

Mediation Effect of HRD Mechanism between OCTAPACE Culture and Job Satisfaction – A Study

M. R. S. Surya Narayana Reddy,

Research Scholar, Assistant Professor
Sree Vidyanikethan Institute of Management, Tirupati
Department of Management Studies, JNTU Anathapur, India

Dr. T. Naryana Reddy,

Assistant Professor & HOD
JNTU College of Engineering,
JNTU Anathapur, India.

Dr. C. Viswantha Reddy,

Professor & Head
Rayalaseema University,
Kurnool, India.

ABSTRACT

In any organization, the employee productivity, employee engagement, job satisfaction, etc. depending upon the existing HRD climate. HRD climate is the composition of general climate, OCTAPACE culture, and HRD mechanisms. A good number of research studies have highlighted the impact of HRD climate on job satisfaction and have confirmed the positive relationship between job satisfaction and psychological climate. While many other studies have examined the influence of HRD climate, HRD mechanisms on job satisfaction in the service sector. The present study aims to evaluate the mediation effect of HRD mechanism between OCTAPACE culture and job satisfaction among employees in the manufacturing sector. The empirical results show that HRD mechanisms of an organization mediate the relationship between OCTAPACE culture and Job satisfaction. The study also says that when HRD mechanism intervenes between OCTAPACE culture and Job Satisfaction, the indirect effect of OCTAPACE culture on job satisfaction has become significant.

Keywords: HRD Mechanism, HRD Climate, OCTAPACE Culture, Job Satisfaction.

INTRODUCTION:

Every organization, small or large; uses different kinds of capital, viz., financial, material, machinery to generate income for the business. But, every firm should have one thing in common, i.e., people to make the capital to work for benefiting the organization and its stakeholders. Hence, the organizations need to attach significant importance to human resources as it leads to the sustainable competitive advantage. But, Today's manufacturing sector in India is facing immense hurdles due to dynamic internal and external factors. This is a perennial problem in public sector organizations due to the heterogeneous composition of workforce in so far as their educational qualification and attitude towards work are concerned. To be more effective, every organization in manufacturing sector needs competent people in all key areas to bring about cost reduction, reduction in delays, increased customer satisfaction, better quality, effective promotion, prompt service and improved market image. The effective performance of human resources depends on the type of Human Resource Development (HRD) climate that prevails in the organization. In other words, there would be directly proportional relationship between the type of HRD climate and the employee's performance.

In an organization, HRD leads to higher productivity, better relations, and greater profitability. Human productivity is crucial for the growth and survival of organizations (Anukool Manish Hyde and Others, 2016).

Higher productivity leads to ultimate societal benefits. The HRD climate plays a crucial role in ensuring the required competency, motivation, and development of its employees. Hence, every organization should develop HRD climate using appropriate HRD systems and top management leadership styles. Basically, the HRD climate has three broad categories, viz., General Climate, HRD Culture, and HRD Mechanism. HRD culture is vital for facilitating HRD climate. But, HRD culture deals with the extent to which Openness, Confrontation, Trust, Autonomy, Reactivity, Authenticity, Collaboration, and Experimentation (OCTAPACE) are valued and promoted in the organization (Neeraj Kumari, 2013).

The general climate items will give importance to the HRD by the top management in general. The OCTAPACE items deal with the extent to which Openness, Confrontation, Trust, Autonomy, Proactivity, Authenticity, Collaboration, and Experimentation are valued and promoted in the organization. The items come under HRD mechanisms measure the extent to which HRD mechanisms are implemented seriously. HRD mechanism and OCTAPACE culture influence the job satisfaction among the employees. Conceptually, OCTAPACE culture has direct and indirect effect on job satisfaction, employee engagement, and productivity. The indirect effect is OCTAPACE culture leads to an effective HRD mechanism and in turn leads to job satisfaction. In other words, HRD mechanism plays a mediating role between OCTAPACE culture and job satisfaction.

The paper is organized in four sections. Section-I talks about the HRD climate, OCTAPACE culture, HRD mechanisms, the role of HRD mechanisms and OCTAPACE culture on Job satisfaction and the review of literature. Section-II provides the statement of the problem, objectives, methodology used for the study, sampling, data sources, materials, and methods applied for data analysis. Section-III presents the empirical analysis of data using appropriate statistical tools and interpretation. Section-IV highlights the key items, viz., discussions and managerial implications, limitations and scope for further research, and conclusions.

REVIEW OF LITERATURE:

OCTAPACE Culture and Job Satisfaction:

Mulatu Takele Babushe (2013) have examined the impact of HRD climate on job satisfaction and concluded that there is a positive impact of HRD climate on job satisfaction in public sector companies in Ethiopia. Arif Hassan et al (2006), have also confirmed that HR practices always promote job satisfaction and develop trust among employees. Biswas & Soumendu (2009), said that Job involvement and Job satisfaction variables have the mediating relationship between turnover intention and psychological climate and proved that there is positive relationship between job satisfaction and psychological climate.

HRD mechanism and Job Satisfaction:

Srimannarayan (2009) emphasized that, in HRD mechanisms, added importance should be given to the training and development rather than employee welfare, rewards and career planning, because training and development leads to more job satisfaction among employees in the manufacturing sector. Solkhe, A and Chaudhary, N (2011), concluded that there is a positive relationship between HRD climate, HRD mechanisms and job satisfaction. Ajay & Nirmala (2011) made an attempt to identify whether there is any positive relationship between job satisfaction and organizational performance in the service sector and found that job satisfaction leads to improved organizational performance. Birajit et al (2012) also found that there is a relation between HRD outcomes and job satisfaction in the insurance sector and HRD mechanisms leads to improved employee commitment, job satisfaction and organizational performance. Anitha Singh (2010) has focused on demographic variables on job satisfaction in the insurance sector and found that there is a positive association between demographic variables and job satisfaction variables.

Statement of the Problem:

In an organizational context, HRD is the process of helping the employees in a planned and continuous manner to acquire or sharpen the abilities, develop an organizational culture for better superior-subordinate relationships, teamwork, and strong collaboration among sub-systems. Conceptually speaking, HRD practices lead to better human productivity, which in turn, leads to job satisfaction among employees and organizational efficiency. The HRD climate in an organization plays a critical role in ensuring the requisite competency, motivation, job satisfaction, and overall development of its employees. Thus, every organization should build up an HRD climate by adopting suitable HR practices. Three components in HRD climate, viz., General Climate, HRD Culture, and HRD Mechanism are related to each other and collectively work for employee job satisfaction. The existing literature says that HRD mechanism and OCTAPACE culture delineates the level of job satisfaction among employees and HRD mechanism plays a mediating role between OCTAPACE culture

and job satisfaction. A good number of research studies have been conducted on the impact of HRD climate on job satisfaction and quite a few studies have confirmed the positive relationship between job satisfaction and psychological climate. While many other studies have examined the influence of HRD climate, HRD mechanisms on job satisfaction in the service sector in general and insurance sector in particular. But, no research has taken place highlighting the influence of HRD climate, OCTAPACE culture, HRD mechanisms on job satisfaction in the manufacturing sector, that too in the cement industry. Further, none of the researchers have attempted to explain the mediating effect of HRD mechanisms between OCTAPACE culture and job satisfaction in the cement industry. The present paper explains the effect of OCTAPACE culture and the mediation effect of HRD mechanisms on job satisfaction.

OBJECTIVES:

- To examine the mediating role HRD mechanism in the relationship between OCTAPACE culture and Job Satisfaction.
- To study the relationship between HRD climate led by HRD mechanism, OCTAPACE Culture and Job Satisfaction

RESEARCH METHODOLOGY:

Research Design:

Keeping in view of the objectives of the study, an exploratory research design has been adopted, because, it lays particular emphasis on the problems that have not been studied clearly. Causal analysis has also been carried out to investigate the cause-and-effect relationship among the variables chosen for the study.

Sources of Data:

The data required for the present study have been collected from the sample respondent employees working in Cement Manufacturing firms located in the Rayalaseema Region of Andhra Pradesh.

Sample Frame:

The sample size of the present study has been identified by following the standard sample size table propounded by Krejcie & Morgan (1970). For the given population size above 2,000 (around 2,500), at 95% confidence limit, and at a 5 % margin of error the sample size is 333. To make the sample more representative of the population, a quota has been fixed for each cadre (stratum) of employees. Further, the sample respondents from each cadre have been selected by using convenient sampling.

An instrument used for Data Collection:

After an extensive literature review, identifying the dimensions and underlying items, a questionnaire with Likert 5 point scale has prepared and administered among the sample respondents. For the sake of convenience, the questionnaire is divided into three sub-parts, viz., HRD mechanism, Job Satisfaction, and OCTAPACE culture. For collecting the primary data from the sample respondents, the personal interview method was followed and the secondary data required for the study has compiled from the research studies published in journals and unpublished thesis.

HYPOTHESES:

H₀₁: There is no significant relation between HRD Mechanisms of an organization and Job satisfaction among employees.

H₀₂: OCTAPACE Culture does not explain the Job satisfaction among employees.

H₀₃: There is dissociation between HRD Mechanism and OCTAPACE culture.

TOOLS FOR DATA ANALYSIS:

For logical and meaningful analysis of the data collected, several statistical tools were applied. Reliability analysis (Coakes, J.C. And Ong, C., 2011) is used to determine the internal consistency of the data using Cronbach's Alpha as suggested by Fraenkel, J.R. And Wallen, N.E. (1996). To explain the nature of the relationship between the selected parameters, viz., HRD mechanism, Job Satisfaction, and OCTAPACE culture, a correlation matrix is constructed. Finally, to explain the mediation effect of HRD mechanism between OCTAPACE Culture and Job Satisfaction, mediation analysis was conducted by using Wrap Partial Least Square.

DATA ANALYSIS AND INTERPRETATION:

Demographics of the Respondents:

The respondents' perception regarding HRD Climate, HRD mechanisms, OCTAPACE culture and their influence on job satisfaction may vary according to demographic factors, viz., gender, age, educational qualifications, their monthly income, number of years of experience on the job, etc. Therefore, prior to the analysis of data, it is essential to comprehend the detailed profile of the respondents.

Table No.1: Demographics of Respondents

Sl. No	Demographic Variables	Category	No of Respondents (Percentage)
1	Gender	Male	206 (62 %)
		Female	127 (38 %)
2	Age	18-20 years	223 (67 %)
		20-22 years	93 (28 %)
		22 years above	17 (5 %)
3	Education	Under Graduation	233 (70 %)
		Post Graduation	100 (30 %)
4	Income	<10000	80 (24 %)
		10000-15000	43 (13 %)
		15000-20000	27 (8 %)
		>20000	183 (55 %)

Source: Primary Data

Out of 333 respondents chosen conveniently for the study, 62 per cent were male and the remaining 38 percent were females. 67 per cent of the total 333 respondents belonged to the age group of 18-20 years, 28 percent belonged to 20-22 years and 5 percent belonged to 22+ years of age. 70 per cent of the respondents are undergraduates and only 30 per cent are post graduates. 24% of the respondents are with income of less than Rs.10,000 per month, 13 per cent of them are with the income ranging between Rs.10, 000 – Rs.15, 000 per month, 8% of them are within the income ranging between Rs.15, 000 – Rs.20, 000 per month and 55 per cent of the respondents are with an income of Rs.20, 000+ per month. Hence, it is observed from the data provided in table No.1 that the major number of males (206 out of 333), with the age group between 18-20 years (223 out of 333) having undergraduate qualification (233 out of 333), earning Rs.20, 000+ income per month (183 out of 333) have participated actively in survey and shown keen interest by giving responses to the questionnaire.

Reliability Analysis:

The reliability and consistency of the data collected for the study has been examined through reliability test with, Cronbach's Alpha as a coefficient of internal consistency. As per the ranges provided by George, D.J. Mallery, P. (2003), Cronbach's Alpha value greater than or equal to 0.5 is considered to be acceptable.

Table No. 2: Cronbach's Alpha Statistics

SL.No	Factor	Variables	Alpha Value (α)
1	HRD Mechanism	Performance Appraisal	0.84
		Training and development	0.88
		Career Planning	0.92
		Promotions	0.85
2	OCTAPACE	Attractiveness	0.91
		Trustworthiness	0.93
		Expertise	0.92
3	Job Satisfaction	Adequate Opportunities	0.89
		Stable Employment	0.90
		Fair Pay	0.93
		Social Conditions	0.96
		Feeling of Accomplishment	0.92

Source: Authors' calculation using SPSS 21.

Based on the closeness, the items were grouped into three factors, viz., HRD mechanism, OCTAPACE culture and Job satisfaction (as shown in table No.2). Indeed, the value of Cronbach's Alpha of all the items under each factor is greater than the acceptable limit. It is observed from the above table that the highest alpha value is 0.96 and the least value is 0.84. Therefore, the internal validity or scale reliability issues are not existed in the present study.

Descriptive Statistics and Correlation Analysis:

Table No.3 shows the descriptive statistics, viz., mean and standard deviation of the three factors considered for the study. A correlation analysis is simply a rectangular array of numbers which gives the correlation coefficients a single factor and every other factor in the study. The correlation coefficient between a variable and itself is always 1; hence the principal diagonal of the correlation matrix contains 1s. The correlation coefficients above and below the principal diagonal are the same.

Table No. 3: Mean, S.D and Correlations

Sl.No	Factor	Mean	S.D	Correlation		
				HRDM	OCTAPACE	JS
1	HRD Mechanism	4.1	0.32	1		
2	OCTAPACE Culture	4.3	0.98	0.84***	1	
3	Job Satisfaction	3.9	0.45	0.64***	0.76***	1

S.D= Standard Deviation, **HRDM** = HRD Mechanism, **JS**= Job Satisfaction

PI= Job Satisfaction, *** = P= 0.000

Source: Authors' calculation using SPSS 21.

Looking at the mean values of the factors, it can be concluded that the OCTAPACE culture is the most important variable (the mean score of agreeability is 4.3 out of 5 points Likert's Scale), followed by HRD mechanism (mean score is 4.1) and job satisfaction (mean score is 3.9). As far as standard deviation is concerned, HRD mechanism is showing more consistency (Std. Dev. Is 0.32), followed by OCTAPACE culture (Std. Dev. Is 0.98). It may also be inferred from the data analysis provided in the above table that the inter factor correlation between HRD mechanism and OCTAPACE culture is 0.84 which is significant at 5 per cent level of significance ($p < 0.05$), followed by the correlation between OCTAPACE culture and Job satisfaction is 0.76 ($p < 0.05$) and lastly the correlation between HRD mechanism and Job satisfaction is 0.64, which is also significant at 5 per cent level of significance ($p < 0.05$).

Mediation Test - Bootstrapping Method:

An increasingly popular method for testing the indirect causal relationship between an independent variable and a dependent variable is bootstrapping (Bollen & Stine, 1990; Shrout & Bolger, 2002). This popular method was adopted to test the mediation effect of HRD mechanism between OCTAPACE culture and Job Satisfaction. Here, OCTAPACE culture has taken a causal variable (denoted as X) and Job Satisfaction as the dependent variable (denoted as Y) and the mediator or intervening variable is HRD Mechanism (denoted as M). The mediation model is presented in diagram-1 and test results are presented in table No.4 & 5.

Diagram 1: Mediation Model

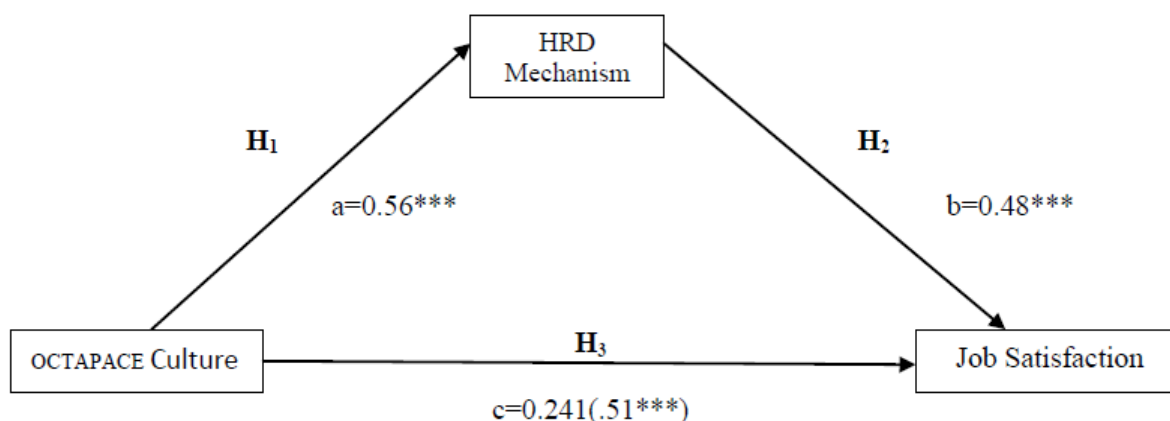


Table No. 4: Mediation test Result

Steps	Path	Estimates	95 % Confidence Interval		Beta	Sig.
			LLCI	ULCI		
1	OCTAPACE Culture—JS (c)	3.88	5.690	12.35	0.51	0.000
2	OCTAPACE Culture—HRDM (a)	1.67	.301	4.645	0.56	0.042
3	HRDM—JS (b)	1.23	.354	1.895	0.48	0.011
4	OCTAPACE + HRDM – JS (c')	1.82	-1.080	.360	0.24	0.267

Note: JS: Job Satisfaction

Source: Authors' calculation using SPSS 21.

Table No. 5: Direct and Indirect effect of X on Y

Effect	Effect size	LLIC	ULIC	Sig
Direct	1.82	-1.08	.36	0.267
Indirect	2.05	.231	.301	0.000

Source: Authors' calculation using SPSS 21.

It is observed from the analysis given in table No.4 that there exists a direct and indirect effect of OCTAPACE culture (X) on Job Satisfaction (Y). There is a significant ($p=0.000<0.05$) effect of X (OCTAPACE culture) on Y (Job Satisfaction) with a beta value of 0.51 in the absence of the mediating variable called, i.e., an HRD mechanism. There is a significant relation between OCTAPACE culture and HRD mechanism ($p=0.042<0.05$ and $\beta=0.56$) and also found a significant relationship between HRD Mechanism and Job Satisfaction ($p=0.011<0.05$ and $\beta=0.48$). The analysis given in table No.5 regarding direct and indirect effect of X on Y says that when HRD mechanism is playing the mediating role, the effect size of OCTAPACE culture on Job Satisfaction has increased. If we look at the data given in the table, the direct effect size is 1.82 which is insignificant ($p=0.267>0.05$). Further, when HRD mechanism intervenes between OCTAPACE culture and Job Satisfaction, the indirect effect size has increased to 2.05 which is significant ($p=0.000<0.05$). So, the direct effect of OCTAPACE culture on Job Satisfaction has disappeared after the intervention of HRD mechanism between them. Hence, it can be concluded that there is a mediator role in the HRD mechanism of an organization between OCTAPACE culture and Job Satisfaction.

Table No 6: Results of Hypothesis Testing

Sl.No	Hypothesis	Accepted
1	H₀₁: There is no significant relation between HRD Mechanisms of an organization and Job satisfaction among employees.	Yes (***)
2	H₀₂: OCTAPACE Culture does not explain the Job satisfaction among employees.	Yes (*)
3	H₀₃: There is dissociation between HRD Mechanism and OCTAPACE culture.	Yes (*)

DISCUSSIONS AND MANAGERIAL IMPLICATIONS:

It is well proved that the HRD mechanism of an organization mediates the relationship between OCTAPACE culture and Job satisfaction. The components of OCTAPACE culture, viz., Openness, Confrontation, Trust, Autonomy, Proactive, Authenticity, Collaboration and Experimentation were studied by observing the their underlying relationship with Job satisfaction. Like earlier studies, the present study also proved that the OCTAPACE culture influences the level of job satisfaction of a particular employee. As long as these factors of OCTAPACE culture are well recognized, employees will be able perform their jobs with greater level of satisfaction. Manufacturing companies are in dire need for establishing the sound HRD climate to instill an OCTAPACE culture among the employees. The present study concerning to the cement manufacturing industry has proved that OCTAPACE culture and HRD mechanism significantly influences the job satisfaction as there is a positive linear relationship between OCTAPACE culture and Job Satisfaction. From the side of cement companies, there is huge demand for people with physical and mental abilities as employees and laborers. The results of the present study say that, if certain dimensions of OCTAPACE culture, viz., openness, confrontation and trust are given undue importance, then there would be high job satisfaction, more employee productivity and employee participation in organizational growth. It is suggested that while executing OCTAPACE culture

as an integral part of HRD climate, organizations should provide a proper HRD mechanism in terms of career planning, employee welfare, quality of work life and potential appraisal system, etc.

LIMITATIONS AND SCOPE FOR FURTHER RESEARCH:

Though the study focused on studying the mediating role of HRD mechanism between OCTAPACE Culture and Job Satisfaction, it has certain limitations due to some unavoidable limitations. By default, the study has covered high volume of male respondents and the proportions of female respondents in the study are negligible. This is because; the cement industry is not much suitable for female workers due to heavy physical burden at work place. Therefore, gender bias influences the findings of the study and also the generalization of findings. The variables taken for study, viz., OCTAPACE culture, HRD mechanism, and Job Satisfaction were adopted from the literature and no new dimensions were added. But, when it comes the administration of the said variables as part of research studies, the nature of the response may vary from sector to sector and industry to industry. Considering the said limitations as opportunities, researches may be conducted in the future.

CONCLUSION:

The study has examined the mediating role HRD mechanism between OCTAPACE culture and Job Satisfaction. In the absence of HRD mechanism intervention, effect of OCTAPACE culture on Job Satisfaction is insignificant. But, there is a significant size of effect of OCTAPACE culture on Job Satisfaction due to the intervention of HRD mechanism between them. Hence, organizations need to practice OCTAPACE culture in collaboration with a sound HRD mechanism so as to improve their employee productivity, commitment, and job satisfaction. Further, organizations also need to bring necessary changes in their HRD mechanisms according to the new changes in the external environment, viz., technological changes, policy legislations, etc.

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