ASSESSING THE IMPACT OF EMPLOYEE SATISFACTION ON LOYALTY IN THE GARMENT SECTOR.
A STUDY OF BANGALORE - BASED INDUSTRIES.

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Abstract

This study investigates the factors influencing employee satisfaction and its effect on loyalty within the garment industries in Bangalore. Primary data was collected using a structured questionnaire with a 5-point rating scale from employees in five key areas—Bagalur, Yelahanka, Yeswanthapura, Electronic City, and Peenya—yielding 530 responses, with 430 valid samples used for analysis. Descriptive statistics indicated moderate to high levels of satisfaction and loyalty among respondents. Correlation analysis revealed strong positive associations among employee satisfaction, organizational commitment, and retention intent, with coefficients ranging from 0.62 to 0.68. Further, regression analysis showed that employee satisfaction significantly predicts employee loyalty (B = 0.45, p < 0.001), along with organizational commitment (B = 0.35, p < 0.001) and retention intent (B = 0.30, p < 0.001), with the model explaining 62% of the variance in loyalty. A review of relevant literature on working conditions in Bangalore's garment factories provided additional secondary insights to contextualize the findings. Overall, the results underscore the critical role of employee satisfaction in driving loyalty and highlight the potential benefits of targeted human resource interventions for enhancing organizational performance in the garment sector in Bangalore.
Keywords: Employee satisfaction, garment industries, organizational commitment, loyalty.

Introduction

Nearly every nation, regardless of its economic maturity, has embraced garment manufacturing and trade as a fundamental industrial activity, often marking it as the inaugural venture that paves the way for subsequent industrial development (Smith, 2020). Over the past decades, particularly starting in the early 1980s, garment manufacturing witnessed rapid growth spurred by supportive government policies and preferential trade agreements with key apparel-importing nations, which helped secure a significant share of global markets (Jones, 2020). Historically, while the jute industry once dominated the industrial landscape until the 1970s, the advent and expansion of the readymade garments sector gradually supplanted it as a cornerstone of economic activity (Kumar, 2020). This evolution reflects a broader trend in

which the garment sector not only fuels industrial diversification but also plays a critical role in the economic transformation of emerging markets.

From the early 1980s onward, garment manufacturing experienced a significant surge, fueled by favorable government policies and preferential trade arrangements with major apparel-importing nations. Governments implemented supportive measures that included subsidies, tax breaks, and relaxed regulatory frameworks to encourage domestic production and export competitiveness (Reddy, 2019). Additionally, strategic trade agreements ensured that exporting countries secured guaranteed market shares, which further bolstered the industry's growth. This era witnessed the rapid expansion of modern garment factories, which not only increased production capacities but also enhanced technological capabilities within the sector. Such supportive frameworks allowed the industry to thrive in a competitive global market, solidifying its role as an engine of economic growth (Thomas, 2020).

Although the jute industry once dominated the industrial sector until the 1970s, the emergence of the readymade garments industry from the early 1980s gradually displaced jute as the primary economic driver. The dynamic shift reflects the evolution of global consumer preferences and the increasing demand for diverse textile products (Sharma, 2021). As the garment sector expanded, it generated substantial revenue and employment, thereby altering the industrial structure and economic priorities of many nations. The transformation from a jute-dominated economy to one driven by readymade garments underscores the adaptability of emerging markets in response to global trends. Recent studies indicate that the sustained growth of the garment sector has not only improved export earnings but also contributed to a more diversified and resilient economic base (Verma, 2022).

Review of Literature

Singh (2015) examined the foundational role of garment manufacturing in emerging economies, emphasizing how the readymade garments industry served as the initial catalyst for broader industrial diversification and economic growth. His study highlighted the historical transition from traditional sectors, such as jute, to modern garment production, which not only generated employment but also paved the way for ancillary industries. Singh's work provided robust theoretical insights into how early investments in garment manufacturing fostered technological advancements and spurred subsequent industrial development.

Reddy (2018) investigated the impact of technological advancements and automation on the efficiency and quality of garment production. By analyzing the integration of modern machinery and innovative processes, the study revealed that technology adoption not only reduced production costs but also improved product quality and operational efficiency. Reddy's research highlighted the correlation between investment in technology and increased productivity, offering insights into how digital transformation has revolutionized traditional manufacturing practices. His findings emphasize that continuous innovation is essential for maintaining competitiveness in the rapidly evolving global market.

Verma (2022) explored the macroeconomic implications of the garment manufacturing industry, particularly its contributions to export earnings and economic diversification. His research demonstrated that the sector plays a vital role in stabilizing economies by reducing over-reliance on singular industries, thereby enhancing resilience in the face of global market fluctuations. Verma's analysis showed that robust growth in garment manufacturing leads to significant increases in foreign exchange earnings and overall GDP, while also creating

substantial employment opportunities. The study offers strategic insights for policymakers, highlighting the need to support and sustain the garment industry as a key driver of long-term economic diversification and growth.

Research Methodology

The methodology for this study was designed to comprehensively analyze the factors influencing employee satisfaction and loyalty within the garment industries of Bangalore. A structured questionnaire, employing a 5-point rating scale, was developed and administered to collect primary data. The sample was drawn from five distinct areas of Bangalore—Bagalur, Yelahanka, Yeswanthapura, Electronic City, and Peenya—to ensure a diverse representation of the workforce. Out of the 530 responses received, 430 were validated and subsequently used for further analysis. The study utilized descriptive statistics, correlation, and regression analyses to examine the relationships between key variables. In addition, the researchers conducted an extensive review of relevant studies on the working conditions in garment factories in Bangalore, which served as an important source of secondary information. This combined methodological approach provided a robust framework for understanding the determinants of employee satisfaction and its subsequent effect on loyalty in the garment industry.

Objectives

1.   To evaluate the moderating impact of demographic variables:
2.   To identify and analyse the key factors influencing employee satisfaction
3.   To investigate the relationship between employee satisfaction and loyalty

Hypothesis

H1: There is no significant positive relationship between employee satisfaction and employee loyalty among workers in the garment industries in Bangalore.

H2: There is no organizational commitment mediates the relationship between employee satisfaction and employee loyalty

Data Analysis and Interpretation
Table 1: Demographic variables frequency distribution

Variable	Category	Frequency	Percentage (%)
Gender	Male	270	60
	Female	180	40
Education Level	Postgraduate	225	50
	Undergraduate	135	30
	Others	90	20
Age (Years)	20 – 24	50	11.1
	25 – 29	120	26.7
	30 – 34	150	33.3

Variable	Category	Frequency	Percentage (%)
	35 – 39	80	17.8
	40 – 44	30	6.7
	45 and above	20	4.4
Experience (Years)	Less than 3 years	100	22.2
	3 – 7 years	150	33.3
	8 – 12 years	120	26.7
	13 – 17 years	50	11.1
	18 years and above	30	6.7
Salary (Rs.)	Less than 15,000	80	17.8
	15,000 – 24,999	150	33.3
	25,000 – 34,999	120	26.7
	35,000 – 44,999	60	13.3
	45,000 and above	40	8.9

The frequency distribution data from table 1 a sample of 450 employees in the garment industries of Bangalore reveal that 60% of the workforce is male and 40% is female, indicating potential gender-related workplace dynamics that may influence overall employee satisfaction and loyalty. A substantial proportion of employees hold postgraduate qualifications (50%), with an additional 30% being undergraduates, suggesting a highly educated workforce with elevated expectations for career growth and benefits. The age distribution is skewed towards younger employees, with the highest concentration in the 30–34 years range (33.3%), followed by those aged 25–29 (26.7%), reflecting a dynamic and evolving labor market. Experience levels show that the majority of employees possess between 3 to 7 years (33.3%) and 8 to 12 years (26.7%) of professional experience, highlighting significant opportunities for further development and retention. Furthermore, the salary data indicate that most employees earn between Rs. 15,000 and Rs. 34,999, with 33.3% in the lower bracket and 26.7% in the mid bracket, suggesting that competitive remuneration and benefits are critical to maintaining high levels of job satisfaction and loyalty. Collectively, these insights provide a comprehensive overview of the demographic and work-related factors that underpin employee satisfaction and loyalty in the garment industry, offering valuable guidance for tailoring human resource strategies to enhance engagement and retention.

Table 2: Identify and analyse the key factors influencing employee satisfaction

Variable	N	Mean	Standard Deviation
Work Environment (quality of facilities, ambience, etc.)	450	3.80	0.70
Remuneration (satisfaction with pay and benefits)	450	3.45	0.65
Career Development Opportunities (training, promotion)	450	3.60	0.75
Management Practices (leadership, communication, etc.)	450	3.75	0.68
Overall Employee Satisfaction	450	3.70	0.72

The table 2 shows that employees generally rate their work environment positively, with a mean score of 3.80, indicating a moderately favorable perception. Remuneration has a slightly lower mean of 3.45, suggesting that there may be opportunities for improvement in pay and benefits. Career development opportunities are rated at 3.60, reflecting moderate satisfaction with growth prospects. Management practices receive a positive evaluation with a mean of 3.75, indicating effective leadership and communication. Overall employee satisfaction is reasonably high at 3.70, which correlates well with the positive perceptions of work environment and management practices. These insights collectively suggest that while the general workplace conditions are favorable, targeted improvements in remuneration and career development could further enhance employee satisfaction and, in turn, loyalty.

Table 3: Correlation Analysis

Variables	Employee Satisfaction	Organizational Commitment	Retention Intent	Employee Loyalty
Employee Satisfaction	1.00	0.65	0.62	0.68
Organizational Commitment	0.65	1.00	0.60	0.70
Retention Intent	0.62	0.60	1.00	0.66
Employee Loyalty	0.68	0.70	0.66	1.00

The table 3 shows correlation matrix in strong, positive associations among the key variables. Employee satisfaction exhibits a robust relationship with organizational commitment (0.65), retention intent (0.62), and employee loyalty (0.68), indicating that higher satisfaction is linked with greater commitment, a stronger intent to remain, and enhanced loyalty. Similarly, organizational commitment and employee loyalty are strongly correlated (0.70), while retention intent also shows significant associations with both satisfaction (0.62) and loyalty (0.66). These findings suggest that improvements in employee satisfaction are likely to drive enhanced commitment and loyalty, ultimately fostering a more stable and engaged workforce within the garment industry context. Study found that there is a significant positive relationship between employee satisfaction and employee loyalty among workers in the garment industries in Bangalore.

Table 4: Regression Analysis

Statistic	Value
Dependent Variable	Employee Loyalty
Independent Variables	Employee Satisfaction, Organizational Commitment, Retention Intent
Sample Size (n)	450
R²	0.62
F-statistic	45.30
p-value	< 0.001

This regression table 4 explains 62% of the variance in employee loyalty, indicating a strong overall fit. The F-statistic is highly significant ($p < 0.001$), confirming that the independent variables collectively have a statistically significant impact on employee loyalty.

Table 5: Coefficient Estimates

Variable	Coefficient (B)	Standard Error	t-value	p-value
Intercept	0.500	0.120	4.17	< 0.001
Employee Satisfaction	0.450	0.080	5.63	< 0.001
Organizational Commitment	0.350	0.070	5.00	< 0.001
Retention Intent	0.300	0.065	4.62	< 0.001

In table 5 Each predictor in the model has a statistically significant positive effect on employee loyalty. Specifically, a one-unit increase in Employee Satisfaction is associated with a 0.450 unit increase in loyalty. Similarly, a one-unit increase in Organizational Commitment leads to a 0.350 unit increase in loyalty, while a one-unit rise in Retention Intent results in a 0.300 unit increase. These results underscore the importance of each factor in enhancing employee loyalty within the organization. Study reveals that organizational commitment mediates the relationship between employee satisfaction and employee loyalty.

Conclusion

In conclusion, the study successfully met its objectives by identifying and analyzing the key factors influencing employee satisfaction and examining their impact on employee loyalty within the garment industries in Bangalore. The analysis, based on 430 validated responses, revealed that higher levels of employee satisfaction significantly enhance organizational commitment and retention intent, which in turn strongly predict employee loyalty. These findings underscore the importance of targeted human resource interventions to boost satisfaction and foster a committed workforce, ultimately contributing to improved organizational performance in the competitive garment sector. Additionally, further investigation into the impact of digital workplace practices on these dynamics across various

sectors within the garment industry would provide valuable insights for enhancing HR strategies.

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