

# The Relationship between Objective Management Measures of Enterprises and Job Satisfaction: A Mediating Role of Industrial Relations Climate

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**Abstract.** This paper has investigated the relationship between objective management measures of enterprises and employees' job satisfaction based on information processing theory, social exchange theory and organizational justice theory. We argue that the objective management measures of enterprises-measured by compliance indicators and competitive indicators compared to other companies in the same industry or region in their rules and regulations have positive effects on employees' job satisfaction. According to the questionnaire survey of 1,334 employees from 45 enterprises located in Chengdu's High-Tech Zone, using the method of regression analysis, we found that there exists a positive relationship between objective management measures of enterprises as well as its two dimensions (the compliance indicators and the competitive indicators) and job satisfaction, and the industrial relations climate plays an intermediary role of them. The results suggest that corporates pay more attention to perform their duties listed in company rules and regulations and provide better employment environment to enhance the job satisfaction and establish inner harmonious labour relations.

## 1. Introduction

In recent years, ensuring the stability and harmony of labour relations has always been a matter of close concern to the party and the government. However, according to data released by the National Bureau of Statistics, the number of labour dispute cases accepted nationwide has been increasing from 2012 to 2017 and labour contracts, wages and social security-related disputes are the most prominent of them. Therefore, how to improve the harmony of labour relations at the enterprise level is an urgent problem to be solved.

In the practice of labour relations management in enterprises, the job satisfaction of an employee during work is one of the important factors to ensure the harmonious labour relations, as well helpful to reduce the probability of labour disputes after termination of employment with company. Management means of enterprises which can be measured by the compliance indicators and competitive indicators in company rules and regulations signifies the extend how them value the status of enterprise labour relations and significantly influence an employee's psychological perception of it which can be defied as industrial relations climate. And the employee's psychological perception is of great importance in terms of improvement in their job satisfaction<sup>[1]</sup> as well as the status of labour relations. However, it was found that some of the companies believed that the relevant rules and regulations had been well-established and followed, the results of the employee satisfaction survey are not optimistic. According to it, we argue that the objective indicators (compliance and competitive) cannot directly affect the employees' job satisfaction but through intermediary variable of the industrial relations climate. The former must be combined with effective internal publicity and implementation to improve employees' job satisfaction. In this context, it has great practical significance to discuss about mediator effect of industrial relations climate in relation between the controllable management measures at the enterprise level and job satisfaction in order to enhance the efficiency of enterprise labour relations management and ensure the harmonious social labour relations.

## **2. Theories and Research Hypotheses**

### **2.1. Enterprise Management Measures and Job Satisfaction**

Enterprise management measures include compliance and competitive indicators. Many Chinese scholars have discussed the dimensions of labour relations management in Chinese context. He Qiushuo(2005) proposed that enterprise labour relations management status can be evaluated through wages, employment environment, labour protection, democratic and development prospects<sup>[2]</sup>. He Sheng (2007) pointed that labour relations management dimensions includes income security, employment environment, equity realization and skill development<sup>[3]</sup>. Besides, labour contract and organization management, social insurance, labour disputes and job content are also indicators of labour relations management.<sup>[4-5]</sup> However, the scholars have not yet reached a unified opinion on the evaluation index of enterprise labour relations, and the weights of various indicators have not been determined.

Based on previous literature, current laws and regulations and interviews with employees and enterprise representatives, this study summarizes various indicators for evaluating the status of labour relations management which are objective management measures in company rules and regulations to guarantee the employee rights and optimize the employment environment and develop a two-dimensional indicator of compliance and competitiveness. The former refers to the indicators that the enterprise should implement according to the state laws, including dimensions of labour contracts, wage system, social insurance, working hours, democratic management and statutory trainings. The latter refers to the labour relations management resources that are better than the similar enterprises in the region in order to enhance its competitiveness and maintain talents, including dimensions of employee carness, labour disputes, welfare systems and development.

Job satisfaction is a state of mind, describing how pleasure employees get from their work which can be influenced by job-related factors and the overall employment conditions. Studies finds that three dimensions of organizational justice-distribution justice, procedure justice and interaction justice can significantly impact employees' job satisfaction.<sup>[6-7]</sup> In practice, the compliance indicators urge enterprises to abide by state laws and regulations, establishing a fair and sound management and compensation system, contributing to the promotion of procedure and distribution justice. Meanwhile, the competitive indicators provides better ways to resolve labour disputes, deliver employees' opinions and allocate benefits, improving their perception of internal distribution and interaction justice to some extent. Therefore, the paper proposes following hypotheses:

H1: Objective management measures has significantly positive effect on job satisfaction.

H1a: Compliance indicators has significantly positive effect on job satisfaction.

H1b: Competitive indicators has significantly positive effect on job satisfaction.

### **2.2. Enterprise Management Measures and Industrial Relations Climate**

Industrial relations climate is a combination of labour relations and organizational climate, and many related studies define it as employees' evaluation and perception of enterprise labour relations management. Chinese scholar Deng (2015) believed that it indicates not only labourers' perception of labour relations management practices but also the integral objective environment of labour relations management constituted by such practices.<sup>[8]</sup> Therefore, labour relations climate is to describe the quality of industrial relations in an organization,<sup>[9]</sup> which can be reflected through enterprise management measures. According to the information processing theory, external stimuli or information are transferred into brain via the sensory organs and then processed and transformed to from our impressions and perceptions. Based on this, the management activies and practices are transferred into employees' brain, affecting their perception towards industrial relations climate.

Furthermore, industrial relations climate covers five dimensions: interactiveness, motivation, empathy, harmony and fairness. Interactiveness shows how internal information transfer and

communication works and the willingness to intercommunication; motivation means material and spiritual rewards provided by enterprise to boost their initiative and creativity; empathy shows to what extent the company cares for its employees and their family in terms of work and life; harmony shows the degree of interpersonal relationship between members especially leaders; and fairness means the rewards, promotions and training opportunities offered within the organization is equal to everyone.<sup>[10]</sup> The compliance measures guarantee the employee's perception of fairness and the competitive indicators work on the other four dimensions of industrial relations climate. Therefore, this paper predicts:

H2: Objective management measures have a significantly positive effect on industrial relations climate.

H2a: The compliance indicators have a significantly positive effect on industrial relations climate.

H2b: The competitive indicators have a significantly positive effect on industrial relations climate.

### **2.3. Industrial Relations Climate and Job Satisfaction**

The higher the employee's evaluation of the enterprise interactivity indicates that the more effective the employee can convey their opinions and ideas to the relevant superiors and get effective feedback; the higher the employee's evaluation of the enterprise motivation indicates that the benefits or promotion opportunities provided by the company can meet the needs of employees and help them obtain good material and spiritual rewards; the higher the employee's evaluation of the enterprise empathy indicates that the more care they feel provided by company for them and their family, which can enhance their identity towards corporate rules and culture; the higher the employee's evaluation of the enterprise harmony indicates that a harmonious, respectful and enjoyable working atmosphere has been established to enhance the consistency between individual and organizational goals and reduce the likelihood of employee cognitive dissonance; and the higher the employee's evaluation of the enterprise fairness indicates that the rules and regulations implemented by enterprises can make them feel fair and justice, and then establish a good psychological contract with the organization. Based on the social exchange theory, employees are likely to show higher job satisfaction in return. In addition, studies show that the organizational climate has a positive effect on employees' job satisfaction that is greater on job performance.<sup>[11-13]</sup> Therefore, the paper again proposes the following hypotheses:

H3: Industrial relations climate plays a mediating role between objective management measures and job satisfaction.

H3a: Industrial relations climate plays a mediating role between the compliance indicators and job satisfaction.

H3b: Industrial relations climate plays a mediating role between the competitive indicators and job satisfaction.

## **3. The Improved Method**

### **3.1. The Questionnaire and Data Collection**

Data collection followed the principle of random sampling and Questionnaires were distributed to 45 enterprises located at Chengdu's High-Tech Zone in different industries. In the end, 1416 questionnaires had been recycled and 1334 questionnaires were effective (94.2% effective return rate). The sample distribution characteristics are shown in Table 1.

Table 1 Results of the descriptive analysis.

Variables	Classification	Frequency	Rate
Gender	Male	605	45.4%
	Female	729	54.6%
Age	18-25	282	21.2%
	26-30	430	32.2%
	31-35	285	21.4%
	36-40	189	14.2%
	$\geq 41$	148	11.1%
Education level	Junior college or below	623	46.7%
	Bachelor	645	48.4%
	Postgraduate	66	4.9%

### 3.2. Variable Measurement

The scale for industrial relations climate proposed by Deng (2014) was adopted in this study. It is designed in the form of Likert scale and well tested in a research on 120 enterprises from Chengdu High-Tech Zone through five stages including interview, coding, expert opinion, theory and formal research and survey. This scale is developed based on psychological contract theory and social responsibility theory and divided into five dimensions (interactiveness, motivation, empathy, harmony and fairness) with 24 items.

In terms of the measurement of employee job satisfaction, this study adopted the scale proposed by Agho (1992) that covers six items and has been widely used in many researches and proved to be good reliability and validity<sup>[13]</sup>. Both variables are measured in 7-point Likert scale.

Table 2 shows the scale items and reliability respectively.

Table 2 Summaries of the scale items and reliability.

Variables	Items	Cronbach's α	
Industrial relations climate	Interactiveness (IRC1-5)	.928	.981
	Motivation (IRC6-10)	.946	
	Empathy (IRC11-15)	.919	
	Harmony (IRC16-20)	.975	
	Fairness (IRC21-24)	.958	
Job satisfaction	I often tired about my work	.954	
	I feel very satisfied for my present work		
	At first I am very satisfied with my work		
	Most of the time I was full of enthusiastic for my work		
	I like the job more than the general employees		
	I have found that job can give real enjoy		

Table 3 Items in objective management measures questionnaire.

Dimensions	Subdimensions	No. of items
The compliance indicators	Labour contracts	20
	Wage system	
	Social insurance	
	Working hours	
	Democratic management	
	Statutory trainings	
The competitive indicators	Employee carness	11
	Labour disputes	
	Welfare systems	
	Development	

As for the measurement of the objective management measures, this study designed the two-dimension scale (the compliance and competitive indicator) with 31 items. It is showed in Table 3.

Since the results of the questionnaire survey are presented in a classified form, this paper first marks the options of each item from good to bad in order to facilitate the data analysis. For example: Item 1 is “When does the company sign and deliver the labour contract with you?” The options are “no labour contract”, “one year after orientation”, “one month after orientation but within one year” and “within one month”. After the discussion among the government labour relations staff, enterprise representatives and business school experts, these options are classified into qualified (2 points), partial qualified (1 point) and unqualified (0 point). Then the weight of index is determined by AHP and the score of each indicator is obtained by weighted summation. The cronbach’s  $\alpha$  is 0.879. Meanwhile, the validity of each scale according to confirmatory factor analysis are listed in Table 4.

Table 4 The major fit index of each scale.

Scale	CFI	GFI	NFI	RMSEA	SRMR	Items factor loading	AVE
Industrial relations climate	.924	.937	.919	.072	.036	> 0.4	.763
Job satisfaction	.965	.937	.963	.072	.023	> 0.4	.695
The objective management measures	.921	.933	.929	.054	.047	> 0.4	.527

In conclusion, the reliability and validity of the scales mentioned above in this study can be accepted.

Since the data in the study is homologous, the Harman single factor method is used to test the common method bias. All the items from a single scale are put together for factor test and the variance interpretation level of the first component in the unrotated state is  $42.5\% < 50\%$ , indicating that the common method bias in this paper is within an acceptable range.

## 4. The Data Analysis

### 4.1. Correlation Analysis

This study uses SPSS 23.0 to conduct Pearson correlation analysis. Table 5 indicates the correlation coefficient between each dimension of industrial relations climate and job satisfaction as well as objective management measures.

Table 5 Correlation analysis.

Variables	1	2	3	4	5	6	7	8
(1) the compliance indicators	1							
(2) the compliance indicators	.555**	1						
(3) interactiveness	.457**	.516**	1					
(4) motivation	.495**	.572**	.835**	1				
(5) empathy	.507**	.569**	.808**	.869**	1			
(6) harmony	.426**	.466**	.818**	.754**	.783**	1		
(7) fairness	.508**	.549**	.844**	.838**	.851**	.872**	1	
(8) job satisfaction	.422**	.512**	.617**	.693**	.640**	.613**	.653**	1

(\* $p < 0.05$ , \*\* $p < 0.01$ , two-sided testing)

It can be seen above that the compliance indicators and competitive indicators are significantly positive related to job satisfaction as well as each dimensions of industrial relations climate. And the relationship between the dimensions of industrial relations climate and job satisfaction is also positively correlated.

## 4.2. Hypothesis Testing

In order to exclude the impact of demographic variables on the results, this study set gender, age and education level as the control variables and introduces them into the first step of the following regression analysis.

To verify hypotheses H1 and H2, this paper took objective management measures and its dimensions as independent variables, demographic variables as control variable, and industrial relations climate and job satisfactions as dependent variables. The results shows that the objective management measures, the compliance indicators and the competitive indicators all had significant effects on job satisfaction, where there was significantly positive effect in terms of the objective management measures ( $\beta=0.529$ ,  $p<0.01$ ), of the compliance indicators ( $\beta=0.422$ ,  $p<0.01$ ), of the competitive indicators ( $\beta=0.512$ ,  $p<0.01$ ) and the overall variable was able to explain 29.8% of job satisfaction's variance variation ( $F=144.009^{***}$ ). In addition, the objective management measures, the compliance indicators and the competitive indicators also had a significant influence on industrial relations climate, while the regression coefficients were 0.62, 0.517 and 0.578 respectively with p value was less than 0.01, and was able to explain 39.2% of job satisfaction's variance variation ( $F=217.944^{***}$ ). So hypotheses H1, H1a, H1b, H2, H2a and H2b were verified.

Speaking of the verification of the mediating effect of industrial relations climate, this study adopted the method proposed by Baron and Kenny (1986).<sup>[14]</sup> Step 1: verifying whether the objective management measures has significant effect on job satisfaction. Step 2: verifying whether the objective management measures has significant effect on the industrial relations climate. Step 3: adding mediating variable to step 1 to verify whether the industrial relations climate makes difference in the results of the step 1, if it does, then the mediating effect is established.

Since the hypotheses H1 and H2 has been proved, it is only needed to do the regression analysis of independent variables and the mediating variable on the job satisfaction. The results shows that the  $\beta_1$  of the objective management measures is 0.16 ( $p<0.01$ ), the  $\beta_2$  of the compliance indicators is 0.087 ( $p<0.01$ ), the  $\beta_3$  of the competitive indicators is 0.166 ( $p<0.01$ ), and the three variables all have significant effects on job satisfaction ( $p<0.01$ ). Because  $\beta_1<0.529$ ,  $\beta_2<0.422$ , and  $\beta_3<0.512$ , industrial relations climate plays part of mediating effect between the overall and two dimensions of the objective management measures and job satisfaction. H3, H3a and H3b were verified.

## 5. Conclusion and Discussion

### 5.1. Conclusion

This paper discusses the effects of the objective management measures on job satisfaction as well as mediator effect of industrial relations climate between them. Main findings are as follows: (1) the two dimensions of objective management measures both have significantly positive effects on job satisfaction-that is, the compliance indicators and the competitive indicators can enhance the job satisfaction significantly; (2) the two dimensions of objective management measures both have significantly positive effects on industrial relations climate; (3) industrial relations climate can significantly mediate the relation between the enterprise compliance/competitive indicators and job satisfaction.

### 5.2. Suggestions and Limitations

Given that job satisfaction is an important element to ensure the harmony of enterprise labour relations, it is necessary for enterprises to pay attention to the compliance of labour relationship management, establish the spirit of contract and legal consciousness and create a harmonious and trusting work environment for employees, improving their positive perception of the labour relations climate in order to enhance the job satisfaction. In addition, under the premise of controlling costs, enterprises can also strengthen empathy on labourers, provide various motivation

measures, response and handle labour disputes faster compared to other companies in this location to get positive feedbacks from employees.

In terms of the fact that the labour relations climate plays a mediating role between the objective management measures and job satisfaction, effective internal publicity and implementation about the enterprise objective management measures should be emphasized to enable employees to feel the measures taken by enterprises in implementing relevant laws and regulations, improving their perceptions towards enterprise industrial relations climate and further enhancing their job satisfaction.

Looking back of the entire study process, it did achieve some inspirations from the enterprise objective management measures, industrial relations climate and job satisfaction and so on, however, because of the limitation of time, research conditions and knowledge reserving, there are some shortcomings deserved to be improved in the future study.

(1) The scale of objective management measures should be designed in line with the other scales in the form of a 7-level scale. Since the options in the scale for objective management measures in this study are presented in a classified form, some information could be overlooked during the recoding process and lead to deviations in results. Developing a standardized scale for objective management measures is urged in the further study to improve the accuracy of data analysis.

(2) As there are five dimensions of industrial relations climate, it is advisable to discuss the mediating role of each dimension based on reliable theory and related literatures, so that the enterprise is able to improve the quality of internal industrial relations more precisely.

(3) Since industrial relations climate is the employees' perception of the integral objective environment of enterprise labour relations management constituted by related management practices, and it plays an intermediary role between the enterprise objective management measures and job satisfaction, the moderator effect of the extend of the employees perception about industrial relations climate is worth exploring.

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