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The relationship of slack resources with subjective wellbeing at work: empirical study of sugar mills from Pakistan

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ABSTRACT

This study is designed to observe relationship between organizational slack resources with subjective wellbeing at work. Words subjective wellbeing at work (SWB at work) and job satisfactions are used interchangeably in this study. This study found positive relationship with slack resources and financial performance of the organization which leads to job satisfaction at work. Organization size, age, high, medium and low slack resources are employed as control and independent variables. Data reliability, Composite reliability, Common method bias was checked to avoid issues for self-reported data. The construct developed in this study were measured on established measurement items with strong basis in the literature which amended only to extent that suits the regional context. Results support the constructs developed in this study and we found positive and significant relationship between employee wellbeing at work and better financial performance with slack resources.

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1. Introduction

The viability of every industrial and business organization solely depends on the capacity utilization and development. An organization that does not concentrate to improve their capacity of the people and processes shall soon vitiate by competitiveness and changing market dynamics. However, it is costly to enhance capacity by introducing new technologies, buying new machines and afford high-price on employees' skills purchases. Therefore, Performance of the human resources in any organizational has long been a cardinal subject of organizational theorist and psychologists. Performance of human resources is openly consistent with individual levels of subjective wellbeing [1].

Review of all relative literature revealed that variances in internal and external factors of organization's characteristics always interplay between employees' experience in workplace and their subjective wellbeing. The

positive and balanced combination of people, processes and mechanical resources can improve the dimensions of the organization in all terms and so for the organization slack of resources is leading point due to utilization and exploitations of slack resource level which may affect their growth and expansions [2] and at least slack should be consider as benign benefit to employees to increase creativity or performance standards. Though, [3] and [4] both state that the concept of slack resources is an associated idea as a solution to retrenchment and fiscal stress.

Numerous studies conducted and conforms previous findings concerning slack resources and environmental contexts [5], [6], Organizational characteristics [7], [8], [9]; Firm Exporting Behaviours [10]; Performance [2], Innovation and performance [11]; Political behaviors, Organizational size, Perceived threats, Market munificence, Stable and Unstable Internal/External Environment and Financial performance [12]. Although previous studies improve the context of slack resource relationship with different organizational and business theories and produced useful insights

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but linkages with job satisfaction was not investigated. Slack resource allocations are mostly depending on organizational competitiveness [2]. In Pakistan, slack resource allocations and its likely influence on employees' wellbeing is not gauged and investigated, particularly in sugar industry where operational working tenure remains between 110-140 days in a year. Sugar factories remain operational from October to March of every calendar year and rest of majority of work tenure spend on preventive maintenance, project scheduling, target setting, product scheduling and forecasting which is directly related with demand and supplies of all sort of resources [13]. Defined all such activities inclusive of slack resources as "smoothing or absorbing environmental fluctuations and difference between slack and other buffers is the nature of activity employed" [12, p. 603].

Competitiveness of organization cannot be maintained without optimal required slack resources. Human resources and better labor relationship within the organization is the key component for the development and it is necessary to consider the influence and effect of employees to avoid inconsistency in desired outcome. [14, p. 37] suggested that "It might be more valid (from the standpoint of causal inference) to trace several organizations' changes of behavior associated with respective changes in slack than to take a cross-sectional approach comparing the behaviors of organizations having different absolute levels of slack". This demonstrates the need to study interactions between slack resources with job satisfaction at work.

This study aimed to examine the relationship between slack resources regardless of their high, low or moderate quantity and employees' job satisfaction at work (SWB at work). Whilst, this study focused on sugar industry of the province and based on survey data to investigate whether slack resource contributes towards the wellbeing of employees. Further, potential and available slack resources relationship with employees' job satisfaction investigated and available dataset is examined in a novel way. Resultantly, a fortuitous finding about the correlations was interpreted by applying different techniques to process the existing dataset. We employed an empirical analysis based on sample from 16 sugar factories with 572 participants in Sindh province of Pakistan to test existent research outcome.

Summarizing the main findings, this study established that financial performance with available and potential slack resources has positive correlations with the subjective wellbeing at work. Whereas Workplace demands and negative experiences are going to relate negatively to individual levels of subjective well-being at the within-individual level. The demographic variables, job strain, negative affectivity and neuroticism, role conflict, workload, financial constraints and part of available slacks were also significantly related. The organizational size and organizational age were established to moderate the effects of job satisfaction. The past studies also confirm that the organization size and age is significantly correlated with job satisfaction and results yielded in this study were also significant to that effect.

2. Theoretical background and hypotheses

The concept of slack resources traced out its roots from the organizational theories and Chester Barnard described slack resources in his functions of the Executive (1938). He stated that executives might receive inducements greater than what they contribute to their company [15]. Slack is "the difference between total resources and total necessary

payments" [16, p. 39]. Slack resources in the organization are the "pool of resources in an organization that is in excess of the minimum necessary to produce a given level of organizational output" [17, p. 604]. We have also consider [14, p. 29] proposed definition of March (1979) about organizational slack as;

"Since organizations do not always optimize, they accumulate spare resources and unexploited opportunities which then become a buffer against bad times. Although the buffer is not necessarily intended, slack produces performance smoothing, reducing performance during good times and improving it during bad times [Quoted in Stanford GSB, p. 17]".

There is an apparent difference between three kinds of organizational slack; available, recoverable and potential slack [14]. Available slack is something which is yet to be absorbed in operations "such as excess liquidity, and can therefore be easily retrieved if needed for alternative use; In contrast, recoverable slack is slack that is absorbed in operations, such as overhead expenditures, and therefore managers have less discretion to use this quickly when necessary" [18, p. 4]. Whilst potential slacks "due to their nature of availability and as such acquired outside of the organization potential slack (e.g. organization's borrowing capacity) are least accessible for managers" [18, p. 6]. [14, p. 31] also treated "slack sometimes as something that both follows and promotes success, and sometimes as an analog for inefficiency" and he hypothesized that the "correlation between "success" and slack is positive, up to a point then negative and relationship is curvilinear". [14] reviewed slack as;

"an independent variable that either "causes" or serves four primary functions: (1) as an inducement for organizational actors to remain within the system, (2) as a resource for conflict resolution, (3) as a buffering mechanism in the workflow process, or (4) as a facilitator of certain types of strategic or creative behavior within the organization" (p-31). [17] define and stated that;

"Slack as pool of resources in an organization is in excess of the minimum necessary resources to produce a given level of organizational output. These slack resources include excess inputs such as redundant employees, unused capacity, and unnecessary capital expenditures. To increase output unexploited opportunities such as additional revenue and profits may be included, that might be derived from customers or from innovations that push the firm closer to its technology frontier" (p-32).

The optimum level of slack resources was hypothesized by [2] and in his study he determined nonlinear inverted N-shaped relationship between slack resources and organizational performance. According to [2] slack resources are negatively related to organizational performance when resources are low or high side and positively related when slack resources are moderate. There would be a problem with this approach, however. According to [16] slack are resources which are surplus over "the cost of production that is stored in the organization for some future use" (p-36). [11] stated that;

"slack resources facilitate innovation because innovation activities consume resources, and the risk associated with innovation can be better borne by those firms that enjoy greater slack resources" (p-473).

Therefore there negative relationship with organizational performance is need to be further investigated elsewhere. At this point, we mention here that this study is limited to consider indicators of internal sources of slack

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