

Review of literature on employ satisfaction

Literature



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The relationship Between Pay satisfaction & Job Satisfaction Table of
Contents 1. 0 Introduction3 2. 0 Stimuli of Employee Satisfactions and
Impact3 2. 1 Effects of Commitment to Corporate Vision on Employee
Satisfaction4 2. 2 Pay Satisfaction and Job Satisfaction5 2. 3 Impacts of Age
and Level of Education in Employee Satisfaction5 2. 4 Intrapreneurship and
Firm Growth as a Factor of Job Satisfaction6 2. 5 Relationship between
Quality Management and Job Satisfaction7 2. 6 Comparison of employee
satisfaction between Public and Private Sectors8 . 0 Comparison,
contradiction and Evaluation9 4. 0 Conclusion13 5. 0 References15
APPENDIX 119 1. 0 Introduction It is widely accepted that the employees' job

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satisfaction is one of the most important elements of achieving success for an organization. In today's organization, where company leadership is transforming from traditional styles to more collaborative style (Christensen, 2009), employee satisfaction is being given due consideration based on the concept of happy people brings happy customers and growth (Blanchard, 2004).

Though De Menezes (2012) found that the job satisfaction among employees have a clear and consistent connection to company's productivity, but Schein (1995) believes management has over time pondered on best practices that increases productivity and with numerous theories, espoused on the significance of people in organization, very few managers recognize employees as capital investment not as a cost to be controlled and minimized. In this paper many influencing factors of employee satisfaction will be analyzed combined with their affects to organizational success. . 0 Stimuli of Employee Satisfactions and Impact There are many factors that somehow intrinsically and extrinsically keep engagement in the process of employees' job satisfaction. Herzberg's Motivator-Hygiene theory identifies satisfiers or motivator factors as achievement, recognition, work itself, responsibility, advancement and growth, on the other hand, dissatisfiers or hygiene factors as company policy, supervision, working conditions, interpersonal relationship at work, salary and benefits, and job security (Gitman et al 2008).

Moreover, according to Lavigna (2010) ; De Menezes (2012) factors such as commitment to corporate vision, leadership, work life balance, training and education, participatory management and employee empowerment strongly

contribute to employee satisfaction. This literature will be investigating and analyzing the factors such as age, level of education, intrapreneurship, pay satisfaction, quality management, commitment to corporate vision and aspect of public and private sectors.

2. Effects of Commitment to Corporate Vision on Employee Satisfaction

The mission and vision statement of a company gives a sense of purpose, values, and behavioral standards; and increases employees' focus on organizational strategy and direction (Slack et al., 2010). While ascertaining employee satisfaction, companies need to show commitment by being effective, and show continuance commitment by encouraging workers to be attached emotionally to company's values (Allen et al., 1997).

And to measure satisfaction in an organization, management commitment to achieving results motivates employees to perform better, according to Slack et al. (2010), henceforth commitment of organizations and employee satisfaction have a positive relationship with promise. There are two strong connections with employee satisfaction relating to employee rating of the company based on how committed it is to its philosophy of caring, sharing, trust and respect; and the ability of the company to compete with others. This was supported by Meglino et al. (1998) by stating that the relationship between effective communication, worker satisfaction and the level in which values and views of employees corresponds with each other creates an atmosphere of understanding a corporation that leads to improved performance and productivity among satisfied employees.

2.2 Pay Satisfaction and Job Satisfaction

Different people have different views on the source of their motivation to work. Here we find different contradictory

results while one study suggests level of income increases the level of satisfaction and the other study finds no satisfactory correlations or different view of income's importance.

Some find job as a source of identity, but sometimes money actually is the commonly cited reason (Hulin, 2002 cited in Judge, et al. , 2010). Money cannot ensure the subjective well-being or happiness as finding shows that a lottery winner is no happier than before they won the lottery (Brickman, et al. , 1978 cited in Judge, et al. , (2010). Contradictorily, another report suggests that the richest Americans are happier than average ones (Cummins, 2000; Diener et al. , 1985 as cited in Judge et al. , 2010) and average Americans are happier than poor Americans.

Overall it is assumed that, pay level is positively but not significantly correlated with both pay satisfaction and job satisfactions. 2. 3 Impacts of Age and Level of Education in Employee Satisfaction Satisfaction expresses the level of agreements between the expectations of a worker from his job and the reward that the job provides (Paul, 2012). Now, how does a factor like age affect the level of employee satisfaction? Kristin et al. (2004) cited in Paul (2012) found that the overall job satisfaction decreases after the age of 45; perceptions of management fairness and problem resolution also decrease with age.

It is generally believed that job satisfaction increases linearly with age (Clark et al, 1996). Paul (2012) discovered that age influences the level of motivation among employees, for instance, younger employees felt more motivated to extra work, while older employees were less eager to do so. Level of education is also one of the factors that can power the way

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employee satisfaction is perceived. Paul (2012) stated that the level of motivation also varies with the educational qualification of the employees; for example, employees who have only matriculated were the most motivated about work and taking extra work, on the other hand the most qualified employees of the organization were the most unwilling to take extra work, in comparison to the less educated ones. This finding is enriched by Metle (2001) and said that the job satisfaction declines with increasing levels of education.

2. 4 Intrapreneurship and Firm Growth as a Factor of Job Satisfaction

Entrepreneurs within the organization are, in fact, the valuable assets in terms of company's growth; and there is a direct relationship between intrapreneurship and job satisfaction in the context of productivity and growth, according to Antoncic et al. 2012), when key factors such as the level of employees general satisfaction with work, employee relationships, employee remunerations, benefits and organizational culture and employee loyalty are put to play together. An organization whose values and interest corresponds to that of employees needs, generally has a high employee satisfaction rate as reflected in the attraction selection attrition model (ASA); which states that, " people in an organization are unique in that they are the ones attracted to, chosen by, and who choose to remain with an organization" (Lievens et al. 1995).

Employees of such caliber are a true competitive advantage of the company (Antoncic et al. , 2011). Intrapreneurs are considered to be entrepreneurs in an organization. It is the outcome of firms pursuing new opportunities through a gradual departure from the customary by encouraging employees to be innovative. To show how employee satisfaction result in growth, Shaw

et al. (1998) as cited in Antoncic et al. (2011) examined practices where management instills the possibility of education and training, adequate pay, benefits, encourage high level of motivation, and the willingness of employees to invest in their own knowledge and skills.

This results to employee satisfactions that in turn increases performance, and contributes to company growth; therefore, job satisfaction and performance are strongly related as they both result to growth of the company (Antoncic et al. , 2011).

2. 5 Relationship between Quality Management and Job Satisfaction

Employee satisfaction and quality management are thought to be correlated to some extent. Previous research studies on employee job satisfaction have endeavored to find link between quality management and job satisfaction; for instance, Akdere (2009) cited in De Menezes (2012) found that customer satisfaction, which is the ultimate goal of quality management, is strongly associated with employee job satisfaction. Though number of research have been carried out in past to find this relationship yet there are mixed results. According to Guimareas (1996) cited in Mehra et al (2011), implementing a Total Quality Management program resulted in high job satisfaction, more job involvement, large organizational commitment and increased desire to stay in the firm.

On the other hand, there are some other important aspects of quality management like cost reduction and increased productivity that can stressup employee and consequently might bring dissatisfaction to work. This argument was supported by Green (2006), Landsbergis et al. (1999) and Parker (2003) as cited in De Menezes (2012); and they said, " Performance gains may be achieved at the expense of employee well-being". Moreover,

Kivimaki et al (1997) cited in Mehra et al (2011) has also said that adopting Total Quality Management in an organization leads to decreased job satisfaction.

Therefore, the total quality management of an organization can actually sometimes become the reason for not supporting employees to enjoy their work, however, Total Quality Management can be achieved in an organization without achieving complete employee satisfaction, for example, De Menezes (2012) found that there is no positive association between quality management and employee job satisfaction in many British workplaces in 2004.

Total Quality Management is a management philosophy not a short term program or intervention skim that can be applied to organization across industries, cultures and nations but there should also be adjustment in Total Quality Management according to the structure of firms, strategy and environmental conditions to ensure that the employees are satisfied (Rungtusanatham et al, 2005 as cited in Mehra et al 2011). 2. 6 Comparison of employee satisfaction between Public and Private Sectors

Public and private sectors provide scopes in different ways, making it difficult to be pro or against the two very different administration forms. The Public sector is said to be more divided than organized due to the various sub divisions included in the operation of the public sector and this division creates a problem in the long run; in contrast the Private Sector is also divided, yet it is divided into departments, which work closely with each other and have a coherent working structure (Kumari et al. 2011). Overall it can be said that while the the public sector has maintained the existing as <https://assignbuster.com/review-of-literature-on-employ-satisfaction/>

well as the creation of new jobs throughout a recession, as the private sector significantly has significantly been cutting jobs since the dawn of the 2008 recession (Zuckerman, 2011). So, it can be understood that the Public sector jobs are generally more stable compared to the private sector, and this factor contributes to both positive and negative perceived job satisfaction in these two sectors.

There are also different motivational reasons behind the employees' choice of sector in which he or she wishes to work, and there are different expectations to be met by each sector in order to insure the employees' ultimate job satisfaction. For example, Kumari et al. (2011) found that socio-economic and cultural structures of a country essentially lead citizen's perception of job satisfaction in both public and private sectors.

3. 0 Comparison, contradiction and Evaluation

Many studies previously done by several researchers found that the satisfaction among employees has clear and consistent connection to the company's productivity and eventually the success of an organization largely depends on employee satisfaction (Hsu and Wang, 2008; Culbertson, 2009; and Korunka et al, 2003 as cited in De Menezes, 2012). In addition to that, Gregory (2011) has also identified that employee satisfaction is essential to the success of any business.

For example, American budget airlines South-west Airlines, one of the most consistently successful airlines in the history of aviation, implies that employee satisfaction is one of the key components of its past, present, and future success (Cardy et al 2011). Although, many academics have found a correlation between employee satisfaction and organizational performance,

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there has been an opposition to this view and that has called for an extensive study, as employee satisfaction has little or no influence in the performance of an organization in certain industries.

For example Ryanair, an European budget airlines, made financial gains without giving much attention to its employee; “ the high employee turnover at Ryanair points to the dissatisfaction that the employees are experiencing and the common complaints of employees leaving Ryanair is the oppressive workenvironmentand practices, low pay and the lack of training and development programs for employees” (Thinking Bookworm, 2012). This argument was appreciated by Mathieu et al (1990) as cited in Yee et al. (2008), where it was said that the employee satisfaction has little direct influence on business performance in most instances.

From the perspective of strategic operations management, Fisher at al. (1992) cited in Yee at al (2008) stated that employee satisfaction is not achieved without a cost, in a view of that fact, reducing expenses on employees is a viable choice for achieving operation efficiency. As reflected by De Menezes (2012), in which he ascertains that some aspect of total quality management such as cost reduction and increased productivity can stress up employee and consequently might bring dissatisfaction to work. This would mean that employee satisfaction and operation efficiency are inversely correlated.

However, Mehra and Ranganathan (2011) suggest that implementing total quality management can have positive affect in job satisfaction if components like employee empowerment, teamwork, top management commitment can be developed within the organization. In the public sector,
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however, training and personal development was found to be the most important factor on employee satisfaction as training of workforce provides various benefits to organizations such as fewer production errors, increased productivity, decreased turnover and improved safety (Turkyilmaz, 2011).

So it is true that, investment on employees' training can also be fruitful to operation efficiency. When it is about the pay satisfaction it is said that high pay does not always lead to job satisfaction. Mondrow (2011), states that, pay may help to determine if an applicant accepts a job offer, but salary has little effect on one's job satisfaction. An individual can be satisfied with the amount of pay he/she is receiving but intrinsic rewards and culture-fit have been found to be better predictors of job satisfaction.

Pay will not motivate employees and human resource professionals need to ensure that managers comprehend this. High level of pay does not ensure the happiness or satisfaction among employees as job satisfaction focus rather on culture and reward systems (Mondrow, 2011). To compare with Facebook, Google has paid lower wages to its employees but providing vast benefits had caused employees to accept reduction on their wages because it provides them job satisfaction fostering by company culture whereas Facebook is found with less employees' satisfaction though the level of pay is slightly higher (Huffingpost 2012).

However, Pelit et al. , (2011) has said that though the unfair pay can be a negative aspect of employee satisfaction but correlation and regression analyses indicate that psychological and behavioral empowerment has a significant effect on job satisfaction, and the effect is much greater when psychological and behavioral empowerment are taken as a whole. To prove

the importance of empowerment in the company's success Eesley et al. (2006) has said that intrapreneurship is the practice of creating new business products and opportunities in an organization through proactive empowerment; and intrapreneurship is propelled by an individual's or a team's willingness to take calculated risks and act to create business opportunities that serve an organization's needs for growth and improvement.

The development of entrepreneurial activities and orientations in the organization are principally persuaded with the elements of employee satisfaction like general satisfaction with work; employee relationships; remuneration, benefits and organizational culture; and employee loyalty (Antoncic et al. , 2011). According to De Menezes (2012) it is anticipated that organizations where the work force is more satisfied will show higher levels of commitment to corporate vision, less absenteeism and a productive work force.

On the other hand, in an interview (Appendix 1) Andersen said, " I don't necessarily need a satisfied work force, because satisfied work force is just sitting and waiting around, and eventually they'll be leaving. Here I want somebody who is hungry, eager, jumps out of the bed in the morning and rush to work to do a good job. " So in practical situations, organizations are not really pleased in having just satisfied employees, they're akin to employees showing eagerness and desire to come to work for success.

Earlier studies by Brown et al (1993) cited in Yee et al (2008) have also found that there is no clear relationship between employees' satisfaction and performance. However, it is reasonable to think that in certain industries,

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where there is direct contact with customers, the relation of employee satisfaction to company's success can be higher (Yee et al. 2008). For instance, studies by Wan (2006) in the U. S. forest products industry have shown that there were differences in job satisfaction of the employees across the different levels of income, occupation and age.

Moreover, education and gender had no significant effects on job satisfaction. No evidence was found that higher levels of education were related to higher job satisfaction. 4. 0 Conclusion The correlation between employee satisfaction and different factors like age group and education level, entrepreneurship, quality management, public and private sector, corporate vision and pay satisfaction has been analyzed to evaluate the effect of job satisfaction in company's success.

Based on the research findings it is clear that there is positive affects in job satisfaction but it can be highly influenced by certain aspects like top management commitment, leadership style, motivation factors, organizational culture and external environment. Likewise, this literature found that employee satisfaction has shown to be a key success factor to most organizations. It is well documented that the more satisfied employees are, the more motivated they feel to perform at work, and ultimately reach company's goals leading to corporate success.

Motivational factors such as recognition of work, opportunity for advancement, professional growth and responsibility will remain the guiding principles of any firm that aims to achieve a personal growth and stability. However, it is still doubtful how relevant employee satisfaction is to bring success in certain circumstances or industries. Also, private and public

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sectors showed considerable differences in the level of overall job satisfaction that they derived from the facets of their jobs like motivational factors; working conditions; promotional opportunities; relationship with co-workers and job security.

Some researchers have found that the correlation between employee satisfaction and an organizational performance do not always go hand in hand. As economies around the world encounter uncertainty in global markets and companies try to find different ways to reduce cost, which in many cases have resulted in the reduction of the work force. This has resulted dissatisfaction among the employees in various level. Nevertheless, this generation of unsatisfied employees has not yet shown clear repercussions in organization success.

Although this topic can be controversial, which generalize the scope of further research to understand how satisfied employees could lead to business success, and comprehend how different factors have higher influence on employee satisfaction. 5. 0 References Allen, N. J. , ; Meyer, J. P. (1997). *Commitment in the Workplace: Theory, Research and Applications*. Thousand Oaks, CA: Sage Antoncic J. A, Antoncic, B. (2011) Employee Satisfaction, Intrapreneurship and Firm Growth; A Model. *Industrial Management and Data System*, Vol. 111 (4), p. 589-607 Blanchard, O. 2004) Happy Employees= Happy Customers, *The Brand Builder Blog* [Blog] 13 October 2005. Available at <http://thebrandbuilder.blogspot.dk/2005/10/happy-employees-happy-customers.html> [Accessed on 17th March 2013] Cardy, R. L. and Leonard, B. (2011) *Performance Management: Concepts, Skills, and Exercises*. Second Edition. New York: M. E. Sharpe, Inc.

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Zuckerman, M. B. , 2011. The Great Jobs Recession Goes On. *U. S. News ; World Report*, pp. 1

APPENDIX 1 Transcription of Interview Jakob Lyngso Andersen, 2013, FLSmidth Human Resource Group Manager Interview on Employee Satisfaction, Interviewed by Noreen S. Orcine (Personal), Valby, 14th March “ We have of what we call a pretty engaged work force. Loyal and committed, and that’s what counts. I don’t necessarily need a satisfied work force, because satisfied work force is you know, is just sitting and waiting around or they’ll be gone. They need complaints. Here I want something or somebody