

LABOUR - MANAGEMENT RELATIONS AND WORKER SATISFACTION: AN EMPIRICAL STUDY OF SEVEN MANUFACTURING FIRMS IN SRI LANKA

H. H. D. N. P. Opatha

Introduction

Labour Management Relations (LMR) is one of the prime determinants of a nation's productivity and then higher standard of living which is a nation's ultimate goal. As a matter of fact LMR is one of the three guiding principles (other two are fair distribution of productivity gains and increase of employment) being followed by the Japan Productivity Centre for Socio-Economic Development (Miyai, 1995, p.3). A healthy labour relation climate has been placed second out of fifteen productivity promoting factors by Suri (1995. P.16) for public sector, private sector and small scale industry.

There is no limitation for when the issue of LMR affects and where it affects. Inappropriate LMR is a severe problem which can cripple not only industry but the entire country. It will result in the creation of industrial unrest and disruption of industrial peace which causes many evil consequences such as decline of employee morale, damage to organisations' properties and public properties, wastage of resources, decline of foreign and domestic investment, hinder expansion programmes of industrial units, impair overall organizational efficiency and effectiveness and many more.

Worker satisfaction can be perceived as a very significant factor affecting LMR and then organizational productivity. Locke (1976,p. 1328) states that satisfaction can be viewed as an end in itself, since happiness after all, is the goal of life. Satisfied workers tend to work smartly and live longer.

Problem

A careful analysis of available literature indicates that there is a noticeable dearth of prior research studies on LMR, in Sri Lanka. A very few studies (Buttner and Wolfgang, 1959; Pathirana, 1990; Silva, 1973; and Rodrigo, 1994) have been reported in industrial relations in Sri Lanka. But they being not micro studies, focused on general or legal issues with no direct link with this study. Blum (1993) discussed a few of the factors that influence LMR in Singapore. The factors included technology, international forces, the attitudes and feelings of the community, the labour market and the

state of the economy and not included worker satisfaction. There are theoretical explanations proposed for factors over which LMR is dependent. Tripathi (1992) explained that economic satisfaction of workers and social and psychological satisfaction of workers are two factors of good labour relations. Davor (1976), gives a list of fifteen causes of poor industrial relations. But these have not been empirically tested. The relationship between LMR and worker satisfaction has not been empirically tested in Sri Lanka. Therefore there is a gap in the theoretical knowledge available about the nature and extent of relationship between LMR and worker satisfaction in Sri Lankan manufacturing firms.

Objectives of the Study

The study directed itself towards achieving the following objectives:

1. To explore and identify the degree of LMR in manufacturing firms in Sri Lanka.
11. To explore and identify the degree of worker satisfaction in manufacturing firms in Sri Lanka.
111. To find out the relationship between LMR and worker satisfaction.

CONCEPTUALIZATION AND OPERATIONALIZATION

As the concept of LMR is somewhat fuzzy and imprecise it is essential to make the concept more specific and precise. LMR is an abstract rather than a concrete concept. Furthermore, there is no unanimity on the meaning of "LMR" as different terms such as "Labour Relations", "Union-Management Relations", "Employee Relations", "Industrial Relations" etc. are used synonymously.

While the Dictionary of Personnel Management (Ivanovic, 1988, p. 108) defines labour as workers, the Oxford Paperback Dictionary (1979, p. 352) defines labour as working people distinguished from management.

The Dictionary of Personnel Management (Ivanovic, 1988, p. 117) defines management as 'group of managers or directors.' Management means people engaged in the process of managing a business as defined in the Oxford Paperback Dictionary (1979, p. 386). Mills (1978, p. 4) describes supervisors as management and nonsupervisory personnel as labour.

According to Collins Birmingham University International Language Database English Language Dictionary (1987, p. 1217) a relation between two people or groups of people consists of all the feelings, connections, dealings and communications that exist between them. The same Dictionary defines those relations as contacts between different people or group of people and the way in which they behave towards each other.

The term Labour Relations (LR) describes all interactions between labour and management in situations in which employees are represented by a trade union (Stone and Meltz, 1982, p. 360). Glueck (1979, p. 430) defines that LR is a continuous relationship between a defined group of employees (represented by a union or association) and an employer. Collective relations between labour unions and management are called LR or LMR (Singh et. al., 1990, p. 365). The Dictionary of Personnel Management (Ivanovic 1988, p. 108) defines LR as relations between management and workers or between groups that represent them. When this definition is compared with other definitions given above, it seems to be broader as it involves both relations between individual workers and manager (s) and collective relations between labour unions and management.

Having taken into account many definitions of LMR provided by available literature, it is possible to draw a conclusion that the concept has been defined both narrowly and broadly. Narrow definitions involve collective relations between unions and management only. While broad definitions involve individual relations between workers and management in addition to collective relations between unions and management. For the perspective taken in this article, a working definition of LMR would be as follows:

"The continuous relation both between workers and management and between workers' organizations and managers in an organisation".

Having defined the concept of LMR, next the attempt is made towards identifying elements (which are termed as indicators) involved in the concept and defining them as precisely as possible.

Tripathi (1992, p. 467) observes that good industrial relations means absence of disputes between the two parties and existence of understanding, co-operation and partnership between them. Accordingly, there should not be disputes between workers and management and understanding, cooperation and partnership between workers / unions and managers should be present. Four indicators of, LMR can be derived from this observation, viz. disputes, understanding, co-operation and partnership between workers and management.

According to Sec. 48 of the Industrial Disputes Act in Sri Lanka an "Industrial dispute" means any dispute of difference between an employer and a workman or between employers and workmen or between workmen and workmen connected with the employment or non-employment, or the terms of employment, or with the conditions of labour, or the termination of

the services, or the reinstatement in service, of any person. The Dictionary of Personnel Management (Ivanovic, 1988, p. 60) defines industrial disputes or labour disputes as arguments between management and workers. There are several forms of disputes. Strikes are the most common form of disputes (Tripathi, 1992, p. 433). Other forms of conflict include work-to-rule, the running sore strike, token strike, the overtime ban, picketing and go-solw etc. Definitions of these forms of disputes are given in the following exhibit.

Exhibit 2-1 Definitions of Forms of Disputes

Form of Dispute	Definition	Source
Strike	Organised stopping of work by workers in order to strengthen their position in bargaining with management or because of lack of agreement with management or because of orders from a union.	Dictionary of Personnel Management, Ivanovic, 1988, p. 171
work-to-rule	Working strictly according to the rules agreed between the union and management and therefore very slowly, as a protest.	Do, p. 192
Token Strike	Short Strike to show that workers have a grievance.	English Business Dictionary, Collin 1986,
The overtime Ban	Refusal to work overtime when required by the management.	p. 310 Silva, 1978, p. 29

Picketing	Union members/ Workers march to and fro before the organisation carrying and displaying placards or banners bearing statements regarding the dispute.	Silva, 1978, p. 44-5
Go-slow	Workers perform the work as slowly as possible to hinder or slow down the production	Do, p. 29
The running sore strike	The refusal by employees to perform one part of the duties of each worker at a particular time and for a prolonged period.	Knowles, Strikes, Oxford, 1952, p. 11 as in Silva, 1978, p. 28.

Though Tripathi (1992) does not elaborate the term "understanding" the Dictionary of Personnel Management (Ivanovic, p. 182) defines the term as private agreement. Private agreements between unions and management are termed collective agreements in the field of LMR. Glueck (1978, p. 637) points out that LR includes the negotiation of a written contract concerning wages, hours, and other conditions of employment and the interpretation and administration of this contract over its period of coverage. If the negotiation becomes successful it results in a collective agreement which should be interpreted and administered without violating any term or condition or rule by both parties over its period of coverage. The absence of a collective agreement implies that rules regulating employment relations are not jointly agreed and determined by management and union (s).

Cooperation means the ability to work harmoniously in the interest of overall organisation and have good human relations with others (Tripathi, 1991, p. 218). Umstot (1984, p. 435) defines that cooperation is working together to achieve mutual goals. Explaining the roles of management and trade unions in bringing about a positive work culture, Pinto (1995, p. 64) points out that:

"In Voltas, a start has been made, by first of all organizing a joint training programme for unions and management. Renowned speakers from the trade union movement as well as management consultants and industrialists were invited to address the participants. Considerable debate was engendered and the conclusion unanimously arrived at was that the company would find it hard to progress unless management and unions sought to cooperate with each other than take adversarial stands". Accordingly, cooperation between workers/unions and management is an important indicator of sound LMR.

Partnership is a relationship in which two or more people work together as partners (Collins, Birmingham University International Language Data Base English Language Dictionary, 1987, p. 1047). Based on this dictionary definition, workers and managers should work together as partners in LMR in order to achieve the organisational goals and objectives. As partners of the organisation workers should participate in managing or making decisions to accomplish organisation's goals and objectives. Hence, workers' participation seems to be an indicator of LMR.

Finding correlates of quality of work life, Gani and Ahamd (1995, p. 15) considered LMR as one of relational factors and defined it as the extent to which the union and the management recognise mutual goals and work together. Two important indicators which emerge from this observation are: recognising mutual goals and working together.

Mutual means reciprocal. In order to recognise mutual goals both workers and managers should understand goals of each other. Having obtained this understanding workers should recognise that managers have goals to accomplish on behalf of the organisation and managers should recognise that workers have their own goals to be achieved by working for the organisation. The second indicator derived from the definition given by Gain and Ahmad (1995, p. 15) is working together, which is in fact cooperation between workers and managers.

One of the consequences of unhealthy relations between supervisors and subordinates is absenteeism (Mamoria, 1991, p. 301). Tripathi (1992, p. 279) shows that relations with supervisors is one of causes of absenteeism. According to Mamoria, absenteeism signifies the absence of an employee from work when he is scheduled to be at work: it is unauthorised, unexplained, avoidable and wilful absence from work. There are many factors affecting absenteeism such as industrial fatigue, unsatisfactory family conditions, social and religious ceremonies, alcoholism, indebtedness, inap-

propriate personnel policies, inadequate leave facilities, transport difficulties, etc. Absence of workers from regular work owing to bad relations with management seems to be an indicator of LMR. If there is no absence of workers owing to bad relations with management while other things remained constant or favourable, it probably implies that LMR is not unsatisfactory.

Labour turnover seems to be an indicator of LMR. Turnover is the process in which employees leave an organisation and have to be replaced (Mathis and Jackson, 1988, p. 536). One of the avoidable causes of labour turnover is bad relations with supervisors (Singh and et. al, 1990, p. 348). The number of workers who have resigned and left the organisation owing to bad relations with management (owing to grievances, conflicts etc.) seems to be an indicator of LMR. If the workers turnover owing to bad relations with management is zero for a particular period (if other things remained constant or favourable) it is probably a sign of good LMR.

Presence of workers' grievances indicates that LMR is poor if it is being weakened. Davis (1971, p. 34) defines, a grievance as "any real or imagined feeling of personal injustice which an employee has concerning his employment relationship". A grievance, whether expressed or unexpressed, real or imaginary, may be a serious potential source of conflict. Absence of workers' grievances probably implies good LMR within the business organisation.

The degree of LMR in an organisation was measured by using the following criteria/variables.

1. Extent of co-operation
2. Extent of participation
3. Degree of understanding mutual goals/interests
4. Frequency of strikes (work stoppages)
5. Average duration of strikes (work stoppages)
6. Frequency of other disputes such as work-to-rule, token strike, the overtime ban, picketing, go-slow and the running sore strike
7. Extent of attempts to reach collective agreements
8. Extent of collective agreements made
9. Frequency of violating a term/rule of agreements
10. Extent of absenteeism owing to bad relations

11. Extent of worker turnover owing to bad relations
12. Amount of grievances suffered
13. Amount of grievances presented
14. Amount of grievances settled
15. Amount of grievances settled for grievant's satisfaction
16. Availability of formal grievance settlement procedure
17. Suitability of existing grievance settlement procedure

As the concept of LMR is so abstract many criteria (seventeen) were suggested to use to tap the concept. Four criteria i. e., 1,2,3 and 17 were considered as subjective criteria as they were qualitative, difficult to measure directly and are attributed with values based on individual judgement. The other fourteen criteria were objective as they were quantitative, possible to measure directly and verifiable by others.

For this study, the degree of LMR was measured for five (past) years. The degree of LMR as per perception of workers was operationalized by asking 38 questions to which responses were elicited on a 3 point scale.

Because there were 38 questions operationalizing LMR on the perception of workers the following score values would be revealing:

$38 \times 3 = 114$	Maximum favourable response
$38 \times 2 = 76$	Neutral response
$38 \times 1 = 38$	Maximum unfavourable response

The scores for any respondent would fall between 38--and 114. The overall score represented the respondent's position on the continuum of favourable- unfavourableness towards the issue of LMR.

Continuum of LMR



According to the Oxford Paperback Dictionary (1979, p. 571) the verb 'satisfy' means to give a person what he wants or demands or needs, to make him pleased or contented. The Oxford Advanced Learner's Dictionary of Current English (1948, p. 755) defines satisfaction as the state of being

satisfied, pleased or contented; act of satisfying. According to the Dictionary of Personnel Management (1988, p. 162) satisfaction is the feeling of being happy or good feeling of happiness and contentment. Based on the above definitions worker satisfaction is defined as follows:

The degree of pleasure which a worker feels when he/she fulfils his/her needs.

A need is a personal, unfulfilled vacancy that determines and organises all mental processes and all behavior in the direction of its attainment (Mamoria, 1991, p. 630). Maire (as in Mamoria, 1991, p. 630) defines a need as a condition requiring the supply of relief or the lack of anything requisite, desired or useful. Need is a biological or psychological motive condition that serves to direct an individual toward a certain goal (Ruch and Zimbardo, 1979, p. 311).

Needs are many. Abraham Maslow presented a need hierarchy theory around 1943. Maslow's need hierarchy theory stresses two fundamental premises (as in Donnelly et. al, 1987, p. 295)

(1) Man is a wanting animal whose needs depend on what he already has. Only needs not yet satisfied can influence behavior. In other words, a satisfied need is not a motivator.

(2) Man's needs are arranged in a hierarchy of importance. Once one need is satisfied, another emerges and demands satisfaction. Needs of the hierarchy are (i) physiological, (ii) safety, (iii) social, (iv) esteem, and (v) self-actualization. Maslow's framework is presented by Donnelly et. al (1987, p. 296) in a figure which is shown in figure 2-1.

Under the need-fulfilment theory it is believed that a person is satisfied if he gets what he wants and the more he wants something, or the more important it is to him, the more satisfied he is when he gets it and the more dissatisfied he is when he does not get it (Tripathi, 1991, p. 114). Based on the above theoretical explanations worker satisfaction is classified into four types such as economic, security, social and psychological. The variables of economic satisfaction, security satisfaction, social satisfaction and psychological satisfaction are defined as follows:

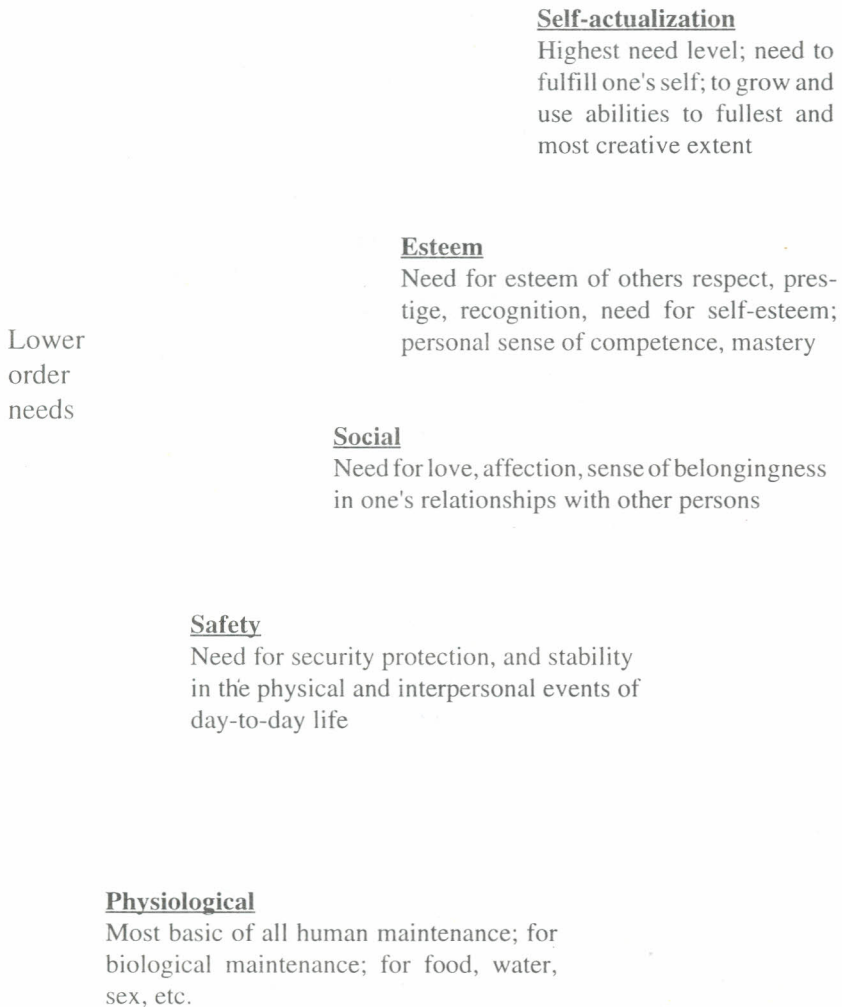
Economic Satisfaction is the degree of pleasure which a worker feels when he/she fulfils his/her survival needs (physiological needs).

Security satisfaction is the degree of pleasure felt by a worker when he/she fulfils his/her security needs (safety needs).

Social satisfaction is the degree of pleasure which a worker feels when he/she fulfils his/her social needs (love and belongingness).

Psychological satisfaction is the degree of pleasure felt by a worker when he/she fulfils his/her esteem needs and self-actualization need.

FIGURE 2 -1 MASLOW'S HIERARCHY OF NEEDS THEORY



Worker's needs have to be fulfilled in order to make him/her satisfied. Management of an organization should aid in satisfying the worker's needs through the use of various ways and means. Donnelly et. al (1987.p. 297), present some workrelated examples that managers can influence under each of the five need categories. These are shown in Exhibit 3-2. Andrew Szylagyi (1981, p. 409) presents general factors, need levels and organization specific factors in respect of Maslow's need hierarchy. These are shown in Exhibit 3-3. Figure 2-2 is a summary of explanation given by Bovee et. al. (1993, p. 440) indicating the five categories of needs and how these needs are fulfilled within the organization:

Worker wants to be treated fairly by management specially in the rewards he/she receives. Explaining equity as a motivator (based on Porter and Lawler motivation model, 1996) Mathis and Jackson (1988, pp. 64-5) write thus:

"Fairness in management literature is referred to as equity, which relates to inputs and outcomes. Inputs are what a person brings to the organization. They include educational level, age, experience, productivity, and other skills or efforts. The items received by a person, or the outcomes, are the rewards obtained in exchange for inputs. Outcomes include pay, benefits, recognition, achievement, prestige, and any other rewards received. Note that an outcome can be either tangible (such as economic benefits) or intangible (internal rewards such as recognition or achievement). The individual's view of fair value is critical to the relationship between performance and job satisfaction because one's sense of equity is an exchange and comparison process.....the comparison process also includes the individual's comparison of inputs/outcomes to the inputs/outcomes of other individuals.....A sense of inequity occurs when the comparison process results in an imbalance between inputs and outcomes".

Werther et. al (1985, p. 327) have noted:

"Dissatisfaction arises because employee needs are affected by absolute and relative levels of pay. When the total, or absolute amount of pay is too low, employees cannot meet their physiological or security need... A more common source of dissatisfaction centres on relative pay, which is an employee's pay compared with that of other workers. Internal equity requires that pay be related to the relative worth of jobs. That is, similar jobs get similar pay. External equity involves paying workers at a rate equal to the pay that similar workers receive in other companies".

According to Werther et. al absolute equity affects physiological and security needs while relative equity affects social and esteem needs. Exhibit 3-4 shows absolute and relative pay levels in relation to worker needs.

A job characteristics model of motivation was developed by Hackman and Oldham in 1975 identifying five core job characteristics which lead to satisfaction and motivation. These five core job characteristics are skill variety, task identity, task significance, autonomy and feedback. Figure 2-3 illustrates the model. Dale and Cooper (1992, p. 84) write in relation to the model:

Exhibit : 3-2	Areas of Management Influence in the Five Need Hierarchy Categories
<i>Need Category</i>	<i>Management Influence Areas</i>
Self-actualization	Challenges in job. Provide advancement opportunities. Permit creativity. Encourage high achievement.
Esteem	Recognize and publicize good performance. Significant job activities. Respectful job title. Responsibility.
Social	Permit social interaction Keep groups stable. Encourage cooperation
Safety	Safe working conditions. Job security. Fringe benefits.
Physiological	Fair salary. Comfortable working conditions. Heat, lighting, space, air conditioning.

Source: Donnelly et. al. (1987) p. 297

Exhibit 3-3 Need Levels and Specific Factors of Maslow's Need Hierarchy

GENERAL FACTORS	NEED LEVELS	ORGANIZATIONAL SPECIFIC FACTORS
1. Growth 2. Achievement 3. Advancement	Self-actualization	1. Challenging job 2. Creativity 3. Advancement in organization 4. Achievement in work
1. Recognition 2. Status 3. Self-esteem 4. Self-respect	Ego, Status, and Esteem	1. Job title 2. Merit pay increase 3. Peer/supervisory recognition 4. Work itself 5. Responsibility
1. Companionship 2. Affection 3. Friendship	Social	1. Quality of supervision 2. Compatible work group 3. Professional friendships
1. Safety 2. Security 3. Competence 4. Stability	Safety and Security	1. Safe working conditions 2. Fringe benefits 3. General salary increases 4. Job security
1. Air 2. Food 3. Shelter 4. Sex	Physiological	1. Heat and air conditioning 2. Base salary 3. Cafeteria 4. Working conditions

Ascending Order ↑ (left side) ↑ Complex (right side) ↓ Basic (right side)

Source: Szilagyi (1981) p. 409

Figure 2-2: Ways of Fulfilling Five Categories of Needs

NEEDS	FULFILLMENT WITHIN THE ORGANIZATION
Self-actualization <i>(growth, advancement, creativity)</i>	Challenge, creativity, promotion
Esteem <i>(self-esteem, prestige, status)</i>	Recognition, title, status
Social <i>(love, affection, sense of belonging)</i>	Teamwork, friendly management
Safety <i>(safety, security, stability)</i>	job security, safety on the job
Physiological <i>(food, water, shelter)</i>	Heat, air, adequate pay

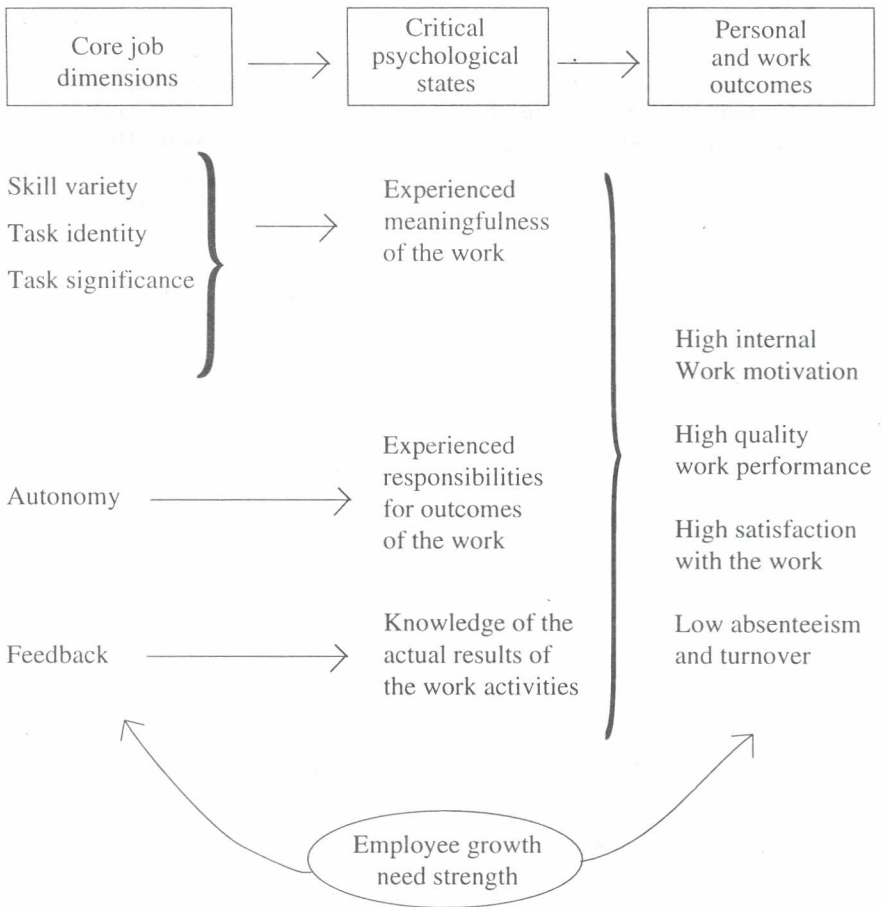
Source: Bovee et. al. (1993) p. 440

Exhibit 3-4 Absolute and Relative Pay Levels in Relation to Employee Needs

Pay Levels	Employee Needs Primarily Served
Absolute	Physiological and security needs
Relative	Social and esteem needs

Source: Werther et. al. (1985) p. 326

Figure 2-3: Job Characteristics Model



Source: Hackman and Oldam (1975) As In Dale Cooper (1992) p. 84

"Skill variety or multi-skilling is concerned with the extent to which the activities of the job call for a selection of abilities and skills. Task identity and significance concern the extent to which the activities of the job form an identifiable whole, and to which the job has an impact on the lives or work of other people. Autonomy relates to the freedom and independence the job-holder has, and feedback to the extent to which knowledge of results concerning individual effectiveness is provided".

Based on the theoretical explanations given by Donnelly et. al (1987); Andrew (1981); Bovee et. al (1993); Porcher and Lawler (1966); Mathis and Jackson (1988); Werther et. al (1985); Hackman and Oldham (1975) and Dale and Cooper (1992) following indicators in the organization context can be derived for each variable of satisfaction being considered for the study.

Indicators of Economic Satisfaction

- I. Absolute equity
- ii. Food facility
- iii. Housing
- iv. Comfortable working conditions

Indicators of Security Satisfaction

- I. Job security
- ii. General pay increments
- iii. Safe working conditions
- iv. Health Strategies
- v. Retirement benefits
- vi. Family protection

Indicators of Social Satisfaction

- I. Social interaction
- ii. Stable group
- iii. Friendly Manager

Indicators of Psychological Satisfaction

- I. Relative equity
- ii. Welfare administration
- iii. Advancement opportunities
- iv. Encouragement of high achievement
- v. Recognition
- vi. Loyalty
- vii. Skill variety
- viii. Task identity
- ix. Task significance
- x. Autonomy
- xi. Feedback

A concrete empirical procedure that would result in the measurement of the four variables of satisfaction is specified now. The degree of economic satisfaction was measured by using the following criteria:

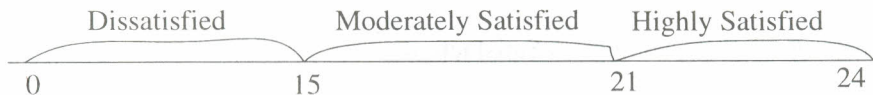
1. Adequacy of pay to meet food needs.
2. Adequacy of food facilities provided by the company
3. Sufficiency of pay for meeting clothing needs
4. Possibility of saving some money from the pay
5. Possibility of meeting housing need
6. Adequacy of comfortable working conditions

The degree of economic satisfaction was operationalized through the use of nine (09) questions in the questionnaire designed for workers. The responses to these nine questions were elicited on a 3 point scale of 'agreed, undecided, disagree'. Weightages of 3, 2 and 1, were given to these responses taking the direction of the question items (whether they were negative or positive) into account. The degree of satisfaction was divided into three levels i.e., highly satisfied, moderately satisfied and dissatisfied. As there were nine questions the following score values would be revealing.

9×3	=	27	Satisfied response
9×2	=	18	Neutral response
9×1	=	09	Dissatisfied response

The overall score represented the respondent's position on the degree of satisfaction. Please see Figure 2-4

Figure 2-4 : Degree of Economic Satisfaction



The degree of security satisfaction was measured by using the following criteria.

1. Degree of job security
2. Availability of pay increments
3. Adequacy of pay increments
4. Adequacy of safe working conditions
5. Adequacy of medical facilities
6. Availability of retirement benefits

7. Degree of retirement benefits
8. Availability and adequacy of insurance
9. Availability of a scheme for family protection

The degree of social satisfaction was measured by using the following criteria :

1. Opportunity to social interaction
2. Degree of stability in group
3. Degree of supervisor's friendliness
4. Intervention by management to limit personal relations

The degree of psychological satisfaction was measured by using the following criteria :

1. Nature of relative equity
2. Quality of welfare administration
3. Adequacy of internal promotions
4. Degree of management's encouragement for high achievement
5. Degree of permission of creativity.
6. Nature of loyalty
7. Degree & skill variety
8. Degree of task identity
9. Degree of task significance
10. Degree of autonomy
11. Degree of feedback

The degree of security satisfaction was operationalised through the use of 12 questions and the degree of social satisfaction through the use of 6 questions. Twelve (12) questions operationalized the degree of psychological satisfaction. On a 3 point, scale of 'agree, undecided, disagree the responses to questions were obtained. Taking the direction of the questions items into account weightages of 3,2 and 1 were attributed to the responses. The degree of each type of satisfaction is divided into three levels i.e., highly satisfied, moderately satisfied and dissatisfied (like the digger of economic satisfaction). The degree of satisfaction of a respondent relating to each kind of satisfaction was calculated as in Figure 2-5.

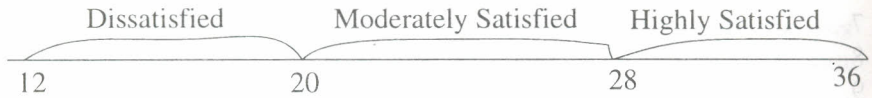
Figure 2-5: Degrees of Satisfaction

Security satisfaction

$$12 \times 3 = 36$$

$$12 \times 2 = 24$$

$$12 \times 1 = 12$$

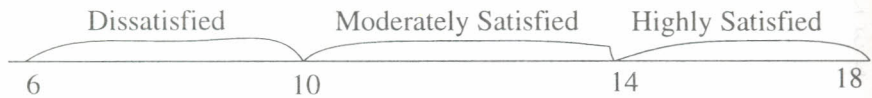


Security satisfaction

$$6 \times 3 = 18$$

$$6 \times 2 = 12$$

$$6 \times 1 = 6$$

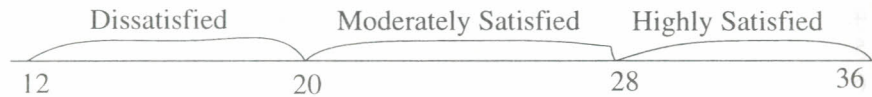


Psychological satisfaction

$$12 \times 3 = 36$$

$$12 \times 2 = 24$$

$$12 \times 1 = 12$$



Research Strategy and Method

An explanatory research design was adopted as the study endeavoured to explain the relationship between LMR and worker satisfaction. LMR was the dependent variable while worker satisfaction was the independent variable. Universe of study covered manufacturing firms operating in Sri Lanka.

Manufacturing sector is a very important sector in Sri Lanka as it has high potential for creation of employment opportunities and income opportunities on a sustained basis. The manufacturing share of employment in the Sri Lankan national economy as well as its share in the GDP has increased over the recent past (Lakshman, 1995, p.6). Hence LMR in manufacturing sector was studied. The Handbook of listed companies published by Colombo Stock Exchange was used as the sampling frame. The frame gives 42 names of manufacturing firms of which all unionized firms were determined and then seven firms were selected as observation units based on the technique of simple random sampling.

The primary source of data collection was a questionnaire which was administered to 175 workers in the seven manufacturing firms. 25 workers were selected from each firm according to simple random sampling tech-

nique. Before administering the questionnaire it was pilot tested on workers by applying the test-retest method. The test-retest coefficient was .88 suggesting that the questionnaire possesses an adequate degree of reliability. Seven workers of the sample did not return the questionnaires and three questionnaires were rejected as they were incomplete. Consequently the number of respondents was 165 workers. The data collected were analysed by using percentage analysis, descriptive statistics and Pearson's Product - Moment coefficient and degree of change affecting the value of r.

Findings and Discussions.

Table (1) is an example to quantifying the state of LMR from the perception of one respondent as per the procedure of operationalization of LMR mentioned earlier.

Table 1 : Quantification of the Degree of LMR from the perception of Respondent 1

Question No.	Favourable	Indifferent	Unfavourable
1	3	2	1
2	3	2	1
3	3	2	1
4	3	2	1
5	3	2	1
6	1	2	3
7	1	2	3
8	3	2	1
9	1	2	3
10	3	2	1
11	3	2	1
12	3	2	1
13	3	2	1
14	3	2	1
15	3	2	1
16	3	2	1
17	1	2	3
18	3	2	1
19	3	2	1
20	3	2	1
21	3	2	1
22	3	2	1
23	3	2	1

24	3	2	1
25	3	2	1
26	3	2	1
27	1	2	3
28	1	2	3
29	3	2	1
30	3	2	1
31	3	2	1
32	3	2	1
33	3	2	1
34	3	2	1
35	1	2	3
36	1	2	3
37	3	2	1
38	3	2	1

$$26 \times 3 = 78$$

$$11 \times 2 = 22$$

$$1 \times 1 = 1$$

$$97$$

According to the total scores for the thirty eight questions which operationalise LMR the respondents were divided into three groups of unfavourable LMR, Mediocre (indifferent) LMR and favourable LMR as indicated in the Table given below.

Table 2 : Frequency of LMR

Degree of LMR	Frequency	Percentage (Approximate)
Unfavourable	09	5.45 (06)
Mediocre	91	55.15 (55)
Favourable	65	39.39 (39)
Total	165	99.99 (100)

The above frequency Table indicates that the degree of LMR as evident from the perception of more than a half the workers (55.15 per cent) in the seven manufacturing firms selected for this study is mediocre. Only 5 per cent of workers indicate that LMR is unfavourable. These data are presented graphically in Figure 1.

Figure 1 : Bar Diagram of LMR

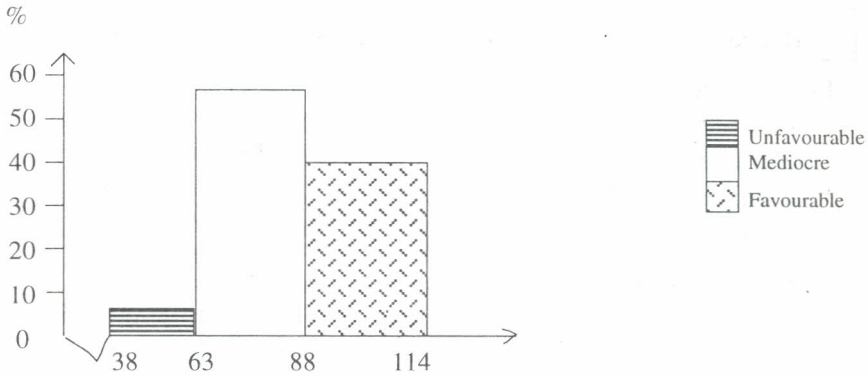


Table 3 shows descriptive statistics relating to LMR.

Table 3: Descriptive Statistics Relating to LMR

Measure	Value
Mean	84.08
Median	85.00
Mode	90.00
Standard Deviation	10.53
Standard Error	0.82
Range	60.00
Minimum	47.00
Maximum	107.00

According to the Table 3 the position of greatest density or predominant value was 90. However the mean based on all observations made was 84.08. This indicates that on an average, LMR in the seven manufacturing firms is mediocre or indifferent. Standard deviation shows the dispersion of the data series of LMR. The mean of LMR lies in between 82.47 and 85.69 at 95 percent confidence level.

Four types of worker satisfaction were studied. Table 4 indicates frequencies of the four types of worker satisfaction.

Table 4 : Frequencies of Worker Satisfaction

Degree of Worker Satisfaction	Frequency	Percentage
Economic Satisfaction		
Unsatisfied	104	63.03
Moderately satisfied	51	30.90
Highly satisfied	10	6.06
Total	165	99.99
Security satisfaction		
Unsatisfied	14	8.48
Moderately satisfied	104	63.03
Highly satisfied	47	28.48
Total	165	99.99
Social satisfaction		
Unsatisfied	29	17.57
Moderately satisfied	92	55.75
Highly satisfied	44	26.66
Total	165	99.99
Psychological satisfaction		
Unsatisfied	39	23.63
Moderately satisfied	105	63.63
Highly satisfied	21	12.73
Total	165	99.99

Table 5 shows descriptive statistics relating to each type of worker satisfaction.

Table 5: Descriptive statistics of worker satisfaction

Measure	Economic Satisfaction	Security Satisfaction	Social Satisfaction	Psychological Satisfaction
Mean	14.65	25.86	13.77	22.88
Medium	14	26	13	85
Mode	13	27	12	90
Standard Deviation	4.13	4.03	4.15	4.67
Standard Error	.32	.31	.32	0.36
Range	20	20	24	22
Minimum	07	14	06	11
Maximum	27	34	30	33
Skewness	.511	-0.368	1.74	-0.68

According to the Table following findings can be derived.

- * Mean value for economic satisfaction was 14.65. It is 95 per cent confident that the mean of economic satisfaction of workers in the seven manufacturing firms was low. In other words, on an average, workers are dissatisfied economically (confidence level was taken through the formula - mean + 1.96 x standard error).
- * Mean value for security satisfaction was 25.86. It is 95 per cent confident that the mean of security satisfaction lies in between 25.25 and 26.46. In general, it is possible to conclude that security satisfaction of workers is moderate. In other words, workers are moderately satisfied security wise.
- * Mean value for social satisfaction was 13.77. It is 95 per cent confident that the mean of social satisfaction lies in between 13.14 and 14.39. Thus, socially the workers are moderately satisfied.
- * Mean value for psychological satisfaction was 22.88. It is possible to note that the mean of psychological satisfaction lies in between 22.17 and 23.58 at 95 percent confidence level. Thus, on an average, workers are moderately satisfied psychologically.

The Pearson's Product-moment coefficient was calculated for the variables, Economic Satisfaction and LMR. The computed coefficient of correlation was 0.4832 which indicates that LMR is significantly correlated in a positive direction with economic satisfaction. The degree of chance affecting the value of r was determined by using the pre-made table where required values of r 's for various degrees of freedom (df) are given. Df in r 's is always $N-2$. In this case, for $df=(165-2=163)$ the values of r required at 95 per cent confidence and 99 per cent confidence are 0.1946 and 0.2540 respectively. Thus, with 95 per cent confidence, and also with 99 per cent confidence, it is possible to say that the higher the worker's economic satisfaction, better the LMR.

The computed coefficient of correlation for the variables, security satisfaction and LMR was 0.4436. Thus, there is a positive moderate correlation between security satisfaction and LMR. In this case, for $df=(165-2=163)$ the values of r required at 95 per cent confidence and 99 percent confidence are 0.1946 and 0.2540 respectively. Thus, with 95 per cent confidence level and even with 99 per cent confidence level it is possible to infer that the higher the security satisfaction of workers, better the LMR.

The computed coefficient of correlation for LMR and social satisfaction was 0.2243 which shows a positive relationship. The relationship found is definite but small. In terms of chance effecting the value of r , it is impossible to say that the association between LMR and soical satisfaction at 99 percent confidence (as the Table value is greater than calculated value) is positive. However, with 95 per cent confidence (as the Table value is lower than calculated value) it is possible to conclude that the social satisfaction of workers has a positive but low impact on LMR.

The coefficient of correlation for psychological satisfaction and LMR was 0.3590. This value indicates a positive low correlation. As per degree of chance affecting the value of r it is possible to say that there is a definite but small relationship between psychological satisfaction and LMR at 95 per cent and 99 per cent confidence levels.

Discussion

Economic satisfaction was found to be significantly influencing the LMR. That, absolute equity, food facility, housing, comfortable working conditions play an important role in shaping the nature of LMR, is quite evident from the results. Thus, it was expected that there would be absence of disputes and existence of understanding and cooperation between workers and managers. The results of the study confirm the same.

Security satisfaction was found to have a substantial positive influence on the LMR. In fact, it is possible that as the job and working conditions become secure and as pay increments, retirement benefits, health and family protection become available and adequate, it may make workers cooperative and participative, and feel being treated fairly.

Social satisfaction was found to have a low positive influence on the LMR. The openion that social interaction, stable group and friendly manager cause to create good LMR is not supported by this study considerably.

The study results show a low positive relationship between psychological and LMR. It was expected that relative equity, advancement opportunities, recognition, loyalty, skill variety, task significance, autonomy and feedback would enhance LMR. The results of the study do not confirm the in considerable way.

Conclusion

The study found that, on an average, LMR in the seven manufacturing firms is mediocre. On an average, workers are dissatisfied economically. Security satisfaction, social satisfaction and psychological satisfaction of workers are moderate in general.

It is evident from the above analysis and discussion that economic satisfaction and security satisfaction substantially affect LMR in positive way while social and psychological satisfaction positively affect LMR in definite but small manner. Implications of these findings are that manufacturing firms in Sri Lanka should create and maintain economic, security, social and psychological satisfaction of workers for favourable LMR which leads to better productivity and, a greater emphasis should be drawn to economic satisfaction and security satisfaction.

References

- Blum, A. A. (1993), Labour-Management Relations, *Indian Journal of Industrial Relations*, Vol. 29, No. 2, October.
- Bovee, C. L. Thill J. V, Wood M B and Dovel GP (1993), *Management*, McGraw-Hill, Inc, New York.
- Buttner and Wolfgang H (1968), Report to the Government of Ceylon on Labour Relations, Geneva, ILO
- Collins Birmingham University International Language Database English Language Dictionary (1987), Collins, London.
- Dale, B and Cooper, C (1992), *Total Quality and Human Resources*, Blackwell publishers, Oxford.
- Davor R. S. (1976), *Personnel Management and Industrial Relations in India*, 2nd ed., Vikas Publishing House, Delhi.
- Davis, K (1971) *HU man Relations At Work: Dynamics of Organisation Behaviour*, West Publishing Company, New York.
- Donnelly, J. H. Gibson, J. and Ivancevich, J. (1987), *Fundamentals of Management* IRWIN, Homewood.
- English Business Dictionary (1986), Peter Collin Publishing, Middlesex.
- Gani, A. & Ahamad, R (1995) "Correlates of Quality of Work Life: An Analytical Study" *Indian journal of IR*, Vol. 31, No. 1, July
- Glueck, W.F (1979), *Foundations of Personnel*, Business Publications Inc., Texas.
- Ivanovic, A. (1988) *Dictionary of Personnel Management*, Peter Colling Publishing Ltd., Middlesex, London.
- Locke, E.A. (1976), "The Nature and causes of Job Satisfaction", *Handbook of Industrial and Organizational Psychology* PP. 1297-1349
- Mamoria, C. B. (1991), *Personnel Management*, Himalaya Publishing House, Bombay
- Mathis, R. L. and Jackson, J. H. (1988), *Personnel/HRM*, 4th ed., West Publishing Company, New York.

- Miyal, J. (1995) Productivity Movement in Japan and Role of JRC-SED, Round Table Conference Table Conference Paper, Colombo.
- Pathirana, G.S. (1990), Labour and Industrial Relations in the Sri Lanka Plantation Sector, Research for MA.
- Pinto, J.L. (1995), The Roles of Management & Trade Unions is Bringing About A Positive Work Culture, Indian Journal of Industrial Relations, Vol. 31, No. 1, July
- Rodrigo, C. (19) "Structural Reform and the Labour Market, 1972-1992: Sri Lanka Case Study", Social Dimensions of Economic Reforms in Asia.
- Silva (1973), The Legal Framework of Industrial Relations in Ceylon, H.W. Cave & Company, Colombo.
- Silva, W.P.N. (1978), Industrial Conflict, Lake House Ltd., Colombo
- Singh, B.P., Chhabra T.N. & Taneja P.L. (1990), Personal Management & Industrial Relations, Dhanpat Rai & Sons, Delhi.
- Stond, T.H. & Meltz, N.M.(1983), Personal Management in Canada, Holt of Canada Ltd., Toronto.
- Szilagyi, A D (1981), *Management and Performance*, Goodyear Publishing Company, Inc., California.
- The Oxford Advanced Learner's Dictionary of current English (1948) Oxford University Press, Oxford.
- The Oxford Paperback Dictionary (1979), Oxford University Press, Oxford.
- Tripathi, P. C. (1991), *Personnel Management & Industrial Relations*, Sultan Chand and Sons, New Delhi.
- Werther, B. W. Davis, K, Shwind, H. F, Das H and Miner F. C. (1985), *Canadian Personnel Management and Human Resources*, 2nd ed., Mcgraw-Hill, Rversion Ltd., Toronto.