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### IMPACT OF HUMAN RESOURCE PRACTICE IN EMPLOYEE SATISFACTION AT INTERNATIONAL SCHOOLS IN SAUDI ARABIA, JEDDAH

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#### **ABSTRACT**

The compensation and benefits programs are widely discussed in the literature. This program has been concluded that the compensation and benefits helps the employee sustain themselves and their families. Besides, this program helps increase the employee motivation to work and perform better and leads to increased trust and commitment. However, the study aimed to understand the role of the compensation and benefits in international schools is limited and even scarce information is available regarding the role of the compensation and benefits in international schools in Saudi Arabia and especially Jeddah. The study based on 125 respondents to a quantitative study by employees of international schools in Jeddah. The findings concluded that the compensation and benefits help increase the employee trust in the employer and they work harder. Similarly, there is a difference in need of the native and expatriate compensation and benefits in their work. For the Saudis the social insurance, annual holiday and medical has surfaced as important and required benefit. Whereas, for expatriates for obvious reasons, it is the annual holiday with ticket, medical insurance and visa renewal is important.

#### **INTRODUCTION**

Human resources (employees) are most important assets and valuable resources in company performance since their knowledge, experience and skills increase the value of an organization in the market [1]. Human resource management (HRM) is defined as a strategic and coherent approach to the management of an organization's most valued assets [2]. An important issue in

the human resource management that managers and supervisors learn that best methods and tools use to obtain better performance in finding and attracting talented staff and improving their incentive and ability in performing organizational tasks [3]. There are various sets of approaches such as high performance, high commitment and innovative [4].

Recruitment and selection is one of HRM practices. Recruitment is defined as the process of citing the sets of specific attributes for job applicants [5]. A typical selection process involves judging candidates on a variety of dimensions such as experience, educational attainment, output quality expected and leadership potential [6]. The recruitment process includes analyzing the requirements of a job, attracting employees to that job, screening and selecting applicants, hiring, and integrating the new employee to the organization. The selection process is the action or fact of carefully choosing someone or something as being the best or most suitable. The recruitment process target is to maintain sustainability of the organization by method courtesy and application appertains to provide a market share [7].

Training and development is one of HRM practices which is an educational process. In organization, the training is a planned effort to facilitate learning of job-related competencies, knowledge, skills and behaviors by employees which involved process changing employee behaviors and attitudes to increase goal attainment probability [8]. Effective trainings convey relevant and useful information that inform participants and develop skills and behaviors that can be transferred back to the workplace. The training can be offered as skill development for individuals and groups. In general, trainings involve presentation and learning of content as a means for enhancing skill development and improving workplace behaviors.

Organization development is defined conceptual, organization-wide effort to increase an organization's effectiveness and viability [9]. These two processes, training and organizational development are often closely connected. Training can be used as a proactive means for developing skills and expertise to prevent problems from arising and can also be an effective tool in addressing any skills or performance gaps among staff. Organizational development can be used to create solutions to workplace issues, before they become a concern or after they become identifiable problem.

Compensation and benefit is the most important practice in HRM compensation (also known as total rewards). Compensation play important role in attracting, motivating and retaining talented employees and encourage effective employees to remain in organization for longer periods of time [10]. Compensation and benefits are all form of financial returns and tangible benefits that employee receives as part of employment relationship [11]. The compensation and benefits includes direct financial compensation consisting of pay received in the form of wages, salaries, bonuses and commissions provided at regular and consistent intervals Indirect financial compensation including all financial rewards that are not included in direct compensation and understood to form part of the social contract between the employer and employee such as benefits, leaves, retirement plans, education, and employee

services Non-financial compensation referring to topics such as career development and advancement opportunities, opportunities for recognition, as well as work environment and conditions. Employee benefits are optional, non-wage compensation provided to employees in addition to their normal wages or salaries. These types of benefits may include group insurance (health, dental, vision, life etc.), disability income protection, retirement benefits, daycare, tuition reimbursement, sick leave, vacation (paid and non-paid), funding of education, as well as flexible and alternative work arrangements

There are various function components of human resource management. These are staffing (recruitment and selection), human resource development (training and development), compensation and benefits (recognition and rewards), health and safety and employee and labor relations. These human resource management activities have significant impact on the employee satisfaction, organizational commitment and organizational fairness.

Employee satisfaction is vital and is the prerequisite of employee performance in the organization. It is seen as an important aspect of the employees profile by the management. It is also an important factor for the organization to succeed. All of the human resource practices have great impact on the employee satisfaction. The job satisfaction is the security and fulfillment of the employees and is directly related to motivation. Meanwhile, the increase in employee commitment leads to decrease in turnover and absenteeism. Similarly, the motivational strategies and human resource practices increase organizational commitment and reduces the turnover rate.

Rahman et al (2013) had studied on the human resource practices impact on job satisfaction in pharmaceutical industry in Bangladesh. The study had a sample size of 108 employees from four pharmaceutical companies. The study had identified that the employees were satisfied with the recruitment and selection and training and development policy [12]. On the other hand, the employees were dissatisfied with working environment, compensation policy and performance appraisal.

In the end this study about the impact of HRM practice on employee satisfaction at international schools in the international schools, because HR managers in the international school have multiple roles and sometimes is overworked. Too many responsibilities make difficult to HR managers to implement best HR practices to satisfy the employees .And International schools are recognized as key element to global education. HR policies and practices in the process of recruiting, professionally developing and promoting job satisfaction for educators, is crucial for retaining quality teachers who can provide quality education for all students.

## **METHODOLOGY**

The qualitative research comprised the desk research on literature review from different source. The online survey questionnaire had been constructed with close-ended and open ended questions. There were five questions that focused exploring effects compensation and benefits policies on the employees of

international schools in Jeddah. There were several international schools in Jeddah, Saudi Arabia selected for this study. HR managers and employees had been provided the questionnaires. There were 125 respondents selected for answering the questionnaire.

The primary data was questionnaires and secondary data were journals, magazines, books, SHRM website and other sources. The interview also conducted with principles of three schools to validate the findings. Their point of view regarding each answers received and any solution and recommendation to improve compensation and benefits in the international school. Evaluation shall be utilized for this research project leveraging subjective methods such as interviews and observations to collect substantive and relevant data.

The survey was initially disclosed at 5 individual employees made up of one HR managers and four employees from international schools who were to be asked to fill the survey and identified any shortcomings or possible improvement to be made to survey. All participants were satisfied with the question because very direct and clear question.

The online survey had been circulated amongst different international schools in Jeddah through mass email to entire population of international schools (teachers and employee)

## RESULT AND DISCUSSION

### *Result*

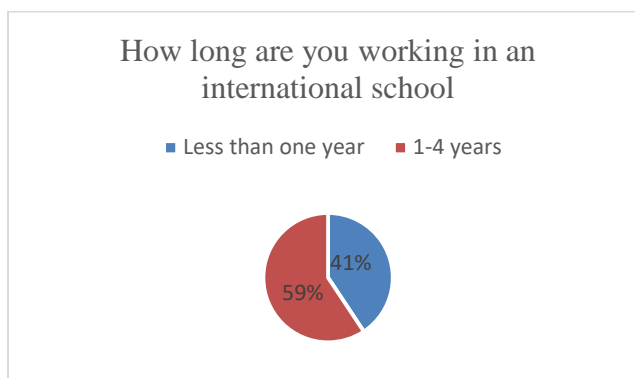
In Figure 1, 59% of the respondents had specialist teaching qualification and 40.80% of the respondents did not have any specialist teaching qualification.



**Figure 1.** Respondent distribution on specialist teaching qualification

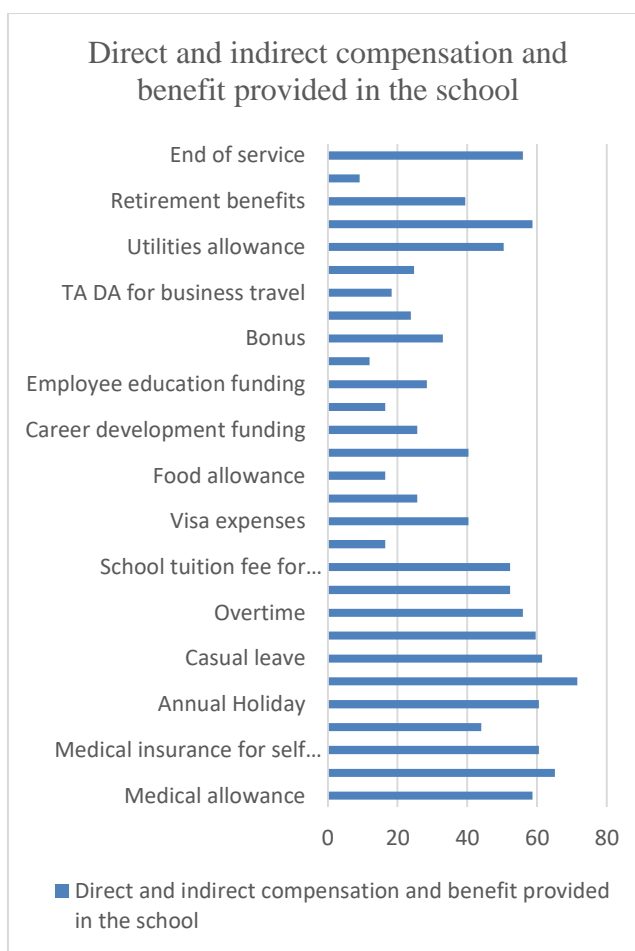
In Figure 2, the employees experience in the international schools were 19.20% of the respondents had less than one year , 28% of the respondents had working experiences between 1 year and 4 years ,30.40% of the respondents had working experiences between 5 years and 8 years , 12% of the respondents had working experiences between 9 years and 12 years ,4.80% of the respondents between 13 years and 16 years ,2.40% of the respondents had

working experience between 17 years and 20 years and 3.20% of the respondents had working experiences above 20 years .



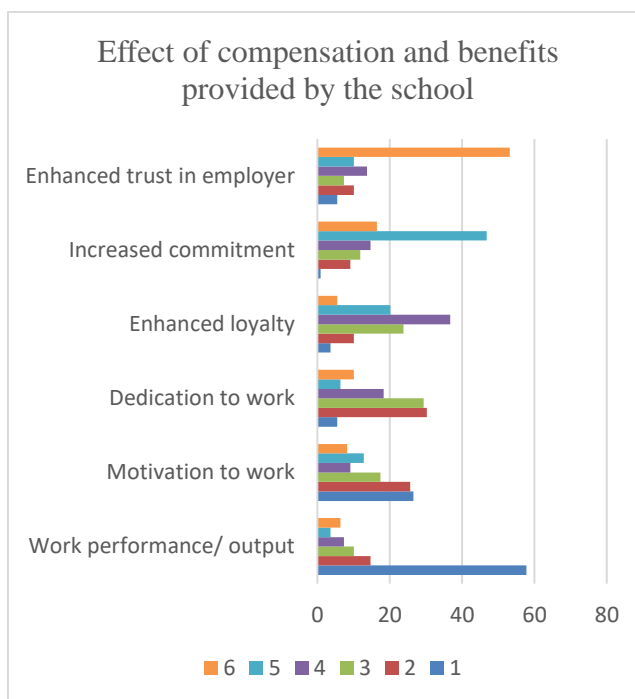
**Figure 2.** Respondent distribution on specialist teaching qualification

In Figure 3, direct and indirect compensation and benefit provided in the international schools 58.72% of the respondents said medical allowance ,65.14% of the respondents said medical insurance for self , 60.55% of the respondents said medical insurance for self and family ,44.04% of the respondents said life insurance ,60.55% of the respondents said annul holiday ,71.56% of the respondents said sick leave , 61.47% of the respondents said casual leave ,59.29% of the respondents said social insurance (GOSI) ,55.96% of the respondents said overtime ,52.29% of the respondents said annual tickets for travel to country of residence ,52.29% of the respondents said school tuition fee for children ,16.51% of the respondents said relocation ,40.37% of the respondents said visa expenses ,25.69% of the respondents said house loan ,28.44% of the respondents said transport allowance ,11.93% of the respondents said food allowance , 33.03% said extra work allowance/payment ,23.85% of the respondents said career development ,18.35% of the respondents said disability pension ,24.77% of the respondents said employee education funding .50.46% said service awards ,58.72% said bonus, 13.76% of the respondents said commission ,11.93% of the respondents said TA DA for business travel ,14.68% of the respondents said hardship allowance , 11.93% of the respondents said utilities allowance ,13.76% of the respondents said head of department allowance ,39.45% of the respondents said retirement benefit ,9.17% of the respondents said pension and 55.96% said end of service.



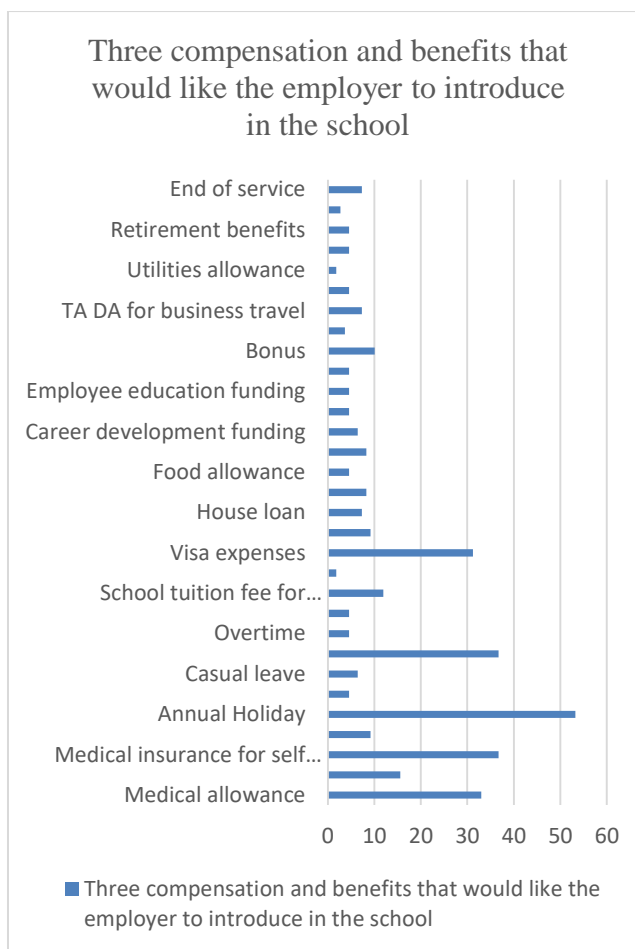
**Figure 3** Direct and indirect compensation and benefit provided in the school

In Figure 4, the effect compensation and benefit provided by your school ,rank from 1-6 (1being lowest and 6 as highest effect on you) responses rank 1 for work performances / output with 57.80% ,26.61% for motivation to work ,5,50% for dedication to work,3.67% for enhanced loyalty, 0.92% for increased commitment and 5.50% for enhanced trust in employer .responses rank 2 for work performances / output with 14.68% ,25.69% for motivation to work ,30.28% for dedication to work , 10.09% for enhanced loyalty,9.17% for increased commitment and 10.09% for enhanced trust in employer. Meanwhile, responses rank 3 for work performances / output with 10.09% ,17.43% for motivation to work ,29.36% for dedication to work , 23.85% for enhanced loyalty,11.93%for increased commitment and 7.34% for enhanced trust in employer .responses rank 4 for work performances / output with 7.34% ,9.17% for motivation to work ,18.35% for dedication to work , 36.70% for enhanced loyalty,14.68%for increased commitment and 13.76% for enhanced trust in employer .responses rank 5 for work performances / output with 3.67% ,12.84% for motivation to work ,6.42% for dedication to work. 20.18% for enhanced loyalty,46.79% for increased commitment and 10.09% for enhanced trust in employer responses rank 6 for work performances / output with 6.42% ,8.26% for motivation to work ,10.09% for dedication to work , 5.50% for enhanced loyalty,16.51%for increased commitment and 53.21% for enhanced trust in employer.



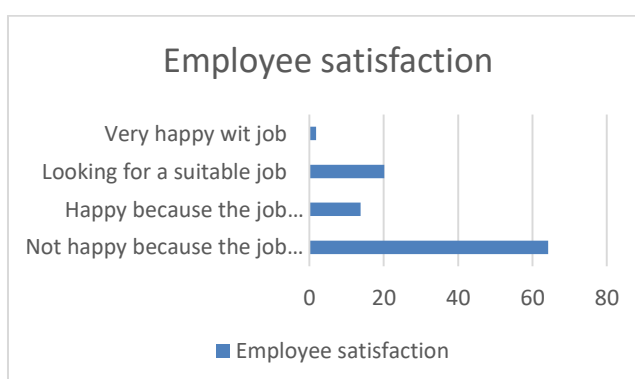
**Figure 4.** Effect of compensation and benefits provided by the school

When I ask the response( Figure12and Table 12) to select the three compensation and benefit that you would like your employer to introduce in your schools.In Figure 5, 33.03% of the respondents said medical allowance ,15.60% of the respondents said medical insurance for self , 36.70% of the respondents said medical insurance for self and family ,9.17% of the respondents said life insurance ,53.21% of the respondents said annul holiday ,4.59% of the respondents said sick leave , 6.42% of the respondents said casual leave ,36.70% of the respondents said social insurance (GOSI) ,4.59% of the respondents said overtime ,4.59% of the respondents said annual tickets for travel to country of residence , 11.93% of the respondents said school tuition fee for children ,1.83% of the respondents said relocation,31.19% of the respondents said visa expenses ,9.17% of the respondents said house loan, 8.26% of the respondents said transport allowance ,4.59% said food allowance, 8.26% of the respondents said extra work allowance/payment, 6.42% of the respondents said career development, 4.59% of the respondents said disability pension, 4.59% of the respondents said employee education funding. 4.59% of the respondents said service awards ,10.09% of the respondents said bonus, 3.67% of the respondents said commission ,7.34% of the respondents said TA DA for business travel ,4.59% of the respondents said hardship allowance , 1.83% of the respondents said utilities allowance , 4.59% of the respondents said head of department allowance,4.59% of the respondents said retirement benefit ,2.75% of the respondents said pension and 6.34% said end of service.



**Figure 5** Direct and indirect compensation and benefit provided in the school

In Figure 6, 46.22% of the respondents were very happy with job ,13.76% of the respondents were looking for a suitable job, 20.18% of the respondents were happy because the job helps you to meet obligation and save some money and 1.83% of the respondents were not happy because the job does not meet your need.



**Figure 6** Employee satisfaction

Regarding the questioner and gaps then the validation interview with principal of al HIJAZ international schools The respondent have good experience in



public schools, private schools and international schools. The respondents supported on direct and indirect compensation and benefit provided in the international school because different people have different needs and thereto. For second question, the solution is balance between motivating employees and keeping within budget. In the third question about select the three compensation and benefit that would like to introduced in your schools, the respondent was agreed because different people have different priorities and it is default to satisfy everyone. The solution nationally agreed holiday for all staff in the schools. In the final question about satisfaction of employee in working at international schools which the repondent had agreed with finding because most people are happy if school need people well and pays a good salary and the solution standardized the salary level for all international schools – no schools should pay below this rule.

### CONCLUSION

In conclusion, the study on role of compensation and benefits in the HR practices at the International schools in Jeddah has helped to provide several important and key conclusions. For the Saudis the social insurance, annual holiday and medical has surfaced as important and required benefit. For expatriates, the annual holiday with ticket, medical insurance and visa renewal is important. The employees trusted more to their employers with the implementation of the compensation and benefits. The trust also increases the work performance and develops loyalty. The expatriates in international schools were happy and able to save money to send back to their countries.

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