

HUMAN RESOURCE MANAGEMENT PRACTICES AND EMPLOYEE JOB SATISFACTION: EVIDENCE FROM MANUFACTURING SMES IN SABARAGAMUWA PROVINCE, SRI LANKA

J.C. Wijerathna* and R. Razik

*Department of Human Resources Management, University of Colombo,
Sri Lanka*

**chathu1020@gmail.com*

Abstract

Most of the available knowledge in the literature relating to Human Resource Management (HRM) in the context of Small and Medium Enterprises (SMEs) focuses on the lack of HRM practices in SMEs and the effects of HRM practices on organizational outcomes. There is a void in empirical research on the employee outcomes of adopting formal HRM practices in SMEs. This study aims to identify the impact of four selected HRM practices: performance appraisal, employee relations, training and development, and compensation management, on the employees' satisfaction in SMEs in the manufacturing industry operating in the Sabaragamuwa Province of Sri Lanka. Following a positivistic research paradigm and the survey methodology, a structured questionnaire was distributed among a sample of 100 operational level employees working in manufacturing SMEs in the Sabaragamuwa province, Sri Lanka. The sample was selected through convenient sampling. The instrument used valid and reliable measures in operationalizing the two variables of the study: HRM practices (independent variable) and employee job satisfaction (dependent variable). Data was analysed using SPSS software. Findings revealed that all four HRM practices positively impacted on the employee's satisfaction in the selected domain. To our knowledge, this is the first study that tested the impact of HRM practices towards operational level employees' job satisfaction in small and medium manufacturing organizations focusing on Sabaragamuwa Province. Given the budgetary and other constraints that SMEs confronted with, the study suggests optimal HRM practices that an SME may adopt in maintaining a satisfied workforce which are crucial for their sustainability.

Keywords: Employee job satisfaction, HRM practices, Manufacturing SMEs