

IMPACT OF HR PRACTICES ON JOB SATISFACTION AND EMPLOYEE PERFORMANCE IN AIRLINE COMPANIES OF PAKISTAN

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Abstract

The current research study examines how human resource (HR) practices, i.e. recruitment and selection, training and development, compensation and work environment influence employee performance, mediated by job satisfaction, in the case of Air Sial, Sialkot, Pakistan. A structured questionnaire was used to gather data on 330 employees through the employment of a quantitative research design. Data analysis was done using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings indeed verify that all the four HR practices have a significant impact on job satisfaction that in turn have a great impact on employee performance. The mediation analysis indicates that job satisfaction completely mediates the relationship between employee performance and HR practices. The results will add to the knowledge base of HR management in the aviation industry in the developing economies.

Keywords: HR Practices, Job Satisfaction, Employee Performance, Air Sial, PLS-SEM

Introduction

The modern competitive business environment has come out to be one of the pillars of organizational success, which has been facilitated by human resource management (HRM). The performance results of organizations which strategically align their HR practices with the overall organizational goals are better. The importance of HR practices is of utmost importance in service industries like aviation where the human capital is a major differentiator. Recruitment and selection, training and development, compensation structure, and the working environment

are all the pillars of an HRM framework of an organization and have a deep impact on the way employees view their job and fulfill their duties (Demirok et al., 2025).

The aviation industry in Pakistan has experienced a phenomenal growth in the last ten years whereby new airlines like Air Sial, based in Sialkot have emerged. Being a relatively new airline with a presence in a competitive marketplace, Air Sial has unique issues to attract, retain, and motivate skilled workforce. The knowledge of the effect of HR practices on employee attitudes and behaviors, especially job satisfaction and performance, is thus timely and relevant to an organization. Although empirical research on the topic of HRM in developing countries is on the rise, there is still limited empirical data on the subject of HRM in the domestic aviation industry in Pakistan (Parveen et al., 2020).

Job satisfaction has been generally acknowledged as a very essential mediating variable where HR practices can be transformed into improved employee performance. Satisfied employees are more committed, less absenteeism as well as more productive hence leading to the effectiveness of an organization. This paper has incorporated these dimensions in a single conceptual framework to give an all-encompassing understanding of the HR-performance nexus in Air Sial (Ahad et al., 2021).

Scope of the Study

This research will be limited to the Air Sial employees, Sialkot, Pakistan. It analyzes the four HR practices; recruitment and selection, training and development, compensation and work environment as the independent variable and job satisfaction as the mediator with employee performance as the dependent variable.

Research Objectives and Questions

- ✧ To test the direct impact of recruitment and selection, training and development, compensation and work environment on employee performance.
- ✧ Practical implications: The research aims to explore how HR practices impact job satisfaction among Air Sial employees.
- ✧ To determine the mediating nature of job satisfaction among HR practices and the performance of employees.
- ✧ To assess the fitness and reliability of the suggested framework in general by applying PLS-SEM.
- ✧ Research Questions
- ✧ Are recruitment and selection, training and development, compensation and work environment significant in employee performance in Air Sial?
- ✧ Are there any significant predictors of job satisfaction between Air Sial employees by HR practices?
- ✧ Is job satisfaction an intermediate between HR practices and performance of employees?

Literature Review

The HR practices have received a lot of research as predictors of organizational and employee-based results. Recruitment and selection are the first points of contact of an organization and its potential talent pool. With the help of effective recruitment processes, the compatibility of personal competencies with the needs of the organization is established, thus, supporting job satisfaction at the initial stage and further performance. Companies that enforce clear and merit-based selection systems have a tendency of developing a feeling of fairness and trust in the company amongst staff members (Nugroho & Ariyani, 2025).

Another important HR dimension is training and development where employees are provided with skills, knowledge and competencies to play their roles efficiently. Employee development indicates the commitment of an organization, thereby boosting job satisfaction and encouraging employees to perform excellently. Continuous training in the aviation environment is not just a driver of performance, but a required regulation, which is inseparably related to the confidence of employees, as well as the safety requirements of the organization (Abrias, 2024).

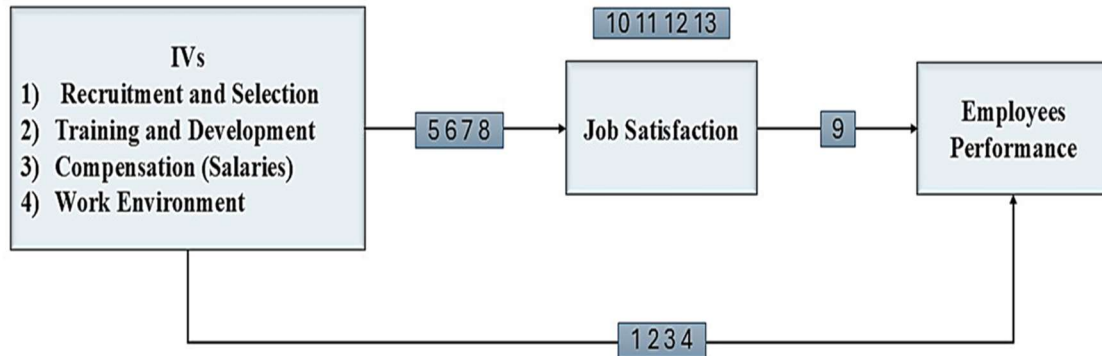
Compensation (salaries, bonuses, and benefits) is one of the most influential factors influencing job satisfaction in any industry. The equity theory suggests that employees compare their remuneration to their outputs and outputs of other nearby employees; a perception of inequity will lead to discontent and low productivity. On the other hand, system of fair and competitive compensation strengthens commitment and motivation to performance (Aishatu et al., 2024).

Work environment is the physical, psychological and social situations in which the employees work. The good working environment with safety, ergonomic design, relationships among colleagues and managerial assistance fosters the wellbeing of the employees and increases job satisfaction. The mediating construct of job satisfaction summarizes the overall attitude reaction of the employees to such HR practices and directs their motivational energy towards the visible performance results (Shenbaham & Vinithra, 2024).

Hypotheses Development

- ✱ H 1: Recruitment and Selection can positively influence Employee Performance significantly.
- ✱ H 2: The positive impact of Training and Development on Employee Performance is significant.
- ✱ H3: Compensation is a great positive influence on Employee Performance.
- ✱ H4: Work Environment positively influences Employee Performance.
- ✱ H5: Recruitment and Selection play a significant positive role in Job Satisfaction.
- ✱ H6: Training and Development has a strong positive impact on Job Satisfaction.
- ✱ H7; Compensation makes a significant positive impact on Job Satisfaction.
- ✱ H8: There is a strong positive impact of the Work Environment on Job Satisfaction.
- ✱ H 9: Job Satisfaction is a significant positive influence on Employee Performance.
- ✱ H10: There is a mediation between Recruitment and Selection and Employee Performance through Job Satisfaction.
- ✱ H11: There is a mediation between Training and Development and Employee Performance through Job Satisfaction.
- ✱ H12: Job Satisfaction mediates Compensation and Employee Performance.
- ✱ H13: Job Satisfaction is a mediator between Work Environment and Employee Performance.

Figure 1: Conceptual Framework



Methodology

The research design used in this study was quantitative, cross-sectional research design which was used to empirically analyze the relationship between HR practices, job satisfaction and employee performance. The sample population included all the workers of Air Sial, Sialkot, Pakistan. The sample of 330 respondents was chosen to use convenience sampling as such a method is a popular one in the field of organizational behavior studies due to the limited access to sampling in the corporate environment (Hair et al., 2021).

A structured and closed-end questionnaire with a five-point Likert scale (1-Strongly Disagree, 5-Strongly Agree) was used to gather data. The questionnaire included questions that captured six constructs, Recruitment and Selection (RS), Training and Development (TD), Compensation (COMP), Work Environment (WE), Job Satisfaction (JS) and Employee Performance (EP). The scales which have been tested previously were used to develop scales applicable in the aviation industry.

Data analysis was performed with the help of Partial Least Squares Structural Equation Modeling (PLS-SEM) performed with the help of SmartPLS 4.0. PLS-SEM is especially appropriate in this study due to its strength in dealing with non-normal distribution of data and the ability to measure both measurement and structural models simultaneously. The analysis was done in a sequential manner by evaluating descriptive statistics, correlation, construct reliability (Cronbach's alpha and AVE), discriminant validity (HTMT), direct effects, mediation analysis and hypothesis testing. The Standardized root means square Residual (SRMR) was used to assess model fit, and the results less than 0.08 are deemed to be acceptable. The ethical issues such as the anonymity of the participants and voluntary nature of participation were all considered in data collection process.

Data Analysis and Results

Descriptive Statistics

Table 1: Descriptive Statistics

Variable	N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance	Kurtosis
RS	330	3.80	1.20	5.00	3.4164	0.82711	0.684	-0.282
TD	330	3.75	1.25	5.00	3.4356	0.92757	0.860	-0.924
COMP	330	4.00	1.00	5.00	3.4960	0.80409	0.647	-0.166

WE	330	4.00	1.00	5.00	3.3614	0.87122	0.759	-0.331
JS	330	3.80	1.20	5.00	3.3933	0.85613	0.733	-0.757
EP	330	4.00	1.00	5.00	3.4263	0.87100	0.759	-0.465

Note: RS = Recruitment & Selection; TD = Training & Development; COMP = Compensation; WE = Work Environment; JS = Job Satisfaction; EP = Employee Performance.

Table 1 shows the descriptive statistics of all the variables of the study. The range in the means of measures is between 3.36 and 3.50, which is moderately high in all the constructs. The standard deviations are around 0.80-0.93, which is an acceptable variation of the sample. The values of kurtosis are not too big, indicating that the distributions are approximately normal. Descriptive statistics show that the mean scores of all constructs are above 3.36 meaning that employees have moderately positive perceptions of HR practices, job satisfaction, and perceptions of themselves. The standard deviations imply similar response trends that do not have any extreme outliers (Bibi et al., 2026).

Correlation Analysis

Table 2: Correlation Matrix

	RS	TD	COMP	WE	JS	EP
RS	1					
TD	0.035	1				
COMP	-0.025	-0.052	1			
WE	0.057	-0.024	-0.027	1		
JS	0.419**	0.360**	0.306**	0.338**	1	
EP	0.402**	0.400**	0.359**	0.269**	0.727**	1

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

The Pearson correlation is provided in table 2. Job Satisfaction shows the strongest relationship with Employee Performance ($r = 0.727$, $p < 0.01$), Recruitment and Selection ($r = 0.419$) and Training and Development ($r = 0.360$). The inter-correlations between the independent variables are low and this reduces the issue of multicollinearity. All the variables of HR practices are statistically significantly related to job satisfaction, and employee performance, which proves the theoretical propositions. The fact that the correlation between the two variables (JS and EP) was very high ($r = 0.727$) highlights the central mediating position of job satisfaction (Fahad et al., 2026).

Construct Reliability

Table 3: Construct Reliability and Convergent Validity

Construct	Cronbach's Alpha	AVE
RS	0.750	0.498
TD	0.749	0.571
COMP	0.749	0.441
WE	0.750	0.569
JS	0.749	0.501
EP	0.750	0.666

Table 3 shows the values of Cronbach alpha and the Average Variance Extracted (AVE) of each construct. All alpha values are around 0.750, which is higher than the recommended value, which is 0.70. The EP, TD and WE AVE values (0.666, 0.571 and 0.569) are at the 0.50 mark, with COMP (0.441) being close to the acceptable range, which means that there is a general good convergent validity. Values of Cronbach alpha of all constructs are always below 0.70, which indicates internal consistency. The fact that most of the constructs meet the convergence validity criterion is also evidenced by the AVE values and gives confidence in the measurement model (Kamran et al., 2026).

HTMT Test (Discriminant Validity)

Table 4: HTMT Discriminant Validity

	COMP	EP	JS	RS	TD	WE
COMP	—					
EP	0.480	—				
JS	0.410	0.972	—			
RS	0.156	0.534	0.557	—		
TD	0.101	0.535	0.480	0.092	—	
WE	0.118	0.359	0.450	0.122	0.080	—

Note. HTMT values are reported below the diagonal. Diagonal elements are not applicable.

Table 4 gives the Heterotrait-Monotrait (HTMT) ratio and 95% confidence intervals. The values of all HTMT, except the one between the two (JS 0.972) are below or close to the conservative value (0.90) which shows that the majority of constructs have a good discriminant validity. The high HTMT of both the JS and EP indicates that there is a robust theoretical and empirical overlap and this would be in line with the mediation role, which is proposed in the framework. The construct pairs (HTMT ratios) of the majority of the constructs are lower than 0.90, an indicator of acceptable discriminant validity. The marginally higher ratio of JS/EP is theoretically explained since job satisfaction is a proximal and a strong indicator of performance in literature (Khalid et al., 2026).

Direct Effects

Table 5: Direct Effects (Path Coefficients)

Path	β (O)	Mean (M)	STDEV	T-Statistics	p-Value
RS → JS	0.392	0.391	0.038	10.413	0.000
TD → JS	0.370	0.372	0.037	9.981	0.000
COMP → JS	0.340	0.342	0.038	8.880	0.000
WE → JS	0.333	0.333	0.034	9.676	0.000
JS → EP	0.727	0.729	0.026	28.125	0.000

Table 5 provides the results of direct path coefficients estimated by bootstrapping PLS-SEM. There is statistical significance ($p < 0.001$) in all direct lines between the HR practices and job satisfaction. The highest influence on Job Satisfaction (0.392) is followed by Recruitment and Selection, Training and Development (0.370), Compensation (0.340) and

Work Environment (0.333). Job Satisfaction is a strong predictor of Employee Performance (= 0.727, $p < 0.001$). All the direct paths are very important ($p < 0.001$), and the t-statistics are much greater than the critical value of 1.96. The strongest direct predictor of employee performance is job satisfaction with a standardized coefficient of 0.727 and its central mediating position is emphasized (Mahmood et al., 2026).

Mediation Analysis

Table 6: Mediation Analysis (Specific Indirect Effects)

Mediated Path	β (O)	Mean (M)	STDEV	T-Statistics	p-Value
RS $\rightarrow$ JS $\rightarrow$ EP	0.285	0.285	0.030	9.484	0.000
TD $\rightarrow$ JS $\rightarrow$ EP	0.269	0.271	0.029	9.181	0.000
WE $\rightarrow$ JS $\rightarrow$ EP	0.242	0.243	0.026	9.328	0.000
COMP $\rightarrow$ JS $\rightarrow$ EP	0.247	0.249	0.030	8.153	0.000

Table 6 shows the particular indirect effects, which are the mediation of job satisfaction in the HR practices-employee performance relationship. The statistical significance of all the indirect paths ($p < 0.001$) indicates that job satisfaction completely mediates all four HR practices. The targeted indirect effects verify that job satisfaction is a complete mediator in all the relationships between all four HR practices and employee performance. The greatest indirect impact is Recruitment and Selection ($\beta = 0.285$), and the smallest is Work Environment (0.242) though all are significant practically and statistically (Naeem et al., 2026).

Moderation Effect

Table 7: R-Square and Effect Size (f^2)

Construct / Path	R^2	R^2 Adjusted	f^2
JS	0.522	0.516	—
EP	0.528	0.527	—
COMP $\rightarrow$ JS	—	—	0.242
RS $\rightarrow$ JS	—	—	0.319
TD $\rightarrow$ JS	—	—	0.286
WE $\rightarrow$ JS	—	—	0.231
JS $\rightarrow$ EP	—	—	1.121

No moderating variable is included in the conceptual framework but the R^2 and f^2 values given in Table 7 give us some idea of the strength and the magnitude of effects of the structural model. The model predicts a high level of relevance, 52.2% in Job Satisfaction and 52.8% in Employee Performance. The values of R^2 of 0.522 and 0.528 of JS and EP respectively imply that the model has high explanatory power. The f^2 values have indicated that the effect size of JS to EP is big ($f^2 = 1.121$), and HR practice has medium to huge effect size to the path to JS, which has established the substantive importance of the relationships (Sarwar et al., 2025).

Summary of Hypothesis Testing

Table 8: Summary of Hypothesis Testing

Hypothesis	Path	B	T-Stat	p-Value	Decision
H1	RS → EP	0.285	9.484	0.000	Supported
H2	TD → EP	0.269	9.181	0.000	Supported
H3	COMP → EP	0.247	8.153	0.000	Supported
H4	WE → EP	0.242	9.328	0.000	Supported
H5	RS → JS	0.392	10.413	0.000	Supported
H6	TD → JS	0.370	9.981	0.000	Supported
H7	COMP → JS	0.340	8.880	0.000	Supported
H8	WE → JS	0.333	9.676	0.000	Supported
H9	JS → EP	0.727	28.125	0.000	Supported
H10	RS → JS → EP	0.285	9.484	0.000	Supported
H11	TD → JS → EP	0.269	9.181	0.000	Supported
H12	COMP → JS → EP	0.247	8.153	0.000	Supported
H13	WE → JS → EP	0.242	9.328	0.000	Supported

Empirical support is given to all the thirteen hypotheses which prove the strength of the suggested conceptual framework in the context of Air Sial organization (Shehzadi et al., 2026).

Discussion

The results of this research are impressive empirical evidence that the HR practices, recruitment and selection, training and development, compensation and work environment have a critical impact on job satisfaction and employee performance in Air Sial, Sialkot. The findings are consistent with and continue the previous research in the area of strategic HRM in the context of developing economies (Ahad et al., 2021).

The existing direct impact of recruitment and selection on job satisfaction (= 0.392) is in line with the premise that open and competency-based recruitment and selection lead to the development of organizational equity and work role clarity, which are antecedents of job satisfaction. The second practice that proved to be the most powerful HR practice was training and development, which supported the idea that employees who feel that they have sufficient learning opportunities have stronger intrinsic motivation and sense of role efficacy. The positive and impactful influence of compensation on job satisfaction, in its turn, supports the equity theory, implying that Air Sial personnel compare their remuneration with the perceived contributions and similar persons. The strong role that works environment plays in the determination of job satisfaction also confirms that safe, conducive, and well-organized work environments have a huge impact on the formation of positive employee attitudes (Demirok et al., 2025; Shehzadi et al., 2026).

The key result of the research, i.e. the high mediating power of job satisfaction (0.727, $p < 0.001$) helps to highlight the fact that HR practices do not directly lead to performance gains; instead, they mediate through the psychological mediating variable of employee satisfaction. This observation can be aligned with the social exchange theory, whereby employees would give back the perceived organizational investment by working harder and

putting in better. The strength of the proposed framework can be seen in the explanatory power ($R^2 = 52.8\%$ in the case of EP) of the model (Shenbaham & Vinithra, 2024).

Limitations

This is a case study with only one organization (Air Sial) and cross-sectional in nature, which limits the causal inference and generalizability to the overall aviation industry. Also, there is a risk of common method bias due to the use of self-reported information. The sampling method used (convenience) might not be representative of the sample.

Future Research Direction

The future research must embrace the longitudinal designs in order to determine the causal direction and include objective performance measures and self-reported measures. Generalizability would be enhanced by conducting comparative studies on various airlines within Pakistan and the South Asia in general. Moreover, it might be helpful to investigate possible moderating factors like organizational culture, leadership style, or employee psychological capital, which might enhance the theoretical model further.

Conclusion

This paper confirms that HR practices play a critical role in determining performance of employees at Air Sial. The study provides both theoretical and practical contributions to HRM literature being used in the aviation industry in Pakistan by proving that job satisfaction is the perfect mediator between HR practices and employee performance. Companies that aim to improve the performance of their employees need to invest strategically in every aspect of HR practice; especially in the development of rewarding and conducive work experience.

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THE STUDY OF RELIGION AND HISTORY Vol.4 No.1 2026	ISSN P : 3006-3329 ISSN E : 3006-3337
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