

Human Resource Management Practices and Its Effect on Employees' Job Satisfaction: A Study on Selected Small and Medium Sized Iron & Steel Firms in India

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Abstract:

This study attempts to explore the impact of HR practices on employees' job satisfaction in the context of selected iron and steel firms of India. A total of 45 responses from 17 small and medium sized manufacturing firms were collected and analyzed objectively. It was found that factors like performance appraisal, participation in decision making, training and development, empowerment, compensation influencing human resource management(HR) practices have significant association with job satisfaction (JS). In addition, performance appraisals, participation in decision making are found to have high positive impact on job satisfaction (JS). It has also been found that other elements like training and development, empowerment, compensation have substantial impact on employees' job satisfaction. But, job rotation, self-directed work teams, recruitment and selection have very negligible impact on job satisfaction as their respective t statistics are insignificant.

Key words: HRM, HR Practices, job satisfaction, iron & steel, industry, India.

31. Introduction:

Human Resource Management Practices have been changed dramatically during the last two decades owing to globalization, privatization/deregulation, competition and technological advancements. These highly turbulent environmental have forced organizations to adopt new workplace practices that enhance sustained level of high performance. Human Resource Management Practice underlines the importance of job satisfaction of employees. The relationship between appropriate human resource management practice and positive employee attitudes including employee satisfaction, loyalty and productivity has been widely analyzed. It is also suggested that treating employees as a valuable asset improves their commitment and loyalty which leads to higher performance and quality (Silvestro, 2002).

The impact of human resource management (HRM) practices popularly known as HR practices on organizational performance and employee attitudes has been a leading area of research in the developed world for years. But surprisingly, very limited number of studies has been conducted on HR practices in the context of developing countries in general and India in particular. Therefore, despite valuable contribution supported by empirical evidence in this regard mostly from manufacturing companies in the United States and the other developed countries, the above mentioned pertinent research gaps in Indian context after a thorough and careful review of literature have led me to undertake this study. This study has been conducted to fill the existing research gap and to explore the relationship between HR practices and job satisfaction in the context of Indian iron and steel industry. This study would expand the contemporary research and practice of human resource management. Furthermore, it would also be useful for the developed countries as they find developing countries like India as attractive platform for investment and for establishing BPO centers due to their large markets, and cheap and

It is therefore essential to investigate the potential impact of human resource management practices on employees' job satisfaction.

1.1. Research Questions:

Specifically, this study has been conducted to find the answer to the following research questions (RQ):

1. RQ1: Is there any significant association between HR practices and Job Satisfaction?
2. RQ2: Do HR practices have any resultant impact on Job Satisfaction?

1.2. Objectives of the study

The main purpose of the study was to evaluate the impact of HR practices on job satisfaction in small and medium sized iron and steel firms in India. In order to meet this objective, the following specific objectives have been taken up under our consideration:

- o To measure the degree of association between HR practices and job satisfaction;
- o To find out the impact of HR practices on job satisfaction;
- o To propose some measures in order to enhance the job satisfaction level of the employees concerned of the selected iron & steel enterprises vis -a-vis entire manufacturing industry in India .

2. Literature Review and Hypotheses

2.1. Human Resource Practices

Human resource management (HRM) refers to the policies and practices involved in carrying out the 'human resource(HR)' aspects of a management position including human resource planning, job analysis, recruitment, selection, orientation, compensation, performance appraisal, training and development, and labour relations (Dessler, 2007). HRM is composed of the policies, practices, and systems that influence employees' behaviour, attitude, and performance (Noe, Hollenbeck, Gerhart, and Wright, 2007).

2.2. Job Satisfaction

The concept of employee satisfaction is a multi-dimensional and inter disciplinary term that has been attracted the attention of researchers and practitioners from different disciplines such as psychology, human resource management, organizational behavior, TQM and so fort. In literature there are a large number of studies that analyze the term from many different perspectives and its relationship with various organizational variables (Lund, 2003). However there is no universal definition of employee satisfaction that exposes all these dimensions at the same time (Bernal, *et. al*, 2005). Most of the definitions emphasize the importance of employees' job-related perceptions that link the expectations of them and what they receive in return. Some researchers focus on the overall job satisfaction or even life satisfaction of employees (Judge, *et. al*, 2005) whereas some others underline a variety of satisfaction facets such as satisfaction with pay, promotion, supervisor, or co-workers. For example Locke, *et. Al* (1969) describes job satisfaction a pleasurable or positive emotional state resulting from the appraisal of one's job and job experiences. According to this, employee satisfaction is a "function of the perceived relationship between what one wants from one's job and what one perceives it as offering" (Locke, 1969).

Judge, *et. al*, (1993), on the other hand, mentions that employee satisfaction is positively correlated with motivation, job involvement, organizational citizenship behavior, organizational commitment, life satisfaction, mental health, and job performance, and negatively related to absenteeism, turnover, and perceived stress and identify it as the degree to which a person feels satisfied by his/her job. Cranny, *et. al*, (1992), suggests that employee satisfaction encompasses a lot of different facets. Hence overall employee satisfaction describes a person's overall affective reaction to the set of work and work-related factors whereas the facets of job satisfaction involve workers' feelings toward different dimensions of the work and work environment. In contrast, Rousseau (1978) identified three components of employee satisfaction: they are characteristics of the organization, job task factors, and personal characteristics. According to Rousseau's identification the characterization of the organization and the job task factors can be regarded as work factors in job satisfaction, while personal characteristics can be regarded as non-work factors of job satisfaction (Hagihara, *et. al*, 1998).

The most referred definition of job satisfaction was offered by Locke (1976) who defined job satisfaction as a pleasing or positive emotional state resulting from the evaluation of a person's job (Haque and Taher, 2008). Job satisfaction is also defined as an individual's general attitude regarding his or her job (Robbins, 1999). Mullins (1993) mentioned that motivation is closely related to job satisfaction. Various factors such as an employee's needs and desires, social relationships, style and quality of management, job design, compensation, working conditions, perceived long range opportunities, and perceived opportunities elsewhere are considered to be the determinants of job satisfaction (Byars and Rue, 1997; Moorhead and Griffin, 1999). Job satisfaction has a significant influence on employees' organizational commitment, turnover, absenteeism, tardiness, accidents, and grievances (Byars and Rue, 1997; Moorhead and Griffin, 1999). According to Robbins (1999), a satisfied workforce can increase organizational productivity through less distraction caused by absenteeism or turnover, few incidences of destructive behavior, and low medical costs.

2.3. Impact of the HR management practices (HRMP) on Job Satisfaction and Research Hypotheses

Jobs satisfaction is defined as an employee's overall affective state resulting from an approval of all aspects of his/her job. An employee's level of satisfaction toward her/his job varies with specific aspects of the job. These are the nature of the work, pay, promotion, co-workers and organizational context (procedures, working condition). Many studies have demonstrated that job satisfaction is one of the key factors of individual and organizational performance.

HR practices and job satisfaction are studied widely in different parts of the world. It is assumed that HR practices are closely associated with job satisfaction (Ting, 1997). Because many scholars and practitioners believe that sound HR practices result in better level of job satisfaction which ultimately improves organizational performance (Appelbaum, Bailey, Berg and Kalleberg, 2000). In human resource management practices (HRMP), individuals most likely have a higher level of communication with co-workers, employees and outsiders of the organization; a greater involvement of in decision-making process. It can be said that individuals give high value to these new opportunities, as result their overall job satisfaction might increase when an employee participates in decision-making, he or she can trust his or her supervisors; perceive his or her jobs as challenging and intrinsically rewarding. Trust and intrinsic rewards are in turn positively related to high organizational commitment and positive attitudes toward the job. Also, as one of the human resource management practices, job rotation might increase employee's job satisfaction by giving him/her a sense of belonging, reducing boredom, and mastering his/her skills needed for promotions. Freeman and Kleiner (2000); Freeman, Kleiner and Ostroff (2000); Godard (2001) found that a higher human resource management practice (HRMP) is associated with higher job satisfaction. Interestingly, however, according to Askenazy and Caroli, HRMP may have direct negative effects on employee's job satisfaction. They argued that due to team work, the control of a worker over the pace of work might be decreased and peer pressure might be increased, which in turn increases the potential of conflicts among coworkers. Steijn (2004) found that HRM practices had positive effect on job satisfaction of the employees of Dutch public sector whereas individual characteristics such as age, gender, and education had insignificant effect on job satisfaction. Gould-William (2003) showed that use of specific HR practices in local government organizations in the United Kingdom (UK) was associated with a greater degree of job satisfaction, workplace trust, commitment, effort, and perceived organizational performance.

Given these recent empirical results, thus it is postulated that:

H1: Overall HRMPs are positively and significantly related to job satisfaction.

Participation is defined as employee's involvement of problem solving and reaching a decision. Participatory systems contribute to a motivated and loyal workforce. Under this system, employees work together in teams to share common experiences and exert discretionary effort. Such efforts enable firm to achieve its goals and enhance employees' satisfaction. Employee participation in decision-making produces a positive effect on employee productivity. It has been known that participative management is related to employee satisfaction. Scott, Bishop and Chen also found that job satisfaction mediates the relationships between elements of a participative work environment and employee willingness to cooperate with co-workers. According to Harmon et al., HRMPs are associated with both greater employee satisfactions in 146 Veterans Health Administration centers. In view of the findings from above studies, the following hypothesis is proposed:

H2: Participation in decision making is positively and significantly related to job satisfaction.

Performance appraisal is a systematic process to evaluate the performance of an employee after a certain period. Performance appraisal also influences other HR practices such as recruitment and selection, training and development, compensation, and employee relations. As performance appraisal leads to pay rise, promotion, and training, it is assumed that better performance appraisal can have an impact on employee job satisfaction.

H 3: H1: Performance appraisal is positively related to job satisfaction.

The concept of empowerment refers to involve increased individual motivation at work through the delegation of authority to the lowest level in an organization where a competent or confidential decision can be made; perceived self-determination or freedom to choose how they carry out their tasks. Recent studies showed that there is relationship between empowerment and job satisfaction. In view of the findings from these several different research areas, it is expected that empowerment to be positively related to employee's job satisfaction.

H4: Employee empowerment is positively and significantly related to job satisfaction.

Sophisticated recruitment and selection system can ensure a better fit between the individual's abilities and the organization's requirement (Fernandez, 1992). It has been found in many studies that found that recruitment and selection was positively related to all organizational performance variables such as effectiveness, efficiency, innovation, and quality.

H5: Recruitment and selection are positively related to job satisfaction.

Training and development' refers to any effort to improve current and future skills, abilities, and knowledge of employees (Aswathappa, 2008). 'Training and development' has a significant positive impact on employees' job satisfaction (Garcia, 2005). Thang and Buyens (2008) stated that training and development lead to superior knowledge, skills, abilities, attitudes, and behavior of employees that ultimately enhance excellent financial and non-financial performance of the organizations.

H6: Training and development positively influences job satisfaction.

In order to be successful, human resource management practices (HRMPs) should concentrate on self-directed teams (also called team work). Because, self-directed teams are fundamental building block of the HRMPs. Significant aspects of the teamwork are effective communication and cooperation within the team, supportiveness among the members and shared workloads among the team members. All these variables are potential factors that might increase of satisfaction level of employees. Cummings (1981); Hackman and Oldham(1980) suggested that employees should be more satisfied and productive if they prefer to work in a self-directed work team. Frey and Benz [59]; Scott et al., Bauer found that being involved in teamwork is related to job satisfaction. In view of the findings from the previous research, the following hypothesis is postulated:

H7: Self-directed team is positively and significantly related to job satisfaction.

Job rotation is one of the human resource management practices and the more widely used career development strategies in HRM literature which is a work system employees rotate among different jobs. Job rotation provides employees a meaningful change in job content. Main objectives of job rotation are to gain an overall appreciation of organizational goals, to create a broader knowledge base of different functional areas, to develop a network of organizational contacts, and to enhance skills for employees. There are two reasons why work system employees rotate among different jobs is a useful way to motivate employees, give them a sense of belonging, and reduce boredom. At first, job rotation practices can yield to skill variety and task identity. The later, employees perceive job rotation as a way of mastering the skills needed for promotions [39]. Based on the empirical evidence reviewed above, the following hypothesis is proposed:

H8: Job rotation is positively and significantly related to job satisfaction.

Compensation refers to all types of pay or rewards going to employees and arising from their employment (Dessler, 2008, p. 390). Compensation is very much important for employees because it is one of the main reasons for which people work. Employees' living status in the society, satisfaction, loyalty, and productivity are also influenced by the compensation (Aswathappa, 2008). Ting (1997) in a study on the employees of US government found that compensation was one of the most important determinants of job satisfaction.

Hypothesis 9: H1: Compensation is positively and significantly related to job satisfaction.

3. Methodology:

3.1. Sampling design & Data source:

There exist several definitions of the term 'small and medium enterprises' (SMEs), varying from country to country and varying between the sources reporting SME statistics. The commonly used criteria at the international level to define SMEs are the number of employees, total net assets, sales and investment level. If employment is the criterion to define, then there exists variation in defining the upper and lower size limit of a SME. The European Union makes a general distinction between small and medium sized businesses based on the following criteria:

[Insert Table-1 here]

In the Indian context, small and medium enterprises as per the MSME Development Act, 2006 are defined based on their investment in plant and machinery (for manufacturing enterprise) and on equipments for enterprises providing or rendering services. According to the Micro, Small and Medium Enterprises (MSME) Development Act of 2006, (India), a medium enterprise is where the investment in plant and machinery is more than five crores rupees but does not exceed ten crores rupees. A small enterprise is where the investment in plant and machinery is more than twenty five lakh rupees but does not exceed five crores rupees. In the case of the enterprises engaged in providing or rendering of services,

(a) a small enterprise is one where the investment in equipment is more than ten lakh rupees but does not exceed two crores rupees.

(b) a medium enterprise is one where the investment in equipment is more than two crores rupees but does not exceed five crores rupees.

According to the Ministry of Micro, Small and Medium Enterprises, recent ceilings on investment for enterprises to be classified as small and medium enterprises are as follows:

[Insert Table-2 here]

The sample of the study was selected randomly from the database of *CMIE prowess* and out of firms listed in BSE. The study focused on the small and medium sized iron and steel industry which includes pig iron, sponge iron, steel, ferro alloy, alloy steel etc. The iron and steel industry is the basic infrastructure industry in India which has been treated as the engine of economic growth and has generated the largest volume of export revenues. Although critics can argue that a focus on a single industry may make the results less generalizable, we had ensured a high level of internal validity in this study. Furthermore, within the iron industry itself, there exists several different manufacturing environments and product types making the sample much more diverse than what can be expected for a homogenous sample.

As a sample 25 small and medium sized iron and steel firms running in India was selected randomly from firms which were listed in Bombay Stock Exchange (BSE). The HR managers of selected firms were telephoned and informed of the basic purpose of the research. HR managers of 5 selected firms returned that they did not want to be indulged in survey. Then, 15 questionnaires were mailed to each of senior HR managers of selected firms (20 firms) accompanied by a cover letter and pre-paid envelope. The employees filled in the questionnaire from the surveyed firms and were selected randomly by the senior HR managers. The employees were asked about their perception of job satisfaction level, as well as the human resource management practices (HRMPs) that they faced in the workplace.

Of the 20 firms that received the questionnaire, 17 were returned, with a response rate of 85 percent. Respondent firms are functioning in pig iron, sponge iron, steel, ferro alloy, alloy steel sector in the said industry in India. Some of the returned questionnaires are excluded due to incomplete information. As a result, a total of 570 questionnaires were determined as usable and entered into statistical analysis. Most of the participants were male and the median age was 36 years old. Furthermore, the study was compiled with the help of primary data and secondary data. Primary data was collected through direct personal interview by means of the questionnaire. A Likert scale or more accurately a Likert-type scale, is a psychometric scale commonly used in questionnaires, and is the most widely used scale in survey research, such that the term is often used interchangeably with rating scale even though the two are not synonymous. When responding to a Likert questionnaire item, respondents specify their level of

agreement or disagreement on a symmetric agree-disagree scale for a series of statements. Thus the scale captures the intensity of their feelings. The format of a typical five-level Likert item is:

1. Strongly disagree ,
2. Disagree
3. Neither agree nor disagree
4. Agree
5. Strongly agree

Therefore, a five points rating scales of questionnaire from strongly disagree (1) to strongly agree (5) were adopted to measure the variables of HR Practices. Job satisfaction was measured by a one-item questionnaire on five-point Likert scale [where disagree (1) to strongly agree (5)], this is the single global rating approach (Davidson,1979) as it is believed to be an easier approach to collect data (Haque and Taher,2008; Yu and Egri,2005).

3.2. Test of Reliability and Validity:

Before applying statistical tools, testing of the reliability of the scale is very much important as it shows the extent to which a scale produces consistent result if measurements were made repeatedly. This is done by determining the association in between scores obtained from different administrations of the scales. If the association is high, the scale yields consistent results, thus it is reliable. Cronbach's α (alpha) is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. It was first named alpha by Lee Cronbach in 1951,

Cronbach's α is defined as

$$\alpha = \frac{n}{n-1} \left(1 - \frac{\sum Vi}{V_{test}} \right)$$

- n = number of questions.
- V_i = variance of scores on each question.
- V_{test} = total variance of overall scores (not %'s) on the entire test.

. It may be mentioned that its value varies from 0 to 1 but the satisfactory value is required to be more than 0.6 for the scale to be reliable (Malhotra, 2000; Cronbach, 1951).

In the present study, we, therefore, used Cronbach's alpha scale as a measure of reliability.

A commonly accepted rule of thumb for describing internal consistency using Cronbach's alpha is as follows:

[Insert Table-3 here]

[Insert Table-4 here]

In this study, the HRMPs scale consists of eight sub dimensions, which are Participation in decision making scale, Performance appraisal scale, empowerment scale, Recruitment& selection scale, Training& development scale, Self-directed team scale, self-directed work teams scale, job rotation scale, and compensation scale.

In assessing overall job satisfaction level of the employees, Respondents were asked to indicate their degree of satisfaction on a five-point Likert scale ranging from 1 (= very dissatisfied) to 5 (= very satisfied) with regard to the various facets of their job. Cronbach's alpha for this scale was 0.89.

Participation scale aims to measure the level of employee's participation in problem solving and organizational decision-making. The Cronbach alpha reliability for the scale was 0.82.

Performance appraisal motivates employees by means of pay rise, promotion, and training etc. The Cronbach alpha reliability for the scale was 0.76.

Empowerment scale was used to measure how employee feels about perceived self-determination or freedom to choose how they carry out their tasks and the delegation of authority to the lowest level in an organization. Cronbach's alpha of the scale was 0.81.

Proper recruitment implying 'selection of right person in right job according to their best ability' ensures job satisfaction. Cronbach's alpha for this scale was 0.73.

Training and development leading to superior knowledge, skills, abilities of employees enhances job satisfaction of the employees. Cronbach's alpha for this scale was 0.77.

The job rotation scale, which is concerned with rotating tasks between one employee and colleagues. Cronbach's alpha for job rotation scale was 0.85.

Self directed work teams scale is concerned with how often the employees involve in team work. Cronbach's alpha for this scale was 0.82.

Compensation scale aims to find out how the remuneration of employees includes payments based on profit sharing, skill based and performance bonuses. Cronbach's alpha for this scale was 0.91.

3.3. Analysis of results of correlation :

[Insert Table-5 here]

Correlation analysis was performed to find out the pair wise relationship among dependent as well as independent variables. Hence, the results are summarised in Table-3. The correlation analysis shows that all of the HRMPs have positive correlation with the job satisfaction.

Table-5 shows that the factors PAR, PA, EMP, RS, TD, SDT, JR, COM are positively correlated with JS and also highly significant at 1% levels. Therefore, Hypothesis 1 of the present study was accepted. Here it is obvious that the maximum correlation ($r = 0.634$) is existed between PA and JS, followed by the association ($r = 0.571$) between TD and JS; EMP and JS ($r = 0.568$); and COM and JS ($r = 0.528$). It should be necessary to give the highest emphasis on performance appraisal (PA) for superb job satisfaction of employees. Participation in decision making and job satisfaction are highly correlated which ensures that participation has highly and positively impacted job satisfaction of the employees. Training and development is also crucial for wonderful job satisfaction of employees. Empowerment and compensation paid to employees play important role in job satisfaction of the employees.

Although there has no so significant dominant link ($r = 0.354$) between SDT and JS; JR and JS ($r = 0.375$); RS and JS ($r = 0.469$), these were also essential for job satisfaction. These results provide some preliminary support for all our hypotheses. Among eight independent variables involved in Human resource management practices, correlation among each other does not exceed 0.90 (Highest = 0.776 between STD and EMP; Lowest = 0.319 between COM and STD), Before running the regression, investigation into the multicollinearity problem was carried out using the Pearson Correlation method. First of all, bivariate (pair-wise) correlations among the independent variables were examined to find out the multicollinearity problem. The existence of correlation of about 0.90 or larger indicates that there is problem of multicollinearity (Lewis-Back 1993). Table 5 presents the Pearson correlation coefficients for the variables used in my estimations. Prior to estimation, we examined the correlation among independent variables and we find that different independent variables are weakly correlated with each other. None of the pair wise coefficient of correlation was 0.90 or larger. From our analysis to test whether there exists multicollinearity, it is found that correlations among independent variables are moderate which do not exceed the general rule of thumb. This indicates that multicollinearity is not at an issue of concern in this study.

4. Econometric model & analysis of results:

In the present study, a multiple regression analysis has been conducted to assess the effect of human resource management practices on employees' job satisfaction.

The estimation process was based on Ordinary Least Squares (OLS). For this purpose, we consider the following model specifications, by taking as dependent variable i.e., job satisfaction (JS) by making HR practices as independent variables:

$$JS = \alpha' + \beta_1 PAR + \beta_2 PA + \beta_3 EMP + \beta_4 RS + \beta_5 TD + \beta_6 SDT + \beta_7 JR + \beta_8 COM + \mu$$

Where α' , β_1 , β_2 , β_3 , β_4 , β_5 , β_6 , β_7 , β_8 are the regression coefficients.

JS: Job satisfaction,

The purpose of this research was to examine the effects of HR practices on job satisfaction of the employees who are working in small and medium sized iron and steel companies in India. As HPMPs, we explore participation in decision making, performance Appraisal, empowerment, recruitment and selection, training and development, self-directed team, job rotation compensation of the employees in order to contribute the emerging literature in terms of a country that have different work life culture.

[Insert Table-6 here]

The regression result shows that value of R^2 denotes that 56.14 percent of the observed variability in job satisfaction can be explained by the various determinants of HR practices and the remaining 43.86 percent is not explained which means that the rest 43.86 percent of the variation of JS is related to other variables which are not depicted in the model. This variance is highly significant as indicated by the F value ($F=8.746$).

Table-6 shows that all eight factors-PAR,PA,EMP,RS,TD,SDT,JR,COM-influencing human resource management practices are positively correlated with JS although all are not significant at 5% or 10% levels. Therefore, Hypothesis 1 of the present study is accepted. Multiple regression analysis reveals that performance appraisal is the most important predictor of job satisfaction.

Empowerment, training and development, participation and compensation have significant positive impacts on the job satisfaction but not so very strong like performance appraisal. Therefore, H2, H3, H4 and H9 are accepted as they fall within acceptance region having significant t ratios. But, job rotation, self-directed work teams, recruitment and selection have very negligible impact on job satisfaction as their respective t statistics are insignificant. Therefore, H5, H6, H7, H8 rejected as they fall in rejection region having insignificant t ratios respectively.

5. Conclusion:

The present findings are consistent with the view that the HRM practices are efficient strategies for contributing to enhanced organizational performance in terms of a more satisfied workforce. Since, it was found that job satisfaction is positively associated with different measures of organizational performance, managers often face the task of increasing job satisfaction of their employees simultaneously. This study provides support for the notion that HRMPs, particularly performance appraisal and participation should be viewed as the important practices in order to increase the job satisfaction level of the employees. Other elements like training and development, empowerment, compensation have substantial impact on employees' job satisfaction.

In this context, the following policy actions should be adopted to augment better job satisfaction of the employees of the said industry in particular and entire manufacturing industry in general.

- o Organizations should commence proper performance appraisal systems which result in pay rise, promotion, and training of the employees that will enhance on employees' job satisfaction.
- o Human Resource Management of the organizations should offer extensive training and development programs for the employees for better enrichment of the employees.
- o Recruitment and selection process should be made very carefully according to the best ability of the employee concerned.
- o The management should afford at least reasonable compensation to the employees for overtime done, or in form of bonus for their sincere effort devoted to earn handsome profit for the organization.
- o Human Resource department of the organization should maintain healthy industrial relations based

on mutual trust and confidence of the employers and employees and good working condition is the pre condition to facilitates employees to do their work effectively.

o Employees should be properly trained to adopt new technology and unbiased promotion to the employees should be provided based on the qualification of employees and /or experience.

o It should put into practice equal employment opportunities where employer should not discriminate male against female, and minority or old worker.

The research has its inevitable shortcomings. First, all data regarding the HRMPs were gathered from ground level employees, which might create the potential for common method bias. In the future, in order to lessen the potential for bias, data should be collected from different sources (e.g. employees' supervisors or managers). Another limitation of our research is that because of time and financial constraints, this study was conducted in 17 small and medium sized iron and steel firms in India. Hence, the result of the research may not be considered as representative of all Indian firms. Small sample size was one of the major limitations of the present study. The study did not cover all the HR practices of the surveyed manufacturing firms.

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Table:1:Classification of Business on the basis on no. of employees

Number of employees	Nature of Business
10-49	Small business
50-249	Medium-size business

Source: Effective Policies for Small Business: A Guide for the Policy Review Process and Strategic Plans for Micro, Small and Medium Enterprise Development (2004), UNIDO and OECD.

Classification	Manufacturing Enterprises*	Service Enterprises**
Small	Rs. 50 million/ Rs. 5 crore (US\$ 1 million)	Rs. 20 million/ Rs. 2 crore (US\$ 40,00,000)
Medium	Rs. 100 million/ Rs. 10 crore (US\$ 2 million)	Rs. 50 million/ Rs. 5 crore (US\$ 1 million)

Table:2:Classification of Business on the basis on ceiling of investment

* Investment limit in Plant & Machinery

** Investment limit in equipments

*** Rs 50 = 1 USD

Table:3: Standard value of Cronbach's alpha

Cronbach's alpha Internal consistency

$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

Table:4: Results of Reliability test:

scale	Overall HRM Ps	Participation in decision making	Performance appraisal	Empowerment	Recruitment & selection	Training & development	Self-directed team	Job rotation	Compensation	Job satisfaction
Cronbach alpha	0.88	0.82	0.76	0.81	0.73	0.77	0.82	0.85	0.91	-

Source: Own estimate.

Table: 5:Correlation Matrix for Human Resource Management Practices and Job Satisfaction

Variables	PAR	PA	EMP	RS	TD	SDT	JR	COM	JS
PAR	1								
PA	0.482*	1							
EMP	0.537*	0.672*	1						
RS	0.641*	0.716*	0.539*	1					
TD	0.594*	0.473*	0.572*	0.748*	1				
SDT	0.348*	0.521*	0.776*	0.623*	0.667*	1			
JR	0.682*	0.539*	0.593*	0.613*	0.658*	0.426*	1		
COM	0.379*	0.662*	0.342*	0.564*	0.631*	0.319*	0.361*	1	
JS	0.594*	0.634*	0.568*	0.469*	0.571*	0.354*	0.375*	0.528*	1

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

Source: own estimate

Table:6:Regression results

variables	Unstandardized coefficient(β)	Standard Error(SE)	t values
Constant	-0.529	0.692	-0.764
PAR	0.394	0.208	1.897**
PA	0.427	0.188	2.274*
EMP	0.276	0.138	1.992*
RS	0.076	0.0609	1.247
TD	0.324	0.163	1.988*
SDT	0.139	0.286	0.486
JR	0.103	0.119	0.864
COM	0.197	0.097	2.04*
Adjusted R² =56.14 F=8.746			

Source: Own estimate

*Significant at 5% level.

** Significant at 10%level.

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