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Analysis of high job satisfaction relationship with employee loyalty in context to workplace environment

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Abstract

According to a survey of more than 1200 executives and managers by American Management Association (AMA), 52% of companies report their employees are less loyal than five years ago (1). This triggers out the need of immediate study of the causes that could diminish this problem. With the application of literature review study, this paper will highlight the cause and affect relationship of job satisfaction and employee loyalty so as to infer that whether job satisfaction and employee loyalty are positively related with each other or inverse relation is also there between them. The later part of the paper will then showcase the variation in the above equation while applying Workplace Environment phenomenon to them. Also, managerial implications are discussed with the scope of future study.

Keywords: job satisfaction, Employee loyalty, workplace environment, cause and effect relationship

Introduction

Earlier Employee Loyalty is considered to be staying capacity of an individual in a same company for longer period of time. More he stays in an organization, more is his loyalty. But due to manifold changes in the economy and society worldwide, the definition of employee loyalty have been changed. Now employee loyalty cannot be measured by the time they are working for the company alone, it need to include the amount of commitment employee makes when they are on the job [2]. According to Reichheld (2003) loyalty is the willingness of an employee investment in or sacrifices for the organization to strengthen a relationship [3]. Solomon (1992) also describe employee loyalty as eagerness to stay touched with the organization [4] With the support of the above definitions and research conducted by Athar Waqas *et al.*, (2014) we can say that an employee is loyal to his or her organization when he shows commitment and believes that it is the best option for him or her to work for the organization [5].

Job satisfaction is the phenomenon that affect many organizations worldwide. From the research of Garcia Bernal *et al.*, (2005) it was inferred that the key Organizational objective is job satisfaction and is essential for higher competitive level and Organizational success [6]. Job satisfaction implies degree to which one like or dislike his current job. If he likes his job then his job satisfaction level tends to be higher or vice versa [7]. In the words of Pawan Kumar *et al.*, (2014) Job satisfaction is the pleasant emotional state associated with the appreciation of one's work and contributes immensely to performance in the organization [8]. Leap and Crino (1993) had given more elaborated definition of job satisfaction as the attitude of worker towards his job, rewards which he gets, social, Organizational and physical characteristics of the environment in which he performs his working activities [9]. All of the above definitions explains job satisfaction as some phenomenon whose presence will lead to better productivity of human resource and it's absence will lead to depreciation of the personnel function [10].

A quality workplace is required to keep everything in the organization in order and to retrieve best from the employees. Workplace environment is indeed a crucial factor that regulates job satisfaction level among the employees. Herzberg (1966) stated workplace environment to have ventilation, lighting, tools, space and other related environmental features, the amount of work and the facilities of the institution [11].

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Employee loyalty largely depends on extent of facilities so provided to them by their employer and level to which they are considered valuable in the organization.

This paper will help readers to understand relationship between Job Satisfaction and Employee loyalty from both side of the coin. Also, how workplace environment bring fluctuation in their relationship is also been described with the valid underlying review of literature. The mechanism of this paper constitutes of -

H₁: More is the Job Satisfaction, More is the Employee Loyalty

H₂: Job Satisfaction does not ensure Employee Loyalty

H₃: Workplace Environment effect the relationship between Job Satisfaction and Employee Loyalty positively

H₄: Workplace Environment effect the relationship between Job Satisfaction and Employee Loyalty negatively

Job satisfaction of the employees is not a new component of research for the researchers. It has always been studied from different prespective in order to gain more knowledge about such a crucial element which effect productivity of employees in diverse manner. This paper is prepared to understand it in relation with Employee loyalty and workplace environment.

H₁: More is the Job Satisfaction, More is the Employee Loyalty

Many researchers have proved in their research from time to time that Job satisfaction and employee loyalty are positively related with each other. There are various empirical evidences also to prove the same. As, in the research of Fletcher and Williams, (1996) it was suggested in the conclusion that employee job satisfaction and loyalty of the employees are positively related with each other^[12]. More such studies like Jun *et al.* (2006), Kim *et al.* (2005), Abdullah *et al.* (2009) and Donna (1996) found significant positive relationship between job satisfaction and employee loyalty (I,II,III,IV). However, many researchers have this opinion that job satisfaction alone does not influence loyalty but there are some other prominent components also that helps in this mechanism. As per Jawahar (2006), Performance appraisal is considered as an important and crucial element of satisfaction among the employees which leads to improvement in the organizational commitment level also^[14]. On the other hand Lawler *et al.* (1995) justified Empowerment as the leading factor for job satisfaction that further improves loyalty factor^[15].

Hence, it could be drawn from the above stated researches that Job satisfaction leads to better employee loyalty and holds the major role in this equation but it is not the only factor that affect loyalty. There are numerous other factors also that improves loyalty status of an employee and therefore must be considered by the organization to make this hypothesis working.

H₂: Job Satisfaction does not ensure Employee Loyalty

Job satisfaction is indeed an influential factor for many employees but it does not necessarily always lead to increment in the level of employees loyalty towards their organizations. According to the Mercer study of 30,000 workers worldwide, it was revealed that between 28% and 56% of workers around the globe wanted to leave their job

^[16]. This statistic depicts that employee loyalty is the area of concern and must be emphasized by today's organization.

Generally, Job satisfaction is studied in two forms. According to Mueller and Kim (2008), The first and the most studied form is Global Satisfaction. It includes employee's overall feeling about their jobs. The other form is Job Facet Satisfaction which refers to feeling about specific job aspects such as salary, quality of relationships with co-workers or benefits so provided by the organization^[17]. There are chances that employees do have Global satisfaction but due to lack of Job Facet satisfaction, they tend to leave their present organization. According to Kazi and Zadeh (2011), Job satisfaction is multi-faceted, meaning one can be satisfied in one area but does not necessarily mean satisfaction in all areas; likewise, dissatisfaction in one area does not mean complete job dissatisfaction^[18].

Hence, while being satisfied with one's job, still it will not give guarantee of loyalty as one or the other form of job satisfaction would be either undervalued or overvalued. This proves the above said hypothesis in which while being satisfied, employee turnover is still possible.

H₃: Workplace Environment effect the relationship between Job Satisfaction and Employee Loyalty positively

Study of job satisfaction in the workplace is a complex concept as it always fluctuate with the psychology of numerous people so present in the workplace and their perceptions regarding related components. According to the research of Khuong and Tien (2013), result of significance and coefficient between each independent variable and employee job satisfaction, we can see that the three out of five independent variable of this research had directly affected on employee job satisfaction. One of those three variable is workplace environment^[19]. As per the other study presented by Heskett *et al.* (1997), workplace conditions, job designing, rewards and recognition, information and communication are the factors that lead to job satisfaction which leads to better loyalty^[20].

From the above stated researches it is quite visible that amicable Workplace Environment will lead to better job satisfaction which helps in improving employee loyalty towards organization. Following components mostly affect job satisfaction level of an individual under workplace environment-

- **Interpersonal relationships:** many studies revealed that relationship of a individual with his co-workers or supervisor do affect his job satisfaction level. According to Hussami (2008) research, those employees with whom supervisor establishes bonding and amicable in dealing shown better job satisfaction level than others^[21]. In an another study conducted by Huang *et al.* (2008), employees on receiving cooperation from co-workers and collegial work environment were more satisfied from their job^[22]. Hence, interpersonal relationships helps in improving satisfaction level among employees which helps them to stick in one organization for longer period of time.
- **Transparency:** according to Noor (2009), if there is transparency in the work policies and increment or incentive policies than it improves satisfaction level among employees related to a particular job^[23]. Therefore, efforts must be made to bring this element into action in the workplace environment to improve job satisfaction level.

- **Stability of Tenure:** one of the administrative principle of management given by Henri Fayol revolved around importance of job security within the organization workplace environment. It can be said and argued that if the employees are satisfied and content with the job security they will automatically be committed to and loyal to their organizations [24]. Job security not only helps in improving job satisfaction, it also contributes in improving performances as witnessed in the reserach of Ruvio (1996) [25]. Therefore, stability of tenure is necessary to bring into workplace environment for creating stability in the employee turnover rate for the organizations.
- **Employee Empowerment:** According to Hass (2010), Empowerment includes giving employees freedom of actions to make decision how they go about their daily activities [26]. This element helps in maintaining high job satisfaction level among employees in the workplace environment which helps in establishing their loyalty in the long run. To prove this, we have a research of Bordin, Bartram and Casimir (2007), which explicitly state that relationship between employee empowerment and job satisfaction is a positive one and it further leads to loyalty [27].
- **Growth opportunities:** when organizations are able to provide feasible career growth options to their employees then those organizations are entitled to receive their loyalty with underlying job satisfaction. As per Tarasco & Damato (2006), Numerous studies on employee's satisfaction had identified areas that seem to be important for the satisfaction of the employees. One of them is providing career growth opportunities [28]. It is depicted in many of the researches that progressive climates are likely to result in employees experiencing

high level of job satisfaction with moderate job insecurity which improves their loyalty status [29].

H4: Workplace Environment effect the relationship between Job Satisfaction and Employee Loyalty negatively

A study published by The Families and Work Institute shows that, despite the numerous aspects of a job, there are a few that specifically allow for greater improvement of satisfaction. According to their study, workplace support and job quality account for 70 percent of the factors influencing job satisfaction. Therefore, improvements in workplace environment must be taken into consideration as it will going to affect loyalty status of the employees adversely in the future environment of the Organizational culture. The result of another study so conducted by Ruchi & Surinder (2014), indicates that workload, stress, overtime, fatigue, boredom are some factors that increase job dissatisfaction [30]. Hence, the above literature review proves the hypothesis that Workplace environment affect job satisfaction level of the employees and their loyalty negatively.

Conclusion

Job satisfaction is the phenomenon that is being studied from much time. The numerous studies revealed the fact that it is very important in any workplace environment for retrieving best from their personnels. Where there are many researches to prove the significant positive relationship between job satisfaction, employee loyalty and workplace environment, this must also be noted that absence or unrealisation of components of Job Facet satisfaction can lead to jolting of the above said equation. The following table explains the whole equation along with managerial implications and area of further study.

S No:	Equation	Interpretation	Managerial Implication	Scope of Future Study
1.	$GJS + JFS = JS$	Global job satisfaction and Job Facet satisfaction jointly make Job Satisfaction phenomenon	Managers should clearly identify components of Global job satisfaction and Job Facet satisfaction.	More research is in need to be done on Job Facet Satisfaction factors and their impact on job Satisfaction as a whole
2.	$JS = EL$	Job satisfaction will lead to employee loyalty	Managers should focus on ways to improve job Satisfaction level among employees	More extensive research is required regarding components of job loyalty that affect job Satisfaction level indirectly
3.	$JS \neq EL$	Job satisfaction not necessarily always lead to employee loyalty	Managers must keep note of the fact that the golden rule of job Satisfaction leading to job loyalty could not always exist	More Experimental research must be made to identify the causes which brings mismatch between job satisfaction level and their loyalty index
4.	$+WE \sim [JS=EL]$	In the presence of workplace environment factors, job satisfaction will exist and would further lead to employee loyalty	Managers must ensure amicable workplace environment for their employees	The factors that affect job Satisfaction level among the employees and are present in workplace environment but influence the equation indirectly must be explored more
5.	$-WE \sim [JS=EL]$	In the absence of Workplace Environment factors, Job satisfaction would be missing and employee loyalty will not be achieved	Managers must look out for those probable causes that make workplace environment ineffective	Fluctuations in workplace environment must be studied more extensively

Key

JS - Job Satisfaction, EL - Employee Loyalty, WE - Workplace Environment

= means will lead to, \neq means will not lead to, \sim means in relation with, + means in the presence of, - means in the absence of

The area of Job Satisfaction is very wide and consist of numerous cause and affect relationships. The above table could give basic idea of what is to be done in more elaboration in the coming time under this field.

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