

KEY TO RETAINING EFFICIENT PERSONNEL: JOB SATISFACTION

Dharna Sharma

Assistant Professor, Akal University, Talwandi Sabo, Bathinda.

ISSN 2277-7733

Volume 8 Issue 4,

March 2020

Abstract

Job satisfaction refers to an employee's general attitude towards his or her job. It is the attitudinal factor which indicates that extent to which the employees like their jobs (Spector,1997). In today's contemporary era, due to up gradation of global or worldwide competition, efficient personnel's becomes challenge for the employers. Therefore, an employer's utmost accountability is to retention of their efficient and skilled personnel and this can be accomplished by making and keeping their efficient employees satisfied, motivated and committed towards their personal as well as organizational goals. Personnel's job satisfaction and employee retention are closely related to each other. Nowadays, job satisfaction and employee retention becomes cardinal consideration and concentration in the organizations because they both share a positive relation with job performance and organizational effectiveness. This paper focuses on determinants& significance of job satisfaction and employee retention& its significance. This paper also focuses on the relationship between job satisfaction and employee retention and strategic initiatives for enhancing job satisfaction and employee retention.

Keywords: *Job satisfaction, employee retention, efficient personnel, global competition.*

Neoteric advances in the business settings have eventuated in intensified exposure of employees to adverse job characteristics and to substantial escalation in the unfavourable individual as well as organisational health resultants (Mansell et al., 2006). (Ugboro, 2006; Hirseh, 1987; Cameron et al., 1993) confirmed that because of the heightened competition, globalisation and insistence for efficiency, numerous organisations have adopted strategies of restructuring and downsizing. Further, this has developed the feeling of job security, low commitment, intent to quit among the employees and also increased turnover (Rousseau, 1996; Rosseau & Libuser, 1997; Cohen 1993; Hunt & Morgan, 1994). In today's era, voluntary turnover of high performing personnel is a serious peril to the effectiveness of the restructuring and the downsizing strategy and also to the organisational sustainability.

Job Satisfaction: The employees are the asset of the organisations. For the smooth functioning of the organisations, employers must be able to get and keep their employees properly motivated. Because higher motivation leads to higher job satisfaction which eventually helps in retention and reducing turnover in the organisations. Satisfying the employees is the hard task for organisations. It is very important and critical to identify and implementation of the job satisfying factors and eliminating job dissatisfying factors. Nullifying dissatisfying factors from the organisation will conclusively lead to the higher job satisfaction. Hence, providing higher level of job satisfaction is not an easy task for employers to do. Hoppock (1935), "considered job satisfaction a mixture of psychological, physiological and environmental situations which makes people happy with their job."

Factors Affecting Job Satisfaction

JOB SATISFACTION

Salary: Nguyen et al., (2003) concluded that pure salary has a direct effect on job satisfaction. Calisir et al., (2010) concluded in their research that salary, incentives, benefits, bonuses and special individual incentives are the main determinants of the job satisfaction.

Involvement and Participation in Decision Making: Lee and Ho (1989) found a positive correlation between participation in decision making process in employees and their job satisfaction. Alexander et al., (1998) conducted a study on nurses and found that participation in decision making contributes positively to job satisfaction.

Career Growth Opportunity: Dearth of favourable circumstances for advancement and promotion dissatisfies the efficient employees. Lussier (1996) concluded in his study that employees get dissatisfied and tend to leave the organisation because of no or less chances of growth and promotion.

Job Security: Job security refers to the once ability to stay and retain the current job. Job security brings motivation among the employees which eventually leads to the once satisfaction towards the job. Ashford et al., (1989) concluded in their study that job dissatisfaction is directly linked with job insecurity and job satisfaction is directly linked with job security.

Felicitous between Personal and Professional Life: Kossek (2005) found that employees expect from their employers to take care of the issues of work life conflict. Kinman & Jones (2001) concluded in his study that work life is a strongest determinant which contributes to job dissatisfaction.

Proper Leadership: Taylor (1998) affirmed that to a large extent, leadership between leader and his followers effects employ job satisfaction. Lok and Crawford (1999) conducted a research on leadership style, organisation commitment and job satisfaction of employees they found that he leadership style adopted by the supervisor has a significant influence on employee's organisational commitment and job satisfaction.

Reward and Recognition: According to Deeproose (1994), well planned rewards and recognition polices can lead to intensified productivity which also increases the level of participation of the employees in an organizational tasks and assignments in a more efficient and cordial way. Flynn (1998) found in his study that reward and recognition for the task performed helps in keeping and maintaining high energy among employees which further helps in generating association between performance and motivation of workers.

Harmonious Work Environment: Harmonious working environment composed of not only a cordial physical working environment where various facilities and equipment's provided at workplace to facilitate personnel's work efficiency and lessen dissatisfaction but it is also composed of cordial psychological environment for instance, cooperation and coordination between the employer and employee. Herzberg (1968) and Spector (2008) confirmed in their study that there is a positive correlation between cordial work environment and job satisfaction.

Significance of Job Satisfaction

Job satisfaction is very significant and relevant for the overall growth and development. Job satisfaction brings motivation among employees and further it

JOB SATISFACTION

boost up the morale of personnel's which ultimately has a direct impact on the performance and productivity as well. Satisfied personnel's not only helps in intensifying the productivity and benefits but also bolster in constructing cordial working environment by strengthening good interpersonal relationships.

Increases Organisational Commitment: Wu and Norman (2006) conducted a study on nursing students of China and found that there is a positive correlation between job satisfaction and organisational commitment and particularly found that nursing students were more committed towards the health services.

Increases Employee Involvement: Velnampy (2008) noticed that job satisfaction has the positive effect on job performance which further enhances job involvement. It indicates that job satisfaction brings higher level of performance among employees.

Meliorates Productivity: Job satisfaction has a direct link with employee's productivity. Gupta and Joshi (2014) found that productivity is a good index of job satisfaction which indicates that the more the job satisfaction, the more the productivity.

Reduces Turnover and Absenteeism: Mobley et al., (1978) found a significant negative relationship between job satisfaction and intention to leave the organisation.

Improves Employer and Employee Relationship: Employer and employee relationship also improves by building good interpersonal relationship among them. By satisfied employee in this sense indicates that their employees are happy with the policies and facilities given by their employers which further leads to lack of grievances among the employees and develops a strong positive bond between the employers and employees.

Employee Retention

The worldwide monetary ambiance is altering terribly. Advancements like worldwide integration, high-tech newness and burgeoning competition put pressure on enterprise and other organizations to italicize need to keep competitive edge, at least by preserving the skills of the workers. As a result of continual alterations and modern advancements in the fiscal environment, it becomes indispensable on the part of the firms to retain their workers through unceasing learning and development. Various researchers (Bernsen et al., 2009) affirmed that the management should give employees the assistance to grow and learn so that the employees maintain their capabilities as impressive and competent employees, continue verbosity and are retained by the firms. Nowadays, the demand of efficient employees is intensifying day by day with growing competition, as such it has become necessary for every organization to assure their employees stay with the organization and sustain a competitive edge. Employee retention is not only advantageous for the organization but also for the employees. Today with fat altering monetary circumstances, the needs and expectations of the employees are also changing very quickly. Today's employees are not the ones who lack favourable opportunities in hand. As soon as they are not satisfied with the present employer or organization, they prefer to switch over to the next organization. It is considered that organizations are responsible for retaining effective employees. Efficient employee retention is an organized attempt by the management to generate and promote an ambiance that boosts present employees to remain in the originations. Zineldin (2000), "Retention is an obligation to continue to do business or exchange with a particular company on an on-going basis."

Significance of Employee Retention

It is very costly to lose even one effective employee and may adversely affect to endeavours of the organizations to accomplish their goals. With the growing economic, social and political ambience, the needs, desires and expectations of the individuals are also changing gradually. Organizations need to hold their employees because they are people who can make and break an organization as well. Employee retention is pivotal for the organizations. The significance of the employee retention is stated below.

Reduces costs of Employee Turnover: Ramlall (2003) and Hendricks (2006) found that the total cost of voluntary turnover varies between 150% to 250%. This costs comprises of recruitment and training costs, public perception of the company, employee morale and productivity and numerous other factors. It is very true to say that the more talent an individual delivers to the organization, the more expensive that individual is to reinstate. So, suitable retention initiatives are necessary to assist to reduce turnover cost and its other related costs.

Employee retention intensifies and strengthens the customer base of the organization: Reichheld (1996) affirmed that one prominent determinant in retaining customers is retaining effective employees. **Abrides the loss of the organizations:** When an effective employee leaves an organization, he takes away his knowledge & skills and also knowledge about the company, customers, present projects and past history. The organization provides resources like time and money to employee with the intention of future benefits. Employee retention plays a significant role in reducing direct and indirect cost linked with turnover and also abridges in reducing loss to the organization.

Intensifies employee's organizational commitment: Shapiro and Kessler (2000) and Rhodes and Eisenberger (2002) concluded that if employees think that their organizations respect and value their inputs, employees always show positive attitudes towards their organizations by increasing their commitment level, organizational citizenship behaviour and job performance.

High performance: Better performance leads to higher level of productivity. Tusi et al., (1995) and Rogers (2001) concluded the loyal employees always have the tendency to create high performance enterpriseresults like intensified sales, profitability, improved productivity and also enhanced employee retention.

Builds employer-employee relationship: If the employers implement retention policies for employees, then both employers and employees experience benefits. By doing this, they well able to retain effective employees and also builds cordial relationship between them.

Better Organizational image: Those organizations which offer better retention plans to their employees always have a good image in the market. Such firms are successful in fascinating better qualified and experienced individuals. Such organizations do not face employee turnover and absenteeism.

Better Quality of work life: Quality of work-life indicates favourableness or unfavourableness of the work ambience of and organization for its workers. Suitable and appropriate initiatives taken by the management put focuses on several determinants which eventually lead to better quality of work life.

Relationship Between Job Satisfaction and Employee Retention

Various affirmative results of job satisfaction have been noticed which ultimately leads to employee's intent to stay in the organizations. A large number of studies (Light,2004; Clark,2001; Kristensen et al.,2004; Bockerman& Iimakkunnas,2004; Shields & Price,2002 and Lum et al., 1998) affirmed that there is a positive correlation between employee satisfaction and intent to remain with the organization. Quantifiable and positive associations have been entrenched between job satisfaction and organizational effectiveness, better individual performance and customer satisfaction (Ostroff,1992; Koys,2001; Sousa-Poza & Sousa-Poza,2000; Brown & Lam,2008 and Fosam et al.,1998).Thakur (2014) has examined the relationship between employee engagement and job satisfaction. The results of the study revealed that there is positive correlation between employee engagement and job satisfaction.Gupta (2013) studied employee retention in Tourism Industry. He concluded that employee retention can be used as a tool to lower down the attrition rate.Also concludes that Tourism industry lacks of workforce due to less salary packages. Singh and Jain (2013) found that happy employees are very prominent for the organization in the market and also job satisfaction is very important determinant in retaining the effective employees.

Strategic initiatives proposed for enhancing both job satisfaction and employee retention include the following:

Stress Management:Numerous researchers (Firth et al., 2004) found that work overload is biggest determinant responsible for lower satisfaction and intent to quit. A leader should understand the profile and qualities of each and every employee before allocating duties to them. Elangovan (2001) found strong correlation between stress and job satisfaction. Role ambiguity and role conflict are found to negatively related to job satisfaction.

Career Development plans: Nowadays, the demands and expectations of employees have undergone a sea change. Only money is no more seems to be foremost motivator. Rather, before applying for a job individuals enquire regarding career success rate in that particular organization. To maintain employee retention, organizations should prefer to adopt career development plans along with the needs of the employees (Wwtprasis,2006).

Employee empowerment and innovation: Several researchers (Voisard, 2008 ;Dewettinck et al., 2003) found that there is a positive relationship between employee empowerment practices and job satisfaction. With the collective bargaining, continuous improvements of team performances and suggestions schemes, employees can be empowered.

Pay for Performance: Nowadays, to a great extent, performance based pay systems are becoming very important. Griffeth et al., (2002) found that when high performers experience inequity based on remuneration or rewards, they look for other jobs.

Promotion and Training opportunities: Verbosity of expertise is considered as one of the major reason for employee turnover, so indicating the essentiality for training, re-training and multi-training.

JOB SATISFACTION

Perceived supervisor support: It is often said “people leave managers and not the companies”. Congenial leader-follower relationship positively contributed in job satisfaction and employee retention. Ismail et al., (2010) found participative and consultative leadership styles have been found to be positively linked with organizational commitment and job satisfaction.

Reward and recognition: Cunningham et al.,(1996) found rewards play a significant role in job satisfaction and employee retention. Higher the rewards and recognition, higher the job satisfaction and higher the employee retention.

Work-Life Balance: Organizations need to value and respect employee’s personal desires to have more time off to continue their personal interests. Landauer (1997) confirmed that executing work-family policies helps to ease family needs which lead to decrease in employee absenteeism and turnover. Baltes (1999) concluded that initiatives may also include flexible timings, job sharing, work from home, shorter work weeks, telecommuting and on-site child carecentres.

Conclusion

This paper provides the importance of job satisfaction and employee retention, and the important factors of job satisfaction. This paper also provides various noteworthy strategies for the enhancing job satisfaction and employee retention. It has been noticed if supervisors and management do not pay serious attention to aforementioned factors and on strategies it is likely to result in lower job satisfaction and job dissatisfaction and eventually leads to employee turnover. One of the greatest impacts on organizational productivity and organizational effectiveness is the job satisfaction of the employees. Job satisfaction is one of the important factor which plays a significant role in employee retention.

References

- Alexander, J.A., Liechtenstein, R.O, & Hellmann, E. (1998). A causal model of voluntary turnover among nursing personnel in long term psychiatric setting. *Research in Nursing and Health* 21 (5), 415-427.
- Ashford, S., Lee, C., and Bobko, P. (1989). Content, causes, and consequences of job insecurity: A theory-based measure and substantive test. *Academy of Management Journal* 32(4), 803–829
- Baltes, B.B., Briggs, T.E., Huff, J.W., Wright, J.A., & Neuman, G.A. (1999). Flexible and compressed work week schedules: A meta-analysis of their effects on work-related criteria. *Journal of Applied Psychology*, 84, 496-513.
- Bernsen, P., Segers, M., and Tillema, H. (2009). Learning under pressure: learning strategies, workplace climate, and leadership style in the hospitality industry. *International Journal of Human Resource Development and Management*, 9(4), 358-73.
- Bockerman, P., and Ilmakunnas, P. (2004). Job dimensions, job satisfaction, and on-the-job search: is there a nexus? HECER Discussion Paper No. 36, University of Helsinki.
- Brown, S. P., and Lam, S. K. (2008). A meta-analysis of relationships linking employee satisfaction to customer responses. *Journal of Retailing*, 84(3), 243–255.
- Calisir, F., Gumussoy, C.A., & Iskin, I. (2010). Factors affecting intention to quit among IT professionals in Turkey. *Personnel Review*, 40(4), 514-533.

JOB SATISFACTION

- Cameron, K.S., Freeman, S.J., and Mishra, A.K., (1993). *Downsizing and redesigning organisations in Huber*. G.P. and Gluck, W.H. (ed), Organizational Change and Redesign, Oxford University Press, Oxford.
- Clark, A.E. (2001). What really matters in a job? Hedonic measurement using quit data. *Labour Economics*, 8, 223–242.
- Cohen, A. (1993). Organizational commitment and turnover: A meta-analysis. *Academy of Management Journal*, 36(5), 1140-57.
- Coyle-Shapiro, J.A.M. and Kessler, I. (2000). Consequences of the psychological contract for the employment relationship: a large-scale survey. *Journal of Management Studies*, 37(7), 903-930.
- Cunningham, I., Hyman, J., & Baldry, C. (1996). Empowerment: the power to do what? *Industrial Relations Journal*, 27(2), 143-154.
- Deeprise, D. (1994). *How to Recognize and Reward Employees*. AMACOM, New York.
- Dewettinck, K., and Buyens, D. (2006). *Linking Behavioural Control to Frontline Employee Commitment and Performance: A test of two alternative explanations using Motivation theories* (Working Paper Series, 2006/ 13).
- Elangovan, A.R. (2001). Causal ordering of stress, satisfaction and commitment, and intention to quit: A structural equations analysis. *Leadership and Organisational Development Journal*, 22(4), 159-165
- Firth L., Mellor D. J., Moore, K. A. & Loquet, C. (2004). How can managers reduce employee intention to quit? *Journal of Managerial Psychology*, 19(2), 170-187.
- Flynn, G. (1998). Is your recognition program understood? *Workforce*, 77(7), 30-35.
- Fosam, E.B., Grimsley, M.F.J., Wisher, S.J. (1998). Exploring models for employee satisfaction with particular reference to a police force. *Total Quality Management*, 9, 235–247.
- Griffeth, R.W., Hom, P.W. and Gaertner, S. (2000). A meta analysis of antecedents and correlates of employee turnover: update, moderator tests and research implications for the next millennium. *Journal of Management*, 26(3), 463-488.
- Gupta, K. S., and Joshi, R. (2014). *Organizational Behavior*. Ninth Revised and Enlarged Edition Kalyan Publisher, 1-22. New Delhi.
- Gupta, N. (2013). A Study of Employee Retention with Special Reference to Indian tourism Industry” *European Academic Research*, 1(6).
- Hendricks, S. (2006), *Recruitment & retention of appropriately skilled people for the public service to meet the challenges of a developmental state*. Conference of senior managers of the Free State Provincial government, local authorities, state agencies & the business sector.
- Herzberg, F. (1968), One more time: how do you motivate employees? *Harvard Business Review*, 46(1), 53-62.
- Hirsch, P. (1987). *Pack your own parachute: How to survive mergers, takeovers and other corporate disasters*. Addison-Wesley, Reading, MA.
- Hoppock, R., (1935). *Job satisfaction*. Oxford, England.
- Hunt, S.D. & Morgan, R.M. (1994). Organizational Commitment: One of many commitments or key mediating construct? *Academy of Management Journal*, 37(6), 1568-87.

- Ismail, A., Zainuddin, N.F.A. & Ibrahim, Z., (2010). Linking Participative and consultative Leadership styles to Organizational Commitment as an antecedent of job satisfaction. *UNITAR E-Journal*, 6(1).
- Kinman, G., & Jones, F. (2001). *The work-home interface*. In F. Jones & J. Bright. *Stress: Myth, Theory and Research*. London: Prentice Hall.
- Kossek, E. E. (2005). *Workplace Policies and Practices to Support Work and Families*. In S. M. Bianchi, L. M. Casper, & B. R. King (Eds.), *Work, family, health, and well-being* (p. 97–115). Lawrence Erlbaum Associates Publishers.
- Koys, D.J. (2001). The effects of employee satisfaction, organizational citizenship behavior, and turnover on organizational effectiveness: a unit-level, longitudinal study. *Personnel Psychology*, 54(1), 101-114.
- Kristensen, N. & Westergård-Nielsen, N. (2004), Does Low Job Satisfaction Lead to Job Mobility?. IZA Discussion paper no. 1026.
- Landauer, J. (1997). Bottom-line Benefits of Work/Life Programmes. *HR Focus*, 74(7), 3-4.
- Lee, E., & Ho, H. (1989). *Quality of work life the case of Hong Kong*, Working Paper Series, Hong Kong Baptist College: Business Research Center, Hong Kong.
- Light, J. N. (2004). Relationships and effects of employee involvement, employee empowerment and employee satisfaction by job-type in a large manufacturing environment, Unpublished PhD. Dissertation.
- Lok, P., and Crawford, J. (1999.) The Relationship between Commitment and Organizational Culture, Subculture, Leadership Style and Job Satisfaction in Organizational Change and Development. *Leadership & Organization Development Journal*, 20, 365-377.
- Lussier, R. N. (1996). *Management, Concepts, Applications and Skill Development*. Southwestern Collage Publishing. Ohio.
- Mansell, A., & Brough, P. (2005). A comprehensive test of the job demands-control interaction: Comparing two measures of job characteristics. *Australian Journal of Psychology*, 57, 103–11.
- Mobley, W.H., Horner, S.O., & Hollingsworth, A.T. (1978). An evaluation of precursors of hospital employee turnover. *Journal of Applied Psychology*, 63 (4), 408-414.
- Nguyen, A. Taylor, J., & Bradley, S. (2003). Relative Pay and Job Satisfaction. Some New Evidence, MPRA Paper No 1382. Dawson P(1987). Computer Technology and the Job of the First-line Supervisor New Technology. *Work Empl.*, 2(1), 47-59
- Ostroff, C. (1992). The relationship between satisfaction, attitudes, and performance: an organizational level analysis. *Journal of Applied Psychology*, 77(6), 963-974.
- Ramlall, S. (2003). Managing employee retention as a strategy for increasing organisational competitiveness. *App. H.R.M Res.*, 8(2), 63- 72.
- Reichheld, F. (1996). *The loyalty effect: The hidden force behind growth, Profits and Lasting Value*. Boston, Mass.: Harvard Business School Press, 1996.
- Rhoades, L., & Eisenberger, R. (2002). Perceived Organizational Support: A Review of the Literature. *Journal of Applied Psychology*, 87(4), 698–71.

JOB SATISFACTION

- Rogers, E. W. (2001). A theoretical look at firm performance in high technology organisations: What does existing theory tell us? *Journal of High Technology Management Research*, 12,39–61
- Rosseau, D. (1996). Changing the deal while keeping the people. *Academy of Management Executive*, 10(1), 50-61.
- Rosseau, D., & Libuser, C. (1997). Contingent workers in high-risk environment. *California Management Review*, 39(2), 103-23.
- Shields, M.A., & Price, S.W. (2002). Racial Harassment, Job Satisfaction and Intentions to Quit: Evidence from the British Nursing Profession. *Economica*, 69, 295-326.
- Singh, J., & Jain M. (2013). A Study of Employees Job Satisfaction & Its impact on their performance. *Journal of Indian Research*, 1(4), 105-111.
- Sousa-Poza, A., & Sousa-Poza, A. (2000). Well-being at work: a cross-national analysis of the levels and determinants of job satisfaction. *Journal of Socio-Economics*, 29(6), 517-538.
- Spector, P. (1997). *Job Satisfaction: Application, Assessment, Causes and Consequences*. Sage, Thousand Oaks, CA.
- Spector, P. (2008). *Industrial and Organizational Psychology: Research and Practice*. John Wiley & Sons, New York, NY
- Taylor-Gillham, D. J. (1998). Images of servant leadership in education. Unpublished manuscript, Northern Arizona University.
- Thakur, P. (2014). Effect of Employee Engagement on Job Satisfaction in IT Sector. *Journal of Business Management & Social Sciences Research* 3(5).
- Tsui, A. S., Pearce, J. L., Porter, L. W., & Hite, J. P. (1995). *Choice of employee-organisation relationship: Influence of external and internal organisational factors*. In G. R. Ferris (ed.) *Research in personnel and human resources management* (117–151). Greenwich, CT: JAI.
- Ugboro, I.O. (2006). Organizational Commitment, Job Redesign, Employee Empowerment and Intent to quit among survivors of Restructuring and Downsizing. *Institute of Behavioral and Applied Management*, 232-257.
- Velampy, T. (2008). Job Attitude and Employees Performance of Public Sector Organizations in Jaffna District, Sri Lanka. *GITAM Journal of Management*, Vol. 6(2), 66-73.
- Voisard, V. (2008). Employee empowerment and employee satisfaction in the workplace. *California Sociology Journal*, 1, 1-17.
- Wetprasisit, P. (2006). Impact of work-related determinants on job satisfaction and retention intentions in Thai spa industry, Unpublished Ph.D. Dissertation.
- Wu, L., & Norman, I. J. (2006). An investigation of job satisfaction, organizational commitment and role conflict and ambiguity in a sample of Chinese undergraduate nursing students. *Nurse Education Today*, 26, 304 – 314.
- Zineldin, M. (2000). *TRM: Total Relationship Management*. Studentlitteratur, Lund.