

EFFECT OF HUMAN RESOURCE (HR) PRACTICES ON EMPLOYEES' JOB SATISFACTION IN MICROFINANCE BANKS IN ILORIN, KWARA STATE, NIGERIA

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Abstract

The most important resource of an organization is human resource. In an overall performance of an organization, it is very important to retain an efficient and effective workforce. Motivated employees can add value to an organization by successfully achieving its targets. The study therefore examined the effects of human resource (HR) practices on the employees' job satisfaction in Microfinance banks in Ilorin Metropolis. The specific objectives are to: (i) examine the effect of compensation system on employees' job satisfaction in microfinance banks; (ii) determine the factors that influence performance appraisal in the microfinance banking system. The following research questions were formulated to guide the study: (i) what is the effect of compensation on employees' job satisfaction in microfinance bank?(ii) what are the factors that influence performance appraisal in Microfinance Banks?The study adopted a descriptive design, questionnaire was used to elicit information from the employees of Twenty-one (21) microfinance banks in Ilorin metropolis. A total of 245 employees of these microfinance banks were chosen as sample size using Yaro Yemane to determine the sample size. Findings from the study revealed that; there is a strong significant relationship between compensation and the employees' job satisfaction in microfinance banks in Ilorin metropolis ($R = 0.958$, $R^2 = 0.918$, $P < .05$). Also, there is a strong significant relationship between performance appraisal and employees' job satisfaction in microfinance banks in Ilorin metropolis ($R = 0.955$, $R^2 = 0.912$, $P < .05$). The study concluded that, there is a positive and direct relationship between compensation and employees' job satisfaction. This shows that employees of microfinance banks observe clear link between compensation for their work and job satisfaction along with career progression. The implication therefore is that proper use of all these human resources practices will bring about job satisfaction among employees which can also make employee to continually contribute their best efficiently and effectively. The study therefore recommended that Microfinance banks needs to focus a lot on the well-being of its most precious assets that is Human resources. The study recommended that improved human resource practices should cut across all employees in order to increase staff efficiency, which will in-turn enhance performance.

Introduction

The huge number of microfinance banks in Nigeria is an evidence of intense competition among the Microfinance Banks. To survive the stiff competition therefore, the microfinance banks need highly motivated, satisfied and loyal employees in the work place. A highly motivated employee is a highly productive employee (Chukwuigwe, 2014).

Microfinance banks (MFBs) play important role in economic growth and development in Nigeria. The financial services offered by MFBs include savings, current, and loans to individuals and small business in rural and urban areas of the country (Chijioke, 2017). According to Akangbe (2012), financial empowerment of rural areas is important for achieving sustainable economic growth and development. To cope with the dynamic, challenging, and competitive Nigerian business environment MFBs must adopt an innovative HRM practices that enhance employee satisfaction.

The emergence of Microfinance banks in Nigeria have revolutionized the activities of the people who were unable to utilize the financial services of formal financial institutions relied on non-governmental organization-microfinance institutions, moneylenders, friends, relatives,

credit unions etc. MFB's were licensed to begin operations in Nigeria in 2007 by the CBN and existing community banks and NGO microfinance institutions that met the conditions of CBN for licensing were allowed to convert into MFB's.

In any organization, HR practices focus on optimal utilization and management of their human resources effectively in order to achieve maximum output. Managing people is concerned with decisions on the types of approach and strategy to find alternatives on how to achieve organizational goals (Ting, 2007). The success of an organization depends on several factors but the most crucial factor that affects the organization performance is its employees. If the employees of an organization are satisfied with their jobs, the organization can achieve its goals very easily.

HRM practices need to consciously revolve around provision of skills that can guarantee job security and employee satisfaction (Barrows & Wesson,2000). The best asset of any organization is the people, and just not only the people but also the skilled and competent ones (Barrow & Wesson,2000) hence the need to manage HR effectively in order to ensure employees' job satisfaction. However, the situation in the microfinance banks business in

Nigeria have potentials for gradual reduction in human resources due to lack of job security and satisfaction occasioned by adjustments in the industry (Barrow & Wesson, 2000). There have been many justifiable factors that affect retaining of employees, which are company's image, learning opportunities, performance recognitions and rewards (Abraham & Medoff, 2004).

During pre-historic times, there existed consistent methods for selection of tribal leaders (Jones & Bartlett, 2014). The practice of safety and health while hunting was passed on from generation to generation. From 2000BC to 1500BC, the Chinese used employee screening techniques and while Greeks used an apprentice system. These actions recognized the need to select and train individuals for jobs (Jones & Bartlett, 2014).

The continuous search for effective human resource management practices, which would be suitable for increasing the level of employees' job satisfaction, became a worthwhile exercise because of the demand of the 21st century world of work (Abraham & Medoff, 2004) hence, the need for this study. The paper seeks to investigate the impact of Human Resource (HR) practices on employees' job Satisfaction in microfinance banks in Ilorin metropolis.

Statement of the Problem

This study focused on the impact of HRM practices on employees' job satisfaction in microfinance banks in Ilorin, Kwara State. The impact of HRM practices on employees' job satisfaction has emerged as the dominant research issue in the field of HRM. The microfinance business has been characterized by reduction in number and uncertainties, which have further aggravated the security of jobs in the sector (CBN, 2015).

Employees in an organisation are very important in achieving the goals of the organisation, in order to achieve these goals effectively it is important to know that individuals have different things that motivate them to work that is, there are different factors that motivate them to perform efficiently at their respective chosen careers. Hence, it is on this note that the study seek to find out what are the most important factors that motivate individuals to give their best.

Research Question

The following research questions were formulated to guide the study:

1. What is the effect of compensation on employees' job satisfaction in microfinance bank?
2. What are the factors that influence performance appraisal in Microfinance Banks?

Research Hypotheses

The following hypotheses were formulated for the study:

H₀₁: Compensations have no significant effect on employees' job satisfaction in a microfinance bank.

H₀₂: Performance appraisal methods are not practice by Microfinance Banks

Literature Review

Concept of Human Resource practices

Human resource management (HRM) refers to the policies and practices involved in carrying out the personnel aspect of a management functions including human resource planning, job analysis, recruitment, selection, orientation, compensation, performance appraisal, training and development, discipline and labour relations (Dessler, 2007). HRM is composed of the policies, practices, and systems that influence employees' behaviour, attitude, and performance (Noe, Hollenbeck, Gerhart, & Wright, 2007).

Armstrong (2006) defines Human Resource Management (HRM) as a strategic and coherent approach to the management of an organization's most valued assets; the people working there who individually and collectively contributes to the achievement of the objectives. HRM involves all management decision and practices that directly affects the people, or human resources, who work for the

organization. Armstrong argued that an organization's human resources have a greater potential to generate value on a sustainable basis. But to create value, the human resources must exhibit high levels of skill and the willingness, motivation, and commitment to exhibit productive behavior that are generated by the human resource practices. Thus, HRM practices elicit some behavioral outcomes in addition to the improvement of skills and abilities of employees. Barney (2010) argued that Human Resources could provide a source of sustained competitive advantage when four basic requirements are met, that is, through valuable, rare, inimitable and well-organized human resources. As a result, it is important that a firm adopt human resource management (HRM) practices that make best use of its employees.

Lado and Wilson (2004) define HRM system as a set of distinct but interrelated activities, functions, and processes that are directed at attracting, developing, and maintaining (or disposing of) a firm's human resources." In addition, it can be defined as an organizational capability which involves the strategic integration of the set of HR activities, functions and processes: selection, training, appraisal, promotion and compensation, carried out to attract, develop and maintain the strategic HR that allow

the firm to achieve its goals (Falcon, 2006). Dessler (2011) categorizes HRM systems according to five activities: Selection, training, compensation, labour relations and team work, employee security, performance appraisal.

Human resource system increases organizational performance, develops and maximizes an organization's abilities. The simultaneous delivery and receipt of services in the face-to-face service sector brings employees and customers close together, blurring the boundary between the two groups (Schneider, 2003). The direct contact that exists between the employee and the customer in the service sector suggest that HRM may be even more important in the service sector than in the manufacturing sector. Banking is in the service industry and delivers its service across the counter to the ultimate customer. The activities of banking industry are all about relationship. Hence, banking industry must strive for providing better services to the customer with a smile in order to cultivate and maintain long lasting relationship with their customers. A few scholars have studied the impact of HR practices on performance in the banking industry.

Many researchers have pointed out that human resources

management practices impact on the outcomes such as employee satisfaction, employee commitment, employee retention, employee presence, social climate between workers and management, employee involvement, employee trust, employee loyalty, organizational fairness (Edger & Geare, 2005). Some of the authors have indicated that these outcomes and HRM practices can lead to firm performance such as profits, market value of the company, market share, increase in sales, productivity, product service quality, customer satisfaction, development of goods/services and future investments. The impact of human resource management policies and practice on firm performance is an important topic in the fields of human resource management, industrial relations, Personnel Economics, industrial and organizational psychology (Edger & Geare, 2005).

An increasing body of work contains the argument that the use of high performance work practices including comprehensive employee recruitment and selection procedures, incentive compensation and performance management systems, and extensive employee involvement and training, can improve the knowledge, skills, and abilities of a firm's current and potential employees, increase their motivation, reduce their shirking,

and enhance performance of quality employees, while encouraging non-performers to leave the firm (Jones & Wright, 2013).

Human Resource Management practice is a mediator between HRM strategy and HRM outcome in the organizations or firms. Sheppeck & Militello (2000) focus HRM strategy into four groups: employment skill and work policies, supportive environment, performance measurement and reinforcement, market organization. Guest (2007) divides human resources management practices into three categories: Differentiated on innovation, focus on quality and, cost-reduction.

However, there are many definitions in previously researches on HRM strategy, but all strategies used to achieve the same organizational goal through HRM practices. Kroeck (2005) verify the various perspective of human resource management as the concept of fit or integration. Based on Guest (2014) suggests the various types of human resource management can be classify in two dimensions as internal and external fit. External fit explain HRM as strategic integration whereby internal fit as an ideal of practices. Several of researches try to examine which fit is appropriate. Youndt (2006) who observe the external fit, their result shows more particular fit between high

performance HRM practices and quality strategy. He also argued that the effective human resource management could be the main factor for the success of a firm. As supported by Lee and Lee (2007) HRM practices on business performance, namely training and development, teamwork, compensation/incentive, HR planning, performance appraisal, and employee security help improve firms' business performance including employee's productivity, product quality and firm's flexibility.

Robbins (2009) empirically evaluated six human resource (HR) practices (realistic job, information, job analysis, work family balance, career development, compensation and supervisor support) and their likely impact on the Marketing Executive Turnover. Results of regression showed that the HR practices on job analysis are strong predictors of Marketing Executive Turnover. Along the same line, Absar, Azim and Akhter (2010), two components of human resource (HR) practices namely, training and information technology have direct impact on organizational performance. In addition, Absar, et.al (2009) opined that four HRM practices showed that training and development, teamwork, HR planning, and performance appraisal have positive and significant influence on business performance.

Robbins (2009) examine the impact of human resource management (HRM) practices on employees' turnover intentions. The results showed that job analysis had a significant effect on employees' turnover. However, no statistical evidence was found regarding the effects of other HRM practices on employees' turnover intentions.

The study suggests that incentive plans based on rewards, bonuses, salaries enhancement, and performance appraisal reports could be useful strategies to be reconsidered in the study surveyed. The present study selected the HR practices such as compensation and performance appraisal which were incorporated by the Guest Model, and the Society of Human Resource Management, USA (Adams, 2002).

Concept of Job Satisfaction

The concepts of employee satisfaction is a multi-dimensional and inter disciplinary term that has attracted the attention of researchers and practitioners from different disciplines such as psychology, human resource management, organizational behavior, TQM and so forth. Jobs satisfaction is defined as an employee's overall affective state resulting from an approval of all aspects of his/her job. An employee's level of satisfaction toward his/her job varies with specific aspects of the job. These are the nature of the work,

pay, promotion, co-workers and organizational context (procedures, working condition). Many studies have demonstrated that job satisfaction is one of the key factors of individual and organizational performance (Lund, 2007). Job satisfaction is also defined as an individual's general attitude regarding his or her job (Robbins, 2009).

The most referred definition of job satisfaction was offered by Locke (2005) who defined job satisfaction as a pleasing or positive emotional state resulting from the evaluation of a person's job. According to this, employee satisfaction is a function of the perceived relationship between what one wants from one's job and what one perceives it as offering (Locke, 2005). Mullins (2008) mentioned that motivation is closely related to job satisfaction. Various factors such as an employee's needs and desires, social relationships, style and quality of management, job design, compensation, working conditions, perceived long range opportunities, and perceived opportunities elsewhere are considered to be the determinants of job satisfaction (Byars & Rue, 1997). However, there is no universal definition of employee satisfaction that exposes all these dimensions at the same time (Bernadin, 2007). Most of the definitions emphasize the importance of employees' job-related

perceptions that link the expectations of them and what they receive in return. Some researchers focus on the overall job satisfaction or even life satisfaction of employees (Judge, 2003) whereas some others underline a variety of satisfaction facets such as satisfaction with pay, promotion, supervisor, or co-workers. For example Judge, (2003) on the other hand, mentions that employee satisfaction is positively correlated with motivation, job involvement, organizational citizenship behavior, organizational commitment, life satisfaction, mental health, and job performance, and negatively related to absenteeism, turnover, and perceived stress and identify it as the degree to which a person feels satisfied by his/her job.

Compensation

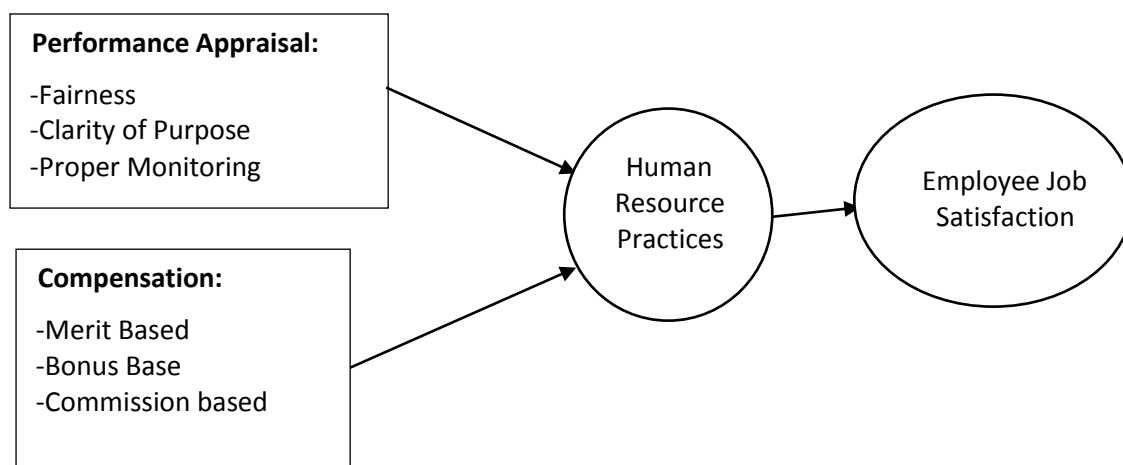
Compensation refers to all types of pay or rewards going to employees and arising from their employment (Dessler, 2008). Compensation is very much important for employees because it is one of the main reasons for which people work. Employees' living status in the society, satisfaction, loyalty, and productivity are also

influenced by the compensation (Aswathappa, 2008).

According to Naukrihub (2009), compensation can be direct in the form of monetary benefits and or indirect in the form of non-monetary benefits known as perks, time off etc. Compensation does not include only salary but it is the sum total of all rewards and allowances provided to the employees in return for their' services. If the compensation is effectively managed, it contributes to high organizational productivity. According to Kandula (2007), monetary and non-monetary rewards are basic building block in the architecture of performance management

Performance appraisal

Performance appraisal is a systematic process to evaluate the performance of an employee after a certain period. Performance appraisal also influences other HR practices such as recruitment and selection, training and development, compensation, and employee relations. As performance appraisal leads to pay raise, promotion, and training, it is assumed that better performance appraisal can have an impact on employee job satisfaction.

Fig. 1: HRM Practices- Employee satisfaction link model

Source: Author Study, 2018

Theoretical Framework

This section examines the theoretical approach to understand human resource practices on employees' job satisfaction in selected microfinance banks. The study adopted Herzberg's Motivation Hygiene Theory.

Herzberg's Motivation Hygiene Theory

Herzberg's Motivation Hygiene Theory was developed by Herzberg (1959). He was trained as a clinical psychologist, over the course of Herzberg's career he switched focused and became one of the first researchers in the growing field of industrial psychology. The original notion of Frederick Herzberg's Motivation-Hygiene Theory was that traditional perspectives on motivation, like Maslow's, only looked at one side of the coin—how to motivate people. The motivation to work theorized that what

ultimately motivated individuals to work were not necessarily the same factors that led to demotivation at work. In Herzberg's worldview, motivation on the job should lead to satisfied workers, but he theorized that satisfaction and dissatisfaction were not opposite ends of one continuum. Instead, he predicted that the factors that lead to positive job attitudes (and thus motivation) were different from the factors that lead to negative job attitudes (and thus demotivation). For the purposes of his theory, he called the factors that led to positive job attitudes motivators and those factors that led to negative job attitudes hygiene factors. Notice that the motivators are all centered around ideas that are somewhat similar to the esteem needs and self-actualization needs of Abraham Maslow. On the other hand, the hygiene factors all examine the context of work.

This theory suggests that job satisfaction and dissatisfaction are not two opposite ends of the same continuum, but instead are two separate and, at times, even unrelated concepts. 'Motivating' factors like pay and benefits, recognition and achievement need to be met in order for an employee to be satisfied with work. On the other hand, 'hygiene' factors (such as, efficient training, adequate compensation package, well defined training) are associated with job satisfaction.

The Motivator-Hygiene theory was crucial in this study because it links the compensation with job satisfaction in the workplace. The theory first distinguishing job satisfaction from dissatisfaction. The theory emphasized that when hygiene factors (compensations) are low, the employees are dissatisfied but when they are high employees could be satisfied.

Empirical Review

Several researches have been carried out on human resource practices and job satisfaction. The research topic, method used, findings and conclusion of some of these research works as related to the topic at hand are presented below:

Absar, Azim and Akhter, (2010) conducted an elaborate study on the impact of human resources practices on job satisfaction in Bangladesh. The researcher used

descriptive design in the methodology. A total of 60 employee formed the sample size for the study. The instrument used was questionnaire. In addition, human resource planning, training and development were found to have positive impact on job satisfaction. It was also found that training and development has the greatest impact on job satisfaction. Small sample size was one of the major limitations of the present study. The study did not cover all the HR practices of the surveyed manufacturing firms.

Sarbapriya and Ishita (2011) carried out a study on Human Resource Management Practices and Its Effect on Employees' Job Satisfaction in selected firms in India. Two research questions and two hypotheses were formulated which guide the study. The researcher used descriptive design in the methodology. The instrument used was questionnaire. A total of 570 responded to the questionnaire, which formed the sample size for the study. It was found that factors like performance appraisal, participation in decision-making, training and development, empowerment, compensation influencing human resource management practices have significant association with job satisfaction. In addition, performance appraisals, participation in decision-making are found to have high positive impact on job satisfaction. It

was also been found that other elements like training and development, empowerment, compensation have substantial impact on employees' job satisfaction. However, job rotation, self-directed work teams, recruitment and selection have very negligible impact on job satisfaction, as their respective statistics are insignificant. However, the work is helpful to this current research work such that one of the researcher's

recommendations shows that employee should put into practice equal employment opportunities where employer should not discriminate male against female, and minority or old worker.

Methodology

The survey research is adopted for this study. The table below shows the selected microfinance banks and the sample size determination.

Table 1: Microfinance Banks in Ilorin Metropolis

S/NO	BANKS	NUMBER OF BRANCHES	NUMBER OF STAFF
1	AJIKOBI MFB	1	24
2	BALOGUN GAMBARI MFB	1	40
3	BALOGUN FULANI MFB	1	43
4	ORO-AGO MFB	1	23
5	APEKS MFB	3	48
6	KCMB MICROFIN	1	27
7	MOGAJI NGERI MFB	1	23
8	ILORIN MFB	1	43
9	GAA AKANBI MFB	1	40
10	ILOFA MFB	1	29
11	IBOLO MFB	1	24
12	IYERU OKIN MFB	1	19
13	OSI MFB	1	16
14	OURS MFB	2	30
15	SINCERE MFB	2	24
16	STOCKCORP MFB	1	25
17	UNILORIN MFB	1	40
18	ILUDUN MFB	1	17
19	OMUARAN MFB	2	32
20	HERITAGE	3	45
21	IJUMO ORO MFB	1	21
	TOTAL	28	633

Source: Field Survey, 2018

A sample size was determined by adopting Taro Yamane's formula for estimating sample size:

$$\frac{N}{1+N(e)^2}$$

Where N = population size = 633

e = Acceptable Sampling Error = 0.05

n = Sample Size

= 633

$1+633(0.05)^2 = 245$

Thus the sample size of 245 employees was selected across the

Data Analysis and Discussion of Findings

Table 2: Demographic Profiles of Respondents

Variable	Frequency	Percentage
Gender		
Male	109	47.3%
Female	121	52.7%
Total	230	100.0%
Age		
Below 20years	36	15.7%
20-30years	70	30.4%
31-40years	55	23.9%
41-50years	48	20.9%
50 and above	21	9.1%
Total	230	100.0%
Career Level		
Senior Staff	53	23.0%
Junior staff	132	57.4%
Others	45	19.6%
Total	230	100.0%
Level of Education		
WAEC/Equivalent	17	7.4%
NCE/OND/Equivalent	111	48.3%
HND/Bsc/Equivalent	52	22.6%
Postgraduate	29	12.6%

microfinance based on the population of their employees. 245 copies of questionnaire were distributed to get response of employees while 230(94%) useful responses were received back. Simple random sampling is further used to avoid subjective bias arising from personal choice of sampling units. This is a situation where every member of the population has equal chance of being selected for the study without bias

Professional	21	9.1%
Total	230	100.0%
Years of Experience		
1-5years	60	25.9%
6-10years	121	52.8%
11-15years	39	17.1%
16 and Above	10	4.2%
Total	230	100.0%
Salary Range		
Below N20000	16	7.0%
N21000 - N30000	112	48.7%
N31000 – N40000	81	35.2%
N41000 and Above	21	9.1%
Total	230	
100.0%		

Source: Author's Computation, 2018

Table 4.1.2 shows that 47.3% of the respondents were male and 52.7% were female. The small difference in margin between the two genders justifies the fact that both genders were given equal chance in administration of the questionnaire.

The result further indicates the age brackets of the respondents which; 15.7% of the respondents were under the age of 20yrs, 30.4% were within 20-30yrs, 23.9% respondents were in between the ages 31-40yrs, 41-50yrs were within a percentage of 20.9%, 55 and above were within a percentage of 9.1%. This implied that majority of the respondent are within the age of 20-30 with a cumulative percentage of 30.4%.

Analysis of the result further indicates that 23.0% of the respondents are senior staff, 57.4% of the respondents are junior staff, while 19.6% falls within other staff of the bank. 7.4% were with school cert, 48.3% represent respondents with NCE/OND qualification, 22.6% were with HND/Bsc qualification, 12.6% with Postgraduate qualification, 9.1% with other professional qualification. This implied that the sample respondent have higher education qualification in term of NCE/OND, HND/B.sc.

The result also indicate that 25.9% of the respondents have 1-5years of experience, 52.8% were having 6-10 years of experience, 11-15years of experience represent 17.1% of the respondent, 4.2% were

having experience above 16years.7.0% represent respondents that are paid below the range of N20000, 48.7% falls within N20000-N30000, 35.2% are paid within N31000-N40000,while 9.1% represent N41000 and above. This implied that majority of the

respondent are within N20000-N30000 with a cumulative percentage of 48.7%.

Test of Hypotheses

Test of Hypothesis I

H₀₁: There is no significant effect of Compensations on employees’ job satisfaction.

4.1.1: Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.958 ^a	.918	.916	.02835
a. Predictors: (Constant),merit based , bonus based, commission based				

Source: SPSS printout, 2018

From the regression analysis result shown in table 4.3.1.1, it was found that R value is (0.958), R square (0.918) adjusted R square (0.916) and the standard error of estimate is (0.02835). The large value of R indicates a stronger relationship between the observed and predicted values of the variables. The R value depicts that compensation system affects employee’s job satisfaction by (95.8%). This implies that the

proportion of variation in the dependent variable is explained by the regression model. The value of R-square (91.8%) indicated that the model properly fits the data. More so, the value of adjusted R (91.6%) showed that the value of R square closely reflected the goodness of fit of the model in the population. Thus, this is an accurate reflection that, compensation statistically significantly impacted job satisfaction.

4.1.2: ANOVA ^a						
Model		Sum of Squares	d f	Mean Square	F	Sig.
1	Regress ion	108.747		27.187	626.282	.000 ^b
		Residual	9.290	227	.043	
		Total	118.037	230		

a. Dependent Variable: Employee’s job satisfaction
 b. Predictors: (Constant), merit based ,bonus based, commission based

Source: SPSS printout, 2018

Table 4.3.1.2 presents the analysis of variance (ANOVA) Table which tests the significance or otherwise the fit of the model. The F calculated is (626.282), while the F tabulated obtained from a statistical table at 0.05 level of significance is (2.42). Since the F-calculated (626.282) is greater than the table

value of F (2.42), the null hypothesis that “compensation system does not have significant effect on employee’s job satisfaction” is rejected. It is thereby concluded that compensation system have significant effect on employees’ job satisfaction.

4.1.3: Coefficients									
Model	Unstandar dized Coefficien ts	Stand ardize d Coeffi cients	T	Sig.					
		B	Std. Error	Beta					
1	(Con stant)	.452	5.17 4	.000					
		Merit based	.432	.050	.481	5.8 96	.00 0		
		Bonu s based	.502	.042	.503	5.5 30	.00 8		
		Com missio n based	.813	.032	.847	15. 76 8	.00 0		
a. Dependent Variable: employee’s job satisfaction Source: SPSS printout, 2018									

Results obtained from table 4.3.1.3 reveals that the magnitude of the beta coefficient for functional clue is statistically significant at 5% for the total sample. The result implies that for one additional use of

merit based compensation, increases employees’ job satisfaction by 48.1%. It is also found that the result on bonus based is statistically significant at 5% on employees’ job satisfaction. The result reveals that

an increase in bonus based will bring about 50.3% to employees' job satisfaction. The result on commission based shows a positive correlation between commission based and employees' job satisfaction. The magnitude of beta coefficient for commission based statistically is significant at 5% for the total sample. The result shows that commission based increases

employees' job satisfaction by 84.7%. The analysis of this result implies that these three sets of compensation system are critical components in employees' job satisfaction.

Analysis of research hypothesis II

H02: Performance appraisal methods are not practice by Microfinance Banks

This research hypothesis is analysed thus:

4.2.1: Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.955 ^a	.912	.911	.02026
a. Predictors: (Constant), Fairness, clarity, monitored				

Source: SPSS printout, 2018

From the regression analysis result shown in table 4.3.2.1, it was found that R value is (0.955), R square (0.912) adjusted R square (0.911) and the standard error of estimate is (0.02026). The large value of R indicates a stronger relationship between the observed and predicted values of the variables. The R value depicts that performance appraisal affect employees' job

satisfaction(95.5%). This implies that the proportion of variation in the dependent variable is explained by the regression model. The value of R-square (91.2%) indicated that the model properly fits the data. More so, the value of adjusted R (91.1%) showed that the value of R square closely reflected the goodness of fit of the model in the population.

4.2.2: ANOVA ^a					
Model		Sum of Squares	Mean Square	F	Sig.
1	Regression	108.488	54.244	227.007	.000 ^b
		Residual		9.549	228
		Total		118.037	230
a. Dependent Variable: employee's job satisfaction					
b. Predictors: (Constant), fairness, clarity, monitored					

Source: SPSS printout, 2018

Table 4.3.2.2 presents the analysis of variance (ANOVA) which tests the significance or otherwise the fitted of the model. The F calculated is (227.007), while the F tabulated obtained from a statistical table a 0.05 level of significance is (3.04). Since the F-calculated

(227.007) is greater than the table value of F (3.04), the null hypothesis that “performance appraisal methods are practice by Microfinance bank” is rejected. It is thereby concluded performance appraisal methods are practice by Microfinance banks.

4.2.3 Coefficients ^a									
Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.					
		B	Std. Error	Beta					
1	(Constant)	.257		2.123	.009				
		Fairness	.313	.108	.415	4.082	.000		
		Clarity	.365	.114	.325	3.201	.003		
		Monitored	.281	.114	.324	2.462	.019		

a. Dependent Variable: employees' job satisfaction

Source: SPSS printout, 2018

Table 'coefficients' shows the model coefficient (that is, the intercept and the slope). From the table the results show that “fairness” (t-value = 4.082, p-value = 0.000) is significant at 5% level. This implies that an increase in fairness will increase employees; job satisfaction by 41.5%. The result on “clarity” (t-value = 3.201, p-value = 0.003) is significant at 5% level. This implies

that an increase in clarity will increase employees' job satisfaction by 32.5%. The result on “monitoring” (t-value = 2.462, p-value = 0.019) is significant at 5% level. This implies that an increase in monitoring will increase employees' job satisfaction by 32.4%. These analyses signify that each of the variables has contributed to increase employees' job satisfaction. Hence, performance

appraisals have significant impact on employees' job satisfaction.

Discussion of Findings

This study assessed the impact of human resource management practices on employees' job satisfaction. From the result of analysis, the findings were as follows;

Objective 1 was achieved by Hypotheses I, which depicted through the regression analysis that there is link between compensations and employees' job satisfaction. Hence the null hypothesis was rejected. This means that compensation has significant effect on employees' job satisfaction. This was in line with works of previous researchers by Salisu, chinyio, suresh (2015).

Objective 2 was achieved by Hypotheses II, which depicted through regression analysis that there is a link between performance appraisal and employee's job satisfaction. Hence, the null hypothesis was rejected. This means that performance appraisal has significant impact on employees' job satisfaction considering the works of previous researcher on performance appraisal and employees' job satisfaction Brown, 2010 revealed that there was a direct relationship between performance appraisal and employees' satisfaction.

Conclusion and Recommendations

This research investigated the impact of Human Resource Management practices on employees' job satisfaction in Microfinance bank employees in Ilorin metropolis. The current study used two HRM practices such as compensation practice and performance appraisal practice. On the basis of findings of this research work, it can be concluded that compensation practice and performance appraisal practice have positive effect on job satisfaction among employees in Microfinance banks. The implication therefore is that proper use of all these human resources management practices will bring about job satisfaction among employees which can also make employee to continually contribute their best efficiently and effectively.

In view of the findings, the following recommendations are made to improve HRM practices.

The study recommended that improved HRM practices should cut across all employees in Microfinance banks in Ilorin metropolis in order to increase staff efficiency, which will enhance the performance of the employees.

Microfinance Banks should strive towards achieving employees' loyalty as this will ensure their long-term existence and survival.

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