Examining the Role of HRM Practices to Enhance Employee Satisfaction: Mediating Role of Supply Chain Integration

Eny Lestari Widarni*1 Silvi Asna Prestianawati#2, Mahrinasari MS #3

*1 STIE Jaya Negara Tamansiswa, Malang-Indonesia
#2 Economics and Business Faculty, Universitas Brawijaya, Malang-Indonesia
#3 Faculty of Economics and Business, The University of Lampung, Indonesia

Corresponding author: *1enystieknmalang@gmail.com
#2silvi.febub@gmail.com
#3prlnch1t4@yahoo.com

Abstract- The main objective of the present study was to examine the impact of empowerment, compensation and training on satisfaction and supply chain integration. Moreover, the mediating role of supply chain integration between the impact of empowerment, compensation and training and satisfaction is examined as well. The data is collected from the employees of hotels in Indonesia through cluster sampling. The response rate of the present study was 68%. For the analysis purpose, PLS-SEM technique was used. The results revealed that employee satisfaction is directly impacted by empowerment, compensation and training and satisfaction; supply chain integration mediates as well between these relationships. The findings of the study are important for the practitioners of the supply chain in the hotel industry in developing strategies to enhance employee satisfaction through supply chain integration and other HRM Practices.

Keywords: Empowerment, Supply Chain Integration, Satisfaction, Training, Indonesia

1. Introduction

In the present era competition among businesses is mounting. Therefore, academics and practitioners are focusing on the practices which can create integration among the supply chain. Moreover, businesses are also giving significant importance to supply chain integration as well. The demand among the customers regarding customer service is mounting. Moreover, competition is increasing as well due to which integration among different companies involved in a business is necessary. The aim of supply chain integration (SCI) is to develop properly coordinate among different partners of business in which SC is considered as the key factor by which organisations can develop sustainable competitive advantage [1].

A number of different studies in the past have explored the term SCI and discussed this concept in a number of different areas including human resource management, inventory planning, logistics, relationships, partnerships and marketing. The major belief of most of the past researchers is that for improving the performance of the organisation, SCI is an important and critical tool. Whereas, it’s also been argued by the scholars that if all of the practices of supply chain management are not applied at the individual level, the impact of SCI on organisational performance will not be significant. It is critical to apply supply chain integration at the individual level like partnership development, reconfiguration of the production network, rationalisation of supplier network, and reduction of lead time [36]. On the other hand, it’s also been proposed by the researchers that there must be integration among downstream and upstream of the organisation. Moreover, such type of integration is much important and critical for organisational performance than only the integration of customers and suppliers only [2]. Therefore, it is critical for firms to integrated SC at the level of human resource as well.

Empowerment of employees is very important for the individual employee’s performance of which will eventually influence the performance of the organisation. A number of researchers in the past have presented different definitions of empowerment, but there exists a lack of agreement on a single definition of empowerment. On the other hand, it’s been agreed by a number of authors that empowerment of employee is closely linked to other techniques of management and instruments as well. These instruments and techniques include feedback, training, delegation, participative management, trust, communication, job enrichment and motivation [3].

A number of different authors have mentioned different definitions of empowerment. Studies defined empowerment as sharing power, information and knowledge with people working under a manager. On the other hand, it’s been also defined as distributing power in
subordinates so the decision can be made in such a way that employees are covered without decision making power. Researchers have regarded empowerment as the concept of motivation which is related to self-efficacy. In management practices, there is a very small implementation of empowerment, and these small implementations are not enough to impact the performance of the employee. Researchers have mentioned that to improve the performance of organisations; empowerment must be applied to every other aspect of the organisation, including the supply chain. It is because studies have mentioned that empowerment is important for the internal motivation of the employees, which have an impact on four different perspectives, namely impact, choice, competition and sense [4].

Researchers have defined job satisfaction of an employee as the general attitude of the employees towards the job. The satisfaction of a job results from the degree of fit among organisation and individual along with perception regarding the job. Satisfaction of employee towards the job is referred as the employee’s overall effectiveness toward job which influence the value, beliefs and ideas of individuals [5]. The main focus of researchers for identifying the factors that can create job satisfaction among employees. One of the important factors for the success of the organisation is job satisfaction. Researchers have mentioned it as a set of emotions and constructive feelings which are developed on the basis of work of an individual. If the employee is fit within the organisation, the employee is considered as satisfied with the job. If the environment in which employee is the beliefs and needs of the individuals are satisfied, the employee is considered satisfied with the organisation and job [6].

In the recent past, researchers have paid considerable attention to the training of the employees. Scholars mentioned that there exist four basic requirements upon which the training program of an individual is designed. These four programs include the adaptation of different context and individual factors elsewhere design and content which can enhance the amount to objectives of training; using longitudinal and multi-level criteria; engaging the participants in the process of learning and conducting the proper needs of the training along with investigation. On the other hand, strategic models of training are presented by models regarding training which are important to meet the objectives of the individual. If the objectives of individual are met, it will impact the performance of the organisation in short and long-run. The initiatives regarding training, a cover wide range of programs in short-term as well as long-term basis [7].

Indonesia is the 16th largest economy in the world. It has a number of tourists who visit the country throughout the year. In these situations, the hotel industry gains importance. Worldwide, the hotel industry is booming, and it is expected to grow by 7% worldwide. The expected revenue from the hotel industry in Indonesia is $4264, and more than 4.2 million users are expected to use these hotels. In this situation, job satisfaction of employee become important. Therefore, this study is aimed to examine the impact of empowerment, training, compensation of employees on supply chain integration and job satisfaction of employees [8].

2. Literature Review
2.1. Job Satisfaction

In working life, job satisfaction is considered an important aspect in all of the occupational groups. If the employee is not satisfied with the job, it can enhance the turnover, damage the performance and reduce the productivity of the organisation. In order to minimise the turnover intention and enhance the production of the organisation, job satisfaction is an important tool. The employees who are satisfied with their job have less intention to change their job and are more satisfied with their job as well [9].

The term job satisfaction basically shows the fulfilment of wants, needs and desires, satisfaction and happiness among employees at work. A number of measures show that job satisfaction is an important cause to enhance the performance of employees and keep employees motivated towards the job. Job satisfaction is job satisfaction which has created a need to investigate the cause of job satisfaction among employees. Researchers have pointed out that among organisational and industrial psychology, job satisfaction is the most worked out variable. The satisfaction of a job is the emotional state which is emerged from cognitive appraisal regarding the experience of the job. The feeling of an employee regarding the job is intrinsic job satisfaction. Whereas, the feeling of an employee regarding different aspects of the job is the extrinsic job satisfaction. The intrinsic rewards of the individual include opportunity, variety and challenging work to use the skills of the individual. On the other hand, working conditions, promotion and pay, which
plays an important role in creating satisfaction among the employee are the extrinsic reward. Job satisfaction of employees is considered in terms of working conditions, the interface of doing work, empowerment, the stress of doing work and general well-being of employee [11].

2.2. Supply Chain Integration (SCI)

The concept of SCI is new in the field of research despite that there exists a large body of literature regarding relationships of supply chain among suppliers, customers and manufacturers. Few researchers focus on partners of the supply chain, whereas few other authors focus on the supply chain as a single partner. Researchers have defined integration of SC regarding the flow of parts and material whereas other’s definition focus on the flow of cash, resources and information. These definitional aspects of SCI focus on a number of different aspects, but these definitions are broad. These definitions of SCI fail to consider different aspects of the SC [12].

In literature, researchers defined integration as the “the combined control of many succeeding or similar economic or industrial procedures that are previously carried independently”. On these bases, SCI is defined as the level of collaboration by the manufacturers by its partners of the SC and collaborate in intra-organizational procedures. The goal of SCI is to produce and supply the products, decisions, money, information and services effectively and efficiently at high speed and low cost [13].

Several empirical studies are conducted regarding the impact of supply chain integration on satisfaction [14]. On the basis of this discussion, it is hypothesised that:

Hypothesis 1: SCI has a significant relationship with satisfaction.

2.3. Empowerment

The process in which employee is given authority to perform the task and make an important decision regarding activities which are involved in a task is known as empowerment [4]. It is expected from employees who are empowered to perform in a much effective way than others. The employees who are empowered are also encouraged and recognised by the organisation because empowerment enhances the power of an individual which impacts the overall performance of an individual. In the current era, more than 70% of the organisations are empowering their employees to enhance their performance [15].

Since the last decade, organisations dealing in the service sector are focusing on empowering their employees to enhance satisfaction among employees and service quality as well. A number of scholars have perception that they have the understanding of empowerment of employee in fact this figure is very small who have actual understanding of this concept. If the employees are empowered, they will have a feeling of control and responsibility within the organisation. As the environment of the marker is getting really competitive; therefore, employees are an important tool to achieve organisational goals and objectives and to sustain in the market. In the concept of management and organisations, empowerment is the new concept to which a number of employees are attracted. Strategic fit among the structure of organisation, technology, tasks and people is the starting point of empowerment of employees. The employees who are more empowered have more trust in their managers [16].

The main reason for empowerment is to create satisfaction or dissatisfaction among the employees. It is the major cause of enhancing the quality of work, turnover reduction and reducing absenteeism among employees. The concept of empowerment developed to define the understanding and beliefs of employees regarding the roles of the job within the organisation. The employees who are empowered have more satisfaction in terms of their job and empowerment enhance self-efficacy as well. It is important to enhance the self-efficacy, so the organisational performance can be enhanced [17].

A number of different empirical studies are conducted which examined the impact of empowerment of employee on SCI. A similar study was conducted by [18], who revealed that SCI significantly impacted by the motivation of employees. On the other hand, some kind of relationship exists among employee empowerment and job satisfaction of employees. The research conducted by [19], pointed out the significant relationship among employee empowerment and job satisfaction.

On the basis of the above discussion, it hypothesised that

Hypothesis 2: Empowerment significantly impacts job satisfaction.

Hypothesis 3: Empowerment significantly impacts supply chain integration.

2.4. Training

In the present business world, there exist high competition in the global market among the organisation. This competition has risen because of advancement of technology as well. In order to survive in the situation, which is as challenging as the present, organisations, it is important for organisations to find possible ways by which they can develop a sustainable competitive advantage. Therefore, skills and knowledge of employee working in firm has gained importance for the improvement of performance, regular development and competition at the global level [20]. One of the important ways by which skills can be developed in employees is through different programs of trainings. It is because, it’s been proving that skills, knowledge and capabilities of employees who are talented is the key component to develop competitive advantage. In order to support all
members of the organisation, the training program is very critical because it enhances the capabilities of the organisation to perform well through the capabilities, skills and knowledge of the worker. Researchers also reported that the performance of employees would be more efficient if they receive more training [21].

In past literature, training is pointed out as the key component of HRM in any firm as it improves the employee’s effectiveness [21]. Providing input which is meaningful is the main purpose of training to the employees [35]. The basic purpose of training the employees is to provide required information to employees, including new skills so professional development can be enhanced. The main purpose of training is to provide the skills which an employee can gain so the organisational goals and objectives can be achieved effectively. Researchers mentioned that training is the acquisition of abilities, skills and knowledge. Organisational objectives can get benefit by investing in the training programs of employees [22].

A number of empirical studies are conducted regarding the relationship between job satisfaction and training. Research has revealed that job satisfaction is positively impacted by the training and development programs of employees. Researchers also confirmed that job satisfaction is impacted positively by the training and development programs through the commitment of employee [23]. As the employee get satisfied, the performance of the organisation is positively impacted as well. Furthermore, studies have pointed out that job performance and job satisfaction of employees is positively by the training and development programs of the organisation. Moreover, the most common determinant of job satisfaction is training. On the other hand, a number of empirical studies are conducted to find the relationship among supply chain integration and training and development of employees. It’s been revealed by the scholars that there exists a significant positive relationship among training and development activities of employees and supply chain integration [24].

Hypothesis 4: Training of employees have a significant impact on SCI.

Hypothesis 5: Training of employees have a significant impact on satisfaction.

2.5. Compensation

One of the importance of HR practices is an organisational commitment among employees [34]. In order to assess the attitudinal and behavioural outcome of employees, compensation is considered as an important consideration for the employees and organisations. On the other hand, compensation of employees brings commitment among employees and is considered as an important determinant. If the compensation of employees is not according to the expectations of employees, it will create dissatisfaction among employees [25]. Compensation is referred to as the benefits which are given by the employees in return of sacrifice incurred by the employee to achieve organisational goals. Moreover, researchers also defined compensation as the tangible benefits and financial reward, which is given to the employee as he/she is working in an organisation. On the other hand, compensation is defined as the reward given to employees in return to employment. Additionally, compensation is defined as the systematic approach by which monetary benefit is provided to the employee in return of work done [26].

Among the predictors of job satisfaction, compensation is treated as one of the important ones. Among past researches, a scholar conducted a study in the hotel industry and found compensation as the important predictor of job satisfaction [33]. Moreover, it’s also been pointed out that financial reward plays an important role in satisfying the employees [27]. Furthermore, there exists a consistent positive relationship among employee compensation and satisfaction of employees. Moreover, it’s been pointed out that compensation helps the employees to minimise the dissatisfaction among employees. Furthermore, employees having good salary are vital for the success of the supply chain and play a basic part in the integration of different SC partners [28]. And SC integration is largely impacted by the compensation of the employees as well [29].

Hypothesis 6: Compensation significantly impacts the job satisfaction of employees.

Hypothesis 7: Compensation significantly impacts supply chain integration.

Hypothesis 8: SCI mediates significantly between empowerment and employee satisfaction.

Hypothesis 9: SCI mediates significantly between training and employee satisfaction.

Hypothesis 10: SCI mediates significantly between employee compensation and employee satisfaction.

2.6. Research Framework

Following theoretical framework is developed from the above literature review

![Figure 3. Framework](image)

3. Methodology

For the present research study, a cross-sectional survey was designed in order to quantify the associations of
constructs of the current study. After the detailed literature review, the hypotheses of the present study were developed. The population of the study is the key for each study of research. Also, the respondents of the total population are most important in the research study. The target population of this study was hotel industry employees who were selected to respond to the questionnaire were having their link with the supply chain. Questionnaire for the current study was adapted from past studies related to satisfaction, supply chain integration, empowerment, compensation and training. The items of the questionnaire suit the purpose and context of the current study. The items were rated on 5 Likert scale point. This Likert scale is the rating scale on which the respondents specify the level of their agreement upon certain questions ranging from strongly agree to strongly disagree. Cluster sampling was used for current data as this sampling technique is quite suitable for the data from a larger population covering a wide area. The questionnaires were distributed among the respondents having a response rate of 68%. PLS 3.0 was used to analyse the collected data.

4. Research Analysis and Results

In the present research, analysis is distributed in two main components. Assessment of the outer model, also known as the measurement model is involved in the first part in which validity and reliability of the data are examined. In the later part inner model is assessed in order to test the hypothesis proposed above. In order to proceed towards the assessment of inner, 1st part is to perform. In the initial part, discriminant validity and convergent validity are examined. For examining the convergent validity of data, average variance extracted, factor loading and composite reliability tests are performed. According to [30], the factor loading of every item of the study must be more than 0.4. In the present study, the factor loading of every item exceed the 0.4 and is mentioned in Table 1 and figure 1 as well.

![Figure 2. Measurement Model](image)

On the other hand, it mentioned in the literature that the composite reliability and Cronbach Alpha must exceed 0.7. The value of AVE should not be less than 0.5 [31]. Table 2.0 shows the results of AVE, composite reliability and Cronbach's alpha. As mentioned in these tables, the value of AVE, composite reliability and Cronbach's alpha is above the threshold level.

<table>
<thead>
<tr>
<th>α-value</th>
<th>rho_A</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC</td>
<td>0.914</td>
<td>0.916</td>
<td>0.936</td>
</tr>
<tr>
<td>Emp</td>
<td>0.904</td>
<td>0.908</td>
<td>0.929</td>
</tr>
<tr>
<td>SAT</td>
<td>0.924</td>
<td>0.924</td>
<td>0.946</td>
</tr>
<tr>
<td>SCI</td>
<td>0.903</td>
<td>0.905</td>
<td>0.928</td>
</tr>
<tr>
<td>TR</td>
<td>0.934</td>
<td>0.938</td>
<td>0.950</td>
</tr>
</tbody>
</table>

In table 3 below the discriminant validity of the data is shown. By taking the square root of AVE, discriminant validity was examined. [32] suggested the discriminant
validity measurement through AVE extracted. Moreover, [32] mentioned that the square root of the average variance extracted (AVE) of the mentioned constructs and comparison among the value of variance should be done in order to test the discriminant validity. According to the table below, the correlation among the constructs is less than the square root if values of AVE.

Table 3. Discriminant Validity

<table>
<thead>
<tr>
<th></th>
<th>EC</th>
<th>Emp</th>
<th>SAT</th>
<th>SCI</th>
<th>TR</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC</td>
<td>0.863</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emp</td>
<td>0.300</td>
<td>0.850</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAT</td>
<td>0.456</td>
<td>0.525</td>
<td>0.902</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SCI</td>
<td>0.541</td>
<td>0.609</td>
<td>0.696</td>
<td>0.850</td>
<td></td>
</tr>
<tr>
<td>TR</td>
<td>0.437</td>
<td>0.678</td>
<td>0.544</td>
<td>0.656</td>
<td>0.889</td>
</tr>
</tbody>
</table>

After assessing the outer model, the inner model of the data was examined so the relationship among the variables of the study can be examined. As mentioned above, testing of hypothesis is conducted in this second part of the analysis. In this part, the direct association between the variables. Moreover, the mediating variable was also assessed in this part of the analysis as well. T-Values were used to examine the direct hypothesis. In order to accept the t-value must be more than 1.96, which is evident from the figure below and table 4 as well. All t-values mentioned in table four and figure 3 are more than the threshold level. According to these results, if employees are given empowerment, proper training and good compensation according to their job, it will create satisfaction among them. Moreover, these factors will show positive impact on supply chain integration of organisation as well.

Table 4. Total Direct Impact

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>(O)</th>
<th>(M)</th>
<th>(STD E)</th>
<th>(O/ST D E)</th>
<th>P Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H5 EC-&gt;SAT</td>
<td>0.274</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.000</td>
</tr>
<tr>
<td>H4 EC-&gt;SCI</td>
<td>0.317</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.000</td>
</tr>
<tr>
<td>H2 Emp-&gt;SAT</td>
<td>0.290</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.000</td>
</tr>
<tr>
<td>H3 Emp-&gt;SCI</td>
<td>0.300</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.000</td>
</tr>
<tr>
<td>H1 SCI-&gt;SAT</td>
<td>0.506</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.000</td>
</tr>
<tr>
<td>H6 TR-&gt;SAT</td>
<td>0.230</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.000</td>
</tr>
<tr>
<td>H7 TR-&gt;SCI</td>
<td>0.314</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Indirect results of the study are mentioned in table 5. According to these mentioned results, the composition of an employee impacts satisfaction through supply chain integration, thus supporting the mediating relationship. Moreover, supply chain integration also mediates significantly among empowerment of employee and satisfaction. In the end, training of employee and satisfaction are also mediated significantly through supply chain integration. Thus, H8, H9 and H10 are supported.
In the end, table 6 is showing the variance explained (R square). The figures for table 6 shows that satisfaction is explained by 51.3% through the variables of the present study, whereas 48.7% is explained through other variables not mentioned in the present study. On the other hand, variables of the present study explain 55.9% the supply chain integration.

5. Conclusion

This is the era of tough competition in which organisations are facing tough competition at the global and local level. In this scenario, it is significant for organisations to retain their skilled workers. Therefore, current study examined the impact of employee training, compensation and empowerment of supply chain integration and employee satisfaction. Research results have revealed that hotel employee’s satisfaction level and SC integration are directly impacted by the employee empowerment, training of the employee and compensation. Moreover, supply chain integration mediates between employee empowerment, training of the employee, compensation and satisfaction of employees. It means the hotels should focus on compensation strategies along empowerment of workers for achieving long-term goals. By this way their level of job satisfaction will increase. Moreover, the integration of SC activities across the functions of the organisation will be enhanced as well. This study is important for the practitioners of supply chain and HRM in the hotel industry. Additionally, this study fills the gap of limited studies regarding the application of HRM strategies in the supply chain of the hotel industry.

Table 5. Indirect Impact

<table>
<thead>
<tr>
<th></th>
<th>(O)</th>
<th>(M)</th>
<th>(STDEV)</th>
<th>((O/STDEV))</th>
<th>P Values</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC -&gt; SCI -&gt; SAT</td>
<td>0.1</td>
<td>0.60</td>
<td>0.032</td>
<td>5.0 05</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Emp -&gt; SCI -&gt; SAT</td>
<td>0.1</td>
<td>0.52</td>
<td>0.037</td>
<td>4.0 72</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>TR -&gt; SCI -&gt; SAT</td>
<td>0.1</td>
<td>0.59</td>
<td>0.035</td>
<td>4.5 68</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Table 6. R Square

<table>
<thead>
<tr>
<th></th>
<th>R Sq.</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAT</td>
<td>0.513</td>
</tr>
<tr>
<td>SCI</td>
<td>0.559</td>
</tr>
</tbody>
</table>

References