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Impact of Job Satisfaction on Employee Attrition – A Case Study

Abstract

In the midst of agonizing employee attrition, organizations started chanting the mantra of "human assets management" as a solution. In spite of the conviction that 'people are our greatest assets', the asset management practices were few and far between. The philosophy remained more in the lips of the employers than in the cups of employees. There are a number of challenges in the Indian industry which require the serious attention of HR managers to 'find the right candidate and build a conducive work environment' which will be beneficial for the employees, as well as the organizations. This study focuses on the Impact of Job Satisfaction on the Intention to Quit the organizations by the employees. A survey of over 50 individuals, suggests that salary and career growth are top considerations of the employees which contribute to their job satisfaction. Work-Life issues are mixed and benefits are the least important among considerations.

Introduction

Indian industry has been under stress on account of persistent human assets management problems such as attrition, confidentiality, and loyalty, besides other issues like managing people, motivation to adopt new technology changes, recruitment and training, performance management, employee development, and compensation management. With these challenges, it is timely for organizations to rethink the ways they manage their people. In the present scenario, HR managers perform a variety of responsibilities. Earlier their role was confined to administrative functions like managing manpower requirements and maintaining rolls for the organization. Now it is more strategic as per the demands of the industry. One important role that the HR has to play now is to bench mark

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compensations and ensure compensation for the key employees who contribute to productivity through providing job satisfaction to them. In the event of job dissatisfaction, employees develop a strong intention to quit the organizations and at the earliest opportunity, they quit organizations. The attrition problems faced by organizations are to a significant extent the result of the job satisfaction of the employees.

Job Satisfaction

Job satisfaction is defined as "the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs" (Spector, 1997, p. 2). This definition suggests that job satisfaction is a general or global affective reaction that individuals hold about their job. While researchers and practitioners most often measure global job satisfaction, there is also interest in measuring different "facets" or "dimensions" of satisfaction. Examination of these facet conditions is often useful for a more careful examination of employee satisfaction with critical job factors. Traditional job satisfaction facets include co-workers' pay, job conditions, supervision, nature of the work and benefits." (Williams). Job satisfaction has been defined as a pleasurable emotional state resulting from the appraisal of one's job in the following two respects:

- ◆ An affective reaction to one's job;
- ◆ An attitude towards one's job.

Weiss (2002) has argued that job satisfaction is an attitude, at the same time points out that researchers should clearly distinguish the objects of cognitive evaluation which are affect (emotion), beliefs and behaviors.

Objectives of the study:

Against this background of the concept of job satisfaction, it was attempted to

investigate the nature of job satisfaction of employees in any particular organization. An organization named as GDES of Madurai city was selected for carrying out a study with the following objectives:

1. To investigate the various expectations that determine the satisfaction level of employees.
2. To rank the factors according to their perceptual importance, and
3. To measure the level of satisfaction of employees within a given organization.

Research methodology :

GDES Pvt. Ltd., Madurai was selected based on convenient sampling. GDES is one of the south India's biggest producers and supplier of power inverters. With the largest market share, GDES products have set benchmarking standards for the Industry. GDES offers a wide range of inverters and It has established itself as a leader in product innovation, design sensibility and sales distribution network. The attributes which affect the levels of satisfaction of employees in the various departments of this organization were identified based on the interaction with the employee of the company.

The study was conducted by using both primary data which was collected with the help of a questionnaire and personal interview.

A. Sample:

An exhaustive list (Table 1) of the entire employee was obtained. A quota sample of 50 employees (convenience sampling) from the seven departments such as HR & Administration, Accounts, Power division, Sales & Marketing, Services, Customer care and IT & ERP was drawn with pps.

Table 1: Total strength of Employees

Department	Total Employees
HR & administration	21
Accounts	35
Power division	30
Sales & Marketing	230
Services	380
Customer care	250
IT & ERP.	35
Grand Total	1231

Source: Company records – primary data

$$= \frac{\sum S \times I}{\sum I}$$

For each category, the respondents were selected and then averages of satisfaction and importance were computed for each question respectively. Then the product of corresponding averages is computed to give the satisfaction index.

The formula for the computation of satisfaction index is:

$$\text{Satisfaction Index} = \frac{\text{Sum of Average Satisfaction (S)} \times \text{Average importance (I)}}{\text{I}}$$

Sum of Average Importance (I)

B) Listing of Important Attributes

Using the in depth interview technique, numbers of attributes (Table 2) were determined which affect the levels of satisfaction of employees within the organization.

Table 2: List of attributes

No	Attributes
1	Work Environment
2	Convenient Work Location
3	Recognition for the work done
4	Friendly working environment
5	Opportunities for flexible working
6	Working in dynamic organization
7	Working in reputed organization
8	Interesting and Enjoyable Work
9	Work that gives a sense of achievement
10	Working with young people
11	Job security
12	Opportunities for personal development
13	Opportunities for Promotion/career Prospects
14	Fair payment for the work done
15	Good Policies

Source: Identified for the study

C) Ranking as per Importance

Ranking is done after analyzing all the attributes for the given sample based on the relative importance like most important and least important.

D) Variation in Satisfaction

The differences in satisfaction were reflected in the following respects.

1. Satisfaction level of the total respondents.

2. Department wise analysis of satisfaction level.

3. Salary wise analysis of satisfaction level.

The scale used for this study was Likert scale. The Satisfaction scale ranges from a score of 5 for 'Highly Satisfied' to a score of 1 for 'Dissatisfied'. 'Importance' scale ranges from a score of 5 for critically important to a score of 1 for not at all important.

DATA Analysis and Interpretation

(1) Satisfaction Level of the Total Respondents

Table 3: Satisfaction Index for Total Employees

S.No	Questions	Average Satisfaction (S)	Average Importance (I)	(S x I)
1	Working Environment	2.06	3.44	7.086
2	Convenient Work Location	1.68	4.48	7.526
3	Recognition for the work done	2.9	3.72	10.79
4	Friendly working environment	2.76	3.9	10.76
5	Opportunities for flexible working	2.44	4.04	9.858
6	Working in dynamic organization	2.54	3.78	9.601
7	Working in reputed organization	2.24	4.06	9.094
8	Interesting and Enjoyable Work	2.00	3.12	6.24
9	Work that gives a sense of achievement	2.40	3.14	7.536
10	Working with young people	1.86	4.2	7.812
11	Job security	3.00	3.78	11.34
12	Opportunities for personal development	2.98	3.74	11.15
13	Opportunities for Promotion/career Prospects	2.84	3.8	11.02
14	Fair payment for the work done	1.76	3.34	5.878
15	Good Policies	3.16	3.24	10.24
	Sum	2.436	55.78	135.931
	$\frac{\sum S \times I}{\sum I} = \frac{135.931}{55.78} = 2.436$			

Source: Primary data

Satisfaction Index =

$$\frac{\text{Sum of (Average Satisfaction(S) x Average Importance (I))}}{\text{Sum of Average Importance (I)}}$$

While going through the table 3 it is clear that Importance of Work Location index is 4.48 followed by working with young people (I = 4.20), working in reputed organization (I = 4.06), opportunities for flexible working (I = 4.04), Friendly working environment (I = 3.90) and opportunities for promotion & career prospects I = 3.80

Working in Dynamic organization and Job Security index is found to be 3.78 followed by opportunities for personal development (I = 3.74) and recognition for the work done (I = 3.72).

Attributes like working environment index is 3.44 and fair salary index is 3.34 followed by Good policies (I = 3.24). Work that gives a sense of achievement index is 3.14 and interesting & enjoyable work index is 3.12

(2) Department wise Analysis of Satisfaction

The satisfaction index (Table 4) of Accounts department is 2.825, followed by power division is 2.822, and the employees of Customer Care Dept index is 2.666.

The Satisfaction level of HR & Adm. Dept. satisfaction index is 2.664 followed by Sales & Marketing Dept index is 2.390, Employees of Service Dept index is 2.335 and IT & ERP Dept. index is 2.106.

Table (4) :
Department wise analysis of satisfaction Index

Department	Satisfaction Index
HR & Administration	2.664
Accounts Department	2.825
Power Division	2.8224
Sales & Marketing Department	2.390
Service Department	3.335
Customer Care Department	2.666
IT & ERP Department	2.106

Source: Primary data

(3) Salary wise Analysis of Satisfaction

Employees pertaining (Table 5) to Category 'C' (income group (more than 3,00,000) are the most satisfied (Satisfaction Index = 2.72) followed by the employees of category 'B' (income

group 75,000 – 3,00,000; Satisfaction Index = 2.68) and the employees of category 'A' (income group less than 75,000; Satisfaction Index = 2.47) are least satisfied

Table 5:
Salary wise satisfaction Index

Income Group	Satisfaction Index
>=75,000	2.479
75,000 – 3,00,000	2.682
<3,00,000	2.723

Source: Primary data

Findings And Recommendations

Findings

Ranking as per Importance

After analyzing all the attributes for the given sample, it was found that *Work Location* is critically important to all employees (I = 4.48) followed by *working with young people* (I = 4.20) *working in reputed organization* (I = 4.06) and other attributes which are very important are *opportunities for flexible working* (I = 4.04) *Friendly working environment* (I = 3.90) followed by *opportunities for promotion & career prospects* (I = 3.80).

Working in Dynamic organization and *Job Security* with same is also important (I = 78) followed by *opportunities for personal development* (I = 74) and *recognition for the work done* (I = 3.72).

Attributes like *working environment* (I = 3.44) and *fair salary* are also more important followed by *Good policies* (I = 3.24) which are critically important. *Work that gives a sense of achievement* (I = 3.14) and *interesting & enjoyable work* (I = 3.12) are also equally important.

Variation in Satisfaction

◆ Satisfaction level of total respondents

The Satisfaction Index for the total respondents is 2.436 which indicate

that the employees are relatively satisfied with the various services being catered by the company as against their importance. It can be attributed to the fact that the company caters to the various needs of the employees and it tries to provide the more important needed services like Opportunities for promotions, Fair Salary and Good Company Policies as and when needed.

◆ Department wise analysis of satisfaction level

Analysis of Table 3 reveals that employees of Accounts Dept. are most satisfied (Satisfaction Index = 2.825) followed by employees of Power Division (Satisfaction Index = 2.822) and the employees of Customer Care Dept. (Satisfaction Index = 2.666).

The Satisfaction level of HR & Adm. Dept. is also good (Satisfaction Index = 2.664) followed by Sales & Marketing Dept. (Satisfaction Index = 2.390) and Employees of Service Dept. (Satisfaction Index = 2.335) and IT & ERP Dept. (Satisfaction Index = 2.106).

Recommendations

- ◆ In general, HR practitioners understand the importance of the work situation as a cause of employee attitudes, and it is an area HR can help influence through organizational programs and management practices. However, in the past two decades, there have been significant research gains in understanding dispositional and

cultural influences on job satisfaction as well, which is not yet well understood by practitioners. In addition, one of the most important areas of the work situation to influence job satisfaction—the work itself—is often overlooked by practitioners when addressing job satisfaction.

◆ Working Environment.

1. Physical conditions (for example, air quality, and water) allow employees to perform their jobs well is highly recommended.

◆ Recognition for the Work Done.

1. There should always be adequate advance notice of changes that affect employment (for example, downsizing, transfers, reorganizations) which is an important attributes of work recognition

◆ Friendly Working Environment.

1. Supervisors/team leaders understand and support employees' family/ personal life responsibilities
2. Supervisors/team leaders should take steps to minimize work-related stress..

◆ Opportunities for Flexible Working.

1. The amount of work should be reasonable, allowing employees to provide high quality products and services.

◆ Working in a 'Dynamic' Organization.

1. Employees should have a feeling of empowerment and ownership of work processes for better satisfaction.
2. Short- and long-term quality improvement goals should be established and integrated into the organization's overall strategic planning and budgeting processes.
3. Supervisors/team leaders should provide employees with constructive suggestions to improve their job performance.
4. Employees are provided with training when new technologies and tools are introduced.

◆ Working in a Reputed Organization.

1. People should be treated with respect and a culture which demands that should be crafted well.
2. Managers should communicate the goals and priorities of the organization for smooth operation.
3. Managers should set challenging and attainable performance goals

◆ Interesting & Enjoyable Work.

1. Supervisors personally should recognize the contributions of individuals and teams.
2. Employees should be rewarded for providing high quality products and services to customers in particular.

◆ **Work that gives a sense of Achievement.**

1. Employees should be helped to balance their work and family/ personal life responsibilities.
2. Risk-taking should be encouraged without fear of punishment for mistakes.

◆ **Job Security.**

1. Employees should be protected from health and safety hazards on the job.

◆ **Fair Payment for the Work Done.**

1. High performing employees (as defined by performance standards) should receive monetary rewards (for example, cash awards, bonuses, quality step increases).
2. High performing employees should receive non-monetary rewards (for example, plaques, letters of appreciation, public recognition).

◆ **Good Policies.**

1. Employees who take advantage of family/personal life policies and benefits should be aligned without hurting their career development.
2. Organization should provide programs that help employees deal with work and family responsibilities (for example, on-site or near site child care, elder care resource and referral).

Conclusion:

Research shows that satisfied, motivated employees will create higher customer satisfaction and in turn positively influence organizational performance. Convenient work location, working with young people, opportunities for promotion and career prospects, fair salary, good policies, job security and dynamic working environment are few attributes which are critically important from the view point of most of the employees.

Employees have an overall satisfaction index of 2.43 which indicates that the employees are relatively satisfied with the various services being catered by the company as against their important.

It seems that employees of Accounts Department, are nearly as satisfied as Power Division, Customer Care, Human Resources & Administration, Service Department, however IT & ERP Department are most dissatisfied.

Employees falling in 'C' category of the income group

(Rs.3, 00,000 and more p. a) are the most satisfied than the other categories of income.

Therefore an inclusive Employee Satisfaction process can be a key to a more motivated and loyal workforce leading to increased customer satisfaction and overall profitability

for the organization. Such employees do not intend to quit the organization, instead contribute to organizational development.

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