being an employee champion (i.e. high employee involvement; career development and so on), the reality was rather disappointing for employees (e.g. Hales and Klidas, 1998).

Indeed, on the macro level, studies in the Arab world do show that managers do not encourage employee involvement (in creativity and innovation for that matter) and even punish it rather than reward it (Al-Faleh, 1989; Mouna, 1980; Suliman and Iles, 1999) (cited in Suliman, 2001). Suliman (2001) argues that most Middle Eastern managers are still managing their organizations based on traditional western ideas and concepts that had originated in the 1960s and 1970s. These concepts are based on the assumption that workers do not like work and hence should be threatened and forced

to produce. Employee input/suggestions or their participation in organizational decision-making is therefore not supported and valued by management as was demonstrated in this study. Similarly, based on a study in the hotel sector (Awad, 1999) in Lebanon, Awad (1999) noted the low regard that HR managers in Lebanon have towards their employees in Lebanon. In this respect, management still see their human resources as a cost, and not an investment, and therefore their involvement is seen as unnecessary.

In fact, the organizational structure itself in the Middle East region does not support the logic of employee involvement. Lebanese and Middle Eastern managers in general tend to centralize their decisions at the highest levels of management. Hence, managers do not share information with their subordinates or involve them in decision-making (Bakhtari, 1995; Badawy, 1980). It follows that Middle Eastern managers tend to follow a somehow authoritarian style of management. Bakhtari (1995) argues that this stems from the authoritarian political regimes particular to Arab countries. As Bakhtari (1995: 110) puts it:

'The preference for the coercive management style among Middle Eastern relative to the U.S – born managers can be traced to the authoritarian element in the political and social environment in the Middle East, an element springing from several factors that have shaped the norms, values, and beliefs of contemporary Middle East societies.'

For example, in the case of Lebanon in particular, the bureaucratic political system in Lebanon, which in itself had been influenced by the French bureaucratic political system (i.e. during the past French rule in Lebanon), may have had led to the authoritative management style in Lebanon.

7.3.3 Performance Appraisal

In the HR practice of performance appraisal, employees noted that it is very political and is often an unstructured/ unorganized process. In fact, hotel employees did not seem to give the appraisal process too much importance in their organizations. Based on their perceptions of performance appraisal, although employees seemed to value the general idea of performance appraisal in itself for organizational and employee development, they did not appreciate it much in their organizations. To them, the performance appraisal process in their hotels seemed biased, arguing that it served to fulfil management agenda at the expense of employees' needs and aspirations. One employee gave the example that sometimes the hotel managers underrate workers purposely in order to find an excuse to replace that employee with another at a lower wage. It follows that hotel employees in this study tend to view the process as somewhat unfair. Indeed, the bias issue seems to be a common problem in performance appraisal techniques as they are often based on subjective ratings by the rater rather on objective measures (Ferris and Judge, 1991) (cited in Poon, 2004). It follows that the hotel employees in this study tend not to trust the performance appraisal process, leading to negative attitudes and satisfaction in this study. Studies show that employees' perceptions of unfair evaluations by managers have negative effects on their job satisfaction (see Poon, 2004). In addition, the performance appraisal process was perceived by employees in this study as being uncoordinated and underprovided/lacking. Performance appraisal methods, which do not give regular feedback to employees (in a formal organized manner) can lead to low motivation (see Hackman and Oldham, 1976). In addition, employees can lose sight of their hotels' performance goals and objectives as a result.

Moreover, in addition to the issues of fairness and structure of the performance appraisal described above, employees' input is often left out. The appraisal process does not support employees' participation in co-setting performance objectives. In other words, performance objectives and the criteria to reach those objectives are not being mutually set by the manager/rater and the employee, but appear to be solely set by managers, driven by business needs alone. Hence, employees are not offered the opportunity to develop performance objectives in line with their career aspirations and overlooks employees' needs in setting performance criteria. As a result, this may have led to the negative job satisfaction attitudes scores (Dobbins et al., 1990) demonstrated in this study.

A number of factors particular to the Lebanese context, wherein this study had been conducted, and that of the less developed countries in general influence the functioning of performance appraisal activity.

Employers in many developing countries mistakenly view their employees as having limited potential and capabilities (Jaeger, 1990) (cited in Vallance, 1999). Accordingly, performance appraisal in some developing cultures such as Lebanon are not focused on developing employee careers, but is traditionally done as a managerial control tool. Furthermore, based on employee interviews, the fact that performance appraisal is lacking in the hotels is afterall representative of an Asian culture with its emphasis on preserving relationships (Shen, 2004). Managers and professionals are often reluctant to give their subordinates poor ratings in fear of damaging the face of the subordinates and the relationships with them (Bjorkman and Lu, 1999, 1999b; Johnstone, 1997) (cited in Leung and Kwong, 2003). Hence, regular employee performance feedback may be avoided as results from this study imply.

7.3.4   Rewards and Employment Security

Most of the comments made by the hotel employees were consistent in that they felt that their rewards, in term of wages, bonuses, promotions and recognition were insufficient. Employees expressed concerns about low wages. They complained that current salaries are inadequate, as the living expenses in Lebanon tend to be expensive. They felt that they are not being properly compensated for their efforts. Some noted that their hotels do not compensate them for the over time work that they perform. In light of the high unemployment in the country, employees noted that employers therefore would take advantage of this situation, failing to pay closer attention to employees' well being in general and their financial compensation in particular. Moreover, many employees complained that promotions are very rare in their hotels and that there is no motivation to build their careers. In a related manner, employee motivation in term of verbal recognition (e.g. employee of the month) was seldom carried out in the hotels. It follows that employees in those hotels were greatly demotivated, realizing that their hard work is not being appreciated by their managers. Overall, employees' attitudes were negative towards the HR reward policies that managers follow in their hotel leading to the low job satisfaction scores in this study. More specifically, during a time of high corporate performance in the hotels, employees had higher job satisfaction due to a feel good factor (Marchington, et al. 1994) which is the result of higher intrinsic rewards from performing the job itself (Lawler and Porter, 1967), in a successful environment (Deci and Ryan, 1985) as described in section 7.2 above. However, during a low corporate performance, employees' morale seems to have decreased further in such an uninteresting environment (Deci and Ryan, 1985) leading to the low job satisfaction scores in that period. It follows that in the absence of appropriate HR policies by managers to

compensate for the lost morale in that period, employees' satisfaction thus has decreased further. High compensation, in terms of tangible and intangible rewards is necessary for motivating and bringing higher satisfaction in the workplace (Pfeffer, 1994). It follows that low employee morale and satisfaction can result when managers fail to recognize and reward employees in the workplace (Herzberg, 1966).

The problem of inadequate rewards, in terms of employees' basic pay in particular, is a common problem in many of the Arab countries, especially the poorer ones. In case of Lebanon, the rocketing inflation which struck the country during the war has eroded the purchasing power of salaries. In effect, the minimum salary lost 70% of its value in real terms (Hamdan, 1994) (cited in Haddad, 1996). Unfortunately, wage correction efforts by the Lebanese government to compensate for the inflation and the cost of living have been very limited. Although, employee wages may be higher in the in these luxury hotels, nevertheless they could not compensate for the high living expenses in Lebanon as employees noted in the interviews.

In addition, the disappointing results here, pertaining to the lack of employee recognition HR policies (e.g. employee praise award for a job well done) in the hotels in this study, is somehow typical to the Middle Eastern region. Managers here tend to follow a classical management style (Bakhtari, 1995), overlooking notions of employee growth and the importance to recognize and support it in that respect (Guest, 1990; 1991). Concepts of human growth (McGregor, 1960) where employees are to represent superior talents to be developed and recognized (Barney, 1991) do not seem popular in the context of Arab organizations. Indeed, employees seem to realize this fact as was evident in the interview results, where many of them noted that in Lebanon employees' efforts are rarely recognized.

Concerning the HR policy of employment security in Lebanon, employees in the study stated that they somehow felt secure in their jobs. There was no direct fear of being redundant as result of company lay offs. It follows that the Lebanese law makes it difficult for companies to terminate the services of their employees. Additionally, there may be a cultural aspect playing a role here where employers may feel obliged to provide employment security to employees who have been hired through personal contacts, so that to maintain good relations with those contacts. Furthermore, given the sectarian influence in Lebanon, employers may also feel as having a social responsibility for providing job security to those employees of the same religion or sect as employers.

7.3.5 Job Design

In addition, according to employee interviews, managers do not seem to be taking serious steps in designing interesting jobs for their employees. The low job satisfaction scores witnessed in the second part of the study seem very much a result of the 'boredom' problem as can be concluded from employee interviews in this respect. During a low hotel season (low corporate performance) employees become mentally and physically depressed as one employee put it in this study, coupled with a lower self-worth and esteem. In other words, hotel employees find that their jobs become very uninteresting during this period, leading to low satisfaction as we saw in this study.

Interesting jobs are an important antecedent for positive attitudes in the workplace (Hackman and Oldham, 1976). Indeed, the job itself, out of several other job features, has long been regarded as the main motivator in the workplace (Judge and Church, 2000; Jungensen, 1978) (cited in Saari and Judge, 2004). This is not to say that well

designed compensation programmes or effective supervision are not important (i.e. another types of personnel policies); rather, it is that much can be done to influence job satisfaction by ensuring work that is interesting and challenging (Saari and Judge, 2004). Although HR managers stressed that they try to make employees' jobs as interesting as possible, this may not be the case on the ground, in line with the results of this study. Managers, it follows, are not really going the extra step to maintain their employees' satisfaction especially in the low season context where "boredom", or at least what employees have described largely prevailed.

The fact that managers do not take job design matters very seriously in Lebanon seems be due to classical management concepts (e.g. Taylorism) still practiced by many managers in the Middle East, that employees generally dislike work and are only interested in earning their pay (Suliman, 2001). Accordingly, managers pay little attention to work design as can be inferred from employee interviews in this study. Although, as Suliman (2001) argues, that these classical management concepts may have played a role in improving profitability of companies in the Middle East, their role have been marginal and temporary. Arab managers it follows should give up such unconstructive attitudes of their workforce and realize that the job itself and the job design concept for that matter is an important source for motivation and satisfaction in the workplace. Managers should attempt to make employee jobs as interesting as possible. Furthermore, employees should be given some discretion to participate in designing their job tasks in line with their career needs and aspirations. Jobs models which do not satisfy employees' needs (e.g. achievement needs) leads to dissatisfaction, bitterness, and alienation and which could eventually be translated into low organizational profitability (Schein, 1980).

7.3.6 Equal Opportunities

Finally, in the area of equal opportunities practice, there were also limitations by managers here, which may have also led to the low job satisfaction results reported in this study. Based on employee interviews, managers are not practicing equal opportunities in practicing HR policies in general. Although, managers in this study claimed that treat everyone equally regardless of origin/religion, evidence on ground seems different.

Employees in this study noted that promotion, recruitment, and performance appraisal are all based on acts of favouritism. Employees who are of the same religious sect as the recruiting managers for example have much higher chances of being hired. In many cases, even if candidate does not have the necessary qualifications, he or she would be still hired if they were from the same religion or sect or have personal contacts in the hotels. In the long run, employees who perceive that certain individuals had been promoted in the hotels even when they seemed much less qualified than them would create bitterness and dissatisfaction in the workplace (e.g. Poon, 2004).

Unfortunately, this seems to be common practice in the Middle East region. Branine (2002) cites the Algerian case where he states that much of the recruitment that takes place in Algerian organizations is performed through personal contacts or the so-called 'Piston'. Similarly, in Lebanon, jobs are often filled through acts of favouritism or 'Wasta' as Lebanese people call it. Indeed, as Branine (2002: 166) puts it friendship and kinship can take precedence over qualifications and skills as managers feel obliged to support their relatives and friends. Furthermore, the case to hire candidates based on favouritism also has sectarian a dimension to it in Lebanon. Lebanese managers often hire people who share the same sect, as indeed the

interviews results in this study have implicated. It may often be difficult for employees from a certain religious sect to be offered a job in an area in Lebanon where the majority living are from a different sect for example.

In concluding this section, it has been argued here that the results of this study with respect to low job satisfaction scores had been due to the disappointing manner by which HR practices were implemented in the hotels, and which as result were not effective in keeping and maintaining high job satisfaction.

Put into the context of Lebanon, a number of contextual variables were identified as factors shaping HRM practices in the hotels studied. These included a difficult economic and political state, negative ideology by managers towards human resources, and a favouritism culture are all factors which influenced the implementation of HRM in the hotels in Lebanon.

Generally, the human resource management paradigm with its optimistic intentions for improving employees' working lives (Bender, et al., 1996), might have been overestimated (Legge, 1989). As Truss (1999: 57) notes: "even if the rhetoric of HRM is "soft", the reality is almost always hard, with the interests of the organization prevailing over those of the individual". For organizations to realise the full benefits of HRM, in terms of better employee attitudes and better organizational profitability consequently, HRM should be properly implemented and practiced by managers. Based on the discussion above, there are several steps that managers can follow in HR practice in the Lebanese hotel sector to enhance job satisfaction (more detailed recommendations follow in the next chapter), briefly:

In the area of training and development, managers need to improve their delivery standards by improving the quality of training environment and recruiting trainers with better qualifications or retraining the existing staff. In addition, very importantly career development issues should receive greater attention by management.

Moreover, employees should be kept informed of hotel issues regularly, and be encouraged to offer suggestions as part of an overall climate, which appreciates human resource contributions. Daily team briefings and quality circles are examples.

In the area of performance appraisal, hotel managers should ensure that employees receive regular 'constructive' feed-back about their performance. In addition, performance objectives and criteria should be *mutually* set by manager and employees to ensure an equitable process and one which considers employees' careers.

Furthermore, hotel managers should recognize and reward the efforts of their employees appropriately in order to keep them satisfied and motivated to perform more effectively and efficiently. High team performance can be awarded with team medals for example.

Very importantly, hotel managers should put much more serious efforts in designing interesting jobs. This is especially true during the low season in hotels where jobs become boring. In addition, employees should be given the opportunity in co-designing their jobs with managers in line with methods aimed at enhancing employees' careers.

Finally, hotel managers should ensure that HR practices such as recruitment are implemented as fairly as possible in the hotels. Hiring employees should be based on qualifications generally, rather than being hired through personal contacts. This is necessary to create an atmosphere of trust essential for developing and maintaining satisfaction in the workplace.

7.4 Conclusion

In a novel contribution to the literature, the longitudinal study here has identified that fluctuations in corporate performance (CP) do have a significant effect on employee satisfaction attitudes, over and above HR practices. In particular, a low CP context was associated with lower job satisfaction, while a high CP context was related to higher job satisfaction.

The fact that HR attitude surveys, which investigate the effects of specific HR practices on employee satisfaction (Guest, 2002), fail to control for/ remove the effect of corporate performance can result in erroneous statistical links between HR practices and employee satisfaction, and hence misleading academic and management implications as a result. In simple terms, we may conclude from a regression analysis that organizations with higher number of HR practices had better employee attitudes (Guest and Conway, 1998), whereas better employee attitudes might have well been the result of higher corporate performance at those organizations as this research demonstrates. HR attitude surveys might risk producing misleading statistical conclusions between HR practices and job satisfaction as a result of failing to include important control variables such as corporate performance in the model.

A sound model when exploring the impact of certain HR practices on employee attitudes in human resource attitude surveys, is one which uses corporate performance as a control variable is illustrated below:

```
┌─────────────────────────────┐          ┌─────────────────────────────┐
│       HR Practices          │          │     Employee Attitudes:     │
│                             │          │                             │
│ *Team-working               │          │                             │
│ *Information sharing        │          │                             │
│ *Training and development   │          │                             │
│ *Employee involvement       │          │                             │
│ *Equal opportunities        │─────────▶│   Employee Satisfaction     │
│ *Performance appraisal      │          │                             │
│ *Jobs made interesting      │          │                             │
│ *Job security               │          │                             │
│ *Family-friendly policies   │          │                             │
│ *Intangible benefits        │          │                             │
│                             │          │                             │
└─────────────────────────────┘          └─────────────────────────────┘
```

Control Variables

Corporate Performance

+ the common control variables
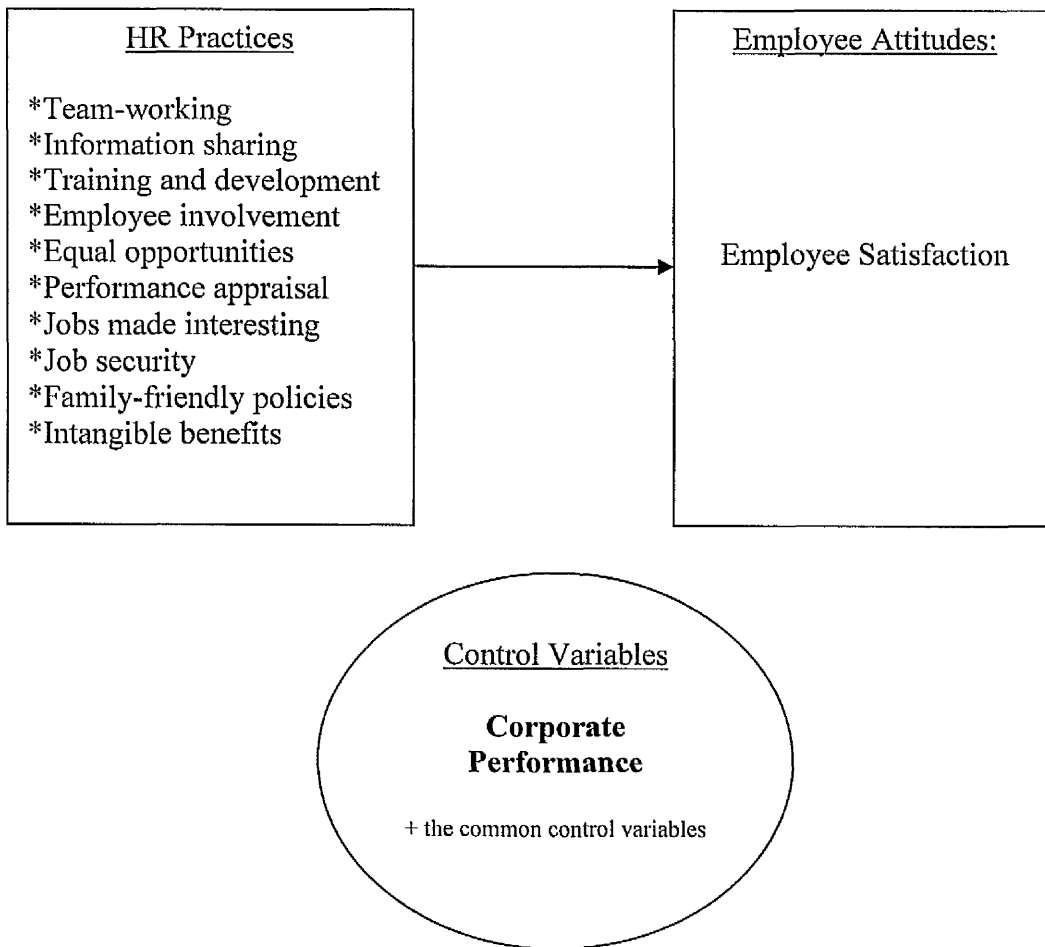
The diagram shows that when investigating the effects of best practice HR on employee satisfaction (e.g. in a regression), one should statistically remove the effects (control for) of corporate performance (plus the known control variables[1]). Corporate performance can be measured using a perceptual performance instrument (e.g. Lahteenmaki et al., 1998) administered to employees – to determine the state of corporate performance (i.e. high/low) perceived by employees.

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[1] These are the personal (e.g. respondent's age and gender) and organizational (size and sector) factors which are controlled for in HR surveys.

Removing the effects of CP (statistically) can improve the accuracy in statistical associations between HR practices and employee satisfaction in those studies, and hence improve their reliability as was discussed in the literature review chapters.

Furthermore, the results pertaining to the low job satisfaction scores was disappointing for the HRM model, which assumes that higher HR practices, is associated with high job satisfaction (e.g. Guest, 1987). Unsurprisingly, upon closer exploration of this issue with employees, through qualitative interviews, it was indicated that human resource management rhetoric is very far from being fully implemented in practice. Human resource management practices seem to be partially diffused by managers (Truss, 1999; Hallier and Leopold; see also Legge, 1995b; Marchington and Grugulis, 2000). It is noted in this study that many of the HR practices are hardly practiced by managers and improperly implemented in the hotels studied. A proper training environment, better performance appraisals, and serious steps to make jobs as interesting as possible are among the few initiatives that managers have to take in order to maintain and enhance job satisfaction in the workplace.

After all, the results here with respect to limitation in HRM implementation have to be understood from a wider country perspective. The Lebanese context, within which this study has been carried out, ultimately influences HRM activities at the organizational level. In particular, the economic recession, the ongoing political tensions in Lebanon, and the negative management ideology towards human resources in general have all impacted HR activities in Lebanon.

Generally, the human resource management paradigm still lags behind its optimistic goals as being an employee champion (Legge, 1989). In line with the findings of this

study and others (Truss, 1999; Harley, 2002; Hales and Klidas, 1998), HRM may not be more than a management tool which promises employees of too much but delivers too little (Keenoy, 1991).

After discussing the findings here, the next chapter concludes by offering the practical and academic implications that can be derived from this research, coupled with a summary of key points and limitations of this research.

CHAPTER VIII

CONCLUSION

8.1   Summary of the Thesis

This research has mainly focused on human resource attitude surveys field which explore the effects of HR practices on job satisfaction. Based on review of the literature, this research has highlighted a gap in human resource management attitude research, in that they fail to control for important organizational factors that could have an effect on job satisfaction over and above HR practices. In this direction, corporate performance was identified as a potentially important organizational factor (Marchington et al., 1994) that could have an effect on job satisfaction over and above HR practices and hence resulting in statistical bias.

In line with this, the study has attempted to test first if corporate performance does have an effect on job satisfaction. The study had been carried out in the hospitality sector as the hotel sector made it feasible to test the impact of changes in corporate performance on employee satisfaction due to the fact that hotels experience seasonality. The hotels chosen represented five international luxury hotels in Lebanon which are reputed to have best practice HR. An HR measurement tool to confirm HR adoption in the organizations, two global satisfaction scales (Kunin, 1955; Cammann et al., 1982) to measure overall job satisfaction, and an employee background questionnaire were the methods used to collect data. Responses on the HR measurement questionnaire by managers confirmed HR adoption in the hotels. The two job satisfaction scales were used to collect data at two separate periods from the same employees (436 respondents); time 1 represented hotel's high corporate

performance context (high hotel season) and time 2 signified low corporate performance context (low hotel season).

Findings from comparative statistical tests showed that there were statistical differences in the mean job satisfaction scores of hotel employees between time 1 and time 2. Hence, this confirmed the study's research hypothesis, that corporate performance does have a significant impact on job satisfaction over and above HR practices. In particular, the study showed that a higher corporate performance led to better job satisfaction attitudes whereas a lower corporate performance impacted job satisfaction negatively.

Accordingly, this study has identified an important control variable which HR attitude surveys should control for when investigating relationship between HR practices and job satisfaction. This research has shed light on the consequences when HR attitude surveys fail to control for important control variables. It has argued that failing to control for corporate performance can lead to statistical bias and misleading academic and practical implications. In particular, the relationship between sets HR practices such as training, performance appraisal, job design and rewards would fail to correlate reliably with job satisfaction in regression models which do not statistically remove the effects of corporate performance.

In terms of the overall state of job satisfaction, findings in this study show that employee satisfaction was generally low in the hotels despite the fact that the hotels are known to follow best practice HR, as the hotel managers confirmed. Accordingly, the second step in this research was mainly explorative, which involved exploring HRM implementation more closely with employees. Qualitative interviews were held with 33 employees from two hotels focusing on the extent of implementation of HR

practices relating to training and development, employee involvement, performance appraisal, rewards, job design and equal opportunities.

Findings from employee interviews indicated that human resource management remains largely rhetoric. Limited training and development, low employee involvement with organization decision making, unorganized and biased performance appraisal process, low rewards, and poor job design indeed made HRM ineffective in enhancing and maintaining job satisfaction.

Generally, a number of contextual factors in Lebanon were identified as shaping HRM activities in Lebanon. The somehow poor economic state in the country may have prevented managers from investing in higher training and developing for their employees, and equally limited financial rewards. In addition, the bureaucratic ideology by managers in Lebanon eventually meant low employee involvement, be it in organization decision making, in job design, or in performance appraisal.

The problems in HR practice implementation in hotels reported by employees offered a rich agenda for improving HR practice in Lebanon. In this respect, the study presented a number of management recommendation for the hotel sector in Lebanon in the HR practice. A better training environment; a performance appraisal which takes employees' career goals into consideration; equal opportunities in practicing HR policy; greater employee involvement with organizational and job matters; serious management efforts in designing interesting jobs; and higher employee recognition are among the management recommendations that this research offered for HR practice in Lebanon.

8.2 Reconsideration of the Research Objectives

This research had two main objectives: 1) to assess statistically if fluctuations corporate performance has an impact on job satisfaction over and above HR practices, and 2) to explore the level of human resource practices implementation in the workplace.

The first and the second research objectives were successfully met in this study. The following discussion outlines the processes that were followed towards meeting the mentioned objectives and assess the extent to which they have been met.

In meeting the first research objective, a number of steps were involved: 1) measuring job satisfaction in times of high corporate performance, 2) measuring job satisfaction in times of low corporate performance, and 3) assessing the statistical magnitude of the difference in job satisfaction scores.

The hotel sector made it feasible to test the effects of changes in corporate performance (i.e. high and low) on job satisfaction, due to the fact that hotels experience seasonality. Managers determined that certain months represented the high season (July and August) and low season (October and November) respectively in the hotels, which is indeed a common city level phenomenon. Accordingly, job satisfaction in the hotels under study was measured at two different times: the first period was characterized by times of high corporate performance (high season), and the second period represented times of low corporate performance (low season). This step was carried out in order to determine if employee satisfaction during high corporate performance would be different from their satisfaction when the organization is experiencing low performance. In line the first research objective, a statistically significant difference in the mean job satisfaction scores between the two periods would imply that corporate performance has an impact on job satisfaction

(Cohen, 1988). Indeed, findings from paired sample t-tests confirmed that there were statistical differences between the two sets of scores. Nevertheless, a statistically significant difference in itself does not meaningfully assess the degree of association between corporate performance and job satisfaction (Tabachnick and Fidell, 1996). Therefore, in completing the first research objective more fully, it is recommended that the effect size is calculated (Tabachnick and Fidell, 1996). The effect size was reported as *large* in line with Cohen's guidelines (Cohen, 1988) and hence established that corporate performance does have a significant impact on job satisfaction.

In addition, with respect to the second research objective which involved assessing the extent of HRM implementation in the hotels, a number of steps were followed to meet this objective. First of all, hotel managers were asked if best practice HR were applied in their hotels. Indeed, managers confirmed that all best practice HR policies are fully practiced in the hotels. Secondly, hotel websites were accessed to determine what HR practices are found at the workplace. Furthermore, very importantly, employees themselves were later asked about their perceptions of HR practices in their hotels in an attempt to assess the extent of implementation of HR practices by managers, and the implications that this may have for job satisfaction. Qualitative interviews were held with 33 employees with respect to HR practices implementation. Employee interviews were very essential in determining the extent of HRM practice implementation in their organization, as employees represented the end receivers of those practices and thus offered a realistic picture of HRM implementation on ground. Employee views in this research offered a very rich contribution in meeting the second research objective. This research objective might have also benefited from official documents revealing HR policies followed in the hotels - in addition to

management and employee interviews and the website. However, it wasn't possible to have access to official documents as management considered them strictly confidential. In general, however, employees were the main target for assessing HRM implementation, and who offered valuable input towards meeting the second research objective.

In concluding this section, the two research objectives were successfully met to a large extent.

8.3   Contributions of the Study to Knowledge

This study has offered valuable contributions to knowledge in theory and in practice.

To my knowledge, there has not been a study testing the impact of corporate performance on job satisfaction in the organizational behaviour research in general and in human resource management field in particular. Instead, research has centred on investigating the impact of job satisfaction on corporate performance (see Spector, 1997 for a review). In a novel contribution to research, this study has investigated the inverse possibility, that corporate performance may feedback into job satisfaction (Marchington et al., 1994). Indeed, in carefully designed methodology, this study has established that corporate performance *does* have a significant influence on job satisfaction over and above human resource management practices. The fact that this study has identified, in a longitudinal study, the effects of corporate performance on job satisfaction in HR oriented hotel organizations implied that corporate performance influences job satisfaction beyond HR practices. In other words, corporate performance seems to be an important variable in affecting job satisfaction, independent of HR. Failing to recognize its effects in attitude survey research, as is practiced in current attitude surveys, may lead to inaccurate results. Put into the

perspective human resource management attitude surveys, involved in exploring the effects of HR practice on job satisfaction, this study implied that corporate performance has to be recognized and controlled for. By highlighting a technical gap in human resource attitude surveys, the main contribution of this research was in identifying an important organizational variable, corporate performance, to be controlled for when exploring the impact of HR practices on job satisfaction. In effect, this research sheds light on some of the consequences when HR attitude surveys fail to statistically remove the effects of corporate performance. Large statistical bias my well result in the statistical results between HR practices and job satisfaction in the context of human resource attitude surveys.

The second contribution to research that this study has offered is related to the practice of human resource management in the country Lebanon, and in the less developing countries in general. Employee interviews offered a valuable contribution to knowledge in the field of HRM implementation in the Lebanese hospitality sector.

A number of problems were identified in the implementation of HR practices.

The problems included a poor training environment, limited career development opportunities, unorganized and biased performance appraisals, very low employee involvement, poor job design, low rewards, and unfair practice in practicing HR.

In addition, this work has attempted to shed light on the contextual factors in Lebanon that may affect HR activities. The research has identified that the poor climate state in Lebanon may have prevented organizations from investing in more training and career development for their employees as they try to cut down on expenses in light of the current circumstances in the country. Equally, rewards may have been affected too. In addition, the unconstructive management ideology towards employees in Lebanon were eventually translated into low employee involvement in co-designing

jobs, in participating in hotel decision making, and in being involved in the appraisal process. Finally, given an organizational culture based on favouritism meant unequal opportunities in terms of recruitment and rewards.

8.4   Recommendations for Improvement in HR Practice in Lebanese Hotels

This research offers practical HR recommendations for managers in the Lebanese luxury hospitality sector. Based on employee interviews, a number of valuable management recommendations in the area of training and development, employee involvement, performance appraisal, reward, job design, and equal opportunities are offered below. The HR problems, as expressed by employees, are highlighted in table 8.1 below, and recommendations follow.

Table 8.1   HR Problems at the Hotels

HR Practice	Problems
Training and Development	Poor training environment Training staff ineligible Limited career development opportunities
Information Sharing and Employee Involvement	Employees not well informed Employees not involved in decisions
Performance Appraisal	Inequitable Unorganized Overlooks employee careers
Rewards	Low financial rewards Low employee recognition
Job Design	Uninteresting jobs
Equal Opportunities	Favouritism management culture

Source: Own compilation

In the area of training, employees expressed concerns about overcrowded classes, improper training charts, and staff eligibility. These are factors which constitute the overall training environment and have direct impact on employees' satisfaction with

their training programme and its success eventually (Noe, 1986). Said differently, employees who develop negative attitudes towards the training practice in their hotels may then lack the motivation to learn the new skills necessary for proper hotel functioning (e.g. Noe, 1986). Accordingly, managers should ensure a high quality training environment. For our purposes, it is recommended that managers increase the number of classes for each training module/session in an attempt to avoid overstaffed classes. In addition, training tools should be enhanced and improved. Visual aids, such as charts and graphs, should be large and bright as to aid hotel employees in understanding concepts and instructions better. Moreover, the use of sophisticated high quality visual aids, or computer generated graphics, should also be used. Finally, in order to deliver high quality teaching to hotel employees, training staff should be retrained or replaced by better-qualified trainers. Here, sophisticated selection methods can be used in recruiting high calibre training staff.

In addition to training limitations, employees noted that they are not given any general personal development or learning opportunities (e.g. Barney, 1991). There are a number of cost effective approaches that managers can follow to ensure that employees' career needs are met. Firstly, rotating employees from one job to another can be beneficial in increasing his or her general skills. For example, hotel employees working in food and beverage department can be moved to work in different departments of the hotel from time to time. Secondly, managers can offer hotel employees voluntary learning opportunities where they can enhance their knowledge and skills necessary for their career development. These can represent online courses from accredited colleges or simply a service-oriented library at the hotel where employees can select books and articles to read during their break or after-work hours.

With respect to information sharing at the hotels, employees stated that they are not well informed of organizational issues. Keeping employee knowledgeable about their organizational matters and events would place them in better position to take the right organizational decisions (Pfeffer, 1998). Failure to keep employees informed would disengage them from organizational goals and objectives, leading to lower employee commitment to the organization (Walton, 1985). At the basic level, daily team briefings can be one form of information sharing schemes that managers can follow. These briefings can last from 10 to 15 minutes a day for each department where employees can be informed of overall organizational issues such as current occupancy rate, revenues and profits made, and any specific departmental related issues. Monthly newsletters are another kind of information sharing schemes to keep employees well informed about current organizational issues.

At a more advanced level, importantly, employees are to take active participation in organizational decisions. It is argued that employees at the low level of the organization are judged as having the most and greatest knowledge of the operations and therefore management can greatly benefit from their input (Appelbaum, et al., 2000). Managers are recommended to involve employees with organizational decision making. This can simply take the form of employee suggestion boxes, where hotel employees contribute with their suggestions towards improving current performance goals and standards. At a more sophisticated level, problem solving teams (e.g. quality circles) can meet up regularly to discuss current hotel performance and suggest future performance goals and criteria to meet those goals.

In the area of performance appraisal, managers should ensure that employees' performance is regularly appraised, once or twice a year to ensure that employee performance is in line with organizational objectives and strategy (Pfeffer, 1994).

When available, performance appraisal should be based on *objective* measures such as absence rates, tardiness, speed of service delivery, and financial performance indicators as to avoid subjective bias by the appraiser. In addition, customer satisfaction measures, and supervisor and peer ratings can be used as part of the performance appraisal process. It is important that these measures and ratings are communicated to the employee in a 'consultive' manner; where both the appraiser and the employee equally discuss the ratings and the progress towards meeting the objectives. Good employee progress should be recognized and rewarded. New employee criteria for meeting the new hotel objectives should be 'mutually' set by the supervisor and employee at the meeting; the new objectives are to be assessed at the next meeting. Importantly, employee's career and personal development goals and the ways to develop them in line with business goals are to be discussed during the performance appraisal meeting.

In terms of the rewards practice, both financial and non-financial rewards seem to be limited in the hotels. Rewards are important to motivate employees to use their learned skills, necessary for achieving organizational objectives (MacDuffie, 1995). In addition to salaries, managers can reward work teams in the hotels with financial bonus upon meeting specific criteria such as achieving 10% increase in customer satisfaction. Managers can also employ a number of innovative additional pay schemes such as employee share options to compensate for low wages. Moreover, in terms of non-financial rewards, managers should constantly recognize employees' efforts in the hotels and award them appropriately to reinforce the desired employee behaviours. Vacation trips, team medals for top performance, and university tuition reimbursement are among the few examples available.

With respect to job design, managers should take much more serious efforts in ensuring that jobs are enriched and challenging. During the hotel's low season, managers can take a number of steps to ensure that employees are kept highly satisfied. In line with employee interviews/ suggestions, it is recommended that managers constantly rotate employees between jobs; take employees on tours during the low seasons; and introduce employees to activities of other departments, which could both increase their skills database and make their lives at the company more interesting. In addition, this can also be an opportunity for manager to initiate training programs, and performance appraisal programs to review progress and employee career goals in the hotels.

In the area of equal opportunities, many employees expressed concerns that recruitment and remuneration are mostly based on personal contacts. It is recommended that managers rely on formal recruitment and selection, based on qualifications, skills, experience, and personality rather than on acts of favouritism. Similarly, reward allocation should be based on employee performance rather than on personal preferences. To ensure a fair HR practice, hotel senior managers can form a recruitment committee made up of a two internal and two external members to ensure fairness. Alternatively, managers can outsource these functions to external HR consultants who specialize in recruiting and selecting individual to work in the hotels and in managing the rewarding scheme.

Finally, in order to achieve the desired HRM outcomes (Guest, 1987) it should be stated that improvement in HR practice should cover all areas of HR practices, and not on a piecemeal basis. Using very sophisticated selection processes to hire highly skilled individuals, while at the same time failing to reward them generously would

not motivate them to use those skills. HR practices work best as a system reinforcing and complementing each other (see Wood and Wall, 2002).

In addition to management recommendation in specific HR practices outlined above, it is a necessary prerequisite that senior manager give much greater backing for human resources as an overall management philosophy and to actually implement it (Pfeffer, 1998). The overall HRM programme is in need of a greater managerial support - so that the HRM outcomes relating to higher employee commitment and performance can be achieved. Managers have to abandon their bureaucratic attitudes and recognize that human resources are an investment and not a cost (Awad, 1999). Technically, a recommendation here is for employers to initiate cultural change programs aimed at encouraging managers in the organization to realize the importance of human capital and human resource policies after all.

8.5   Limitations of the Study

As far as the results of this study are concerned (e.g. Marchington et al., 1994), the corporate performance phenomenon seems be important (i.e. Cohen, 1988) in its effects on employee attitudes. In particular, low corporate performance represented by a low season tends to lead to a satisfaction problem on part of employees in the hotels. Such an employee-effect problem is expected generally in hotel industry, which is known for this seasonality problem. Nevertheless, it is worth pointing out that there at least two issues which may limit the generalization of these attitudinal results to other hotel contexts. Firstly, the results may not generalize to hotels which are located in "popular" cities having guests all year round and hence not facing a seasonality issue or great fluctuations in corporate performance. In addition, the hotels or resorts with a

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seasonality environment themselves can sometimes have the option to counterchallenge their low season environment. Hotel managers here can choose to challenge the low season problem, rather than embrace it (Jollife and Farnsworth, 2003) by substantially lowering their room rates for example, and equally engaging in marketing efforts which in effect can bring in a wave of customers in the low season. Accordingly, managers who follow such strategies and are successful at it, can in effect re-engage employees in their tasks and hence limit any boredom problems on the part of employees specific to the low season. Nevertheless, such challenging strategies are in themselves very taxing, subject to a number of contextual barriers which may put a strong restrictive force against the full success of those strategies. For example, a hotel located in a "popular summer beach" location which chooses to challenge its low season context may find it very difficult to attract customer in the winter season due to the unattractiveness of beach resorts in windy winter seasons and thus this may even deter the typical manager from engaging in such costly strategies (i.e. marketing strategies) in the first place (Jolliffe and Farnsworth, 2003). The reasoning here is that the hotel industry continues to be dominated by the seasonality problem in many cases (see Medlik and Ingram, 2000), and that managers have a choice to counterchallenge it or embrace it.

Another issue which is worth mentioning which has the possibility to restrict the generalization of this study to other hotel contexts, lies in actual management behaviour. Managers who take "real" steps to combat job satisfaction, especially in the low season context would be able to maintain job satisfaction (Saari and Judge, 2003) in either context. For example, as one employee noted their managers could rotate them around the different departments of hotels during the low season in order to keep them interested in their jobs. Nevertheless, the general picture is still rather

gloomy with a number of studies confirming that HRM is still far from being fully implemented in organizations (Truss, 1999; Halier and Leopold, 1996; Legge, 1995b) and in the hotel sector in particular (Hales and Klidas, 1998; Awad, 1999).

Thirdly, given that this study has focused on the hotel sector exclusively, it should be cautioned that the results may not therefore hold in other industries. In other words, there may be variations in the strength of the impact of corporate performance on employee satisfaction in different industries. Whereas fluctuations in corporate performance seems to have large effect on employee satisfaction in the hotel industry as this study has shown, other workers in other industries may not be as affected. This said, further research in other industries is needed to elucidate this question.

Finally, the extent to which the current results generalize to other countries cannot be wholly determined from the present study due to contextual differences. Context-specific elements such as the national culture in a country different from Lebanon's may partly mediate the effects of corporate performance on employee satisfaction. Therefore, further research should be extended to other countries to establish further the generalizability of the present results.

8.6   Proposals for Further Research

This study has identified that corporate performance has a significant impact on employee satisfaction attitudes, in the hotel sector in the country of Lebanon. Future research, however, could also examine the extent to which the findings here generalize to different industries and to other countries as well in order to increase our confidence further in the results. This is to tackle the potential limitations pointed in the earlier section with respect to single-industry and context-specific issues. Therefore, further replications of this study in other settings may be warranted. The

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relationship between corporate performance phenomenon and their effects on job satisfaction is an important and a novel area of research which can greatly benefit from future research. The conventional stream of research has been long occupied with exploring the effects of job satisfaction on corporate performance (Spector, 1997), but has largely neglected the prospect that a company's underlying performance may also feedback into satisfaction. Accordingly, in line with the results of this study about the impact of corporate performance on satisfaction, further research and understanding of this unique area outlines a vital agenda for the human resource management field. This further research may involve a number of research questions:

- How different are emotional responses that are elicited by employees to the changes in corporate performance from one *sector* to another, and what are the specific sets of human resource management practices that can remedy (reinforce) those resultant emotional responses in a negative (positive) corporate performance context in a given industry?

- What are the specific sources that employees rely on when judging that there has been an increase or a decrease in company performance, and how can human resource managers adapt their communication techniques to maintain high employee morale when disseminating financial losses information.

- Does the overall job satisfaction level of employees return to its *original* level after corporate performance is restored or does it differ?

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Appendix

Questionnaires

A1 – Employee Background

Please circle the correct answer:

1. Employment contract:
   - a- Full-time
   - b- Part-time

2. Union Member:
   - a- Yes
   - b- No

3. Gender:
   - a- Male
   - b- Female

4. Age:
   - a- 18-24
   - b- 25-29
   - c- 30-34
   - d- 35-44
   - e- 45-54
   - f- 55-65

5. Education:
   - a- University
   - b- School Diploma
   - c- Hotel Technical
   - d- School Certificate
   - e- None

6. Marital Status:
   - a- Single
   - b- Married

7. Number of Children:
   - a- No children
   - b- One
   - c- Two
   - d- Three
   - e- Four
   - f- More than Four

8. Length of Service at this hotel: _____

9. Number of Hours Worked per Day: _____

A2 – Human Resource Management

Managerial HR Questionnaire (Guest and Conway, 2001)

Managers were asked to indicate if any of the following employee HR policies are applied in their hotels by circling 'yes', and 'no' if not.

HR1: Tries to make jobs as interesting as possible
a) Yes   *b) No*

HR2: Actively uses teamworking where possible
a) Yes   *b) No*

HR3: Keeps employees well informed
a) Yes   *b) No*

HR4: Provides opportunities for training and development
a) Yes   *b) No*

HR5: Tries to get employees involved in workplace decision making
a) Yes   *b) No*

HR6: Carries out equal opportunities in the workplace
a) Yes   *b) No*

HR7: Provides regular employee performance appraisals
a) Yes   *b) No*

HR8: Avoid compulsory redundancies
a) Yes   *b) No*

HR9: Has provisions to help employees deal with non-work responsibilities (i.e. family-friendly policies).
a) Yes   *b) No*

HR10: Fills vacancies from inside
a) Yes   *b) No*

HR practice: Equal Opportunities
Does your organization actively carry out equal opportunities practices in the workplace?

HR practice: Training and Development
What do you think of the training and development that you employer provides you with?

HR practice: Communication
Does your hotel keep you well informed about business issues and about how well it is doing?

HR practice: Recruitment
What do you think of the internal promotion process?

HR practice: Formal Performance Appraisal
What do you think of the performance appraisal process?

HR practice: Employee Involvement
To what extent does your organization try to get you more involved in the workplace decision- making using things like self-directed work teams, total quality management, quality circles and involvement programs?

HR practice: Job Design
Do you get bored in your job?

HR practice: Job Security
Does your organization provide you with guaranteed job security?

HR practice: Employee Support Programs
Has your organization established facilities to help employees deal with non-work responsibilities?- such as on-site child care facilities, counseling for non-work problems, financial planning and legal services.

HR practice: Performance-Related Pay
Is your pay related to your performance in some way?
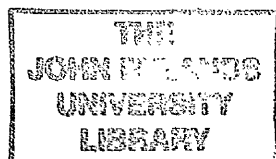
A3- Job Satisfaction

Overall Job Satisfaction Questionnaire (Camman et al., 1982)

Please answer the following questions:

A. All in all, I am satisfied with my job
   1) Strongly agree
   2) Disagree
   3) Slightly disagree
   4) Neither agree nor disagree
   5) Slightly agree
   6) Agree
   7) Strongly agree

B. In general, I don't like my job
   1) Strongly agree
   2) Disagree
   3) Slightly disagree
   4) Neither agree nor disagree
   5) Slightly agree
   6) Agree
   7) Strongly agree

C. In general, I like working here
   1) Strongly agree
   2) Disagree
   3) Slightly disagree
   4) Neither agree nor disagree
   5) Slightly agree
   6) Agree
   7) Strongly agree

Face Satisfaction Scale (Kunin, 1955)

Please circle the face which best describes how you feel about your job in general: