

To Study the Influence of HR Practices Viz. Compensation and Benefits, Flexible Work Practices on Job Satisfaction in Gen Z Employees.

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ABSTRACT

Generation Z, the youngest generation who is very frequently entering the workforce keeping in mind the very positive perspective on their careers and workplace norms. Employers need to openly welcome this generation and should use their positive strength while providing them the meaningful work at the workplace. In this regard, the paper aims to examine the effects of two major HR practices i.e. compensation and benefits and flexible work practices on job satisfaction in gen Z employees. This paper came up with findings that compensation and benefits and flexible work practices positively influence job satisfaction in Gen Z employees.

In addition this paper states that the compensation and benefits have strong positive influence on job satisfaction in gen Z employees whereas flexible work practices have weak positive influence on job satisfaction in Gen Z employees. Both these HR practices play a significant role in job satisfaction in Gen Z employees which ultimately also effects their work behaviour. The paper encompasses an amalgam of HR practices and policies especially for Generation Z to achieve organizational goals and also the means to attract, motivate, and retain them. The paper begins with a comprehensive explanation of theoretical framework in terms of HR policies and practices for Gen Z, guiding theoretical lenses and the conceptual framework, followed by the methods to test the hypothesis propositions and the implication of the finding of the theory and practice while concluding its limitations and scope for future research.

KEYWORDS: Compensation and benefits, flexible work practices, job satisfaction, Gen Z employees, relationship

INTRODUCTION:

Generation Z of the generation cohort refers to those who are born after 1995 (Bassiouni & Hackley, 2014; Bolser & Gosciej, 2015). Many other researchers consider Generation Z's year of birth as 1990 (Tulgan, 2013). Generation Z is also known as "Generation Me" (Bennett, Pitt, & Price, 2012); "Digital Natives" (Addor, 2011), "Internet Generation" (Lanier, 2017), and "Mobile Mavens" (Ozkan & Solmaz, 2015). It is the first generation who may live to see the 22nd century. All the generations namely Silent Generation (1928–1945), Baby Boomers (1946–1964), Generation X (1965–1980), Generation Y-Millennials (1981–1994), followed by Generation Z (1995+) are driven by varied set of values, goals, and working styles. However, till

date, no other generation except Generation Z has been more accepting and open-minded. They are considered initiators who love to work with challenges around, have a practical outlook, who like to take the lead and are extremely ambitious (Bencsik, Horváth-Csikós, & Juhász, 2016).

Their findings also highlighted that their overall happiness is determined by a good relationship with family and friends, recreational activities, and having enough financial resources to make life smooth and comfortable. Generation Z is also known for being extremely opposed to religious and racial discrimination. They have experienced a plethora of social, economic, political, and technological changes. In addition to this, they have witnessed constant rapid change, limitless opportunities, social networking, and global interdependence. They have a lot of expectations and are inclined more toward experience. To them, the concept of "working with" is more important than "working for." They are able to do multi-tasking while being productive at the same time (Ozkan & Solmaz, 2015). The people of this generation have grown up in an environment of abundant opportunities, virtual connectivity, and great diversity. Now the previous human resources (HR) policies and practices of hiring, motivating, and retaining need to take a new shape as the adults of Generation Z believes in meaningful work (Morgan, 2014). In 2020, Generation Z is predicted to outnumber the Millennials and is most likely to reshape the workplace in years to come. Unlike previous generations at the workplace, Gen Z employees are not reluctant to leave their current organization in search of a company that aligns with their work

values. As per the Gallup report 2019, 73% of American Gen Z employees quit their organization as their expectations with the workplace norms were not met. They do not prefer to work with companies that do not give them an accurate picture of the work profile, which later becomes a major reason for future turnover. The Deloitte 2018 Survey found that 61% of Gen Z employees are planning to leave their jobs in a couple of years. As they are willing to job hop, it becomes important to keep them committed to their jobs. By changing the current ways of handling a young workforce can add value to the organizations in years to come. As an employer, failing to assimilate the changes to the expectations of Gen Z with the same old one-size-fits-all theory, can harm the companies in the coming two decades.

The purpose of this research paper is to add knowledge to the existing literature of HR practices and policies, by examining how the factors namely flexible work practices, compensation and benefits, affects job satisfaction, of Gen Z employees. The study proposes a conceptual framework to empirically provide a comprehensive explanation of the influence of HR policies and practices on Generation Z employees. This study makes major contributions to the existing literature. This research is the first of its kind to explore the HR practices and policies for attracting, motivating, and retaining Generation Z. The study aims to explore how Generation Z skills can be utilized for the success of the organization by meeting their expectations connected to job satisfaction.

OBJECTIVE:

1. To study the influence of Compensation and Benefits on job satisfaction
2. To study the influence of Flexible Work Practices on job satisfaction

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT:

1. Compensation and benefits and job satisfaction

Compensation and benefits are considered a critical aspect of performance management strategy of Human Resource Management (Gomez-Mejia, Berrone, & Franco-Santos, 2014). Compensation is the amount paid by the employer for the efforts, skills, and time

given by the employee for attaining the organizational goals. Salary is the key motivator as stated in findings of prior research (Blaskova, Blasko, Rosak-Szyrocka, & Ulewicz, 2017; Gunawan & Amalia, 2015). Financial incentives, including ex-post incentives and ex-ante incentives influence work productivity and employee performance. Compensation and benefits are positively associated with employees' involvement and employees' outcomes. In the survey

conducted by "Built-In" in 2020, 60% of the respondents from Generation Z mentioned that "money is the determinant of success." In this way, they are very similar to Baby Boomers as both of these generations experienced an economic recession, so it is quite relatable that these two generations have a strong inclination toward monetary aspects. ASA theory suggests that to attract and retain employees in the long run, companies need to make a framework for driving organizational goals. By offering lucrative compensation and benefits along with increments, employers can ensure desired task performance and organizational commitment from this

young generation. Various prior studies show that compensation and benefits are one of the key determinants for job satisfaction at the workplace (Abadi & Renwarin, 2017). Shoaib et al. revealed that attractive and competitive remuneration packages still ranked as one of the very important factors that affect job satisfaction because it fulfils the financial and material desires. Salary, retirement benefits and job security have been shown to be important personal issues that affect the satisfaction of the faculty members in college and universities. While Rosser revealed that although much of the overall research on the faculty members suggested the salary is the most important aspect in work life and job satisfaction. Salary is one of the primary reasons why faculty members leave their institutions. According to Tettey, dissatisfaction with salaries is one of the key factor undermining the satisfaction and commitment of the academics to their institutions and careers and it is the factor that affect their stay in their jobs. Munap et al. also found that all organisational rewards examined have contributed to employee's satisfaction while salary is the predictor that significantly contributes to job satisfaction, among employees. Organisational rewards have a positive relationship with job satisfaction. Employees believe that their attachment to the organisation will provide meaningful rewards that satisfy their needs. Therefore, most of the employees trust that each of their job accomplishment will be rewarded and effort will be kept continued for better rewards. Based on the literature, the following hypothesis is proposed:

H1: Compensation and benefits has a positive influence on job satisfaction in Gen Z employees

2. Flexible work practices and job satisfaction:

Flexible work practices refer to the work conducted outside the firm's premises in several different ways. They are defined as the set of policies that enable employees to decide questions like when (flexitime), where (work from home or remote work), and for how long (sabbaticals), as per Hill et al. (2008). Many organizations are now taking a plunge in creating and implementing flexible work practices (Leslie, Manchester, Park, & Mehng, 2012), as these policies are perceived as organizational attractiveness. Technological advancements hitting the business landscape such as cloud computing, smartphones, tablets are enabling flexible work conduction at great ease. In addition, flexible work arrangements and flexiplace enhances organizational attractiveness (Thompson, Payne, & Taylor, 2015). By offering autonomy, employees perform to the best of their abilities (Deci & Ryan, 1985), thereby leading to higher profitability and reduced costs. In addition, autonomy reduces the attrition rate by keeping employees motivated and engaged. In a research, it was found that work from home increases performance by 13% (Bloom, Liang, Roberts, & Ying, 2015) leading to work effectiveness. Potential young employees are attracted to the organization that offers flexible workplace norms, in order to engage themselves in meaningful work (Morgan, 2014). Many researchers have also related flexible work practices positively with psychological health and job satisfaction.

Given these, the following hypothesis is proposed:

H2: Flexible work practices (FWP) has a positive influence on job satisfaction in Gen Z employees

Research model:

As depicted in Fig. 1, the theoretical model shows that two HR practices, i.e., Compensation and benefits and Flexible work Practices are linked with job satisfaction, Hence, this study seeks to test two hypotheses to investigate the relationship and influence of HR practices on Job satisfaction.

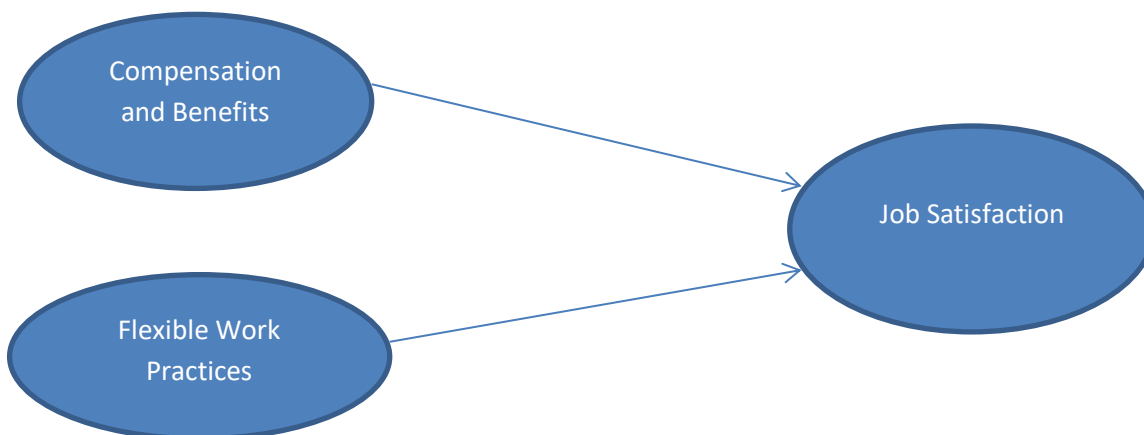


FIG.1

DATA ANALYSIS:

To examine the effect of two HR practices viz. compensation and benefits and flexible work practices on job satisfaction, this study has constructed scales on all two HR Practices and dependent variable job satisfaction in 7-point Likert scale. A total of 460 respondent participated in the study, Out of which 456 responses were correctly filled and received and taken for analysis and 4 were neglected due to certain discrepancies in them. The data consist of 263 responses from female and 197 responses from male.

Relationship between HR Practices taken in the Study and Job Satisfaction

The correlation analysis refers the degree of relationship between two variables. But it does not explain about which of the variable is cause and which one is the effect. Study of correlation between two variables is called simple and between more than two variables may be partial or multiple. Correlation can be studied by two methods, diagrammatic method and mathematic method. Diagrammatically it is studied with the help of scatter diagram which cannot provide exact value of correlation in all case. Mathematically many methods and formulae are there however Karl Pearson’s Method is widely used (Magnello, 2009), Karl Pearson and the Establishment of Mathematical Statistics. International Statistical Review / Revue Internationale De Statistique, 3-29

Relationship between Compensation and Benefits (CB) and Job Satisfaction (JS)

The relationship between Compensation and Benefits (CB) and Job Satisfaction (JS) has been examined using Pearson’s coefficient of Correlation. To test the relationship, total score of both the scales was obtained than processed in SPSS. The following hypothesis has been formulated and tested:

H2a: compensation and benefits have a positive influence on job satisfaction.

To test the set hypothesis, alpha level was set at 5 percent. Outcomes of the test is given below in the table 1. Table shows that, there exists a low positive correlation between Compensation and Benefits (CB) and Job Satisfaction (JS) ($r = 0.217$). P value of the test indicates that there is a significant relationship between Compensation and Benefits (CB) and Job Satisfaction (JS) ($p < 0.05$). Outcomes of the test statistics accepted the null hypothesis. **Therefore, based on the outcomes of the test, this study concluded that there is a positive influence of Compensation and Benefits (CB) on Job Satisfaction (JS).**

		Compensation and Benefits (CB)	Job Satisfaction (JS)
Compensation and Benefits (CB)	Pearson Correlation	1	.217**
	Sig. (2-tailed)		.000
	N	456	456
Job Satisfaction (JS)	Pearson Correlation	.217**	1
	Sig. (2-tailed)	.000	
	N	456	456

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

H2a: Flexible Work Practices have positive influence on Job Satisfaction (JS)

The relationship between Flexible Work Practices (FWP) and Job Satisfaction (JS) has been examined using Pearson’s coefficient of Correlation. To test the relationship, total score of both the scales was obtained than processed in SPSS. The following hypothesis has been formulated and tested:

H2a: Flexible Work Practices (FWP) has positive influence on job satisfaction.

To test the set hypothesis, alpha level was set at 5 percent. Outcomes of the test is given below in the table 2. Table shows that, there exists a low positive correlation between Flexible Work Practices (FWP) and Job Satisfaction (JS) ($r = 0.183$). P value of the test indicates that there is a significant relationship between Compensation and Benefits (CB) and Job Satisfaction (JS) ($p < 0.05$). Outcomes of the test statistics accepted the null hypothesis. **Therefore, based on the outcomes of the test, this study concluded that there is a weak positive influence of Flexible Work Practices (FWP) on Job Satisfaction (JS).**

Table 2: Correlations between Compensation and Benefits (CB) and Job Satisfaction (JS)			
		Job Satisfaction (JS)	Flexible Work Practices (FWP)
Job Satisfaction (JS)	Pearson Correlation	1	.183**
	Sig. (2-tailed)		.000
	N	456	456
Flexible Work Practices (FWP)	Pearson Correlation	.183**	1
	Sig. (2-tailed)	.000	
	N	456	456

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

FINDINGS AND DISCUSSION :

The ground breaking research opens up the ways for encouraging the Gen Z employees in the workplace and concludes that the following HR practices has a significant influence on the job satisfaction . Compensation and benefits has more significant effect on job satisfaction in comparison to the flexible work practices. In order to motivate, encourage and retain them in the organization. Organization should opt for these HR practices in their policies especially more focused should be given to the compensations and benefits. Organization should better comprehend the view of Gen Z employees on these two analysed HR practices and also on other HR practices in order to increase their satisfaction level, performance and ultimately the productivity of the organization. The more satisfied an employee will be the more better work performance will be delivered by him which will ultimately result in the better productivity of the organization. So, the organization should thoroughly keep an eye on their HR practices being offered to their employees and should make continuous improvement and changes in the policies and practices whenever required.

THEORITICAL AND PRACTICAL IMPLICATIONS:

The paper offers insights into the HR practices and policies for Generation Z especially, to influence job satisfaction. The paper by MC Iorgulescu (2016) explored the set of expectations of students of Generation Z. However, the study was restricted to future expectations of Generation Z. Thus, the present paper extends this work, by formulating the relationship from an employee perspective. This research, therefore, unfolds the reality, making it extremely relevant and useful for academicians and practitioners, who are keen to understand the factors that influence Generation Z at the workplace to attain the desired organizational goals. The findings of the research also provide a fresh perspective of perceptions and responses of Generation Z employees, based on HR policies and practices that can be replicated for future research.. This revelation is crucial as it guides future research to more accurately encapsulate the relationship between job satisfaction, performance, and commitment. The significant findings of the paper state that the flexible work practices, compensation and benefits positively influence Generation Z employees toward job satisfaction.

CONCLUSION:

The study is a kind to empirically validate the integration of compensation and benefits and flexible work practices, at workplaces for meeting organizational objectives. In order to avoid high rates of turnover of gen Z employees , it is extremely important for all employers to meet expectations of Generation Z by restructuring HR policies, so that they can resonate closely with Generation Z. In light of the above, the study has opened a window of discussion, which would lead to an academic debate on the role of HR practices and policies for driving work performance, job satisfaction and organizational commitment. The more strong and powerful will be the HR practices of an organization ,the more will be the productivity given by the employees . It is important to motivate and empower Generation Z employees and to deconstruct the traditional workplace model and make a tectonic shift in order to embrace the change for meeting the desired organizational goals.

LIMITATIONS AND FUTURE WORK DIRECTIONS

Compensation and benefits Flexible work practices are the only HRM practices that this research uses to examine. Thus, to generalize the impact of HRM practices, researchers should look at how other HRM practices affect the job satisfaction and work performance of Gen Z employees utilizing samples from diverse sectors. It would be worthwhile for academics to conduct fresh investigations into other HRM practices and policies influence Gen Z employee outcomes like their happiness, motivation and intention to quit. Further, the paper incorporates cross-sectional data to validate the integrated model having respondents from India. Longitudinal studies can be undertaken in the upcoming years to further explore the change patterns, reciprocal relationships, and also the casual direction (Williams & Podsakoff, 1989). Future research can build upon the findings revealed on a multi-sample, including intergenerational and intergenerational respondents, to distinguish the similarities and differences in the perceptions within Generation Z and other generation cohorts.

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