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A Study on Linkage Between Job Satisfaction and Employee Retention

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Abstract: Job satisfaction refers to the positive attitudes or emotional feelings of people about the work or about various aspects of work. In today's era, because of global competition, talented employee retention becomes challenge for the organization. Employee Job satisfaction and employee retention are closely related with each other. Employees' job satisfaction and retention becomes a central attention in the researches and discussions in work organization because it is believed to have relationship with the job performance also. Job Satisfaction is very important and in most of the cases it becomes deciding factor for employee. Researcher wants to find out various factors considered in job satisfaction and their linkage with employee retention.

Key Words: Emotional feelings, Employee retention, Global competition, Job Performance, Job Satisfaction

I. INTRODUCTION

Employee satisfaction is the terminology used to describe whether employees are happy, contented and fulfilling their desires and needs at work. Many studies support that employee satisfaction is a factor in employee motivation, employee goal achievement and positive employee morale, employee retention in the work place. Basically Employee satisfaction is a measure of how happy workers are with their job and working environment. Job satisfaction is positive feelings, pleasure about the job. The two most common definitions describe job satisfaction as: "the pleasurable emotional state resulting from the appraisal of one's job as achieving or facilitating the achievement of one's job values; and "the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs. Most definitions cover the affective feeling an employee has towards their job. There are essentially two types of job satisfaction based on the level of employees' feelings regarding their jobs. The first is global job satisfaction, which refers to employees' overall feelings about their jobs (e.g., "Overall, I love my job.") (Mueller & Kim, 2008). The second type refers to feelings regarding specific job aspects, such as salary, benefits, work hierarchy (reporting structure), growth opportunities, work environment and the quality of relationships with one's co-workers (e.g., "Overall, I love my job, but my schedule is difficult to manage.") (Mueller & Kim, 2008). According to Kerber and Campbell (1987), measurements of job satisfaction helps to identify specific aspects of a job that require improvement. These suggestions may assist organizations in improving overall job satisfaction or in understanding organizational issues such as high turnover, retention strategy etc.

II. LITERATURE REVIEW

A. Mehta M & Kurbetti A (2014)

This paper reviews best HR practices which will help employee retention and commitment in an organization like :Career Development opportunity, employee talent management, recruitment, on boarding and orientation, investment in training and development, compensation, work life balance, culture, leadership, communication, image, empowerment, work redesigning, employee engagement practices, workplace surveys and audits, personal habits, role of HR head, role of supervisor, work place politics, perks & flextime, performance appraisal, Role models at workplace etc.

B. Thakur P (2014)

This paper having objective of finding out the effect of employee engagement on job satisfaction. This paper come up with findings like there is positive relationship between employee engagement and job satisfaction in IT sector. It says that employee engagement have positive impact on job satisfaction. This paper also concluded that work motivation can be improved through increasing job authority and account ability. At the clerical level, rewards and sanctions are significantly associated with job involvement.

C. Gupta N (2013)

This paper is having the objective to study employee retention in Tourism Industry. It says employee retention is used as tool to lower down the attrition rate. It comes with suggestions like offer competitive compensation package, career development programs, provide quality supervision & mentorship, employee recognition, employee reward programs, loyalty bonus, employee

recreation, gifts at some occasions, lifestyle choices. The study concludes that tourism industry lacks in manpower retention because of less salary packages, people joining industry are having basic qualification and not the tourism related qualification, people having tourism related degree are not getting its benefits and HRD practices are not standardized.

D. Singh J & Jain M (2013)

This paper says that employee attitude reflects moral of the company. It concludes as happy employees are extremely important as they represent company in market. It says that job satisfaction is one of the most critical factors for managing their employees. Policy makers and managers are using various strategies for employee satisfaction. Good work environment and good work conditions increase satisfaction and in turn employee will give their best with improved performance.

E. Sageer A, Rafat S, Agarwal P (2012)

This paper is having objective to find out variables affecting employee satisfaction and their impact on the organization. Employee satisfaction variables are of two types organizational variables and personal variables. Organizational variables include organizational development, compensation benefits policies, promotion and career development, job satisfaction, job security, work environment and condition, relationships with management, work group, leadership style. A personal variable includes personality, expectation, age, education, gender differences etc. these variables plays important role in job satisfaction and satisfied employee use to perform with positive energy.

III. OBJECTIVES

- A. To study various factors affecting job satisfaction.
- B. To study the relationship between job satisfaction and employee retention.
- C. To find out benefits of Job satisfaction.
- D. To suggest the ways which will help organization to improve job satisfaction and employee retention?

IV. FACTORS AFFECTING JOB SATISFACTION

Job satisfaction is psychological or emotional feeling of an employee towards a particular job. Job satisfaction has wide coverage. Generally it covers following aspects:

A. Organizational Factors

Organizational factors are contributing to job satisfaction at overall organization level. It includes:

- 1) *Organizational Image:* Company image means overall reputation or brand image of the company in the market. Company invests a lot in building good image in the market. This definitely contributing towards job satisfaction. It gives mental satisfaction, social worth satisfaction, pride and recognition. If the company is having high brand image, people get attracted towards a company. Big brands like TATA, Infosys, WIPRO, LG, Raymond, BAJAJ etc. have taken efforts for image development .People get affected to work in such companies and it automatically creates job satisfaction.
- 2) *Organizational Culture:* Organizational culture refers the values and behaviors that contribute towards unique social and psychological environment of an organization. It is nothing but a set of shared values, beliefs, assumptions, rules, ethics which guides employees towards acceptable and rewarding behavior. Organizational culture has definite role in perceived job satisfaction. Companies spend a time to develop a good culture which helps in attraction and retention of employees. People feel satisfied to work in a good cultured company. Culture broadly define hierarchy pattern to be followed, performance appraisal system, feedback system , pay and benefits, work conditions, delegation of authority and responsibility etc. all these factors are related with job satisfaction

B. Financial Factors

Most important factor contributing towards job satisfaction or dissatisfaction are financial factors. They are as follows:

- 1) *Salary/Pay packages* - Making sure employee salaries and benefits are comparable with other organization salaries and benefits will help to raise satisfaction. Company must provide internal and external equity with respect to money to their employees. If a company wishes to produce a competitive product they must also offer competitive wages. Furthermore, this can help reduce turnover, as employees will invariably be more satisfied when paid competitive wages as opposed to being underpaid.

- 2) *Benefits*: Companies offering benefits like paid holidays, bonus, provident funds, time off, compensatory off, extra pay, vacations, coupons, accommodation, transportation policy, target oriented bonus, insurance cover, accidental reimbursement etc. also contribute towards job satisfaction or dis-satisfaction.
- 3) *Incentives*: The organization may also provide additional incentives such as medical Allowance, educational allowance, HRA allowance, etc.
- 4) *Special individual incentives*: The Company may provide special individual incentives. Such incentives are to be given to deserving employees for giving valuable suggestions.

C. Work Related Factors

There are various factors which are related to job it. They are as follows:

- 1) *Working Conditions*: Working conditions include different facilities and equipments provided at workplace to facilitate employees to work efficiently and decrease dissatisfaction. Provision for better working conditions such as air-conditioned rooms, proper plant layout, proper sanitation, equipment, machines etc, adds job satisfaction to employees.
- 2) *Job Security*: Especially in times of economic uncertainty, job security plays a very crucial role in determining an employee's job satisfaction. Giving an employee the assurance that their job is secure will most likely increase job satisfaction. Guarantee of job security or lack of fear of dismissal, etc can also be added as an advantage for job satisfaction and employee retention. Employees who are kept temporarily for a long time may be frustrated and may leave the organization.
- 3) *Achievement*: Ensuring employees are appropriately placed to utilize their talents may enhance satisfaction. When employees are given proper roles and feel a sense of achievement and challenge, their talents will be in line with the goals best suited for them.
- 4) *Recognition* - Ensuring a job well done is duly acknowledged increases the likelihood of employee satisfaction. Positive and constructive feedback boosts an employee's morale and helps them work at the desired level and towards the desired direction.
- 5) *Autonomy*: Giving employees the freedom and sense of ownership of their work may help raise job satisfaction as the individuals realize they are responsible for the outcome of their work.
- 6) *Growth Opportunity*: Company must have options available for employee growth. They must ensure employees showing high performance and loyalty will be rewarded with promotion or growth to ensure satisfaction. Higher position and sense of responsibility, authority can often increase job satisfaction in an employee.
- 7) *Leadership Styles*: The satisfaction level in the job can be determined by the leadership style. Research says that employee satisfaction is greatly enhanced by democratic style of leadership. Democratic leaders promote friendship, respect and warmth of relationship among the employees. On the contrary, employees working under authoritarian and dictatorial leaders express low level of employee satisfaction.
- 8) *Relationship*: At work place, cordial relationship with co-worker, top management will contribute towards satisfaction.

D. Psychological Factors

Psychological factors contribute to employee emotions towards their job. It includes:

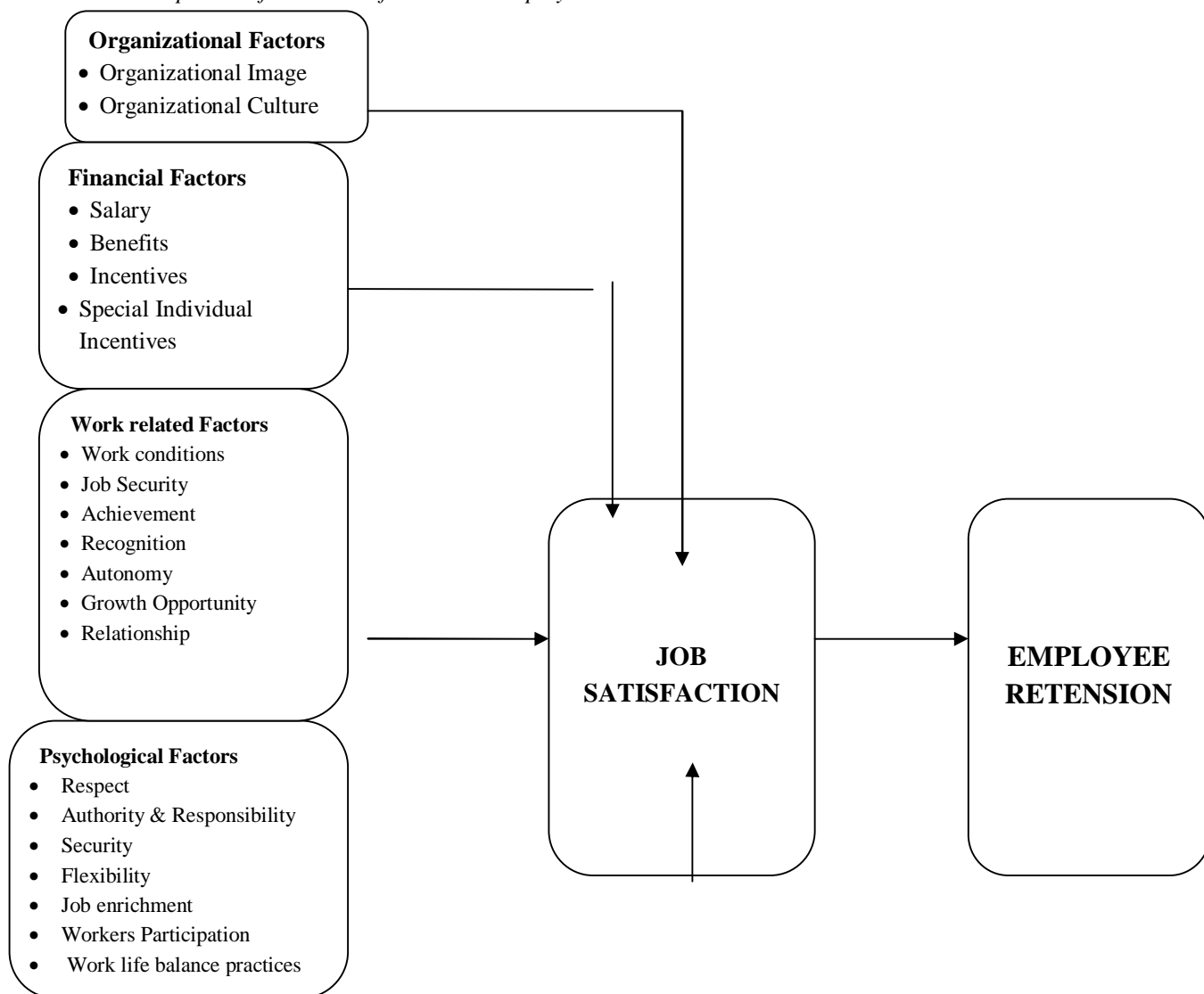
- 1) *Respect*: People must be duly respected by the organization for their work. As per Maslow's need hierarchy, once you reach to a particular position, you automatically get salary, position. But what matters to employee is treatment, respect which is psychological factors and contributing towards employee satisfaction or dissatisfaction.
- 2) *Authority & Responsibility*: Employees must get responsibility and required authority to complete the task. Employees must be trusted, should be given decision making authority. It boosts self confidence, loyalty among employees and contributes towards employee satisfaction.
- 3) *Security*: Physical and psychological security also contributes towards job satisfaction. Physical security involves personal protective equipments should be provided for employees working in hazardous area or industry. Many companies provide facilities like insurance cover, medical reimbursement, and accidental cover for physical safety of their employees. Mental security involves stress free environment, availability of mentors or Counselors to deal with issues.
- 4) *Flexibility*: Flexibility deals with how much organizations offer flexible work arrangement, time off, Career flexibility to their employees. Flexibility provided is also one of the important determinants of job satisfaction. Flexibility in terms of timings, work hours, work location, career breaks etc. plays an important role in employee satisfaction.
- 5) *Job enrichment*: Job enrichment involves more challenging tasks and responsibilities. For instance an executive who is involved in preparing HR reports, may also be asked for presentation. This gives mental satisfaction to employee and improves employee retention.

- 6) **Workers participation:** Participating the employee to be a member of various committees, programs or some other form of employee participation can also enhance job satisfaction of the work-force.
- 7) **Work-life Balance Practices:** In times where the average household is changing, it is becoming increasingly important for an employer to recognize the delicate balancing act that its employees perform between their personal life and work life. Policies that cater to common personal and family needs can be essential to maintaining job satisfaction.
- 8)

V. RELATIONSHIP BETWEEN JOB SATISFACTION AND EMPLOYEE RETENTION

Job satisfaction is positively associated with employee retention. Increased job satisfaction decreases employee turnover intension. Employees assess job satisfaction based on intrinsic and extrinsic job elements. Intrinsic job elements include feelings or purpose at work, meaningful or challenging work, encouragement for initiative, meaningful feedback, prime location and extrinsic job elements like, promotion, compensation, incentives, acknowledgement, etc. The level of employee job satisfaction reflects the cumulative level of fulfilled job expectations. That is, employees expect their job to provide a mix of these elements, for which each employee has distinct preferential values. When the accumulation of unsatisfied expectations reaches a critical threshold there is less job satisfaction and greater possibility of dissatisfied employees, which results in greater employee turnover. Thus job satisfaction has direct impact on employee retention. So organizations have work on various job related factors like work design, work condition, ergonomics, pay packages, job enrichment, work life balance practices, workers participation, security, authority and responsibility which in turn contribute towards employee job satisfaction. Job satisfaction also helps in improving job performance.

A. Relationship Model for Job Satisfaction and Employee Retention:



VI. SUGGESTIONS

A. Open Door Policy

Any organization should focus on open communication. Employee should feel free to communicate their concern with management. Open communication between employees, between management and employee always add towards employee satisfaction.

B. Team Formation

Organization should encourage team building environment. Team formation will give psychological support and reduce the risk. Team consist of people with complementary skill sets will improve the overall performance. Thus team formation is beneficial for organization as well as employees.

C. Mentoring & Counseling

Organization must appoint mentors. Mentors may be senior employee within organization or can appoint outsider counselor. These mentors or counselors can help new or existing employee for their personal or professional problems and add towards satisfaction.

D. Provide Opportunities For Training And Development Program

Organizations should continuously wWork itself is the most important factor in job satisfaction. By designing challenging and interesting work, organization can attract and retain people.

E. Employee Empowerment

Organization should empower their employee with different responsibility, authority to take decisions. In turn, it will increases commitment and satisfaction.

F. Fair Pactices

Organization should always work to foster a fair practice culture. There should be fair practices for promotion, appraisal, payment, trainings. Organization should demoralize the organizational politics.

G. Performance Based Salary, Incentives And Benefits

Organization should inculcate performance based benefits system. Promotions, salary, incentives and benefits should be based on performance. It will help to increase employee satisfaction.

H. Honest And Regular Feedback

Organization should develop a prompt, honest and regular feedback system for their employees. Feedback may be good or bad, it must be communicated to their employees. This will help employee to rectify their performance as well feel good for recognition and praise in term of good feedback and increase satisfaction.

I. Provide Job Security And Safe Work Environment

Organization must provide job security to their employees. Also they have to ensure safe work environment which will not threaten the employee in term of accidents. There must be strong safety provisions, policies for employees.

VII. CONCLUSION

Retention of talented employee is one of the major challenges faced by the organization. Today because of tough competition, employee has many options available. If one employee moved from the organization, it may be heavy loss in term cost, talent for the organization. Job satisfaction plays very important role in employee retention. If organization provides good facilities, benefits to their employees, in turn employees will work committedly with improved performance and increase profitability. Job satisfaction has various determinants like Leave policy, salary benefits, good work conditions, mental satisfaction at workplace etc. There is positive relationship between job satisfaction and employee retention. Thus organizations have to work on employee satisfaction which will increase employee performance, profitability and reduce employee turnover.

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