

Impact of organization culture on Job satisfaction of employees in Insurance Industry

Thusyanthini Nadarasa, Lecturer

Department of Human Resource Management, University of Jaffna, thusyanthini09@gmail.com

Abstract

This paper studies the role of organization's culture on the job satisfaction of the employees belonging to the insurance industry of Sri Lanka. This study operationally defined culture in terms of supervisor support, communication, rules & policies and rewards & benefits. The data were collected through the distribution of a standardized questionnaire among 250 employees through a stratified random sampling. Validity of the scale was ensured using factor analysis and internal consistency was checked using cronbach's alpha. Data was analyzed using correlation and regression analysis. The result shows that supervisor support and open communication make a significant impact on job satisfaction's level ($p < 0.05$). Whereas, rules and policies, rewards and benefits has no impact on the job satisfaction of the employees. Employee job satisfaction depends upon individual to individual nevertheless supervisor support and communication is not the only determinant of job satisfaction. Although this study is conducted in Sri Lanka but it's the anticipation of the researchers that the result have a high degree of relevance on a wider scale. These findings have high relevance for organizational managers. Aspects of the way the organization is cultured affect how employees view their satisfaction with their jobs.

Keywords; Organization culture, Job satisfaction, Commitment and supervisor

1.0 Introduction

After 1980's, many researchers and academics paid attention to organizational culture as an important determinant of organizational success. Organization culture is "a system of shared meaning held by members that distinguishes the organization from other organizations". This is a set of characteristics that the organization values" (Robbins). The most important factor contributing in the success of any organization is its work force which provides an inimitable source of competitive advantage. One of the concepts which have been studied numerously in the past is the job satisfaction, which is one of the most common factors which enable the employees to be more motivated, committed and loyal towards their work and effectively participate in achieving the organization's over all goals (Chang & Lee, 2007). Culture has a direct impact on the job satisfaction of the employees; it has been observed through literature the more the organization is flexible, follows the participative management style with a strong communication and acknowledge with the rewards and benefits unbiased distribution higher will be the satisfaction level of the employees followed by organization moving on the track of success (Mckinnon, 2003). Banking sector is one of those sectors in which the work pressure has always been high. There are number of the task in which they remain involve round the year the same is the case with the banks operating in Sri Lanka and its one of the common observations that the stress level of the employees is very high; and is one of the reasons for our selection of the banking sector as the area of study. This study highlighted some key features which enabled the key executive managers to probe out some of the important aspects for the decreasing satisfaction level in the employees and to redesign some of its culture blocks to increase the job satisfaction of the employees which in turns a key to reduce the switching over and absenteeism rates.

2.0 Research Problem

Many experts began to argue that developing a strong organizational culture is essential for success. While the link between organizational culture and job satisfaction is far from certain, there is no denying that each organization has a unique social structure and that these social structures drive much of the individual behavior observed in organizations. In current insurance market, many employees faced many difficulties to gain job satisfaction.

RQ: what extent organization culture has impact on job satisfaction on insurance industry in Jaffna District, Sri Lanka?

3.0 Objectives of this study

The main objective of the study is to find out the relationship between organization culture and job satisfaction.

- To assess the levels of organization culture prevailing in the industry;
- To find out the degree of job satisfaction in insurance industry;

4.0 Review of Literature

In almost any organization around the globe, the organizational culture would consist of the uniquely patterned beliefs, feelings, values and behaviour that connect the members to the organization and simultaneously distinguish that organizational culture from the cultures of other organizations. Obviously, cultural dimensions are reflected in various forms in the external life of a society or an organization, as well as in the values and beliefs held by its members. Culture; have been under consideration from the aspect of its different dimensions playing a role in effecting the job satisfaction (Mckinnon, 2003). The popularity of culture demand from the management to understand the different dimensions of corporate culture and its effect on the job satisfaction (lund, 2003). However, it was also claimed that perception about the organization culture can never be the same among all the employees and it varies from person to person depending upon their own beliefs and mind sets (Palthe & Kossek, 2003). Goodenough (1971) argued that organization culture can be defined as combination of knowledge and standards used by the employees to understand the organization environment. Communication can be referred to as such act which need understanding rather than the listening and emphasize more on the symbols to transfer the meaning rather than the words. Communication is one of the very important functions for all the department of the organization, by considering organization as a social system than their activation and coordination are focused on the communication (Goris, 2006). According to Roberts and O'Reilly (1979), there is high need of precision for identifying communication in organizations. They state that "theories relevant to communication in organizations cannot be developed until facets of organizational communication are specified and some of their correlates identified". However Goris (2006) claimed that communication act as a predictor and moderator or both for increasing the communication satisfaction of the employees which in turn increases the job satisfaction. For setting up the code of action and providing directions rules and policies have been laid down; providing the foundation for the internal code of ethics inside the organization. There are some invisible owners of the company which controls the act of the employees, on the other side too many rules and policies will severely act on the satisfaction level of the employees resulting in decreased productivity. In the past decades it has been clearly identified that supervisors support can create the positive impact in the job satisfaction of the employees (Greenhaus,1990) supervisor support can be taken as the positive support by the supervisors for the career development of the subordinates (Kram,1985). It has been observed that higher level of the supervisor support increases the job satisfaction which in turn decreases the turnover rate (Jiang & Klen, 2000) Employees' benefits and rewards constitute 30-40% of the compensation package of the employees which is often overlooked by the management (Arnold & spell. 2006). Seashore and Taber (1975) claimed that rewards and benefits have a positive impact on the job satisfaction of the employees. Identified that job rewards can be used as the tools for improving the financial situation have a strong impact on the job satisfaction.

5.0 Conceptualization

Conceptualization attempts to visualize the causality of the research problem prior to understand this research in detail. In this research it is planned to explain the relationship between organization culture and job satisfaction.

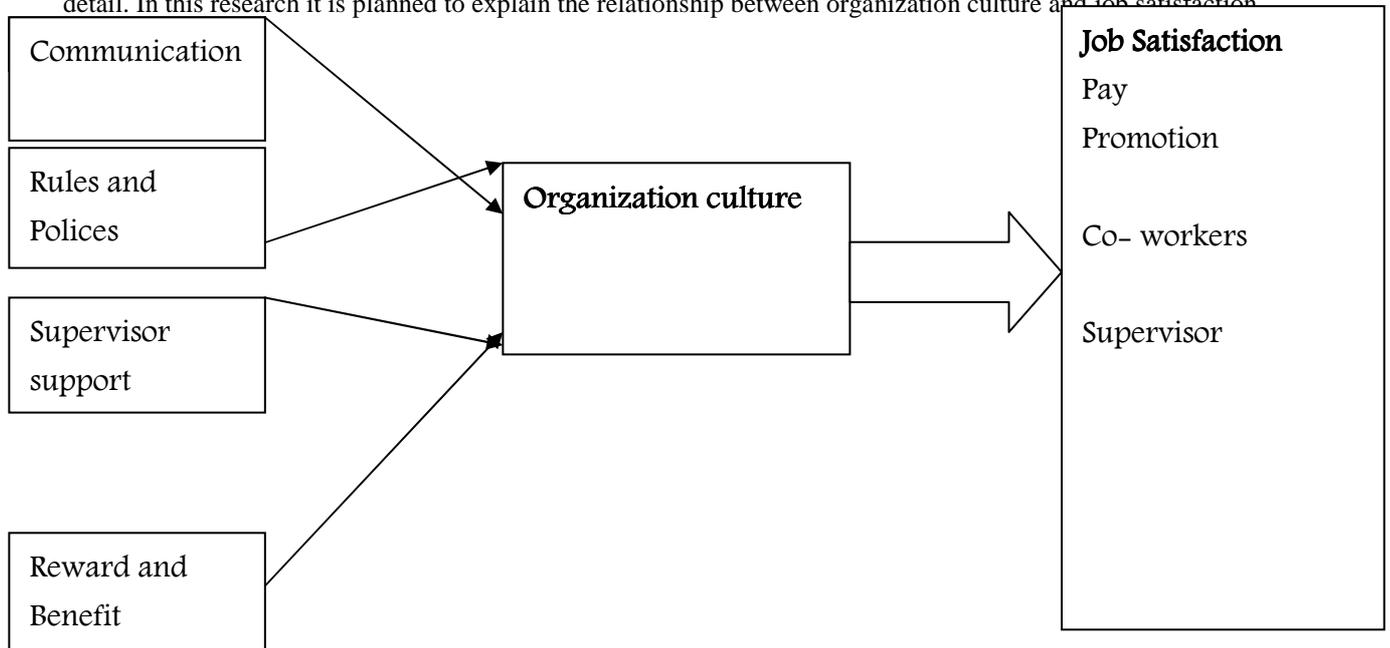


Figure - conceptualization model

6.0 Methodology

6.1 Data collection

Primary and secondary data are used for this study. Primary data are collected through the questionnaire and interviews, and secondary data are collected from texts, journals and magazines.

6.2 Sample

Table 01: Number of Respondents by Personal Characteristics

Characteristics		Frequency	Percentage
Gender	Male	112	54%
	Female	97	46%
Age	Below - 25	80	38%
	25-35	12	6%
	36-45	78	37.3%
	Above	39	18.7%
Status	Married	94	
	Unmarried	115	

The study is limited to employees of insurance industry. Convenience sampling method has been adopted to select. Researchers issued two hundred and fifty (250) questionnaires to the selected employees and out of which two hundred and nine (209) only returned with their responses. The above table gives details about the distribution of questionnaires.

6.3 Methodology

Questionnaire is designed to gather the data. It consists of three parts A, B, and C.

Part – A, it deals with personal details such as sex, marital status, age, etc.

Part – B consists 12 statements to measure the organization culture. Four dimensions such as communication, rules and policies, supervisor support and reward benefit are considered for measurement of organization culture.

Part – C also include of 12 statements which are divided into four main variables (pay, promotion, co- workers, and supervisor) to measure the job satisfaction.

By including variables, questionnaire is prepared with seven points Likert scaling system. In a way, qualitative data are also converted into quantitative for the convenience. Then analysis is made with appropriate statistical tools, in order to prove the objectives of the study and to test the hypotheses.

7.0 Hypotheses

Following hypotheses are taken for the study:

H1 – Organization culture has impact on job satisfaction

H2 – There is no relationship between organization culture and job satisfaction.

8.0 Results and Discussion

The study is undertaken to find out the relationship between organization culture and job satisfaction. Correlation analysis was carried out to find out the nature of relationship between the variable based on the value of correlation.

Table 02: Correlation between organization culture and job satisfaction

	Organization Culture	Job Satisfaction
Organization culture	1	.975 (.000)
Job satisfaction	.975 (.000)	1

** Correlation is significant at the 0.01 level

Multi - Co Linearity

Two major methods were utilized in order to determine the presence of multi co linearity among independent variables in this study. These methodologies involved calculation of both a Tolerance test and Variance Inflation Factor –VIF (Kleinbaum, 1988). The results of this analysis are presented in Table 03.

Table 03: Test of Co Linearity

Variable	Tolerance	VIF
Communication	.623	1.606
Rules and polices	.532	1.881
Supervisor support	.607	1.647
Reward and benefit	.851	1.174

As can be seen from this data, none of the Tolerance level is < or equal to 1; and all VIF values are well below 10. Thus, the measures selected for assessing independent variables in this study do not reach level indicated of multi co linearity.

Table 04: Test of Durbin – Watson

Variable	DurbinWatson
Pay	1.839
Promotion	2.065
Co- workers	2.090
Supervisor	2.190

The acceptable Durbin – Watson range is between 1.5 and 2.5. In this analysis Durbin – Watson values for supervisor is 2.190 which is highest score. There was no auto correlation problems in the data used in the research. Thus, the measures selected for assessing independent variables in this study do not reach level indicate of multi co linearity.

Regression Analysis

Regression analysis was carried out to test the impact of organization culture on job satisfaction in insurance industry. In this case, organization culture is the independent variable and job satisfaction is dependent variables. From these independent and dependent variables, the following relationships are formulated. Job satisfaction (C) is dependent upon organization culture (S). It is represented as follows.

$$C=f(S) \text{ ----- (1)}$$

To test the impact of relationship marketing on customer retention, the following equation can be formulated.

$$C= \beta_0 +\beta_1(S)+e$$

Where; β_0 and β_1 are the regression coefficient

C- Job Satisfaction

S- Organization culture

Thus the regression results are presented below:

Table-05 Regression Analysis

R	R ²	Adjusted R ²	Std. error of the estimate
.975	.950	.950	1.661

Predictors (constant) customer relationship marketing

From the Table-05, we can observe that job satisfaction is influenced by organization culture by 95%. Remaining 5% are determined by other factors.

9.0 Conclusion and suggestion

It has been highly recommended for the future researchers to probe out the different factors which could facilitate in defining the organizational culture which could includes the events and ceremonies, coworkers

supports etc so that in this world of global village rather than considering the organization as the multi culture but a one which is a combination of different factors.

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