

**THE CURRENT SITUATION OF CHINESE EMPLOYEE
JOB SATISFACTION IN FOREIGN INVESTED
ENTERPRISES**

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SATISFACTION IN FOREIGN INVESTED ENTERPRISES

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Abstract

The purpose of this study is to explore the relationship between job satisfaction and Human Resource Management Practices through type of companies in China and to determine what practices that could contribute to employee's job satisfaction. This study also tries to measure the intensity of this relationship. Empirical research was conducted on a research sample of 286 employees surveyed. The results of this study show the existence of a clear relationship between employees' job satisfaction and Human Resource Management Practices, and also show that the practices which affect job satisfaction are different in State Owned Enterprises and Foreign Invested Enterprises. Detailed analysis shows that for State Owned Enterprises, the Performance Appraisal, Training and Development could contribute to employee's job satisfaction. And for Foreign Invested Enterprises, the only Human Resource Management Practice which could affect job satisfaction is Compensation. The results may be used for further empirical research and as a contribution for managers in enterprises to improve employee job satisfaction according to different contexts and with appropriate Human Resource Management Practices.

Keywords: Job satisfaction, Human Resource Management Practices, State Owned Enterprises, Foreign Invested Enterprises

JEL Classification: M12 (Personnel Management); I31 (General Welfare, Well-Being)

Resumo

O objetivo deste estudo é explorar a relação entre a satisfação no trabalho e as Práticas de Gestão de Recursos Humanos em diferentes tipos de empresas na China e determinar quais práticas que podem contribuir para a satisfação no trabalho dos seus trabalhadores. Este estudo procura também medir a intensidade dessa relação. A pesquisa empírica foi realizada com uma amostra de 286 trabalhadores inquiridos. Os resultados deste estudo mostram a existência de uma relação clara entre a satisfação no trabalho reportada pelos trabalhadores e as práticas de gestão de recursos humanos, e mostra também que as práticas que afetam a satisfação no trabalho são diferentes em empresas estatais e em empresas com investimento estrangeiro. A análise detalhada mostrou que, para as empresas estatais, a avaliação de desempenho, a formação e o desenvolvimento poderiam contribuir para a satisfação dos trabalhadores. Nas empresas com investimento estrangeiro, a única prática de gestão de recursos humanos que parece afetar a satisfação no trabalho é a compensação. Os resultados podem ser usados para pesquisas empíricas adicionais e como um contributo para os gestores melhorarem a satisfação no trabalho dos trabalhadores, considerando os diferentes contextos, e adequando as suas práticas de gestão de recursos humanos.

Palavras-chave: Satisfação no trabalho, práticas de gestão de recursos humanos, empresas estatais, empresas com investimento estrangeiro

JEL Classificação: M12 (Personnel Management); I31 (General Welfare, Well-Being)

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1. Introduction

1.1. Background

The concept of job satisfaction is not a newly invented vocabulary, which could go back to decade 30s of 20th century. As Hoppock (1935: 47) first defined it “as any combination of psychological, physiological and environmental circumstances that cause a person truthfully to say I am satisfied with my job.” According to this definition, although many external factors could influence job satisfaction, some individual factors (such as age, gender, marital status, education, rank and length of service, etc.) still has relation with the way how the employee feels. It is commonly said that "a happy worker is a productive one" and a happy worker should be satisfied with his job. However, it is still a question about the relationship between employee job satisfaction, individual and organizational performance. It would be biased to conclude that high job satisfaction certainly result in high performance, or that employee with higher performance are satisfied with their jobs (Euske et al., 1980). A number of studies indicate a weak link (Petty et al., 1984; Iaffaldano and Muchinsky, 1985) while others (Caldwell and O'Reilly, 1990; Spector, 1997) suggest a potential relationship between satisfaction and performance.

1.1.1. Foreign Invested Enterprises in China

From 1979 (when economic reforms began) to 2017, China's real gross domestic product (GDP) grew at an average annual rate of nearly 10%. China has emerged as a major global economic power. It is now the world's largest economy, manufacturer, merchandise exporter and importer as well as holder of foreign exchange reserves (Morrison, 2017). In the progress of such great development, Foreign Invested Enterprises (FIEs) have played an important role in contributing to several decades' rapid growth for China's economy. FIE in China was only about \$3.4 billion in 1989. Since then, utilized Foreign Direct Investment (FDI) has added to \$92.4 billion in 2008. From 1989 to 2009, the total utilized FIE in current prices was about \$959 billion. Over the last 20 years, FIE has transformed the Chinese economy and significantly expanded China's international trade. At the end of 2008, 434,701 FIEs were operating in China with a total investment of \$2,262 billion. In 2008, imports by FIEs were of \$620 billion, or 54.7 percent of the national total. Exports by FIEs reached \$790.5 billion, or 55.3 percent of the national export total. In 2009, the

total imports and exports of FIEs were \$1,217.4 billion, which accounted for 55.2 percent of the national total. According to China Statistical Yearbook in 2009, the number of employees for all FIEs in China was about 25.8 million (Tang, Metwalli and Smith, 2010). According to the statistics of newly release of foreign investment from Ministry of Commerce People's Republic of China, from January to July 2017, newly approved FIEs amounted to 14,409, up by 8.8% year on year.

FIEs brought in not only funds that the country needed, but also technologies and management skills. FIEs have the advantage of direct connections with foreign companies and thus have greater opportunities to implement advanced Human Resources(HR) practices from the western world (Shen and Edwards, 2004; Zhu and Dowling, 2002). Many FIEs have introduced high-performance HR practices (Shen and Edwards, 2004; Zhu et al., 2005). The HPHR¹ include hiring competent employees, providing effective training, incentive compensation and developing and promoting people inside the organization (Delaney and Huselid, 1996; Huselid, 1995; Huselid et al., 1997). These practices promote and develop a highly qualified workforce; they are highly recommended. It demonstrated positive influence on firm performance (Björkman and Fan, 2002; Delaney and Huselid, 1996; Huselid, 1995; Harel and Tzafrir, 1999; Huselid et al., 1997). Some authors have documented rapid movement in HR practices in China towards the more advanced market-oriented HR practices found in western developed nations (Benson and Zhu, 1999; Cooke, 2005; Wang, 1994; Zhu and Dowling, 2002). Studies have also found that HPHR practices have been adopted in FIEs (Cooke, 2005; Ding and Warner, 2001; Shen and Edwards, 2004; Zhu et al., 2005; Zhu and Dowling, 2002).

1.1.2. Chinese employees' job satisfaction in FIEs

Unfortunately, despite FIEs in China have been adopting more and more “western HPHR” to respond to global competition (Cooke, 2005; Warner, 2004), it has not been found any study that directly assessed the use of western HPHR practices and the adoption of these practices in FIEs in China.

However, a few studies found that FIE employees feel more involved in decision-making, more satisfied with jobs compared with those in State Owned Enterprises (SOE) counterparts (Gamble, 2003, 2006; Huang and Gamble, 2011). For instance, the

¹ “High-performance HR practices”

organizational practices and employees' experience in a British multinational retailer in China was tracked by Gamble (2003, 2006) over several years. The company had open and consultative practices, including a comparatively flat hierarchy and mechanisms. Managers actively listened to workers' opinions and were responsive to employee feedback. As the result showed, the employees worked there demonstrated higher level of job satisfaction. However, the FIE's employees reported longer working hours, greater work pressure and were more likely to worry about their job outside work time. Very few articles focus on the area of Chinese employees' job satisfaction in FIE (Tian and Gamble, 2016)

1.2. Relation between job satisfaction and organizational development

Many scholars mentioned that job satisfaction has relation with organizational development. According to Harter (2002), he found positive correlation between employee satisfaction and the organizational performance measured by productivity, profit and employee turnover. Evans and Jack (2003) also showed that employee satisfaction has a positive impact on market performance, and market performance in turn has a significant impact on financial performance. Schneider (2003) stated that higher return on assets (ROA) and higher earnings per share were positively correlated with higher job satisfaction. In a word, management specialists believe that the increase in job satisfaction results in human resources development, and that satisfaction is directly related to productivity. So that higher satisfaction will bring about higher productivity and will consequently leads to the elevation of the organization. In contrast, if the job satisfaction is lowering, not only administrative errors will increase, but also much harm will be done to the organization (Noori, 2003; Kamkari, 2003).

Job satisfaction also has effect on the intention of staying in the organization. Muchinsky and Morrow (1980) once argued that whenever the satisfaction level of an employee is raising, it demonstrates a strong negative relationship with the intention of turnover. When the employee is not given what he deserves, he is not pleasure with the job then there is intention to discontinue the job. When the employees are satisfied with the job and then the level of intention to leave the organization tends to be reducing. Judge (1993), on the other hand, mentions that employee satisfaction is positively correlated with job involvement, organizational citizenship behavior, life satisfaction, mental health and job performance, and negatively related to absenteeism and turnover. The above opinions were proved by Allen and Wilburn (2002): employee satisfaction influenced employee

productivity, absenteeism and retention. Freeman (2005) also announced that the success of any company is directly link to the satisfaction of the employees who embody the company. Retaining talented people is critical to the success of any organization. Maloney and McFillen (1986) added that the more satisfied an employee is, the less turnover and absenteeism occurs.

1.3. The influence of culture toward HR practices in FIEs in China

As Hamid (1996) noted, Human Resource Management (HRM) practices and policies that are adopted by companies in different countries with different national cultures are not similar to one another. A plenty of international HRM researches confirm that the approaches to investigate the influence of culture on HRM practices vary differently (Milikic, 2009; Al-Tamony et al., 2016). Moreover, among such practices, HRM practices are likely to be sensitive to culture diversity as they are designed by culture carriers (Shannak et al., 2012). Thus, the values of the local designers seem to be enriched by the expectations of the natives to create a culture that may be highly meaningful and effective for the home country but possibly meaningless, confusing, and ineffective for another country (Laurent, 1986). That is the reason why we believe that HRM practices in Chinese national companies may be different from occidental companies, and that's why occidental companies in this study are to be chosen as empirical contexts for the data collection. Besides, very few studies mentioned what HRM practices would affect Chinese employees' job satisfaction in FIEs.

2. Literature Review

2.1. Foreign Invested Enterprises

According to OECD, FIEs comprise those entities that are identified as subsidiaries (investor owns more than 50 per cent), associates (investor owns 50 per cent or less) and branches (wholly or jointly owned unincorporated enterprises), either directly or indirectly owned by the investor.

However, the types of FIE are little different in China, according to the homepage of Ministry of Commerce People's Republic of China, there are three main types of foreign investment enterprises that are incorporated and operated under the law of China, namely, Equity Joint Ventures (EJV), Cooperative Joint Ventures (CJV) and Wholly-owned Foreign Enterprises (WOFE). As a whole, they are referred to as FIEs.

These three different groups can be defined as:

Equity Joint Ventures. Equity Joint Ventures (EJVs) are enterprises that are co-established, co-invested in, or co-operated by foreign enterprises, other economic entities or foreign individuals in the territory of the People Republic of China, and Chinese enterprises or other economic entities except individual person, in line with the foreign investment law and company law of China, and approved by the Chinese government. As to the structure of EJV, it takes the form of a limited liability company as defined in Company Law of China as amended in 2005.

Cooperative Joint Ventures. Cooperative Joint Ventures (CJVs) are known as contractual operative enterprises. When Chinese and foreign partners establish a cooperative enterprise, they prescribe in their cooperative joint venture contract such matters as the investment or conditions for cooperation, the distribution of earnings or products, the sharing of risks and losses, the ways of operation and management and ownership of the property at the time of the termination of the CJVs.

Wholly-owned Foreign Enterprises. Wholly-owned Foreign Enterprises (WOFE) are those enterprises established in China by foreign investors, exclusively with their own capital, in line with Chinese laws. However, WOFEs do not include any foreign enterprises in China or other economic entities. They are Chinese entities registered in the territory of China, and will be governed by Chinese regulations.

In addition to these, other types of investments are also available to foreign investors, such as Foreign-Invested Holding Companies (FIHC), Foreign-Invested Joint Stock Companies (FIJSC), and Build-Operate-Transfer (BOT).

In our study, we mainly focus on the first three types of enterprises, which are Equity Joint Ventures, Cooperative Joint Ventures and Wholly-owned Foreign Enterprises. And in the samples we collected, the respondents are also from those three genres of companies.

2.2. Job Satisfaction

According to Spector (1997), job satisfaction is a worker's feeling of achievement and accomplishment in the job. As Kaliski (2007) stated, job satisfaction implies doing a job an employee enjoys, doing it properly and being compensated for his or her efforts. Furthermore, it implies fulfillment and happiness with one's duties, meanwhile it is the key element that result in recognition, promotion, and the accomplishment of goals that could produce the feeling of success. While Vroom (1964), in his definition of job satisfaction, mainly emphasizes the role of the employee satisfaction plays in the organization. In his opinion, job satisfaction is an affective orientation for individuals when facing work roles which they are undertaking. Besides the above definitions, one of the most often cited definitions on job satisfaction is defended by Spector (1997), who defines job satisfaction as the way how people feel about their job and its various aspects. It is about the extent to which people like or dislike their job. Boyt, Lusch and Naylor (2001) added that job satisfaction is combined with cognitive and affective reactions to the various understandings of what worker intends to receive in comparison with what he or she actually receives. Regarding the above definition, George (2008) made some supplementary explanation, saying that job satisfaction is a set of feelings that people own in face of their current jobs. The range of people's job satisfaction level can be from extreme satisfaction to extreme dissatisfaction. People also can have attitudes and feelings toward different facets of their jobs, such as the type of work they do, coworkers, supervisors or subordinates and pay.

Meanwhile, some definitions of job satisfaction seem to go in different ways, which focus mainly on the positive reactions to the jobs. As Locke (1976: 1304) mentioned, "a positive or pleasurable emotional state resulting from one's own appraisal of the job or of one's work experiences". Feldman and Arnold (1983) have the similar opinion: job satisfaction is the overall positive feelings that workers own towards the jobs they do. While Hackman

and Oldham (1975) define it as the degree to which the workers are satisfied and happy with their jobs. Those definitions could be supported by McPhee and Townsend (1992: 117), they stated that job satisfaction can also be “a pleasurable or positive emotional state, resulting from the perception of one’s job as allowing the fulfillment of one’s important job values, and these values are compatible with one’s physical and psychological needs”. In conclusion, Locke (1976) has the most accepted opinion: job satisfaction is a positive emotional state that shows the relationship between the employee’s expectation from his job and his offerings of the job.

Furthermore, people could feel satisfied in different dimensions regarding different areas in the job. According to Tett, Meyer and John (1993), job satisfaction is considered to be an effective response to the job either in its entirety (global satisfaction) or to particular aspects (facet satisfaction) i.e. pay, supervision etc. Cherrington (1994) has explained more about this statement. According to him, research on job satisfaction has studied two aspects of job satisfaction, namely, facet satisfaction and overall satisfaction. These two concepts are explained as follows: facet satisfaction refers to the tendency for an employee to be more or less satisfied with various aspects of the job (Johns, 1988). Overall satisfaction is about the general internal state of satisfaction or dissatisfaction within the individual.

When we study the job satisfaction, there is some adjacent concepts that often come together in the literature. The concept of motivation is one of being often mentioned by researchers. Therefore, the differences between these two concepts need to be distinguished. According to Hersey and Blanchard (1988), motivation and satisfaction are quite different from each another in terms of return and performance. Whiseand and Rush (1988) explained that motivation is the individual’s pay-out in doing something and to satisfy his needs; whereas job satisfaction defined by Locke (1976) is simply a positive emotional state of feeling resulted from job. Motivation is affected by current perception or forward-looking understanding about the relationship between performance and return; whereas job satisfaction is about how people feel about the returns or rewards they have already received for their past performance. In other words, motivation is consequence of expectations in the future while satisfaction is result of past events. In terms of employees’ feelings toward their jobs, motivation is influenced by the job itself and it will affect employees’ sentiment towards jobs correspondingly (Wregner and Miller, 2003; Fuller et.al., 2008). In contrast, job satisfaction is considered as a reverse relationship where job

itself decide employees' positive or negative feeling towards the particular job (Megginson et. al., 1982; Sempane et. al., 2002; Robbins and Judge, 2010).

2.3. Predictors affecting job satisfaction

Many theories and works mentioned the factors which could possibly influence job satisfaction: some of factors are pay and benefits, fair performance appraisal, career and promotional opportunities, reward and recognition, work-family life balance, the job itself, working conditions, leadership and autonomy in the job. Job satisfaction involves a vast number of variables, circumstances and behavioral tendencies (Neog and Barua, 2014). This opinion is supplemented by Sageer, Rafat and Agarwal (2012), defending that good relationship with colleagues, high salary, good working conditions, training opportunities, career developments or any other aspects may be related with the improvement of employee job satisfaction. According to Frederick Herzberg (1966), American behavioral scientist, in his two-factor theory found that intrinsic factors like job itself, responsibility and achievement are related to job satisfaction and extrinsic factors like supervision, pay, company policies and working conditions are associated with job dissatisfaction. A study conducted by Yuan Ting (1997) found that three sets of factors: job characteristics (such as promotional opportunity, task clarity and pay satisfaction), organizational characteristics (such as relationship with supervisors and co-workers) and individual characteristics have significantly affected the job satisfaction.

In our study, we intend to be focusing more on the factors in which HRM practices can affect employee job satisfaction.

2.4. Human Resource Management Practices and Job Satisfaction

2.4.1. Human Resource Management Practices

Lado and Wilson (1994: 701) describe a human resource system as “a set of distinct but interrelated activities, functions and processes that are directed at attracting, developing, and maintaining a firm's human resources”. The overall purpose of human resource management is to ensure that the organization is able to achieve success through people (Armstrong, 2006). Many scholars tried to define the HRM practices. For example, according to Bedamine (2004), it can be briefly summarized under five major domains:

(i) organizational design; (ii) staffing; (iii) performance management appraisal; (iv) employment training and organization development; and (v) reward systems, benefits and compliance.

2.4.2. Relation between HRM Practices and Job Satisfaction

The most common HRM practices are recruitment, selection, training and development, compensation, rewards and recognition (Yeganeh and Su, 2008). However, regarding the job satisfaction, many scholars have extended the HRM practices. Taseem and Soeters (2006) have studied about eight HRM practices and policies and their relationship with job satisfaction, including human resource management policy, human resource planning, policy and philosophy, recruitment and selection practices, placement practices, training practices, compensation practices, employee performance evaluation practices, motivational forces and factors, employee grievances, promotion practices, empowerment and physical and social and safety security, self-esteem security and self-actualization security or pension. Meanwhile, Huselid (1995) studied several practices in different dimensions, including personnel and staff selection, performance appraisal system, incentive system, compensation system, job design, empower of decision, information sharing, attitude assessment, labor management relationship and participation, recruitment and selection efforts, employee training, development and promotion criteria. Dessler (2007) has also identified some basic characteristic for the Six HR practices: selective hiring, compensation policy, rewards, recognition, training and development and information sharing, which have been studied with relation to employee job satisfaction. These elements are highly related with the organizational improvement in long run.

In conclusion, HRM practices can be said to comprise the practices of acquiring, retaining, empowering and motivating employees. We try to find what HRM practices influence Chinese employee's job satisfaction in FIEs. Thus, according to Pfeffer (1998), in our study we decide to choose the practices that have been investigated from the perspective of job satisfaction: i) recruitment and selection, ii) teamwork, iii) extensive training, iv) performance appraisal, v) job design, vi) compensation on job satisfaction.

Job design. Job design is one of the most effective tools to optimize employee's performance. It can be defined as changing the content and processes of a job, in order to increase satisfaction, motivation and productivity (Knapp and Mujtaba, 2010). A suitable

job design helps to bring involvement of an employee in work-related activities which could forecast employee output, productivity and organizational success (Bates, 2004; Harter, 2002; Bauru, 2004). Parvin (2011) also stated the purpose of job design is to increase the job satisfaction level which could bring about the superior performance of worker.

Various psychological articles claim that changes in job design can be expected to produce better employee job performance and job satisfaction (Lawler, 1969).

Modern behavioral scientists like Herzberg (1966) believe that work should be challenging, varied and meaningful so that the higher needs of employees are satisfied. Thus, a job should be designed in such a way so that it can provide satisfaction of higher needs. This type of thinking refers to 'job enrichment', which emphasizes psychological growth of employee through work itself. Job enrichment is seeking to "improve both efficiency and satisfaction with building into people jobs, a greater dimension for personal achievement, more challenging and responsible work and more chance for individual growth" (Paul, Robertson and Hersberg, 1969). According to Hodgetts and Hegar (2005), job design gives the feeling of understanding the work, identification and significance of task to employees and it provides skills variety, independence and feedback, as a result, job satisfaction. In conclusion, jobs that are rich in positive behavioral elements, such as autonomy, task identity, task significance and feedback, contribute to employee's satisfaction (Alam Sageer, 2012).

Recruitment and selection. Recruitment and selection is the process of attracting individuals on timely basis, in sufficient numbers and by means of appropriate qualifications (Walker, 2009). Organizations use these procedures to hire individuals who possess adequate skills and competencies to be successful in their jobs (Walker, 2009). The process of recruitment and selection enables organizations to acquire the appropriate talents in line with their goals and objectives (Huselid, 1995). Effective and productive recruitment process also helps companies to respond to market demands and challenges in a proactive way in dynamic markets.

Better recruitment and selection strategies result in better organizational outcomes and employee job satisfaction (Huselid, 1995). The more effectively organizations recruit and select candidates, the more likely they are to find and retain satisfied employees.

Additionally, the effectiveness of hiring system can influence productivity and financial performance of the organization (Hall and Torrington, 1998).

Targeting, recruiting and selecting right potential candidates makes sure a good match between employees and the vacancies. According to Johnston (1999), under qualified employees may not be able to perform their job positions confidently and effectively due to lack of knowledge and skills, on the other hand, over qualified employees tend to experience less job satisfaction because of their higher qualification than a desired level for the position. Thus, an appropriate recruitment and selection practice is very vital to employee job satisfaction.

Training. Training is thought to weaken the influence of factors which may result in dissatisfaction of employees at work (Xiao, 1996). Thus, it may be provided for employees with training programs in various functions and training on job skills (Ahmad and Schroeder, 2003). In order to achieve development, training helps employees to broaden their knowledge and competencies (Jun et al., 2006). Martensen and Gronholdt (2001) found that the development of individual capacities through training projects has a positive impact on employee satisfaction. When employees participate in training programs, they achieve self-confidence of accomplishing their jobs, as well as observing career development opportunities and they think that organizations are making investment in them (Jun et al., 2006). As result, employee satisfaction increases. Many authors agree that training is an important predictor of employee positive attitudes and satisfaction (Shields and Wheatley, 2002; Schmidt, 2007). A series of planned activities of an organization helps to extend the job knowledge and skills of its members consistently in line with the organization goals (Landy, 1985). In another research in UK, Jones et al. (2008), Gazioglu and Tinsel (2006) emphasize that the job training has a positive effect on employee job satisfaction. Blum and Kaplan (2000) have also noted that opportunity to acquire new skills and the job satisfaction is positively associated with each other. Generally, well-trained employees, not only require less supervision (Gutteridge, Leibowitz and Shore 1993) but also seem to have higher morale and lower levels of attrition.

Team work. Teamwork involves groups of interdependent employees who work in a cooperative way to achieve group outcomes (Parker and Wall, 1998). Prior research has

found that teamwork is vital to organizational success (Mirvis 1997; Lau and Ngo, 2004). Team work not only could help to enhance problem solving abilities, improve communication and participation among employees, but also help to create a harmonious work culture in the organization. As a result, it is believed that teamwork activities make contribution in helping increase the level of employee's job satisfaction in an organization (Lau and Ngo, 2004). However, multiple factors could affect job satisfaction of team members, such as the composition of the team, group processes within the team, the nature of the work itself, degree of communication between members and participation in the work (Campion et al., 1993; Gladstein, 1984). Those factors operate in combination, therefore there is no simple conclusion that which variable is influencing job satisfaction independently.

The support and understanding from supervisors is also a strong determinant of job satisfaction among these factors (Yukl, 1989). Leadership is considered important for the development of teams (Bass, 1997; Manz and Sims, 1987; Tjosvold, 1995) and is often thought to be a necessary factor in models of employee satisfaction (Campion et al., 1993; Cohen et al., 1996; Gladstein, 1984).

Compensation, including pay, rewards and incentives. The level of satisfaction is discriminatory with the payment and benefits, which are very critical features. There is a positive relation between equity based on compensation and performance (Frye, 2004). In a study conducted by Sokoya (2000) regarding job satisfaction level, the income is the major factor of job satisfaction. In another investigation about relationship between job satisfaction and pay, it was also found that job satisfaction is affected by the pay (Nguyen et al., 2003). As found by Wallace and Schwab (1974), one of the most important factors that could determine the employee's satisfaction with particular aspects is the satisfaction with pay, which could be positively related to each other. In order to produce the required levels of performance, employees need to be rewarded and provided with appropriate incentives (Guest 1997; Lee and Miller, 1999). In a result, incentives also influence the level of employee satisfaction (Lawler, 2000). When incentives are used properly, they may make important contributions to the development and growth of an organization (Milkovich and Boudreau, 1998). The reward or compensation is a very important tool to control employee turnover at the same time. It encourages the organizational commitment of the employee, which in turn heighten employee job satisfaction (Zobal, 1998; Chiu et

al., 2002; Moncarz et al., 2009). Rewards are positively linked to employee job satisfaction (Gerald and Dorothee, 2004). Their research noted one important conclusion that employees are more satisfied with the rewards that they actually perceive. To Clifford (1985), he also argues that employee job satisfaction may be determined through job rewards.

Performance Appraisal. Performance appraisal (PA) is one of the most important HRM practices (Murphy and Cleveland, 1995). They are designed to inspire and motivate employees to control and improve their future performance (DeNisi and Pritchard, 2006; Selvarajan and Cloninger, 2012). Many decisions such as promotions, pay raises and career development are based on the results of the PA process. Performance appraisals consist of both developmental and evaluative dimension (Boswell and Boudreau, 2002). In addition to evaluating employee performance, for example, by setting goal and target, the developmental use of PA is about competencies and skills that employees should acquire and that are identified by means of PA (e.g. training and development needs). For instance, one important application of PA is performance-related pay (PRP) systems, which are often applied to connect employee objectives with those of the company and to motivate and reward employees (Milkovich and Newman, 2004). Study on goal-setting may help to understand the relationship between PA and job satisfaction, which shows that the level of goal achievement is often linked to PRP, consequently closely related to employee job satisfaction. This conclusion is supported by Bryson, Clark and Freeman (2012), Green and Heywood (2008), Heywood and Wei (2006), which shows that PRP is associated with higher levels of job satisfaction. Levy and Williams (2004), Pichler (2012), Selvarajan and Cloninger (2012) have broadly analyzed the impact of different contextual factors of PA on employee reactions to these appraisals, such as appraisal satisfaction to improve individual performance. One important factor is the rater–ratee relationship, which includes rating accuracy, supervisor support, trust, and reliability. This relationship can be precondition for the acceptance of appraisal system. Rating distortion is a topic that is very common in many organizations (Kane, Bernardin, Villanova and Peyrefitte, 1995; Moers, 2005), which could result in less satisfaction among employees and decrease willing to make effort. Furthermore, previous study has stated that employees' attitudes toward justice and fairness of the PA system are also important characteristics related with job satisfaction (Cheng, 2014; Greenberg, 1986; Lau, Wong, and Eggleton, 2008;

Pettijohn, Pettijohn and d'Amico, 2001; Selvarajan and Cloninger, 2012). Other important factors also include the quality of the overall appraisal process and the performance feedback provided by team leader. To supplement this finding, Blau (1999) finds a positive relationship between the four dimensions of PA satisfaction (timeliness, procedures, setting goals, feedback) and employee job satisfaction. Meanwhile, satisfaction with PA feedback is positively associated with job satisfaction (Jawahar, 2006). Sommer and Kulkarni (2012) demonstrate that giving constructive feedback to employees is positively associated with career opportunities and respect which in turn positively impacts job satisfaction. Additionally, participation in the PA process and the quality of the received feedback is positively related to employee satisfaction, perceived fairness, and degree of acceptance for HRM practices (Cawley, Keeping and Levy, 1998; Selvarajan and Cloninger, 2012).

Furthermore, PA may result in higher levels of pay dispersion within and outside the company, which potentially reduces employee satisfaction when employees feel that they are facing the inequity. Large amount of studies has proved that pay comparisons among employees, departments and outside the organization, especially the rank in income, would negatively impacts pay satisfaction and job satisfactions (Brown, Gardner, Oswald and Qian, 2008; Card, Mas, Moretti and Saez, 2012; Clark, Masclet and Villeval, 2010; Ockenfels, Sliwka and Werner, 2015).

It's important to stress that HRM practices never came alone, they are all aligned with each other and have effect on employee's job satisfaction. According to Bauer (2004), individuals seem like to have a higher level of communication with colleagues, employees and outsiders of the organization; a greater involvement in decision-making process. In other words, their overall job satisfaction might increase when an employee participates in decision-making, he or she can trust on his or her supervisors, in result, they could perceive their job as challenging and intrinsically rewarding. That is why Appelbaum (2000) added that communication, participation and compensation are positively related to positive attitudes toward the job and higher level of job satisfaction.

According to Cartwright and Holmes (2006), the critical role of HRM practices has inherent relation with job satisfaction and will bring about the positive effects on job satisfaction all together. HRM practices, such as upward communication systems, teamwork and problem-solving group, could give employees chances and autonomy to

contribute to decision making. Considering this, we can say that employees tend to perceive HRM practices not as isolated actions from the company, but as a whole, resultant from the values of that are shared by the management. They are sensitive to the presence (or absence) of a logic between them, and this can influence the strength and the effectiveness of the HRM practices on job satisfaction.

2.5. Hypothesis of the study

Taking into account all the knowledge collected about our topics, we designed the following hypotheses for our study, regarding the type of companies, job satisfaction and HRM practices:

H1: HRM practices are perceived differently between State Owned Enterprises and Foreign Invested Enterprises

H2: Job satisfaction level is different between State Owned Enterprises and Foreign Invested Enterprises

H3: HRM practices are positively correlated with job satisfaction

H3a: Communication and participation are positively correlated with job satisfaction

H3b: Training and development are positively correlated with job satisfaction

H3c: Compensation is positively correlated with job satisfaction

H3d: Retention is positively correlated with job satisfaction

H3e: Performance appraisal is positively correlated with job satisfaction

H4: HRM practices explain job satisfaction

H4a: Communication and participation explain job satisfaction

H4b: Training and development explain job satisfaction

H4c: Compensation explains job satisfaction

H4d: Retention explains job satisfaction

H4e: Performance appraisal explains job satisfaction

H5: Type of company moderates the relation between HRM practices and job satisfaction

H5a: Type of company moderates the relation between communication, participation and job satisfaction

H5b: Type of company moderates the relation between training, development and job satisfaction

H5c: Type of company moderates the relation between compensation and job satisfaction

H5d: Type of company moderates the relation between retention and job satisfaction

H5e: Type of company moderates the relation between performance appraisal and job satisfaction

3. Research Methodology

This chapter aims to document the methodological aspects of the work, including the sample, procedure and measures. In addition, a data analysis strategy is delineated and, at the end of this chapter, we try to build a completed model to analyze the relation between job satisfaction and HRM practices.

3.1. Participants

The participants were recruited online, through QuestionnaireStar, a Chinese professional on-line questionnaire collection instrument, via Chinese social software Wechat. The data resulted from a non-probability sampling method, namely convenience sampling. The individuals had to meet the criteria to be part of the sample: to have worked as formal employees or intern in State Owned Enterprises or Foreign Invested ones in China. When the criteria were available, individuals were recorded accordingly. The way to deal with missing information or with extreme loading was that we removed them from the original data in order to make sure that all the answers were valid. After using the SPSS to analyze the original data, we found that there were three respondents with extreme answers (No.80, No.176 and No.209, See Figure 1 and Figure 2). Thus, we excluded them from the data, and the number of total cases included in our analysis is 286 individuals.

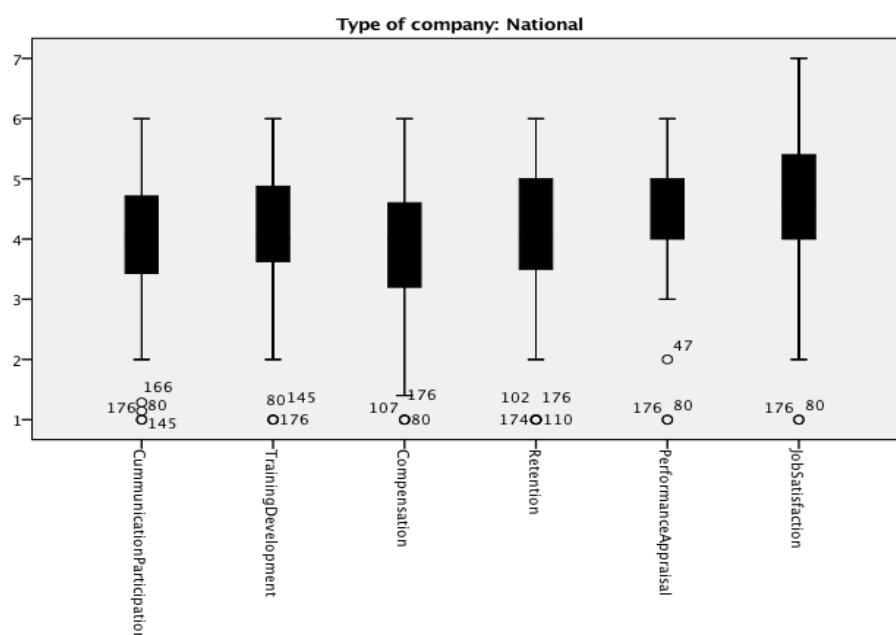


Figure 1: Outliers in the data for State Owned Enterprises

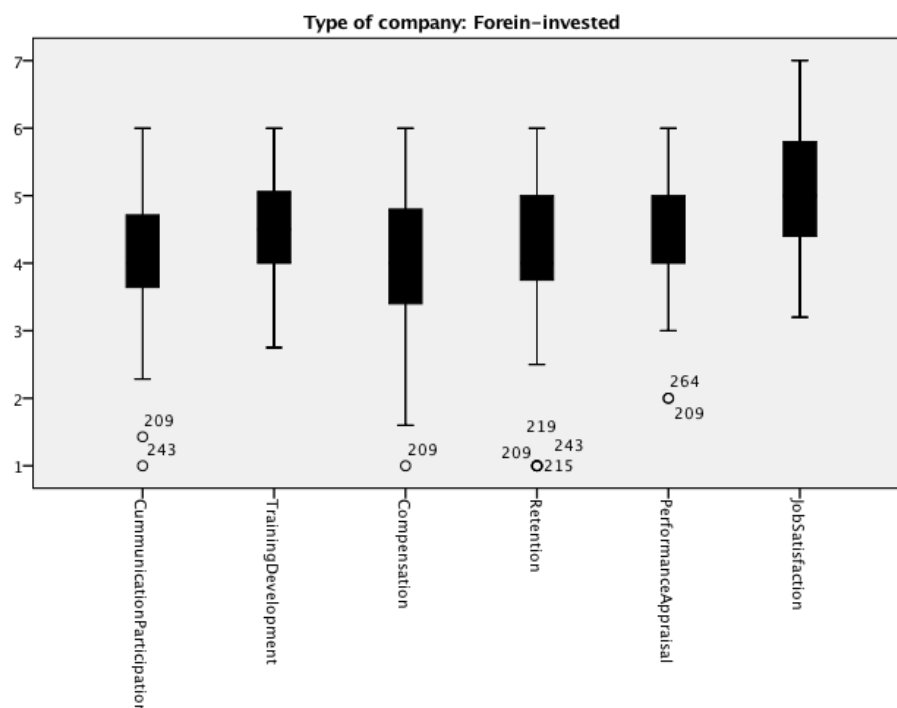


Figure 2: Outliers in the data for Foreign Invested Enterprises

The sample was composed of Chinese employees who work in China ($N = 286$). Among the respondents, 65.74% ($N=188$) of employees were working in State Owned Enterprises and 34.26% ($N=98$) were in Foreign Invested ones.

Regarding the characteristics of the participants, 201 were female (69.9%) and 85 were male (30.1%). In term of age, it varied between 21 and 60 years ($M=31.38$, $SD=8.036$). The majority were in their 20s (58.48%) and 30s (28.72%), whereas 11.07% were between 41 and 50, and only 1.73% were over 50.

Concerning the level of education, the Bachelor's degree was the most common educational level in our sample (61.94%), closely followed by the Master's degree (26.99%) (See Table 1).

Education
Bachelor (61.94%)
Master (26.99%)
Post-graduation (7.27%)
High school (2.08%)
Below high school (1.04%)

Doctor (0.69%)

Table 1: summary of education

The most common specific sector of companies was “Finance” (22.15%), followed by “Manufacturing” (13.84%), “Education” (8.30%), “Culture and Sport” (6.23%), “Agriculture” (5.88%), “Construction” (4.84%) and “Public Administration” (4.50%). (See Table 2).

Sectors of companies
Agriculture (5.88%)
Mining and quarrying (0%)
Manufacturing (13.84%)
Utilities (2.08%)
Construction (4.84%)
Wholesale and retail trades (3.81%)
Transport, storage and postal services (3.81%)
Accommodation and catering (2.08%)
Finance (22.15%)
Real state (0.69%)
Leasing and commercial service (2.07%)
Scientific research and polytechnic services (3.81%)
Administration of water, environment and public facilities (0%)
Resident, repair and other services (2.08%)
Education (8.30%)
Health care and social work (3.81%)
Culture, sport and entertainment (6.23%)
Public administration, social insurance and social organizations (4.50%)
International organizations (0.69%)

Table 2: summary of sectors

Regarding the professional working experience, it ranged from 0 to 50 years ($M=8.69$, Median=5). More than half of participants have worked below 5 years (included five years) (53.13%) and 46.87% had the professional experience over 6 years. Similarly, the time of working in the present companies for most of respondents was below 5 years (included 5

years) (67.47%) and 14.53% of employees were working between 6 and 10 years. The rest of 18% were working over 11 years in the current organizations. When answering the question about subordination, the majority reported not having subordinates (76.82%) and 23.18% responded that they did have.

Regarding the dimension of organizations, most of participants worked in big companies (59.17%). Around 36.33% were in medium and small ones, while only 4.49% of employees were working in micro enterprises.

3.2. Procedure

The strategy to run the study, namely for building the instrument used on data collection, was based on the literature review. A draft questionnaire with self-developed questions was pilot tested by 5 employees from different companies to ensure meaningfulness, relevance and clarity. Based on the data analysis from pilot phase and respondents' suggestion, the questionnaire was modified: the order of questions was readjusted for easily reading, wrongly written or mispronounced characters were corrected.

The next step was to release the questionnaires. The data was collected between 20th and 27th of January, with help of QuestionnaireStar, a Chinese Online Survey Software & Insight Platform. Participants were allowed to finish the surveys either during their working time or during spare time. The average completion time for answering this questionnaire was 5 minutes.

To guarantee the quality of survey, most of the questions were required to answer and which could not be skipped. The questionnaires were filled online (sent to the respondents' mobile phones).

Participants were instructed to complete the survey concerning the activities they conducted during their current role.

Also, the anonymity and confidentiality of the information were highlighted.

3.3. Measures

Two main parts composed the questionnaire. In order to know the participants' basic demographic profile, the first part contained demographic data including gender, education level, years of professional experience, the time of working in the current company, type of company, and sector.

The second part of the questionnaire included the measures of job satisfaction and HRM practices, following described in more detail.

All the items were translated to Chinese and then back-translated to English. Back-translation confirmed that meaning had been preserved in the process.

The questionnaire could be seen in Appendix A (p.39).

Job Satisfaction

To assess this construct, we used measures of both specific and general job satisfaction. Specific job satisfaction was measured with the scale from the classical Job Diagnostic Survey (Hackman and Oldham, 1975), which comprises five dimensions of satisfaction – pay (2 items), security (2 items), social (3 items), supervisory (3 items) and growth (4 items). A total of 14 items was presented and participants were asked to indicate how satisfied they were with each aspect of their job. The response scale ranged from Extremely dissatisfied (1) to Extremely satisfied (7).

General job satisfaction was measured using a single-item question, which asked participants to indicate how satisfied they were with their jobs. Global job satisfaction can suitably be measured with a single item, as convergent validity has been reported for this type of measures (Wanous, Reichers, and Hudy, 1997). The response scale ranged between 1 (Extremely dissatisfied) and 7 (Extremely satisfied).

The Cronbach's alpha reported in the original version was .76, and this research achieved a very different internal consistency of .95², which means that all 14 items tended to show the same thing. Thus, we selected one item (trying to select the most prototypical one in each subscale) from each dimension, which were named: "Growth and Development", "Respect and Fair Treatment", "Degree of Fairly Paid", "Secure Things Look in the Future" and "Chance to help Other".

Human Resources Management Practices

In order to measure HRM practices, and because of the lack of a valid and integrative scale for diverse sub-systems of HRM practices, Pedro (2014) created a scale based on relevant literature review, regarding the HRM practices and high performance practices.

² The loading is much higher than the original one. According to Hofstede (1991), Hofstede (1993) and Schwartz (1999), the Chinese people's values are influenced by Confucian dynamism and Confucian dynamism. The result of this phenomenon is that to most of Chinese, it is avoided to have extreme opinions and to choose the compromising attitude is a safe choice to a lot of things. And that is the reason why internal consistency is so high which shows a very similar tendency.

The scale was specially inspired from the study and the dimensions of analysis proposed by Delery and Doty (1996), and Pfeffer (1998), as well as from the empirical work of Bae and Lawler (2000), and Evans and Davis (2005). Most of the items have been newly created and others have been redefined, which were completed by original information from studies realized by HR heads. At the same time, we added some items from the work of Li, Samuel and Kenneth (2007). The initial 32 items comprised Job Design, Recruitment and Selection, Training and Development, Communication and Participation, Performance Appraisal, Retention, Compensation and benefits. A Likert scale of 6 points has been used (1-Totally disagree and 6- Totally agree) to answer.

Among the employees who worked in State Owned Enterprises and FIEs, an exploratory factor analysis of HRM practices items showed a valid five factors solution, after eliminating 8 items, as a result of insufficient loading on the components (KMO = .958; p-value < .05). This solution (see Table 3), extracted after a Direct Oblimin rotation, explained 71.1% of total variance. As represented, the components were named “Training and Development” (8 items, Cronbach α = .93), “Compensation” (5 items, Cronbach α = .90), “Communication and Participation” (7 items, Cronbach α = .93)³, “Retention” (2 items, Cronbach α = .79) and “Performance Appraisal” (2 items, Cronbach α = .76).

³ The Cronbach α here is still very high, the reason for that is the same as the above, Confucian dynamism and it (Hofstede, 1991; Hofstede, 1993 and Schwartz's, 1999) has a great influence on people's answers to the questionnaire.

Results of PCA for Human Resources Management Practices after Direct Oblimin rotation					
Results of PCA for Human Resources Management Practices	Communication and participation	Training and Development	Compensation	Retention	Performance Appraisal
Open communication	0.761				
Care about workers not willing to leave	0.678			0.254	
Give the information about motives	0.659		-0.188	0.122	0.121
Open and easy communication culture	0.657				-0.323
Get involved in designing job position	0.630		-0.218		
Decision-making and problem-solving	0.618		-0.187		
Participate in defining job plans	0.490	-0.215		0.101	
Professional training		-0.886	0.115		
Training values	-0.111	-0.829		0.165	
Access to train for future position		-0.827			
Opportunity to undertake new positions		-0.728			
Develop potential		-0.726	-0.123		
Inside workers to be selected		-0.710			
Development potential values	0.264	-0.664			
Future professional development in performance appraisal		-0.604	-0.304		0.184
Offer the same level of compensation			-0.849		
Salary offered is much higher			-0.847		0.214
Compensation reflects performance			-0.798		-0.106
Generous policy in benefits and premiums	0.140		-0.627		
Compensation is fair	0.211		-0.624	0.105	-0.152
Dismissal will be the last method				0.855	
Avoid dismissal				0.774	
Performance evaluation is periodical	-0.254	-0.237	-0.172	0.396	-0.493
Objective criterion and quantitative results				-0.438	-0.554
Eigenvalue (λ)	17.666	1.700	1.289	1.050	1.029
Explained Variance	55.21%	5.31%	4.03%	3.28%	3.22%
Cronbach α	,930	,931	,909	,790	,762

Table 3: Results of PCA for Human Resources Management Practices after Direct Oblimin rotation⁴

⁴ The missing values in the table are all below 0,1. The system excluded the loadings below 0,1 automatically when running the test

4. Findings

4.1. Perception about HRM Practices by type of companies

H1: HRM practices are perceived differently between State Owned Enterprises and Foreign Invested Enterprises

Hypothesis 1 referred to the different perceptions toward HRM practices for the employees who work in national enterprises and foreign invested ones. As we can see on Table 4, it could be concluded that except Training and Development ($F=11.831$, $\alpha=.01$), all the other HRM practices were perceived in the same way between State Owned Enterprises and Foreign Invested Enterprises.

		Sum of Squares	df	Mean Square	F	Sig.
Communication Participation	Between Groups	.602	1	.602	.713	.399
	Within Groups	240.078	284	.845		
	Total	240.680	285			
Training Development	Between Groups	8.364	1	8.364	11.831	.001
	Within Groups	200.782	284	.707		
	Total	209.146	285			
Compensation	Between Groups	2.169	1	2.169	2.154	.143
	Within Groups	285.931	284	1.007		
	Total	288.100	285			
Retention	Between Groups	.011	1	.011	.010	.921
	Within Groups	308.231	284	1.085		
	Total	308.242	285			
Performance Appraisal	Between Groups	1.274	1	1.274	1.774	.184
	Within Groups	204.014	284	.718		
	Total	205.288	285			

Table 4: ANOVA Test for the HRM practices and job satisfaction through type of companies.

In conclusion, the Hypotheses 1 were partially confirmed, which were:

Communication and Participation, Compensation, Retention, Performance Appraisal are perceived in the same way between Chinese and Foreign Invested Enterprises.

Training and Development are perceived differently between Chinese and Foreign Invested Enterprises

4.2. Job satisfaction level in different type of companies

H2: Job satisfaction level is different between State Owned Enterprises and Foreign Invested Enterprises

To be surprised, Hypothesis 2 was not confirmed by our data, which referred that the level of job satisfaction is the same between State Owned Enterprises and Foreign Invested Enterprises. As we set a null hypothesis as H_0 , which would be: Variance for mean job satisfaction is equal between State Owned Enterprises and Foreign Invested Enterprises, and an alternative hypothesis H_1 : Variance for mean job satisfaction is different between State Owned Enterprises and Foreign Invested Enterprises. From the result ($F=1.481$, $\alpha=.225$, $p<.05$), it did not reject the null hypothesis: there is no statistical difference in job satisfaction between State Owned Enterprises and Foreign Invested Enterprises. The finding means that for the Chinese employees who work in China either in local or in Foreign Invested Enterprises, there are no different feelings regarding the overall job satisfaction.

4.3. The relationship between HRM Practices and Job Satisfaction

4.3.1. The correlation between HRM practices and job satisfaction

H3: HRM practices are positively correlated with job satisfaction

H3a: Communication and participation are positively correlated with job satisfaction

H3b: Training and development are positively correlated with job satisfaction

H3c: Compensation is positively correlated with job satisfaction

H3d: Retention is positively correlated with job satisfaction

H3e: Performance appraisal is positively correlated with job satisfaction

To test our third hypothesis, we performed a correlation analysis between each HRM practice and job satisfaction. The general descriptive statistics (means, standard deviations and variables' correlations) are shown in Table 5.

The results demonstrated that there is a positive and significant correlation between job satisfaction and Communication/Participation, Training and Development, Retention, Performance Appraisal and Compensation. It could be found that all the loadings were above 0.5 (except for Retention, but it was very close to 0.5), which means that the relationship between HRM practices and job satisfaction was positive and relative strong. The closer of loadings to 1, the stronger relationship between HRM practices and job satisfaction. Therefore, the Training and Development were correlated to job satisfaction much stronger ($r=.650$, $p<.05$), and Retention was less correlated to job satisfaction ($r=.490$, $p<.05$)

Thus, our Hypothesis 3 were confirmed, showing that all the HRM practices are positive correlated to job satisfaction.

Variables	Mean	SD	1	2	3	4	5	6
1. Communication and Participation	4.09	0.92						
2. Training and Development	4.34	0.86	.752**					
3. Compensation	3.94	1.01	.759**	.718**				
4. Retention	4.19	1.04	.597**	.521**	.511**			
5. Performance Appraisal	4.54	0.85	.617**	.693**	.628**	.525**		
6. Job Satisfaction	4.81	0.98	.616**	.650**	.619**	.490**	.590**	

p ≤ .1* p ≤ .05 **

Table 5: Means, standard deviations, and zero-order correlation between variables

4.3.2. Do HRM Practices explain Job Satisfaction?

H4: HRM practices explain job satisfaction:

H4a: Communication and participation explain job satisfaction

H4b: Training and development explain job satisfaction

H4c: Compensation explains job satisfaction

H4d: Retention explains job satisfaction

H4e: Performance appraisal explains job satisfaction

Hypothesis 4 was formulated in order to find which HRM practices effectively contribute to the level of job satisfaction.

As presupposed, the null hypothesis (H_0) was: the variable has no significant contribution to explain the variation of job satisfaction and the alternative hypothesis (H_1) was: the variable has a significant contribution to explain the variation of job satisfaction.

When analyzing the result, H_0 was rejected for Training and Development ($\alpha=0.000$, $p<.05$), Compensation ($\alpha=0.007$, $p<.05$) and Performance Appraisal ($\alpha=0.007$, $p<.05$). It means that those variables have significant contribution to explain the variation of job satisfaction.

Then seeing the rest of variables ($\alpha=0.143$, $\alpha=0.56$, $p<.05$), we can say that H_0 was not rejected for Retention and Communication, it means that the variables do not have a significant contribution to explain the variation of job satisfaction. So, these two variables can be removed from the model.

Thus, the theoretical model for job satisfaction in our sample (and with our measures) could be set as:

$$\text{Job Satisfaction} = \alpha + \beta_1 * \text{Training} + \beta_2 * \text{Compensation} + \beta_3 * \text{Performance Appraisal}$$

Hitherto, hypothesis 4 have been tested by the data and our conclusion is:

Communication, Participation and Retention do not help to explain job satisfaction, while Training and Development, Compensation and Performance Appraisal help to explain job satisfaction.

4.3.3. The relationship between HRM Practices and Job Satisfaction by type of companies

H5: Type of company moderates the relation between HRM practices and job satisfaction

H5a: Type of company moderates the relation between communication, participation and job satisfaction

H5b: Type of company moderates the relation between training, development and job satisfaction

H5c: Type of company moderates the relation between compensation and job satisfaction

H5d: Type of company moderates the relation between retention and job satisfaction

H5e: Type of company moderates the relation between performance appraisal and job satisfaction

Moreover, the moderating effect of type of companies on relationship between HRM practices and job satisfaction (Hypothesis 5) was analyzed. The goal is to test if the impact of HRM practices on job satisfaction is different in the two types of companies. In other words, the aim of H5 is to explore the moderator role of the type of company in the relationship between HRM practices and job satisfaction. Because the moderator is type of company, which is a dichotic variable instead of a continuous one, we cannot use the usual moderation test, so we test the regression for the two groups separately. The results (see Table 6) indicated that the type of companies significantly affected the relationship between HRM practices and job satisfaction.

In more detail, for State Owned Enterprises, the variables Performance Appraisal ($\alpha=0.015$, $p<.05$), Training and Development ($\alpha=0.036$, $p<.05$) have significant

contribution to explain the variation of job satisfaction. For FIEs, the only variable Compensation ($\alpha=0.000$, $p<.05$) has significant contribution to explain the variation of job satisfaction.

In other words, the Performance Appraisal and Training and Development seem to play a very important role for employee's job satisfaction in State Owned Enterprises, while Compensation is the only factor which could affect the employees' level of job satisfaction in FIEs.

Type of companies	Variables	B	Standard error	Beta	t	P
National	Constant	1.217	0.339		3.589	0.000
	PerformanceAppraisal	0.226	0.092	0.194	2.466	0.015
	TrainingDevelopment	0.231	0.109	0.202	2.117	0.036
	Compensation	0.127	0.087	0.134	1.465	0.145
	CummunicationParticipation	0.130	0.105	0.123	1.245	0.215
	Retention	0.112	0.063	0.119	1.787	0.076
Foreign-invested	Constant	1.092	0.372		2.938	0.004
	PerformanceAppraisal	0.058	0.102	0.053	0.569	0.571
	TrainingDevelopment	0.226	0.131	0.193	1.726	0.088
	Compensation	0.406	0.107	0.402	3.798	0.000
	CummunicationParticipation	0.264	0.138	0.252	1.916	0.058
	Retention	-0.023	0.101	-0.026	-0.227	0.821

Table 6: Multiple regression analysis results for the relationship between job satisfaction and HRM practices through types of companies

5. Theoretical and Practical Implications

This research offers five important theoretical and practical insights on the relationship between job satisfaction and HRM practices

First, more could be learned about the Chinese employees' different perceptions toward HRM practices in State Owned Enterprises and FIEs. From the results, it can be analyzed that most HRM practices were perceived in the same way by Chinese employees, except Training and Development. The meaning of this result is that, to most employees, the understandings toward HRM practices are very similar, excluding Training and Development. The reason for that is probably because State Owned Enterprises and FIEs have very different activities and practices in the area of training, which results in very distinguished attitudes of employees in two types of companies (Gamble, 2003, 2006; Huang and Gamble, 2011). In practical term, it is key for the managers in two types of companies to notice that they should improve HR activities in order to help employees know better about HRM practices, especially the training and development. For State Owned Enterprises, such decisions could contribute to bridging the gap in area of HRM practices with western HPHR.

Second insight, before the hypothesis testing, it was commonly thought that it would be different level in job satisfaction for employees between State Owned Enterprises and FIEs. However, the result was in the opposite sense, showing that there was no significant difference in job satisfaction level. Considering the demographic factors of employees of our sample, including gender, education level, years of professional experience, the time of working in current company, type of company, and sector of company, the result shows that there's no apparent difference. In other words, the employees' feeling of job satisfaction will not be significant diverse whether they work in State Owned Enterprises or in Foreign Invested ones. The reason for this maybe is that there are still some other factors affecting employees' job satisfaction. However, in our study, we did not take these factors in consideration. In the future research, we should use more variables or other methods to evaluate the level of satisfaction in order to study the differences between State Owned Enterprises and Foreign Invested ones.

Thirdly, all the HRM practices in this study are correlated with job satisfaction, which means that the feelings toward HRM practices could be associated with overall job satisfaction. Among the results, it could be found that the perception of Training and Development are more related to the satisfaction, on the contrary, Retention had the less

relation with satisfaction for the employees. In other word, what company does in the area of Training and Development will affect staff's attitudes and opinions to the job satisfaction most. And the degree of association was decreasing progressively from Compensation, Communication and Participation, Performance Appraisal to Retention. In practice, managers in enterprises should pay more attention to employee's training and development, because it is the predictor more related to worker's overall job satisfaction. According to Harter (2002), the relationship between employee job satisfaction and the organizational performance could be measured by productivity and profit. The employee satisfaction has a positive impact on market performance, and market performance in turn has a significant impact on financial performance (Evans and Jack, 2003). Higher satisfaction will lead to higher productivity and will consequently leads to the elevation of the organization. Thus, to improve training is very important and fundamental for the growth of organization. However, the HRM practices like Compensation, Communication and Participation, Performance Appraisal to Retention should not be ignored either. They all play very irreplaceable role in ascending employee's job satisfaction, and in return, it will contribute to organization development (Harter, 2002).

Fourth, it was tested in the former part that there was no different level of job satisfaction between State Owned Enterprises and FIEs, then we tried to find out what factors will indeed affect the employee's satisfaction in term of HRM practices. Our results contribute to building a theoretical model to show what relationship between dependent job satisfaction and independents HRM practices. After analyzing the data, we finally design an equation which could be expressed as: $\text{Job Satisfaction} = 1.024 + 0.299 * \text{Training} + 0.186 * \text{Compensation} + 0.19 * \text{Performance Appraisal}$.

In a graphic model:

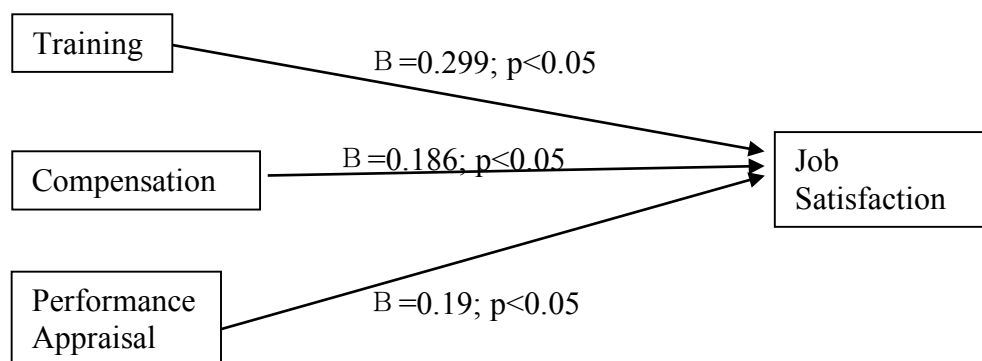


Figure3: Research model

The result is quite obvious that there is a positive relation between the dependent and independent variables in the model. We could find that no matter which one of these HRM practices (Training, Compensation and Performance Appraisal) increases, the overall degree of job satisfaction will be increasing at the same time. Although the factors that affect feeling of job satisfaction have a lot, it could be concluded in our study that for Chinese employees, whether they work in State Owned Enterprises or Foreign Invested ones, the factors could be any one of the Training, Compensation and Performance Appraisal, or three of them simultaneously. In reality, it is not practical to use an equation like the above one to calculate precisely by means of unity about how to improve employee's job satisfaction. Moreover, trying to see a complex phenomenon involving psychological constructs in such a mathematical way can drive managers to biased and simplistic decisions. It is important and necessary for managers to understand the deep meanings behind the equation and know well the whole process of realizing the practices in order to improve employee job satisfaction. However, the theoretical model provides us an insight of looking into the relationship between job satisfaction and HRM practices, and it helps to show managers the ways to make improvements. In order to heighten level of employee job satisfaction in China, the leaders in enterprises should concentrate on the HRM practices like Training and Development, Compensation and Performance Appraisal.

Fifth, we tried to find out what the moderating role type of companies plays in the relationship between the dependent job satisfaction and independent HRM practices. When analyzing the output, it was found that the results were quite different, which is probably one of our most interesting findings. For the employees who work in State Owned Enterprises, the HRM practices that affect job satisfaction are Training and Performance Appraisal. Every time these two factors increase (it could be increasing one of them or both), the overall job satisfaction will be ascending accordingly. This means that satisfaction has more relation with Training and Performance Appraisal. Meanwhile, for the employees who work in FIEs, the only factor that affects staff's job satisfaction is Compensation. For these participants, when the feeling about compensation is increasing, the degree of satisfaction will be fortifying. The relationship between the dependent and independent variables is relative and positive. Above all, it is a very noticeable phenomenon: the only HRM practice employees perceive differently between State Owned Enterprises and Foreign Invested ones is training. However, the result shows that

different practices (not just training) would affect employees' job satisfaction in two different kinds of companies. In practical term, the managers in State Owned Enterprises should focus more on performance appraisal, training and development, because these two variables could significantly affect employee's job satisfaction. The methods could be: offering employee opportunity to accept training in order to extend the knowledge and skills (Landy, 1985), motivating employees to participate in the training activities (Blum and Kaplan, 2000), building a complete HR system for promotions, pay raises and career development (Boswell and Boudreau, 2002), setting goals and objectives for employees (Milkovich and Newman, 2004), offering the periodical feedback to workers (Blau, 1999) and paying attention to rank in income either inside the organization or outside (Brown, Gardner, Oswald and Qian, 2008). On the other hand, for decision-makers in Foreign Invested ones, they should pay more attention to compensation, because Chinese workers value this variable much more than the rest of HRM practices. The suggestions could be: offering employees fair and appropriate incentives (Guest 1997; Lee and Miller, 1999) and using a set of monetary and non-monetary rewards to motivate employees in organization (Frye, 2004). However, it is necessary to notice that managers should not only focus on compensation. If so, it will be the only factors that combines employees and organization. The relationship between two sides are more like an exchange of benefits instead of an identification of organizational culture, and this can be problematic in the long-term retention.

6. Conclusion, Limitations and Suggestions for Future Work

6.1 Conclusion

This study is an attempt to examine and analyze the relationship between job satisfaction and HRM practices in different types of companies. In the present study, the estimated regression model identified that the HRM practices like Performance Appraisal, Training and Development have significant impact on job satisfaction in State Owned Enterprise, and Compensation has significant impact on job satisfaction in FIEs.

The study recommends that if the type of companies is not under consideration, the enterprises managers in China should pay more attention to HRM practices like Retention, Communication and Participation so as to heighten employees' job satisfaction. Meanwhile, the efforts in Training and Development, Compensation and Performance Appraisal should not be ignored. The study also recommends that the methods to improve employee's job satisfaction would be differentiated because the companies in China could be separated into two types: State Owned Enterprise and Foreign Invested Enterprise. In State Owned Enterprises, the Chinese managers have to build new policies to improve employee's attitude toward Compensation, Communication, Participation and Retention. Other practices like Performance Appraisal, Training and Development need to be maintained in order to achieve high level of job satisfaction. The focus is quite different in FIEs. For these decision-makers, they should not only use Compensation as an incentive to motivate employees, but also they should concentrate on developing practices in Performance Appraisal, Training and Development, Communication and Participation and Retention in order to improve the employee's overall level of job satisfaction. Managers should keep in mind that job satisfaction is the pre-condition of building a successful organization. The HRM practices, such as Performance Appraisal, Training and Development, Communication and Participation, Retention and Compensation, should be treated fairly in the organization and the improvements should be developed in order to maintain the balance of efficiency and production of the organization.

6.2 Research limitations and suggestions for future work

To understand research limitations and the possible impacts on the results is necessary for better understanding the problems investigated.

The first limitation is related to the research sample. This research was carried out by 286 respondents who decided to participate in our empirical research. The sample is relatively small, although it involved nearly 300 participants, and restricted to few sectors in China. Consequently, the findings may not be generalized to the whole situation for Chinese employees about the job satisfaction. Considering that the research problem of this study is very specific because it tests two very sensitive dimensions of company's operations – job satisfaction and the HRM practices, the results only show the overall relationship between these two variables in a large number of sectors, but not the particular one. However, the conclusions would be diverse in different industries. Therefore, in order to analyze the certain relationship between job satisfaction and HRM practices of Chinese employees, some particular sectors could be selected in future research. And the samples should be amplifying because it could be enhancing the reliability of the study.

The next limitation refers to the scales used in our study. As is shown in Chapter 3 Research Methodology, the internal consistency for job satisfaction is very high (.95), and the Cronbach α for different components in HRM practices are also very high (with three of them showing values above .90: Training and Development .93; Communication and Participation .93; and Compensation .90). The meaning of these high values is that the employees have the very similar attitudes toward the different subscales of job satisfaction and the same reasoning is valid for the different HRM practices, and there are no differentiated opinions in face of the diverse questions. The reason for this output is probably the culture. In Chinese culture, people are very “Zhongyong”, which means that it is rare to choose the extreme answers for the questions, because they think it is too aggressive and subjective. Chinese people like the “middle” attitude, which will not hurt any side of the parties so that it could bring about the satisfied result for everyone. In order to make improvement, the Likert Scale in the study could be modified and adapt to Chinese culture in future research. For example, the answer scales should avoid the neutral attitudes, forcing people to take an extreme position (agree or disagree) and use a Likert scale with more points to improve variability in answers, trying to enlarge the number of available options.

And finally, in order to overcome these limitations, further research is recommended to use both qualitative and quantitative methods. As is used in our study, the original instruments to investigate job satisfaction and attitudes toward HRM practices are most applied in occidental cultural contexts, not oriental ones. The way of translation for

different languages may be leading to misunderstanding. Besides that, the way of thinking and feeling about work may not be the same between the cultures. Thus, the qualitative method could improve the validity of the study. The qualitative method, such as interview with employees, could help quantitative method, such as questionnaire, adapt to specific contexts and enrich the contents in consequence. In other word, the qualitative method could supplement the parts that the original instrument did not involve previously, and help researches to access employees' attitudes and perceptions about work, companies' practices and job-related satisfaction, preserving and considering the original complexity of the phenomenon.

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Annex

Annex A



Questionnaire about predictors affecting the level of job satisfaction for the Chinese employees who work in Foreign Invested Enterprises

In order to finish the dissertation of Master in Human Resources Management and Organizational Consultancy in ISCTE- Instituto Universitário de Lisboa, this study contributes to know better about what factors affecting the level of job satisfaction for the Chinese employees who work in foreign-invested Enterprises, and compare it with the ones working in national companies.

Your participation is very important. To answer these questions, you need to be as honest as possible. There are no right or wrong answers, only with the ones fitting your opinion. The duration of finishing the questionnaire is no more 5 minutes.

The collected data is only used for academic purpose. All the data will be analyzed centrally and the information is confidential.

If have any doubt about the study, you could contact me through the e-mail liujitong1028@hotmail.com

Thank you so much for your cooperation!

Level of job satisfaction for Chinese employees who work in Foreign Invested Enterprises

Type of company *

National

Foreign-Invested _____

Please give us your opinion according to your true feeling, the numbers from 1 to 7 representing: Extremely dissatisfied, Dissatisfied, Little dissatisfied, Neither satisfied nor dissatisfied, Little satisfied, Satisfied, Extremely satisfied in sequence *

1 2 3 4 5 6 7

The amount of job security I have.

The amount of pay and fringe benefits I receive.

The amount of personal growth and development I get in doing my job.

The people I talk to and work with on my job

The degree of respect and fair treatment I receive from my boss.

The feeling of worthwhile accomplishment I get from doing my job.

The chance to get to know other people while on the job.

The amount of support and guidance I receive from my supervisor.

The degree to which I am fairly paid for what I contribute to this organization.

The amount of independent thought and action I can exercise in my job.

How secure things look for me in the future in this organization.

The chance to help other people while at work.

The amount of challenge in my job.

The overall quality of the supervision I receive in my work.

Please give us your opinion according to your true feeling, the numbers from 1 to 6 representing: Totally disagree, Disagree, Disagree a little, Agree a little, Agree, Totally agree in sequence *

1 2 3 4 5 6

I am given opportunity to undertake new positions when the new ones arise

When the new positions appear, the inside workers always have the privilege to be selected

The effort to select right people is high

The selection of new workers values a lot their development potential

All staff in company have access to professional training

The company values training

I have the access to training in order to get necessary competencies to perform the position in the future

Besides the technical training, the company also teach me to develop my potential

Chinese Employee Job Satisfaction in FIEs

	1	2	3	4	5	6
The future professional development is valued in performance appraisal						
The performance is evaluated according to objective criterion and quantitative results						
The performance evaluation is held periodically						
When evaluating performance, we could discuss with leader about performance in long-term time						
The salary offered is much higher than the same sector in other companies						
The compensation of worker reflects his performance						
In recent 3 years, the company could offer the same level of compensation and benefits compared to the best time of development						
The system of compensation is fair						
The company has generous policy in benefits and premiums						
The workers could stay in company in the same position according to their willing						
The company does everything it could do to avoid dismissal						
Even if we were in crises, I know that dismissal will be the last method that company takes						
It is possible for workers to bring forward improvements regarding the way company is doing now						
I always participate in defining my job plans						
The company encourage workers to get involved in decision-making and problem-solving						
Company uses fair criterion to dismiss workers						
The management of company really does care about the situation in which the workers are not willing to leave						
Company has been following a policy of hiring the candidate who are in more precarious situation						
The leader will give the information to employees about motives to make such management decisions						
The leaders keep open communication with employees						
There exists an open and easy communication culture between departments						
The duties of employee could be accurately described						
The job has an updated description						
The employee could get involved in designing job position.						

YOUR AGE *

YOUR GENDER *

MALE

FEMALE

DIMENSION OF COMPANY(The number of employees in company) *

Sector of company, if not sure, you could consultant the website <http://114.xixik.com/hangyefenlei/>

*

Agriculture;
Mining and quarrying;
Manufacturing; Utilities;
Construction;
Wholesale and retail trades;
Transport, storage and postal services;
Accommodation and catering;
Finance; Real state;
Leasing and commercial services;
scientific research and polytechnic services;
Administration of water, environment and public facilities;
Resident, repair and other services;
Education;
Health care and social work;
Culture, sport and entertainment;
Public administration, social insurance and social organizations;
International organizations

Do you have a subordinate/subordinates *

YES

NO

HOW LONG HAVE YOU BEEN WORKING _____; HOW LONG HAVE YOU BEEN WORKING IN THIS COMP
ANY _____ *

EDUCATION *

Below high-school
High-School
Bachelor
Post-graduation
Master
Doctor
Post-doctoral

提交