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RESEARCH ARTICLE

RELATIONSHIP BETWEEN STRATEGIC HUMAN RESOURCE MANAGEMENT AND JOB SATISFACTION

***Dr. Bhawna Sareen**

MM Institute of Management, Maharishi Markandeshwar University, Mullana, Haryana, India

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ABSTRACT

Organizations today have increasingly focusing on the importance of Strategic Human Resource Management (SHRM). Strategic human resource management (SHRM) plays a vital role to organizations performance and job satisfaction. People become an essential element to organizations development. These strategic decisions determine the demand for skills and human resource. Incompetent and unbalanced: resourcing, training, development, reward, and appraisal methods have led to poor performance which causes job dissatisfaction. Although, extensive literature is available on the SHRM effectiveness, but what SHRM practices can influence job satisfaction and organizational performance is not effectively studied. Thus, to fill this gap, this study aims to examine the relationship between SHRM practices and job satisfaction. Results indicated that SHRM practices (recruitment and selection, training and development, performance appraisal and compensation and rewards) are directly linked with job satisfaction. Effective human resource management strategy systematically organizes all individual human resource management measures to directly influence employee performance and behavior in a way that leads business to achieve its organization success. At last, the paper takes the qualitative research method to study on the relationship between strategic human resource management and job satisfaction, what factors influence on the relationship between the two, and the mediating variables and how to influence the process. Finally, this article develops a conceptual framework that explains the relationship between strategic human resource management and job satisfaction.

Key words: Strategic human resource management, Organization performance, Commitment, Expectation, Job satisfaction

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INTRODUCTION

Strategic Human Resource Management (SHRM)

The concept of SHRM developed during the late 1980s and early 1990s that stressed on integrative, proactive and value driven methodology to HRM. This new paradigm views the HRM as a strategic rather than responsive, rigid and managerial as it considers human resources as an asset for the organization (Zeeshan and Sarwar, 2014). The term strategic human resource management is better understand by making its comparison with human resources management. The focus of Human resource management (HRM) is on recruiting and hiring the best employees and providing them with the compensation, benefits, training, and development they need to be successful within an organization. However, strategic human resource management takes these responsibilities one step further by aligning them with the goals of other departments and overall organizational goals. HR departments that practice strategic management also ensure that all of their

objectives are aligned with the mission, vision, values, and goals of the organization of which they are a part. Strategic human resource management is the practice of attracting, developing, rewarding, and retaining employees for the benefit of both the employees as individuals and the organization as a whole. HR departments that practice strategic human resource management work with required coordination and team work. They interact with other departments within an organization in order to understand their goals and then create strategies that align with those objectives, as well as those of the organization. As a result, the goals of a human resource department reflect and support the goals of the rest of the organization. Strategic HRM is seen as a partner in organizational success, as opposed to a necessity for legal compliance or compensation. Strategic HRM utilizes the talent and opportunity within the human resources department to make other departments stronger and more effective (A.K. Ali, 2017). It is worth noted that recognizing the competencies or systems by which SHRM stimulate the performance of a business is highly valuable. Since, there is consensus among researchers that human resources of a firm cannot be imitated by the competitors, therefore considered to be as unique. Additionally the awareness about the significance of the SHRM has grown among the organizations. This

***Corresponding author: Dr. Bhawna Sareen,**
MM Institute of Management, Maharishi Markandeshwar University, Mullana, Haryana, India.

understanding among the organizations is a significant dimension. As strategies used by the organizations for recruitment and selection, training and development, performance appraisal and compensation are related with overall job satisfaction of the employees working in the organization. Human resource is the most important factor for any organizations success. HR indeed is increasingly noticed as fundamental component of competitive advantage for the modern organization. Employees remain the most valuable assets to gain competitive advantage. However, they are the most difficult asset to manage in any organization. Thus, effective management of HR requires simultaneous use of different HR strategies to provide job satisfaction to the employees working in the organizations (Wright, 1998). Several studies highlight an optimistic and positive association between SHRM practices and organizational performance. Some studies have highlighted a direct link between SHRM and performance, while some are of the opinion that SHRM influences employees' attitudes and behaviors, which ultimately influences organizational performance. There are some issues, which have been largely overlooked in the current era, namely; what kind of strategies used by the HR department in order to influence job satisfaction of the employees to increase employee retention. Thus, the present study investigates SHRM and job satisfaction to fill the gaps mentioned above.

Recruitment and Selection

Strategic HRM includes strategies used while recruiting and selecting the candidate. Performance and success of the organization is most critically influenced by Strategy implemented for recruitment. Strategic recruitment and selection also has an important role to play in ensuring worker performance and positive organizational outcomes. It is often claimed that selection of workers occurs not just to replace departing employees or add to a workforce but rather aims to put in place workers who can perform at a high level and demonstrate performance. Strategic recruitment and selection play a pivotally important role in shaping an organization's effectiveness and performance, if work organizations are able to acquire workers who already possess relevant knowledge, skills and aptitudes and are also able to make an accurate prediction regarding their future abilities. Inappropriate selection decisions reduce organizational effectiveness, invalidate reward and development strategies, are frequently unfair on the individual recruit and can be distressing for managers who have to deal with unsuitable employees'. Strategy used for staffing in an effective manner helps in reducing high staff turnover, poor performance and dissatisfied customers and stimulate a mutually beneficial employment relationship, wherever possible, by high performance on both sides. Strategic recruitment and selection is the most indispensable tool of job satisfaction.

The recruitment and selection of employees is fundamental to the functioning of an organization, and there are compelling reasons for getting it right. Strategic Recruiting and selection is very important for the survival of every organization but that does not end there, it's a continuous process in which new recruits need to be developed and appraised from time to time in order for them to be abreast with new trends and challenges. When employees are developed it help increase their performance and help sustain the growth of organizations.

Training and Development

As per the need of dynamic environment organizations are facing challenge to survive in the global scenario. Hence training is essentially required to survive in the continuous changing competitive business environment. Training is considered as important and dynamic function which results in employee retention and increased job satisfaction. Efficiency of the employees increased after undergoing training. Efficient and satisfied employees contribute to the success of the organization. Further trained employees versatile in operations and flexibility in their work.. Training is an investment in HR with a promise of better return in the future. Therefore training is very much necessary in this globalization era (Nagaraju and Archana, 2015). Increased productivity quantity and quality of output per hour work deems to be a byproduct of improved quality of working life. Employee attitudes are inversely proportional to levels of job satisfaction. If employee underperforming or over performing, it is only because of respective deviations in drawing job satisfaction. Job satisfaction among the employees is a key indicator of success and a content work environment. Training helps in acquiring new skills and learning related to specific job (Worlu Okechukwu, 2017). Training and development is considered as an activity of expanding the performance of a worker, and also their conduct is corrected (Naris and Ukpere, 2009). Few studies have seen training and development as an instrument to improve performance in the place of work. Further research states that training and development is a learning practice that can assist the workers to grow their ability and knowledge for improved performance (Dermol *et al.*, 2013). It is a foundation of self-possession of which employees perform in pressure and labor with minimum direction and training. A more recent study found that training distinguishes the unhappy necessity of employees and indeed, it will increase their level of capability to perform well for the association vision (Talwar and Thakur, 2016). Studies have shown that training and development' has a significant positive impact on employees' job satisfaction (Garcia, 2005). The survey of past studies demonstrated that there are numerous results, and impacts on the relationship between the training development and job satisfaction (Schmidt, 2012).

Performance Appraisal

Performance appraisal is used as a tool to provide maximum job satisfaction to the employees working in the organization. It is a benchmark which is set against a specific task or performance Lecky (1999). Performance appraisal forms the basic yardstick for assessing an individual's performance, highlight potential for future career advancement, most importantly to improve the performance (Mullins, 2002). It requires the input and output such as remuneration, pay rise, level of expectation, promotion and managerial planning. However, it is beneficial to both employees and employers which must be constantly reviewed to suit the requirement. Dave and Wayne (2005) argued that performance appraisal is an instrument whereby an individual was retaliated by the assessment due to certain personal dissatisfaction, and it has adversely affected future performance.

Compensation and Award

The leading contributor of job satisfaction is an efficient way of treating employees in a particular organization which is the

only source of improvement in the economy; however, employees have shifted their focus slightly to other aspects of the job such as compensation and benefits. The high health care premiums, due to less salaries, bonuses and reductions in employee benefits result in changing behavior of employees. Employees may now be in a better position and feel more confident in exploring employment opportunities, as indicated by their motives to leave an organization and the declining importance of job security over the last couple of years. Compensation is getting very much importance now a days. After a certain period employees start expecting for hike in their compensation/pay as it is very necessary for determining job satisfaction. Due to this reason, HR managers formulate recruitment and retention strategies that should be balanced with competitive compensation and a workplace culture that promotes respect. In addition to overall compensation/pay, the other factors that contribute to job satisfaction includes: Compensation being paid competitively with the local market, reasonable rate of pay and various other opportunities for variable pay e.g., bonuses, commissions, other variable pay, monetary rewards for ideas or suggestions.

Job Satisfaction

Job satisfaction is the level of positivity that employees are having towards their employment. It is related to those issues that are primarily considerable to them. Job satisfaction can be characterized as a positive, passionate reaction from the evaluation of a job or particular parts of a job (Locke 1976; Smith et al. 1969). The enhanced performance of the employees as well as improved level of commitment of employees towards organization is based on job satisfaction. Employee job satisfaction has been a vital problem for all organizations. Lack of job satisfaction resulted in high absenteeism and staff turnover which have influenced various agencies. Very insufficient companies have taken job satisfaction as a priority, due to the let down to recognizing the unique chance that lies in front of them (Orute *et al.*, 2012). In light of expanding the number of employees at organizations, satisfying their needs, and bolster them in an exact way is so essential and vital because dissatisfaction of employees can lead to organization drop in the marketplace and may affect their profit. It can motivate the workers to leave their current job in considering a better opportunity elsewhere. Among these problems can be the increased in job tasks, lack of training, and employee performance. Moreover, the gap of this research is there are no instantaneous study on the influence of HRP such as training & development, and employee performance on job satisfaction of staff.

Conceptual Framework linking Strategic Human Resource Management and Job Satisfaction

A Conceptual Framework is made which identifies both independent variables and dependent variable. The independent variables refer to the conceptualized factors or variables that may influence the outcome in the dependent variable. Recruitment & Selection, Training & Development, Performance Appraisal, Compensation & Rewards are the independent variable and Job Satisfaction is dependent variable.

Literature Review

Alaraqi (2017), focused on the vital role of Strategic human resource management (SHRM) to organizations success and performance.

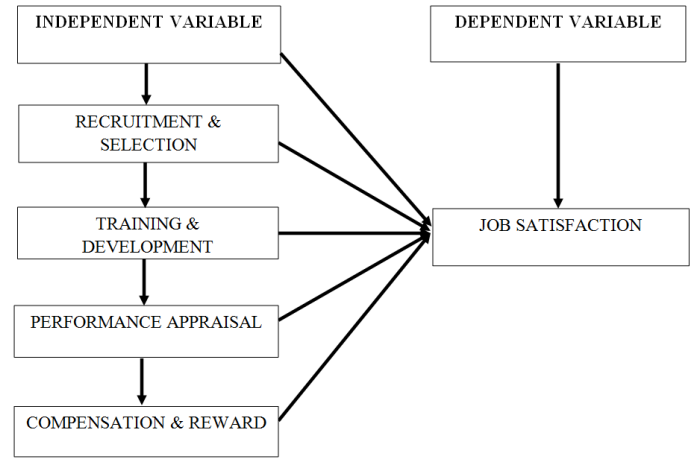


Figure 1. Conceptual framework linking Strategic HRM and Job Satisfaction

The study aimed to examine the relationship between SHRM practices and organizational performance in Iraqi oil sector. The study used a random sample of Iraqi oil sector (eight companies represents various streams). Structural Equation Modelling (SEM) was used to analyse the data. Results indicated that SHRM practices (recruitment and selection, training and development and compensation and rewards) are directly linked with organizational performance. Okechukwu Worlu, (2017), explored on the influence of training and development, employee performance on job satisfaction among the staff of School of Technology Management and Logistics (STML). Seven Likert scales were used to measure the degree of training & development and employee performance on job satisfaction. The result found that training & development and employee performance positively influence on job satisfaction, and there is a significant relationship between training & development, employee performance, and job satisfaction. It also established that training & development and employee performance is an efficient and supportive strategic to organization and employee success. Liu (2016), analyzed three modes on the relationship between strategic human resource management and organizational performance. These modes are universality mode, form mode and contingency mode. It inferred the need for the use of contingency mode studying on the relationship between strategic human resource management and organizational performance. Secondly, the standard of the organizational performance was measured. Nagaraju B. and Archana M. (2015), analyzed the significance of employee development programmes and the level of job satisfaction. The study determined that training and development increase employee satisfaction level.

Mutembei Charles G. and Tirimba Ibrahim O. (2014), focused on the critical dimension in the performance of organization i.e. strategic human resource management. It was examined to which extent organizations in Nigeria use various HRM practice and the perceived challenges and prospects of these practices (Okpara and Pamela, 2008). Researcher revealed that HRM practices, such as training, recruitment, compensation, performance Appraisal and reward systems were the issues of tribalism, AIDS, training and development and corruption are some of the challenges facing HRM in Nigeria. Sherafatia M. and Mohammadi R. (2014), studied the effect of Human Resource Management Strategy on Organizational Performance in Tehran Stock Exchange Market. To assess this, a model with 6 latent variables was used in which each of the

variables has been measured by other indicators. To measure the indicators of the model, a questionnaire was prepared and distributed among 84 Human Resource Management Departments of firms on Tehran Stock Exchange. The model was examined using PLS Path Modeling Technique. It was found that Human Resource Strategy leads to human resource effectiveness because of enriching organizational performance. Schmidt, 2012, examined the relationship between satisfaction with employer-provided workplace training and overall job satisfaction. A significant relationship was found between job training satisfaction and overall job satisfaction. Time spent in training, training methodologies, and type of training were determined to be significant in their relationships to job training satisfaction. The methodology used in training made a significant difference in job training satisfaction. Most preferred by respondents were methodologies that involved face-to-face interaction provided by an instructor or job coach. Also found were significant interactions between job tenure and employment type (customer service representative or technical service representative) when examined with job training satisfaction. Based on these findings, recommendations were made for practitioners in the fields of training and human resource development, as well as for managers of employees working in customer and technical service occupations.

Rogers W. Edward and Wright M.P. (1998), examined the variety of measures used in current empirical research linking human resource management and organizational performance. Implications for future research were discussed amidst the challenges of construct definition, divergent stakeholder criteria and the temporal dynamics of performance. The concept of performance information markets that addresses these challenges was proposed as a framework for the application of multi-dimensional weighted performance measurement systems. The types of HR practices were also examined. Level of analysis was coded as the firm (corporation), business unit (SBU), or plant (site). The source of the performance measure was classified as being either via survey, company records, or publicly available information. The HRM variables were grouped into six categories: work organization, high performance work systems (HPWS), strategic HRM (SHRM), participation and motivation, training and selection, and compensation. Gaps were found and thin spots where much more empirical work needs to be done.

Conclusion

The objective of this study is to identify the influence of recruitment & selection, training & development, performance appraisal, compensation & reward on job satisfaction in the organizations. The overall results of this research indicate that all undertaken variables that are recruitment & Selection, training & development, employee performance appraisal, compensation & reward influence job satisfaction among employees working in the organization. This study also concludes that other organization in different sectors who exercise on the HRP, need to understand which HRP that influence staff job satisfaction and ought to employ more HRP that entirely relates to job satisfaction for a happy work environment. Conclusively, the empirical evidence found in this study is applicable for further research; it also can be assisting guide to the organization practicing this kind of HRP to influence staff job satisfaction for a higher work

performance for the benefit of the organization and the workers.

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