

Mediating role of the Job Satisfaction in the Relationship between Human Resource Management Practices and Employee Performance

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Abstract

This paper attempts to review the previous studies related to human resource management practices, job satisfaction, and employee performance. In this regard, resource based view (RBV) theory is applied to support the linkage these variables. At the end this study proposes a framework which can be applied in the purpose of future research.

Keywords: RBV, HRM practice, Job Satisfaction, Job Performnace

1. Introduction

Resource Based View or commonly known as RBV of a firm originated in the studies of Penrose (1959) and that of Winter and Nelson (1982). They all argued that the genes, winning ones or the traits, the durable ones of an organization are found inside the organization's biggest assets, resources or routines. Barney's findings in 1991 are further used to explain the ability that led to the materialization of the above average performance of the traits, that too sustainable performance.

Paper by Conner in 1991 and the ones by researchers Makadok in 2011 and Mahoney in 2001 states that RBV is a crucial theory structure for analyzing the various angles of an organization's sustainable performance, as it complements other theories of strategy and organizational economics and can also suggest strategies that are proactive for the organizations to achieve competitive advantage that is sustainable (Lo Nigroetal, 2012).

Wernerfelt in 1984 stated that RBV theory suggests that the cream of competition of a firm lies within the development of its unique resources. This was in opposition to the thought where competition arises from the external environment's reaction. He also mentioned that otherwise the emergence conditions and selection of regimes that are efficient within organization would get restricted. Changes in the environment of business that affects an organization's trajectory are termed as situations of idiosyncrasy (Katila and Ahuja, 2004). Thus innovation is the key that enables firms to have unique resources developed thereby enhancing the overall firm performance as well as survival whereby also creating aspects that cannot be replicated by competitors.

Barney in 1991 defined resources in RBV theory as those assets associated with an organization at a particular point in time, which holds the characteristics of being rare, not able to be imitated, precious and not able to be substituted. Via innovation organizations can use these characteristics to get enhanced and use the experiences from the implementation, irrespective of whether it succeeds or fails. This should be to impact the competitor's cost structure who lags in their development (Kraaijenbrinketal, 2010). Braney lists them down as:

1. Physical Resources (Capital) - Technology used in an organization, plants and machinery, location of the units, raw material accessibility etc.
2. Human Resources (Capital) - Experience of individuals, training provided to them, individual judgement, relationships, individual insights and intelligence.

3. Organizational Resources (capital) – Official reporting structure, planning, coordinating systems, controlling systems and inter and intra informal relationship of organizations.

Wernerfelt in 2011 also stated in this studies that for organizations to compete well it should focus on consistent innovation of technology. However findings by Hitt, Helfat and Raubitschek in 2000 stresses technology to be a motivator or facilitator for achieving competitive advantage and technology alone won't provide a sustainable competitive advantage. For example technologies such as computers or tests for analysis are plenty in supply and can be easily replicated by competitors. In order to sustain the competitive advantages developed by the firm, the firms need to focus on developing their unique human resources rather than focusing on technical aspects that are easily followed by others (Teece, 1986). However, this study aims to use RBV for the purpose of the supporting the linkage between human resource management practice, job satisfaction, and employee performance.

2. Literature Review

2.1. The Concept of Human Resource Management (HRM)

HRM or Human Resource Management is relatively a new term, though the concept has been in use commonly for the last fifteen over years. HRM was known as 'Personnel Management' previously. According to Dessler in 1991, there was hardly any distinction between personnel management and HRM. According to Dessler, HRM evolved out of Personnel Management due to the changed working environments, societal values and as a result of the technological involvements in organizations. In 1998 Hall and Torrington explained this distinction in better terms. According to them 'Personnel Management' was more of a work force centred approach whereas HRM was more of a resource oriented approach. In 1987 Guest was the one who postulated that HRM is not an alternative of personnel management, but it is a form of personnel management itself. This explanation focused on various strategic issues such as commitment of employee, quality, flexibility and integration.

As there exist no agreement between scholars in a single definition of HRM, there exist many explanations. In 1995 Armstrong defined HRM as an approach that is strategic and coherent to the management of a firm's most valuable assets – its employees who as a group as well as individuals contribute towards the achievement of the goals of the organization. In 1984 Beer explained HRM as the entire management decisions which influence the link between employees of the firm and the organization.

In 1995 Storey came up with another explanation. Storey considered human resource management as a distinctive approach for managing employment which is concentrated on getting competitive advantages. The mode to achieve these competitive edges is by deploying highly skilled and committed work force by putting into action a series of techniques. Human resource management is also explained as of concern with a necessity to achieve congruence with different HR practices and principles so as to support employee side and employer side rather than having a conflict (Schuler and Jackson, 1987) and (Milliam, Nathan & Glinow Von, 1991).

2.2. Human Resources as a Source of Competitive Advantage

In the recent years it has been admitted widely that human resource is a crucial source that can lead to sustainable competitive edge for organizations. HR's significant part, both empirical and theoretical is based on RBV of the organization (Barney, 1995). According to Barney the mode to develop a competitive advantage that is sustainable is by creating a resource in a way that cannot be imitated, rare and cannot be substituted too. Along with Barney, researchers Mc

Maahan, Wright, Snell, Youndt and Pfeffer argued that the HR may be an important source for the organization's sustainable competitive edge. This is because the resources that gave firms competitive edge in the history are the ones that can be imitated with ease.

RBV's paradigm in an organization comes from strategic management. It argues that the structure of the industry and the actions of the competitors are not that significant for the firm's competitive advantage as attributes and resources of the organization (Barney, 1997).

Barney in 2001 defined the resources of an organization as the tangible and intangible assets that the organization uses to put its strategies into action. As this definition is quite general, it has financial, organizational, human and physical resources. In 1991 Barney and in 1997 Teece, Shuen and Pisano created a framework that is general in nature, in order to determine whether a particular resource is the one that adds on to the firm's competitive advantage. Of this framework, the crucial elements need to be rare, cannot be imitated and substituted and valuable.

Resource based view shows that resources such as technology, economies of scale and natural resources are getting common and available everywhere to all. Mc Mahan and Wright mentioned employees in their studies of HR in 1992 as talent pool which are under the control of the organization and are inimitable and non substitutable when unlike the other resources. Hence HR can offer ways for the firm in achieving competitive edge over its competitors.

In this section, the first one is the contribution of the staff. Their contribution has a major effect on the end result in a firms processes and it can add value to the production procedures of the firm. It has to be kept in mind that every employee is unique, so does their characteristics in a market, which is limited in supply. In addition it is tough to imitate these HR traits. Hence identification of the real source of competitive edge and replicating the atmosphere for it to reoccur is never that easy as compared to other resources of an organization.

After all these HR cannot be replaced with ease. Substitutes for a short period can be found. Anyhow these won't prove to be adding on to a competitive edge for the firm that is sustainable, as the one that was provided by the HR.

Barney mentioned the work in 1991 that organizations might not get the best results or maximum benefits from its employees as they are not giving their complete potential at work. Anyhow via human resource management practices skill sets, knowledge and abilities of the employees can be enhanced. In such a scenario, the overall structure of this research is to examine the effect of human resource management and its policies and acts on the organizational performance.

2.3. Human Resource Management Practices

As per Jackson and Shuler in 1987, Snell and Wright in 1991 and by Mac Millan and Sguler in 1984, HR are the activities of the organization put into force for the management of the pool of HR and in ensuring that they are at jobs so as to achieve the objectives of the organization. Table 1 explains different practices put into use by different scholars based on the above stated.

Table1: Different Defined HRM practices

Researchers	HRM practices
Huselid (1995)	1) Personnel selection, 2) performance appraisal, 3) incentive compensation, 4) job design, 5) grievance procedures, 6) information sharing, 7) attitude assessment, 8) labor management participation, 9) recruitment efforts, 10) employee training, and 11) promotion criteria
Pfeffer's (1998)	1) employment security, 2) selective hiring, 3) participation, 4) compensation, 5) training, 6) reduced status distinctions and barriers, including dress language, office arrangements, and wage differences across levels, 7) Profit sharing
Huang (2000)	1) staffing, 2) planning, 3) compensation, 4) training and development, and 5) appraisal
Teseema & Soeters (2006)	1) recruitment and selection practices 2) placement practices, 3) training practices, 4) compensation practices, 5) performance evaluation, 6) promotion, 7) grievance procedure, and 8) pension or social security.
Shahzad et al. (2008)	1) compensation, 2) promotion, and 3) performance evaluation
Others	Other practices: 1) Safe, Healthy and Happy workplace, 2) Open House Discussions And Feedback Mechanisms, 3) Delight Employees With The Unexpected, 4) Open Management, 5) . . .

2.4. Extant Research on HRM, Organizational Performance and Intermediate Outcomes

Mc Mahan and Wright in 1992 described Strategic Human Resource Systems are a pattern of planned HR deployments and set of activities implemented in order to enable the organization to realize its targets. Lepak and Shaw in 2008 conducted a more macro level study in order to understand the effect of strategic human resource management on the outcomes of organization's performance. The effectiveness of strategic human resource management was confirmed in the connection among different outcome variables. Of the various variables, the ones worth mentioning are employee, financial accounting, organization and outcomes of the capital market (reeves and Dyer, 1995). In addition it has also been found out that the effect of the human resource systems are much larger than that of individual human resource management practices (Mac Duffie, 1995), (Delery, 1998), (Combs, 2006) and (Huselid, 1995).

Upon getting stiff evidence that supports the straight positive link between human resource management practices and the performance of the organization, the focus of the research has shifted to explain how those practices in reality influenced the performance of the organization. One such research in this angle stressed on the concept of internal and external fits (Shaw and Lepak, 2008). Delery in 1998 explained internal fit as the congruence between interconnected human resource management acts which presumes that the fit creates additive impacts to enhance the performance of the organization. Delery and Doty in 1996 and Youndt in 1996 explained external fit as the alignment between human resource management practices and factors that are

external which includes strategy. The theory here does a prediction that by inducing and through the reinforcement of attitudes and behaviours that are necessary in employees, the human resource management system and practices alongside the strategy contributes to the achievement of the organizational goals (Jackson and Schuler, 1987). It is evident that internal and external fit thus defines the crucial features of effective human resource management practices. Also looking at the definition of these two fits, it is clear that conceptually external fit contains internal fit. When a human resource systems is in alignment with a specific strategy, any human resource management practice inside the system may tend to have a consistency that is internal and towards the strategy. Thus through the integration of the fit's extant concepts, the external fit is underscored as the human resource management's effectiveness' pre-requisite.

External fit's concept is acceptable as a theory. This however is limited as the proof is limited and the studies on the subject showed varying outcomes. Huselid did a study in 1995 across various industries and found out that external fit does not have a positive effect on the organization's performance. Whereas certain other studies that were conducted on a single industry showed the positive effect of external fit and human resource management practices. For example in the study conducted by Arthur in 1992 in sixty four mini steel mills in the United States, there was a proven effect of the external fit. Mac Duffie did a study in 1995 in sixty two global automobile assembly units and found out that human resource management practices resulted in higher productivity and enhanced quality levels when they were in alignment with the strategy related to manufacturing. Beechler and Bird in 1995 did a study on 64 United States' subsidiaries (this included 33 manufacturing units and 31 service units from Japan). They found out that those subsidiaries that matched human resource strategies and business did well than others which did not match. In 1996 Youndt conducted a match between administrative human resource management practices with cost strategy and human resource management practices that enhance human capital with flexibility and quality strategies. Youndt found out that the relationship among human resource management practices and manufacturing strategies increases performance in the ninety seven metal plants that he studied.

Keeping aside the fact that the external fit concept is compelling as a theory, the empirical studies discussed above have problems. One main reason for it is that the empirical proof that supports the external fit's positive outcome is least developed theoretically. Also quantity wise, only few studied has given enough proof for this. Another reason is that quality wise most of the proof was from contexts of manufacturing. The few number of manufacturing sector based proof compromises the overall capability of the proof found of external fit.

2.4.1. Strategic Capabilities

Strategic capabilities are defined as a combination of various resources – technologies, information and HR that are critical in business processes that are strategically critical (Huselid, 2005) and (Becker, 2009). In the beginning the capability of the organization were not seen as a standalone resource but it was rather seen as a characteristic and an upper way to divide resources among particular business processes. That is processes such as product development, customer centricity and logistics and supply chain etc (Kliesch and Eberl, 2007).

In HRM terms the above definition has 2 aspects to imply. At first the allocation of specific HR in a business process that is strategically crucial- if the HR is precious and rare (Wright and Barney, 1998). It becomes one of those resources that aids in the competitive edge for the firm (Delery, 1998). Hence it can be a crucial argument that a firm's strategic ability gets strong when precious and rare HR are given to business processes that are strategically critical.

At second there arises a question of how a strategically allotted HR performs in the allotted strategically critical business process. In brief strategy can be defined as a set of activities undertaken for attracting specific markets or customers (Porter, 1996). When we follow this way of thought a firm's strategic ability can be seen on the higher side while the employee is holding the key for the strategic tasks involved in the strategically critical business process and make use of the power properly so as to perform the activities effectively.

2.4.2. Strategic Jobs

For attaining strategic goals, firms must differentiate between jobs that are strategic and employees from those non strategic ones. The firm should also manage them (Huselid, 2005) and (Snell and Lepak, 2002). Strategic jobs are defined as the jobs that are crucial in harnessing the ability in the implementation of a strategy (Huselid, 2005). According to Lorsch and Lawrence in 1967, in every firm the sub units of the lower level hierarchies can be seen. These units may develop particular features such as goals, targets, specialization etc for adapting to their external surroundings. Based on the needs of the surroundings these sub units might develop certain special attributes. Davis, Blake and Pfeffer in 1987 mentioned one such aspects as the criticality of the job which differs within the same firm itself. Criticality is a concept that can also be referred to people. Shaw and Delery in their study in 2001 mentioned that the good performance of the strategically significant staff is a good indication when the entire employees are taken together. Thus Huselid in 2005 mentioned that in order for the organization to execute their strategies they should put their best HR in to jobs that are strategically critical.

It has also been shown that big investment in roles that are strategic in nature increases the performance levels of the organization (Mannor, Humphrey and Morgeson, 2009). Keeping aside the human capital theory developed by Dean and Snell in 1992, it has to be understood that the findings of this study indicates the need to concentrate on the jobs of strategic nature for enhanced performance for organizations.

As mentioned earlier, capabilities that are strategic are connected strongly and rely on the tasks of the jobs that are also strategic in nature. A good example is the case of companies – Costco and Nordstrom. Both the firms overlooks at customer's satisfaction for enhances performance. Anyhow both the firms stress on different aspects of strategic capabilities and thus focuses on various strategic jobs. At Nordstrom a customized approach to cline tin terms of sales is given importance whereas at Costco focus is on purchasing department to buy products of high demand at lower prices (Huselid, 2005). This shows that even though organizations have similar strategic goals, the focus can be on different strategic capabilities.

In order to study the performance of the organizations this differentiation is a must. It helps us to observe even close the role played by individual jobs and individuals that are strategic in nature. These individuals are the strategic job holders. Thus in theory the best way to enhance the performance of the organization is through the implementation of human resource management practices together with capabilities that are strategic in nature. It needs to be considered as a compilation of the tasks of jobs that are strategic in nature.

2.5. Single HRM Practices and Firm Performance

Single human resource management practices have an in-depth relationship with the organization's performance. In the study of this relation many scholars took a micro approach to examine the single human resource management practices such as training, compensation, goal setting, staffing etc. Table 2 shows this.

Powers, Russell and Terborg in 1985 studied the link between training, organizational performance and organizational support among 62 retail outlets. This study made use of data from archives and from attitude surveys generated by the organizations. The findings of this study clearly indicated that training and the support of the organization had a positive relationship to the performance of the retail outlets.

Gomez, Mejia and Balkin in 1987 conducted a similar study and found out that rewards in the form of incentives proved to be effective in high tech companies at their growing stages. Rivero, Jackson and Schuler in 1989 studied the performance appraisal variations, remuneration, training and development at various strategic setups. Results were collected after conducting surveys in 267 companies and it's showed that those companies which used innovative strategies to differentiate were in relation to other companies:

- a) Less likely to make use of incentive based compensation
- b) More likely to avail security in terms of employment
- c) Likely to offer extra training time to employees
- d) More likely to avail the employees training that are in relation to the skill set requirements in the current time and well as for requirement in future

Table 2: Impact of single HR practice on Performance

Researcher	HRM Practices	Dependent variable	Finding
Russell, Terborg & Powers (1985)	Training, organizational support	Store performance	Training was positively correlated with store performance.
Balkin, Gomez-Mejia (1987)	Compensation	-	Incentive-based reward systems were more effective in growth stage & high-tech companies.
Jackson, Schuler & Rivero (1989)	Appraisal, compensation, training, employment security	-	Significant association between firms pursuing high and low innovation strategy and HR practices.
Gerhart & Milkovich (1990)	Contingent pay and base pay	Firm financial performance	Positive relationship between contingent pay and financial performance of firms.
Terpstra & Rozell (1993)	Staffing practices	Annual profit, profit growth, sales growth & overall performance	Positive, significant effect of extensive staffing practices on annual profit, profit growth, and overall performance.
Bartel (1994)	Employee training	Labor productivity	Formal employee training eliminates productivity gap.

Milkovich and Gerhart in 1990 showed in their study the effect of base compensation and contingent payments on the performance of the organization. In addition they examined the factors that determine the payment mix so as to investigate the extent that the decision regarding the payment mix fluctuate, taking into consideration of the employees inputs such as capital as HR, personal traits and work's nature. Even after having these factors controlled, the study showed that the pay mix had variation. The research also found a key link between payment mix, size of the organization, industry and the financial performance of the firm.

Rozell and Terpstra did further studies in 1993 and concentrated the impact of extensive staffing policies in relation to the organization's performance as the dependent variable. They investigated the following staffing practices.

1. Recruitment sources and the follow ups on these sources.
2. Validation studies on the selection of instruments.
3. Interviews of structured or standardized nature.
4. Mental ability and cognitive tests.
5. Weighted Application or Biological info.

The measures used in the study to measure performance were – growth of profit, growth of sales, yearly profit and general overall performance. It has also been found that the extent of using such staffing practices varied from one industry to the other and it also depends on the size of the organization. The results from this study showed a healthy effect on the staffing policies on annual profit, growth of sales and profit as well as on performance in general of the firm.

In 1994 Bartel did another study in a different way. Her independent variable was training whereas the HR productivity was the dependent one. She illustrated that by implementing formal training programs, HR productivity is increased.

It has to be kept in mind that human resource management policies and practices is not an isolated existence within organizations. As a result many more studies has been conducted in examining the HRM practices, systems so as to understand the exact influence of human resource management on the performance of the organization.

2.6. HRM practices and Organizational Performance

Researchers show the existence of a positive relationship between human resource management practices and the performance of the organization. In the last decade scholars concentrated on the effects of human resource management practices on the organization's performance (Mac Duffie, 1995), (Gerhart and Becker, 1996), (Delery and Doty, 1996) and (Huselid, 1995). These experts discussed innovative HRM practices and compared them so as to choose the best one. As per Doty and Delery in 1996, most organizations during that time were motivated to put in reality these HRM practices and while adopted it minimized the costs, increased revenue and provided space for more human resource management practices.

Bartel in 1994 stated that organizations using a system of formal training between 1981 and 1986 improved their productivity by twenty percent. Rozell and Terpstra studied data of 2012 companies in 1993 regarding their 5 staffing related practices. The five practices are as follows:

1. Availability of a gauging system for recruitment source and return on investment (ROI)
2. Validity gauging of pre-employment test
3. Interviews that are structures and standardized
4. Intelligence test

5. Weighted Applications or Biographic Information

The study found out that firms using these practices were more profitable. Sale growth was also studied from the sample. They also identified a relevant positive relation between the level of implementation of the 5 staffing policies and the financial performance of the organization. This contained growth in profit figures as compared to other industries' annual profit figures. The strength of this relation was also found to be different across industries.

Based on the researches mentioned here, it can be summarized that the effectiveness level of human resource management practices varies across various industries when implemented. The results of this study which was conducted on hospitality industry can be used across various industries while preparing industry specific information.

2.7. Job Satisfaction

In the current global scenario managers and organization's around the world faces a serious administrative issue of staff motivation and job satisfaction. In the field of management, this subject has received notable attention and there has been many studies conducted so far. It is evident that irrespective of the industry job satisfaction of an employee is directly linked to motivation. In his book titled 'HRM' Fajan Sola stressed out job satisfaction and motivation as twin sisters of managerial issues. It has also been said in the book that though they are distinct, they are also interconnected, whereas one cannot be fully understood without studying the other. Employer as well as employee desires to have job satisfaction. Job satisfaction enhances staff productivity and reduces turnover. According to Herzberg hygiene and motivation are two aspects of employee satisfaction which we discussed earlier. Remuneration and supervision comes under the category of hygiene. These can only dissatisfy an employee if they are not present or if mishandled by job givers. The author also explains that when a firm's policies are not clear or not fair it can be an obstacle for employee satisfaction. Even though every employee needs a fair payment, payment alone is not an element to motivate an employee. Employees not only need a monetary appreciation to be satisfied at job. Social interaction in work atmosphere is a major factor that affects job satisfaction (Herzberg, 2008).

2.8. Understanding the concept: job satisfaction

The world renowned motivation expert and theorist from Harvard School of Business- Herzberg decided one day to interview a set of employees to study the factors that made them satisfied or dissatisfied at their jobs. He asked them two simple questions as follows.

1. Think about a time that made you feel so good at your job and why did you feel so?
2. Think about a time that made you feel so bad at your job and why did you feel so?

Findings from this basic interview helped Herzberg come up with this theory. He found out that there are two angles for satisfaction at work- hygiene and motivation. According to Herzberg, hygiene related issues can never motivate staff but they can reduce the level of dissatisfaction felt if managed properly. In else words they can create dissatisfaction only if they are not present or if mishandled. The topics that come under hygiene are the policies of the company, remuneration, management supervision, interpersonal relations etc. These elements are related to the working environment of the staff. On the other hand, motivators are those factors that are more of individualistic in nature and meant for personal growth. Elements such as responsibility, achievement and recognition come under this. Herzberg also mentioned that motivators promotes satisfaction levels related to job and thus enhances productivity.

As per the review of this author it has been identified that employees need some level of individual recognition, which minimizes tension and enhances working situations. Without any doubt, the satisfaction and motivation of employees in an organization has always been of keen interest for researchers. Herzberg in this publication also pointed out that high rates absenteeism and turnover rates among employees is impacted by job satisfaction and this in turn affects has major consequences on the organization. When it comes to recruiting and retaining staff only few organizations has given importance to the aspect of job satisfaction. Many fail to understand the significance of job satisfaction to be made their priority in recruiting and retaining their employees. An employee who is satisfied at his or her job is more productive, shows better commitment and is creative at their organizations (Herzberg, 2008).

Herzberg further stated that though hygiene elements are not sources for satisfaction, they need to be dealt as priorities so as to create environment where motivation and satisfaction is possible at the least.

As per Herzberg the 1st element for attaining job satisfaction for an employee is the administration of the organization. The policies of an organization and either frustrate or relax an employee. Unclear, uncertain or unnecessary policies can frustrate employees. There is a very common example for such policies: at some firms certain employees enjoy certain privileges whereby even if they ignore the rules or code of ethics they are exempted from consequences. Such scenarios can frustrate other employees. Though the administration policies of a firm do not motivate or satisfy an employee that much, the firm can minimize the dissatisfaction in this scenario by ensuring that there exist fair and equal policies within the organization that should be adhered to by all employees. Herzberg suggests in his study that it's better for organizations to keep printed forms of company policies accessible by staff as manuals.

Supervision is another element that employers should enact. As to reduce workplace dissatisfaction supervision plays a crucial role as per Herzberg in his studies. While appointing new supervisors employers should be very careful. Not necessary that a good employee will also is a good supervisor. A supervisor's role a tedious one and needs good abilities apart from technical job specific expertise. A good supervisor manages his subordinates with a fair policy and also should have great leadership skills.

Salary is the third element described by Herzberg in his study. In fact salary or compensation is not necessarily a motivating factor, but every staff should have a fair compensation pattern in place. For example a managerial staff shouldn't be receiving the payment entitled for a administration staff. Every staff should be paid as per their individual professionalism possessed. If employees believe that they are underpaid, they become unhappy and unproductive while working for the organization (Herzberg, 2008).

The 4th element is interpersonal relations. Portion of job satisfaction is brought out via the socialization options that the organization avails. During recess hours, free time, lunch and other meal times an employee get to interact with other workers and supervisors and managers with little more flexibility. This enhances the teamwork of the employees (Herzberg, 2008).

The fifth element is the condition of work. The surroundings, the environment in which one work gives a great level of pride for an employee.

The sixth element is the work. An employee feels motivated when he or she is ensured that the work they do is crucial and adds on to the organization's benefit (Herzberg, 2008).

2.9. Job satisfaction and organizational performance

The subjects job satisfaction and job performance has been a major topic of study by many scholars. Three Meta analyses has been done in these topics which are by Iaffaldano and Muchinsky in 1985, Patton, Thoresen and Bono in 2001 and Cavender and Mc Gee in 1984. These were known as the organization's Holy Grail and the psychology of the industry. In an actual analyses doen by Judge in 2001 he mentioned a correlation, a corrected one with a mean of 0.30 between job performance and job satisfaction. This correlation was proved to be more powerful when compared with the analyses by Muchinsky and Iaffaldano in 1985 which was 0.17. This was able to stimulate new researches in analyzing the relation between job performance and satisfaction.

Muchinsky's and Iaffaldano's work in 1985 were so effective so as that it has been often pointed out as a proof for showing that job performance and satisfaction are not linked virtually. Judge's findings in 2001 can be seen in order to have a discussion on the effect of Muchinsky's and Iaffaldano's findings on scholar's beliefs regarding the job performance- satisfaction link.

Whereas Judge on the other hand explained his results as a suggestion that job performance and job satisfaction are connected in a rather sensible way. He also mentioned many relationship possibilities between these two variables. For instance, in 1968 Strauss stressed that performance is an outcome of job satisfaction. He also mentioned that job performance leads to job satisfaction. This was also explained by Porter and Lawler in 1967. Another finding that provoked further research was a false relationship between job performance and job satisfaction. It explains that the relationship between performance and satisfaction may not be casual, but rather it may be the result of job satisfaction and performance to share the causes that are same.

2.10. Job Performance

Jex in 2002 gave a very simple and general definition to job performance. He defined job performance as the set of behaviours of employees while they are engaged at work. This is considered a vague definition. A set of behaviour exhibited by employees at work is not exactly linked to aspects that are specific to jobs. Moreover job performance relates to how good an individual performs at work.

Definitions are both qualitative and quantitative. They are general as well as in specific aspects. In the beginning researchers were sure of defining and measuring job performance. However soon itself they realized that identifying the job dimensions and the performance needs of that job position is never a straight forward or easy process. In the modern day world is well accepted that performance of a job depends on a number of variables related to the specific aspects of the job and also on the employee as an individual and the surrounding environment (Milkovich, 1991).

In order to define the dimensions of job performance, historically there are 3 approaches mentioned by Milkovich in 1991. They are explained as a function of:

- Outcomes
- Behaviour
- Personal Traits

Most of the researches shifted their interest to define job performance from the aspects of behaviour and outcome. This is because these two factors are more objective so as to define and also to observe when compared to the third aspects- personal traits (Hersen, 2004).

When we look at it from an employee's angle, job performance is an outcome of an array of behaviours. The various activities performed as a part of the job on a daily basis constitutes job

performance (Cardy, 2004). In this aspect, Campbell in 1993 developed a successful 8 dimensional model for measuring job performance (Jex, 2002, pp. 90- 92):

1. Task proficiency that is job specific: behaviour that is linked to core activities of the job.
2. Task proficiency that is not specific to job: work related behaviour that is general.
3. Task proficiency that is of oral and written communication.
4. Effort demonstration: Core tasks of the job and the level of their commitment.
5. Maintenance of personal discipline.
6. Facilitation of peer performance and teams’ performance.
7. Leadership or Supervision.
8. Administration or Management

When we look at it from a supervisor’s angle, one of the key elements for appraisal related to job performance is the outcome. Anyhow at the end, results are more important to employers than the activities that led to the results (Cardy, 2004).

Which of these approaches is even important? In fact there is no superior one to be chosen. Both the approaches have their own pros and cons (Cardy, 2004).

3. Proposed framework

Followed by above discussion, there are logical relationships among different HRM practices (training, staffing, team work, reward system, and performance appraisal), job satisfaction, and employee job performance. According to Yeh et al. (2013), job satisfaction has 2 dimensions, and they are intrinsic and extrinsic job satisfaction.

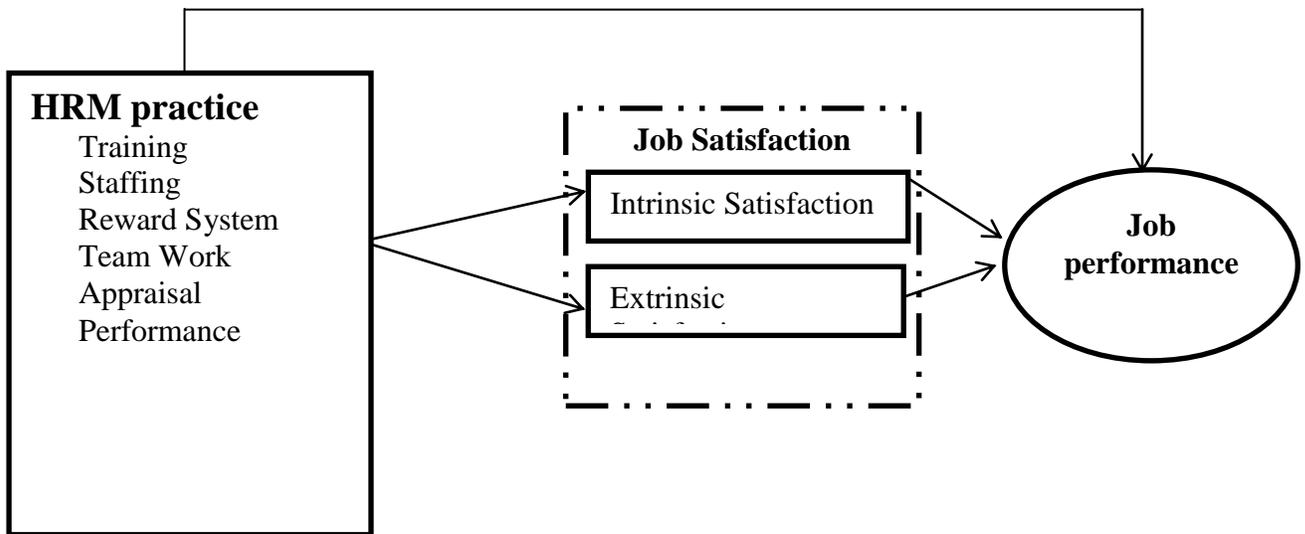


Figure 1: Proposed Framework for Future Study

It worth mentioning that different studies proposed various dimension for job satisfaction , which among them intrinsic and extrinsic satisfaction seems proper for this study , moreover , by considering previous studied mentioned above , training , staffing , reward system , team work and performance appraisal have been used a lot. Therefore, this study is based on these five HRM practices. (See Figure 1)

4. Conclusion

This study made use of RBV and previous research about relationship between HRM practices, Job satisfaction, and job performance in order to propose a framework. The selected HRM practices are staffing, reward system, training, and teamwork and performance appraisal. Future research can consider the proposed framework of this study for testing in different industries such as hospitality, ICT, or manufacturing.

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