

Financial Systems and Control. Organisational Capability and Employee Satisfaction for Competency in the Consumer Goods Industries.

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Abstract: Organisational capability is considered as organisations developing its strength of competencies in the midst of economic hardship, and when faced with stiff competition so as to secure a place especially with its workforce in this present dynamic business environment. This study aims to examine if organisational capability can enhance employee satisfaction. Survey research design was adopted to assess the subject matter. Four hundred and eighty (480) respondents were surveyed among the selected Fast-Moving-Consumers- Goods (FMCGs) in Nigeria using purposive and stratified sampling technique. Moreover, three hundred and fifty-eight (358) which accounted for 74.6% response rate were duly filled and returned for the analysis of this study by using the Structural Equation Model (AMOS 23). The results from the test of hypotheses showed that organisational capabilities have significance influence on employee satisfaction @ ($R^2 = 0.531$ p-value =0.000). The study recommends in identifying the development of human expertise and skills which generates a distinctive competency for the organisation in knowledge generation, and learning, it serves as a potential for growth and sustained proficiency for the employees. The insights from this study would be of great value to the management of Fast-Moving-Consumers-Goods (FMCGs) industry, as well as other stakeholders towards the development and investment in building their capabilities that will enhance the proficiency and satisfaction of the employees.

Key-words: Employee Satisfaction, Organisational Capabilities, Competencies.

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1 Introduction

The inherent dynamism of the business environment has made it of necessity for organisations to build up capacity, by engaging in a planned change towards sustaining

competitiveness. The changing environment have been characterised by constant rates of flux, that pose challenges as well as opportunities; to which organisation have to undergo deliberate development to succeed therein. There are quite a number of growing

uncertainties like; higher customer expectations, low employee engagement, threats of competitors and as a result, structure and processes within the system have to be reformed or restructured as the case may warrant, to make the business perform at a higher echelon [1]. Moreover, globalisation, information technology, and managerial innovation, have necessitated organisation to be involved in development by transforming, restructuring and re-integrating strategies both internally and externally towards performance [2],[3]. Therefore, the development can either involve adapting a reform to the entire organisational system's technologies and management processes, or can be a focus on just implementing the development at a department/unit only [4]. A comprehensive organisational development cannot work in isolation; but is a people oriented program that involves the collective effort of the top management with the support of every employee. Organisations are increasingly involving the participation of their employees in organisational development programs, by their inputs towards the decisions that affect organisation performance as well as the employees' well-being [2]. This is to enhance the commitment and productivity of the employee, of which ultimately gives the employee his satisfaction and sense of belonging. Moreover, from [5] and [6] point of view, there is a positive correlation between a satisfied and motivated employee and organisational performance. To which [7] concludes that, satisfied employees are critical to organisational performance as they are asset that generates value.

2 Problem Formulation

The right combination and utilization of organisational resources is fundamental to firm in building their capabilities [8]. It is a developmental process of creation of value that organisation can build over years such as; optimal use of its employees' knowledge, expertise and experiences to effectively gain advantage over competitors [9]; [10]; [8]. While, [11] assert that, employees are essential component in the process of achieving the

performance in organisation; which makes their satisfaction of paramount for excellence performance. But contrary to this are prevailing problems with employee satisfaction; there is a demand on employees to work and deliver under highly stressful circumstances, and as a result experiencing role overload and job dissatisfaction [12]. Also, the findings of [13] it implies that, the issues with employee satisfaction causes a gap between employees' effort and their performance. However, studies have largely researched on employees' satisfaction; but there is a dearth of research on how organisations can improve its organisational capabilities, to build employees' competencies and satisfaction. Moreover, organisational capabilities through effective human resource practices can be a source of competitive advantage, and a key to future organisational success [14]; [15].

2.1 Organisational Capability

This is the skill deployed by right combination of resources with competency through collective organisational routines to achieve strategic performance [16]. The measurement for organisational capability is for organisation to go beyond its competencies [17]. They are also fundamental to firms' ability to solve effectively their organisational problems. Capabilities are also vital to profitable resource management which arises in part from learning, combining resources and exploiting complementary assets [18]. It is the strategic approach that firms employ to integrate, build, and reconfigure both its internal and external competences in responding agilely to the rapid changing business environments and to be hyper sensitive to customers' needs [10]; [19]. It is also essentially change-oriented that helps the firm to redeploy and reconfigure its resource-base to meet evolving customer demands and competitive strategies [20]. When organisations are dynamic in the operational of their capabilities, it leads to enhanced organisational innovative performance [21]. However, [10]; [19]; suggested resources, competences, capabilities and performance routines in helping organisations to develop dynamic capabilities,

that enables them to be more competitive than their competitors in the market environment.

2.2 Employee Satisfaction

Employee satisfaction is subjective and it pertains to individual's perception. It is condition of how pleased, contented and fulfilling an employee is with his or her position the place of employment [22]. Employee is said to be satisfied by having a positive disposition towards its task and the organisation at large. In the view of [23], this satisfaction that employees derive goes beyond on the task job, but comprehensively comprises of having overall satisfaction with the organisation's policies and procedures. However, [24] made a summit that, this satisfaction could be either intrinsic or extrinsic, whereas as an emotional state of fulfilment that is derived from task, other than the motivating financial factors. Furthermore, [25] noted that the satisfaction of employees is paramount, as organisation's outstanding performance largely depends on its identification and the realisation.

2.3 Organisational Capability and Employees' Satisfaction

Organisational capabilities are source of resources to the organisation, which adds value in optimizing the strategic course of the company's system [26]. It is expedient for an organisation to identify and develop its own resources and capabilities for improvement in its performance and competitive advantage. According to [27] organisational capability is embodied knowledge set that supports competitive advantage through innovation and flexibility gained by building alignment between the expertise of the strategic direction, the organisational structure, and both the knowledge and expertise of the individuals in the workforce.

Employees as part of organisational capabilities, have the capacity of expertise skills and they play the major of making substantial contributions to the organisations. This makes the employees to be vast in knowledge and the management, which are empowered to take responsibility for their own careers, as

expectations are explicit. Moreover, [28] made a submission that for the efficiency of the workforce, the organisational learning capability is considered as an effective tool that, facilitates the both intra- and interorganisational flows of processes in more integrated way.

3 Empirical Review

In the review of literature on organisational capability and employees' satisfaction, [28] and [29] perused organisational learning capability in emotional intelligence and job satisfaction. Likewise [30] investigated the relationship between organisational learning capability and job satisfaction. Meanwhile, the research of [31] identified the influencing role of employee flexibility in organisational learning capability (OLC), with the goal to help firms navigate the challenges faced by operating in turbulent environments. Therefore, there is a major gap that this research intends to fill by determining whether organisational capability can enhance employees' satisfaction. To the best of the researcher's knowledge and thorough search, few studies were available in this area, but none was able to ascertain if organisational capability can enhance employee satisfaction, a gap that this study aims to address.

Present here is the summary table of gaps in literature on organisational capability and employees' satisfaction

Authors/Topics	Region/Sector	Method Applied	Key Issues Highlighted	Contributions	Gaps
Camps, <i>et al.</i> (2016) Individual Performance in Turbulent Environments the Role of Organisational Learning Capability and Employee Flexibility.	Academics at a Latin American University.	Quantitative method.	Employee flexibility as crucial tool for strategic human resource management in tackling environmental turbulence.	First to explicitly analysed the mediating function of employee flexibility.	Study was limited in scope.
Chiva and Alegre (2009).	Eight ceramic tiles manufacturers in Spain.	Quantitative method with samples of questionnaire.	Investigating the relationship between organisational learning capability and job satisfaction.	Provides a holistic and contingent view of OLC and the learning organisation.	There is the gap of mixed method.
Chiva and Vidal (2008) Emotional Intelligence and Job Satisfaction: The Role of Organisational Learning Capability.	Eight ceramic tiles manufacturers in Spain.	Quantitative method with samples of questionnaire.	The research proposes organisational learning capability significant determinant in the effects of emotional intelligence on job Satisfaction.	Findings support empirical evidence for managing competencies.	The study was limited to only quantitative method.
Chiva, <i>et al.</i> (2007) Measuring Organisational Learning Capability among the Workforce.	Eight ceramic tile manufacturers in Spain.	Quantitative method using factor analysis.	To validate a measurement scale that aims to capture the organisational capability to learn.	Providing a valid and reliable operational measure that is expected to help in future theory testing.	The study was limited to quantitative analysis

and drawn on a five-point Likert scale ranging from “5” indicating strongly agreed and “1” indicating strongly disagreement with the statement.

A total of four hundred and eighty (480) copies of questionnaire were administered among the selected employees of the Fast-Moving Consumer’s Goods (FMCGs). Out of which three hundred and fifty-eight (358) were retrieved and duly filled, which accounted for 74.6% response rate. Meanwhile, a descriptive research design and Structural Equation Model (AMOS 23) was adopted for the analysis to examine the degree of goodness-of-fit, and the influence of between the variables of this study.

This study consists four Fast-Moving-Consumer-Goods (FMCGs) companies, two are multinationals and the two are indigenous and are considered as the market leaders in the industry [32]. Their organisational capabilities are said to foster the employee expertise skills that is considered a function of competency. The largeness of the sample population requires administering questionnaire to a selected sample size. The multiple sampling techniques which include purposeful, stratified and convenience sampling techniques were adopted for the study. Purposeful sampling is essential when the sample of the respondents is only considered in the survey, stratified sampling is being considered when several related strata within each stratum, stands equal chance to be the subject of focus [33].

3 Methodology

This study was anchored on survey research method as primary source of data used in collating the relevant information. Copies of structured questionnaires distributed among the respondents who are employees from the selected fast-moving-consumer-goods (FMCGs) companies. This facilitates for better analysis of the research variables, as it relates to the study and each item was adapted from existing literature. The adaptive approach is structured

Demographic Characteristics	Categorisation	Percentage %
Gender	Male	57.0
	Female	43.0
Age	18-30 years	32.0
	31–40 years	1.7
	41-50 years	14.2
	51 years & above	2.1
Marital Status	Single	37.7
	Married	59.7
	Others	2.6

Educational Background	SSCE	3.6
	Diploma	15.5
	HND & BSc	43.5
	MSc & MBA	21.4
Work Experience	Others	16.0
	0-5 years	10.8
	6-10 years	45.5
	11-15 years	28.7
	16 & above	15.0

3.1 Result and Discussion of Findings

This hypothesis was tested through smart Partial Least Square-Structural Equation Modelling (PLS_SEM). The structural path co-efficient (R^2) through PLS Algorithm Model, PLS Bootstrapping Model with β and P values and PLS Bootstrapping Model with β and T values will be used to determines the level of significant influence of independent construct (Organisational capabilities) on the dependent construct (Employee satisfaction). Meanwhile, bootstrapping method which has been programmed by default in Smart PLS is 500 subsamples. This helps to achieve significant results as posited by [34]. The test of hypothesis helps to determine whether there is adequate statistical proof or evidence in favour or against the formulated hypothesis.

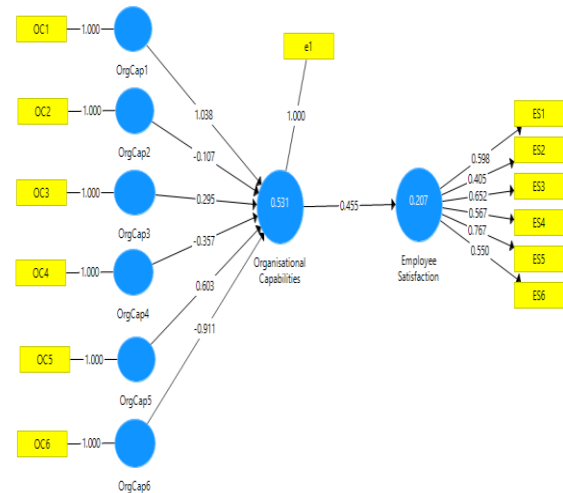


Figure 1: PLS Algorithm Model for Organisational Capabilities and Employee Satisfaction

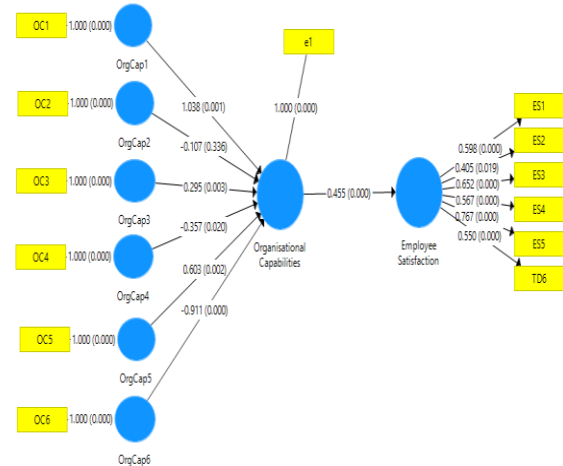


Figure 2: PLS Bootstrapping Model with β and P values for Organisational Capabilities and Employee Satisfaction

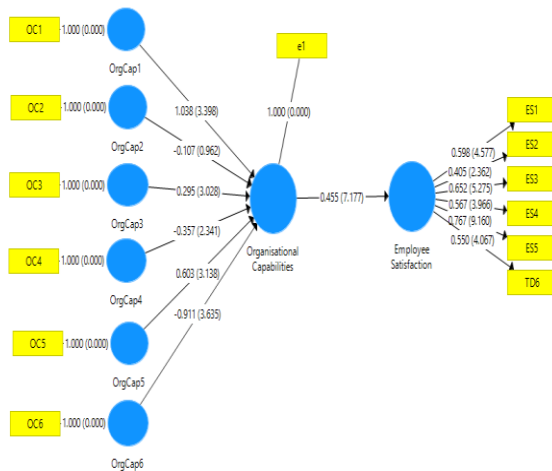


Figure 3: PLS Bootstrapping Model with β and T values for Organisational Capabilities and Employee Satisfaction

Table 3: Path Co-efficient for Coefficient of Determination

Variables	Path Co-efficient	Indirect Effect	Standard Deviation	T Statistics	P Values
Org Cap(OC) →Emp.Sat(ES)	0.455	0.491	0.063	7.177	0.000
OC 1 → ES	0.638		0.305	3.398	0.001
OC 2 → OC		0.472	0.169	2.800	0.005
OC 2 → ES	0.107		0.111	0.962	0.336
OC 2 → OC		0.049	0.055	0.894	0.372
OC 3 → ES	0.295		0.097	3.028	0.003
OC 3 → OC		0.134	0.049	2.745	0.006
OC 4 → ES	0.357		0.152	2.341	0.000
OC 4 → OC		0.162	0.077	2.111	0.035
OC 5 → ES	0.603		0.192	3.138	0.002
OC 5 → OC		0.274	0.103	2.658	0.008
OC 6 → ES	0.911		0.251	3.635	0.000
OC 6 → OC		0.414	0.141	2.931	0.004
R Square					
	R Square		Adjusted R Square		
Organisational Capabilities (OC)	0.531		0.501		
Employee Satisfaction (CS)	0.207		0.199		

The structural path coefficient (OC→ES) for the indirect effect and standard deviation accounted for 0.491 and 0.063 respectively as shown in Table 2. It should be noted that structural path coefficient is also known as Coefficient of Determination (R^2) that is used as criteria for assessing structural model as well as the predictive validity power of the model [35]. However, going by

the R^2 value of standardized model which is 53%, it suggests an acceptable level of prediction for empirical study because it greatly accounts for the variation of the proposed model.

4 Conclusion

This study concludes that organisational capabilities which entails market opportunities, new market quick potential development, resources integration, sustainable product development, knowledge development and participatory culture has positive influence on employee satisfaction in such a way that employees are able to build their expertise skills by generating a distinctive competency for the organisation in knowledge generation, and learning. This implies that organisational capabilities stimulate employees’ potential for growth and sustained proficiency for the organisation.

5 RECOMMENDATIONS

This study recommends that management team of organisations should strive to continually develop their competency resources, in building their workforce capabilities. This is to identify and develop their human expertise and skills that will not only be an asset to the organisation, but potential for growth for the employees.

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