

## EFFECT OF ORGANISATIONAL LEARNING ON EMPLOYEE SATISFACTION – AN EMPIRICAL STUDY AMONG EMPLOYEES IN MANUFACTURING SECTOR

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**Abstract:** *The paper explores the effect of organizational learning on employee satisfaction among the employees of organisations within the Manufacturing sector. The paper also provides a practical overview of what actually consists of employee satisfaction within the manufacturing sector. The respondents considered for this is 286 employees form the companies belonging to manufacturing sector. It has been found that there are eight dependent variables affecting employee satisfaction and four independent variables of organizational learning capacity viz., System orientation, Climate for learning orientation, Knowledge acquisition and utilization orientation, and finally, Information sharing and Dissemination orientation . During the study it has been found that there is an association between employee satisfaction and organizational learning capacity. The analysis in this study has been carried out by using a statistical package (SPSS). Finally, it has been found that there is a significant difference between employee satisfaction and knowledge acquisition and utilization orientation.*

**Keywords:** *Organization Learning capacity, Employee Satisfaction, Manufacturing sector*

### 1. INTRODUCTION

Organizations are goal oriented, maintain boundary and socially constructed systems of human activity, focusing on the social processes involved in the genesis and persistence of organizations (Aldrich, 1999) (cited by B. Aydin & A.Ceylon 2008). When employee desires to achieve this goal, he must cooperate with others. To be a good organization, it must satisfy his employee. The satisfied employee will produce more output than other employees. It is in this direction that the researchers have made an attempt to effect of organizational learning on employee satisfaction among the employees of organizations within the Manufacturing sector. In order that the Organization to be effective, it should encourage employee satisfaction (Bhatti & Qureshi, 2007) (cited by Liang-Chuan Wu & Maggie Wu, 2011), since Employee satisfaction is a crucial issue in all industries. Many researchers, in the past, have made attempts to find out as to how to improve employee satisfaction as well as how to handle dissatisfied employee (Abbott, 2003; Davies, Chun et al., 2004). ‘Employee satisfaction’ is a terminology used to express whether employees are happy, contented, and fulfilling their ‘desires and needs’ at work.

For a study of this nature, employees of Industries in Peenya have been considered as the respondents. Peenya Industrial Complex was established in the early 1970s. It is considered to be the biggest and an oldest industrial estate in the South East Asia. It is located in the northern part of Bangalore. This complex was developed by KIADB and the Peenya Industrial Estate was developed by the KSSIDC. Peenya Industrial Estate was started with a few industries and now it

is spread over an approximate area of about 40 Sq. Kms comprising about 5000 small-scale industries and some few large and medium scale industries.

This industrial complex has, under its umbrella, different types of small scale industries in various areas of operations like production, maintenance and service in the field of mechanical, electrical, electronics, automobile, consumer items, pharmaceuticals, machine tools and across sections of other industrial activities. There are also many export-oriented companies situated in this industrial estate (<http://piaexpo.in/aboutus.php>), [online] [accessed on 15-10-2015]. This industrial complex is one of the biggest ones in India. Some of the salient features of this industrial complex are –

- There are about 5000 Small Scale units and about 30 Medium Scale units located in the complex.
- This industrial complex provides employment to around 5,00,000 people, out of which half the population are female employees.
- Total annual turnover of all the units put together is approximately Rs 15,000/= crores and the volume of exports is approximately Rs 6000/= crores.

The Peenya Industrial Complex has been recognized as the main hub of industrial activity in the State by both the governments i.e. Central as well as State Governments. Moreover, Peenya Industrial Estate is considered to be an important source of manufactured goods with the reputation for quality for both domestic markets as well as export markets (<http://www.peenyaindustries.com/>), [online] [last accessed on 15-12-2015]..

## 2. REVIEW OF LITERATURE

There are various literatures which support that employee satisfaction is a function of work environment, training, and development, communication, compensation welfare, career development, motivation etc. Employee satisfaction is defined as the combination of affective reactions to the differential perceptions of what the employee wants to receive as against what he/she actually receives (Cranny, Smith & Stone, 1992) (cited by Jaime X. Castillo & Jamie Cano, 2004).

Employee satisfaction is a crucial factor in all the industries and also many researchers have subscribed to this view (Atkins, Marshall et al., 1996; Podsakoff, MacKenzie et al., 1996; Koys 2001; Matzler and Renzl, 2007). Moreover, many researchers were also keen to learn as to how to improve employee satisfaction and also as to how to handle dissatisfied employee (Abbott, 2003; Davies, Chun et al., 2004).

Many researchers have studied the employee satisfaction and factors relating to work environment (Herzberg, 1986; Matzler et al., 2004). Very few have carried out qualitative research by examining employee dissatisfaction due to organizational change and learning capacities. Lawler (1986) argued that a firm's HR strategy should be centered on developing skills and ensuring motivation and commitment. In this statement, 'ensuring the motivation' is concerned with the employee satisfaction. That is why; the satisfaction of the employees takes an added importance (cited by Stephen J. Wood et al. 2008).

Employees, when satisfied, are more loyal and will be more productive (Hunter & Tietjen, 1997), and they are instrumental in affecting the customer satisfaction and organizational productivity (Potterfield, 1999) (cited by Bulent Aydin & Adnan Ceylan, 2009). Therefore, in order to get the effective work, organization should satisfy their employee. The management

should create positive working environments to the employee satisfaction. Therefore, the well satisfied employee will work hard and bring organization citizenship behaviour.

It is obvious that there are many factors affecting employee satisfaction and this study is focusing on one such important factor called organization learning. Accordingly, four components, namely System orientation, Organizational climate for learning orientation, Knowledge acquisition and utilization orientation, and finally Information sharing and dissemination orientation have been considered for this study (Teo et al 2006, Aydin., 2009, kitapchi et al., 2012).

## 2.1 Objectives of the study:

1. To assess the satisfaction level of the employees in manufacturing organization and
2. To examine the relationship between the underlying factors of employee satisfaction and organizational learning capacity.

## 3. RESEARCH METHODOLOGY

There are several reasons for selecting manufacturing sector for this nature of study, the predominant one being that this sector has great significance in the global economy. Even though Peenya industrial Estate has large number of employees in Small Scale Industries, the sample for this study was drawn from medium scale industries only. A questionnaire was prepared incorporating all the required variables considered for this study and the same was administered to 600 employees of Medium Scale Industries. Finally, only 286 questionnaires were found to be correct in all aspects and the same has been considered as the sample size for this study.

## 4. RESULTS AND DISCUSSION

After collecting the data from the Peenya Industrial employees, analyzed by SPSS. Table - 1 shows the demographic profile of the respondent. Out of 286 respondents, 40 respondents are less than higher secondary (13.9%), 66 respondents are graduate secondary (23.07%), 88 respondents are completed diploma (30.76%), and remaining 92 respondents are graduated from other courses (32.16%).

Table – 1: Demographic profile of the respondents

Age	Percentage	Education	Percentage
20-25	27.9	Less than higher studies	13.9
26-30	32.16	Graduate secondary	23.07
31-35	13.98	Diploma	30.76
36-40	17.48	Other course	32.16
Above 40	8.39		

Source: Primary Data

The respondents who are between the age of 20 and 25 are 80 respondent (27.9%), between 26 and 30 are 92 respondents (32.16%), between 31 and 35 are 40 (13.98%), between 36 to 40 age are 50 participants (17.48%) and above 40 are 24 respondents (8.39%).

Employee satisfaction is a comprehensive term that comprises job satisfaction of employees with companies policies, company environment etc. We identified employee satisfaction variable such as direct management, top management, structure of work, personal development, company image, work life balance, welfare and benefits, and income. We have used five points scale parameter such as Highly dissatisfied (1), dissatisfied (2), Neutral (3), Satisfied (4) and Highly satisfied (5).

It was noticed from the table - 2 that the total score of the variable "Structure of the work" is 1235 and its average score is 4.32 followed by the total score of the variable "Satisfaction of income" is 1188 and its average is 4.15. Then the variable "Satisfaction level of Top management" total score was found to be 1148 and its average value is 4.01 followed by the variable "Welfare and benefit" total score is 1143 and its average is 4.00 followed by "work life balance and personal development" its total score is 1125 and 1120 and its average score is 3.93 and 3.92. However the total scores of the variable "Company image" is 1069 its average score is 3.74. At last, the variable "Satisfaction towards direct management" total score is 1053 and its average value is 3.68. From the above table we can easily infer that the 35.88% respondents are highly satisfied were as 28.98% participants are satisfied. Only 1.35% employees are highly dissatisfied and 32.65% respondents are neutral towards satisfaction level.

Table – 2: Employee Satisfaction Scoring

Parameter	HDS	DS	N	S	HS	Total score	Average score
Direct management	6	0	129	95	56	1053	3.68
Top management	18	1	61	85	121	1148	4.01
Structure of work	0	1	21	150	114	1235	4.32
Personal development	0	1	128	51	106	1120	3.92
Company image	1	5	131	80	69	1069	3.74
Work life balance	5	8	111	39	123	1125	3.93
Welfare and Benefits	1	6	107	51	121	1143	4.00
Income	0	4	59	112	111	1188	4.15
<b>TOTAL</b>	<b>31</b>	<b>26</b>	<b>747</b>	<b>663</b>	<b>821</b>	<b>2288</b>	
<b>Percentage</b>	HDS	DS	N	S	HS		
	1.35%	1.14%	32.65%	28.98%	35.88%		

HDS- Highly dissatisfaction, DS- Dissatisfaction, N- Neutral, S- Satisfaction, HS- Highly satisfaction.

#### 4.1. Hypothesis Testing

***H1: There is no association between the factors affecting employee satisfaction and Organizational learning capacity in manufacturing industry.***

From the table (Table - 3), we can infer that the probability value is 0.000 ( $p < 0.01$ ), we reject null hypothesis and conclude that there is an association between factors affecting employee satisfaction and organizational learning capacity in the manufacturing industries. Therefore 99%

confidence that employee satisfaction is associated with organizational learning capacity of the participants

Table – 3: Analysis of factors affecting employee satisfaction

Employee satisfaction	Df	Chi Sq Value	Sig
Direct management	3	31.587	.000
Top management	4	29.802	.000
Structure of work	3	29.853	.000
Personal development	3	43.101	.000
Company Image	4	35.645	.000
Work life balance	4	40.751	.000
Welfare and Benefits	4	44.482	.000
Income	3	52.101	.000

Source: Primary Data

**H2: There is no significant difference between employee satisfaction and Organizational learning capacity in manufacturing sector.**

**H2 a:** There is no significant difference between employee satisfaction and System orientation

**H2 b:** There is no significant difference between employee satisfaction and Organizational climate for organizational learning orientation

**H2 c:** There is no significant difference between employee satisfaction and Knowledge acquisition and utilization orientation

**H2 d:** There is no significant difference between employee satisfaction and Information sharing and dissemination orientation

List of the variables identified through factor analysis are 1). System oriented: Objectives and mission are clearly defined (0.765), each business process is dependent on a value chain (0.698), and understand the whole business process (0.543), 2). Organizational climate for organizational learning orientation, ability to learn improve the organization (0.502), understand learning in my industries is an investment, not an expense (0.661) and basic value of any change in the industrial process include learning as a key to improvement (0.731), 3). Knowledge acquisition and utilization orientation: Research on trend in new technology (0.654), assesses the potential influence of new technology (0.564), Susceptible to new technology to do business and Firm has specific mechanisms to do environmental scanning on technology (0.781) and 4). Information sharing and dissemination orientation: I understand sharing knowledge enhances firm competitiveness (0.785), I share technical issues to my colleague (0.689) and I share technical issue to my employer to make better decision (0.674).

Both correlation analysis and factor analysis have been applied at this stage. After analyzing correlation table, we infer that there are positive correlations between system orientation, climate

for learning orientation, knowledge acquisition & utilization orientation, information sharing & dissemination orientation and employee satisfaction.

Similarly regression analysis have been carried out using SPSS 0.21 version and the results are depicted in Table - 5. System orientations, climate for learning orientation, knowledge acquisition and utilization orientation, information sharing and dissemination orientation were considered as independent variables, while employee satisfaction was considered as a dependent variable. In conclusion, knowledge acquisition & utilization orientation has positive relationship with employee satisfaction ( $P < 0.01$ ,  $\beta = 0.610$ ). In addition, system orientation, climate for learning orientation and information sharing and dissemination orientation do not affect employee satisfaction.

Table – 4: Regression analysis of Organizational learning capacity Vs Employee satisfaction

Independent Variable	Dependent Variable		
	B coefficient	Significance	Related Hypothesis
System orientation	-0.162	0.786	Not Accepted
climate for learning orientation	0.172	0.658	Not Accepted
knowledge acquisition and utilization orientation	0.424	0.001	Accepted
information sharing and dissemination orientation	0.172	0.734	Not Accepted

Regression analysis at 1% level of significant

## 5. CONCLUSION:

The aim of this study was to find out how organizational learning capacity leads to employee satisfaction. The regression model concludes that there is a significant correlation between employee satisfaction and organizational learning capacity items. It has been found that the results are reliable, as adequate number of factors for both Dependent and Independent variables were identified. The study claimed that, in manufacturing industry, knowledge acquisition and utilization affected the employee satisfaction in positive manner. For practitioners, our findings emphasize the need to pay attention to employee's satisfaction, since it is critical to any organization's success. In addition, enhancing employee satisfaction reduces staff turnover and reduces the cost of hiring and training new employees.

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