

Employee Job Satisfaction and Organisational Performance: A Review of the Empirical Evidence

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ABSTRACT

The paper examines relationship between employee job satisfaction and organisational performance based on review of previous research and Herzberg's two-factor theory. The paper identifies factors that cause employee job satisfaction, including pay, recognition, tasks, and communication, and how they influence employee productivity and organisational outcomes. It was found that job satisfaction has positive relationship with organisational performance. Findings may be used in formulating strategies aimed at increasing employee satisfaction while and raising organisational success. The research has significant implications regarding the relationship between job satisfaction and organisational performance. The practical implications of the study indicate that organisations need to consider factors that influence job satisfaction among employees and implement policies to enhance these factors. Organisations need to regularly monitor and evaluate employee satisfaction and adjust their policies and practices. In further research, other variables, which affect or moderate the job satisfaction and organisational performance relationship may be determined.

Keywords: *Employee; Job Satisfaction; Organisational Performance; Conceptual Framework; Empirical Evidence.*

1.0 Introduction

A crucial part of retaining workers is understanding how to keep them engaged and satisfied in their work environment (Latif *et al.*, 2013).

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In addition, they established that employee satisfaction is essential for achieving both short-term and long-term objectives and organisational success, contributing to the organisation's growth by increasing productivity and improving the quality of work the company produces. Hoppock (1935) introduced the first concept of employee satisfaction, defining it as a term that encompasses various factors that can lead to job satisfaction and happiness. According to Spector, the most precise definition of job satisfaction is "the degree to which people like the work they do." It is critical that employees feel satisfied with their work, both for their own well-being and for the success of the company as a whole. (Ostroff, 1992). Managers must be positive towards their employees (Latif *et al.*, 2013). An organisation's performance improves when its employees are happy and motivated. Thus, if an organisation ensures its personnel are happy, it could result in incredible benefits. Employees' happiness at work is measured by satisfaction with one's employment (Pang & Lu, 2018).

2.0 Statement of the Problem

Inherent work characteristics influence career fulfilment (Saari & Judge, 2004). Many factors contribute to organisational commitment, including salary, promotion, working environment, coworker relationships, autonomy, and communication (Vidal *et al.*, 2007). An organisation's performance determines its effectiveness. For an organisation to be effective, it needs to be able to define its mission and objectives to enhance productivity and efficiency (Pang & Lu, 2018). It is difficult for researchers to define and measure performance because organisations have competing goals (Chow *et al.*, 1994). This paper reviews the existence and strength of the nexus between job satisfaction (JS) and organisational performance (OP), the conceptual and theoretical framework, and the empirical evidence (Figure 1). This study used a narrative review method to synthesise the existing research on employee satisfaction and organisational performance. We chose the narrative review method to facilitate a more comprehensive and in-depth discussion of the research on this topic.

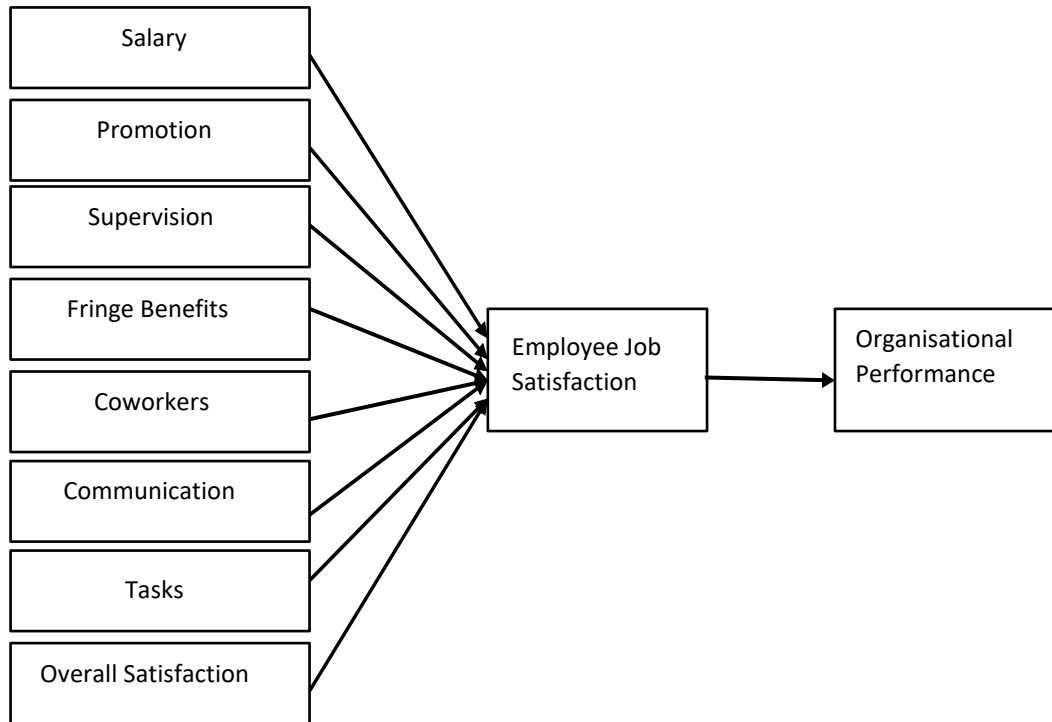
3.0 Theoretical Framework

3.1 Frederick Herzberg's "Two-Factor Theory"

The "motivation-hygiene" theory is another name for the theory mentioned above, also known as the "Herzberg dual-factor" theory (1959). According to the two-factor theory of motivation, multiple variables determine whether employees are satisfied with their employment. These components include motivators and hygienic elements. This

approach's central concept is the distinction between intrinsic and extrinsic factors. There are two sub-categories for such variables that influence job satisfaction. Herzberg believed that motivational factors were more important to job satisfaction than hygiene concerns.

Figure 1: Conceptual



Loiseau (2011) examined Herzberg's "two-factor theory" for job satisfaction in modern organisations. According to the findings, accomplishments and organisational policies have a significant impact on employee motivation. Thus, it further suggests that management concentrates on these variables to improve workers' performance successfully. According to Alshmemri *et al.* (2017), Herzberg's "two-factor theory," or Herzberg's "dual-factor theory, is also known as the "motivation-hygiene theory" (1959). In this view, Herzberg distinguished motivational considerations from hygienic factors. These two elements have two sets of criteria for work satisfaction. Motivational factors are considered more vital and less relevant to job satisfaction than hygiene variables. They

further argued that the theory suggests that the hygiene components are less relevant to employee fulfilment based on Herzberg's work.

In contrast, employees may achieve job satisfaction through various variables, including motivation. Thant & Chang (2021), studying the positive and negative aspects of public sector employees, examined 226 formal sector workers from the 'Ministry of Border Affairs in Myanmar.' They evaluated the qualitative interview-based data using Herzberg's "dual-factor theory"; the study discovered that the two sources of motivation affected the public employees' work fulfilment and discontent. Relationships, personal life experiences, tasks, and appreciation are critical to determining work happiness. Organisational performance is a method for determining the extent to which an organisation is effective. The most critical organisational goal is the capacity to define missions and targets in order to enhance productivity and organisational effectiveness (Pang & Lu, 2018). Cummings (1975) used a different approach than the original analysis (1975) to investigate the "two-factor theory." His investigation corroborated Herzberg's results, while one particular set of employees provided an exception. The researchers further revealed that the problem stemmed from a different management strategy for that specific group, demonstrating management's capacity to enhance job satisfaction at all levels by implementing innovative methods.

According to Khan *et al.* (2021), if a worker adheres to work satisfaction, he will remain settled and excited about what he does. Tertiary education institutions can improve worker satisfaction by incorporating theories of fulfillment (satisfaction) and motivation. They argued that theories' correctness or incorrectness should only be contextual.

4.0 Review of Empirical Evidence

Al-Alawi (2005), Analoui (1999), and Parsons and Broadbridge (2006), as cited in Pang and Lu (2018), reported that creating an excellent motivational framework is essential for businesses to keep expertise and empower workers to generate advantages for the institutions. An organisation's motivational strategy directly affects productivity, engagement, and work performance. A well-defined system enhances an institution's effectiveness in motivating employees to be happier at work. Ostroff (1992) investigated the relationship between organisational success and work satisfaction in secondary school and recommended that future research look into this connection in a new setting to obtain more reliable empirical findings. We should encourage tertiary education institutions' executives to evaluate employee satisfaction regarding pay.

Melián-González *et al.* (2015) discovered a strong correlation between organisational effectiveness in profitable American organisations and employee

satisfaction. The authors also said they need a thorough investigation to determine how job satisfaction and organisational success relate in a distinct setting. According to many studies, there is a strong correlation between job satisfaction and organisational success. Personnel are the central resource and source for every organisation's achievement of its short- and long-term goals. The study empirically investigated the link between job satisfaction and organisational performance, using organisational commitment as a mediator. It supports the notion that workers who are very satisfied with their work are also motivated to achieve organisational goals.

According to Jawabri (2017), job satisfaction refers to the happiness employees experience as a result of job duties and obligations. Academic personnel in higher education are less likely to be satisfied with their jobs because of the changing nature of their positions and the increasing demand for high-quality education. This study employs quantitative methods. He used the survey's internal and external parameters to estimate academic staff job satisfaction, and regression was used to determine the results. The researcher concluded that academic personnel at private institutions in the United Arab Emirates had high levels of work satisfaction. He also observed that a few variables, such as supervisor support, advancement, and assistance among coworkers, favored job satisfaction. In contrast, the study found that completed jobs had a negative impact on appreciation and compensation. The researcher noted that the variables they examined mostly responded as predicted.

Ayisi (2018) evaluated the effect of employee happiness on company success at Danpong Health Center. He used a two-sample technique that involves convenience and simple randomness. He selected 70 people for the study, distributed questionnaires to 60 respondents, and collected data using the Social Science Statistics Package (SPSS) and Microsoft Excel 2010. The study revealed that employees with favorable working conditions, training, opportunities for growth, and positive relationships with their superiors and colleagues faced termination from the organisation due to their dissatisfaction with inadequate equipment, unpaid overtime compensation, and inadequate unemployment benefits.

The study also found that loyalty and responsibility influenced Danpong employees' job performance, as well as job satisfaction, time, effort, knowledge, and punctuality. Dandong employees demonstrate innovation and dependability in their delivery. According to Ting (1997), three sets of factors—work qualities, characteristics of the organisation, and personal attributes—are the critical determinants of an employee's job satisfaction. Elements constantly influence job fulfilment, including pay satisfaction, a chance for advancement, task clarity and relevance, and talent usage. Relationships

between colleagues and supervisors significantly affect how satisfied employees are. Javeria *et al.* (2013) discovered that dedicated employees are essential to achieving organisational goals, and that characteristics that increase work satisfaction do not always translate into commitment.

Ariani & Mugiastuti (2022) studied the determinants of job satisfaction in the Office of 98, Bukaka Teknik Utama Balikpapan Branch, Indonesia. They used a multiple regression model to assess the feasibility of the proposed study. They found that work setting and job involvement affect employee satisfaction substantially. The workplace had some impact, but it was not critical. Similarly, the organisational climate influenced the staff's happiness. Correspondence in the workplace. Information sharing among coworkers greatly contributed to task execution, the development of new ideas, and employee-friendly adherence to good practices and standards. According to the study, employers may improve employee happiness by paying particular attention to creating a positive work environment. Employee engagement, culture, and work environment all play a role. Workers will be content and given opportunities to grow if their employers are concerned about providing operational amenities and comfort in the workplace.

In Kuching, East Malaysia, Miah (2018) analysed employee fulfilment to determine how well private-sector organisations perform. According to the study, employees expect their employers to provide them with intrinsic or extrinsic satisfaction. This study investigated what events make employees pleased and why they stay with or leave the company. Using questionnaires and primary data, he conducted a field survey among many employee groups, including senior-level employees, supervisors, middle managers, and support staff. In the study area, they found a positive relationship between employee job satisfaction and company performance. According to the findings, work fulfilment depends on how much the quality of pay and support affects employee job satisfaction and how well the organisation does.

5.0 Conclusion

This paper concludes that employee job satisfaction plays a critical role in the performance of an organisation. Business performance is one way to measure the extent of organisational efficiency. Improving overall performance is the most critical organisational goal and objective. This study utilised Herzberg's "two-factor theory" as its theoretical framework. Previous studies concluded that the factors that lead to job satisfaction include pay, promotion, recognition, supervision, fringe benefits, coworkers' relationships, tasks, and communication. In addition, job satisfaction affects employee performance.

The study concludes that a strong positive correlation exists between employee job satisfaction and organisational performance. Based on the literature review and the conclusion drawn, we recommend that managers ensure their employees' satisfaction because dissatisfaction indicates potential problems and reduces their commitment to organisational goals. Finally, organisational management should adopt various methods to improve employee satisfaction by focusing on both the intrinsic and extrinsic factors of job satisfaction.

6.0 Suggestions for Future Research

Future research could also explore the role of other variables that affect or moderate the relationship between employee job satisfaction and organisational performance. Other elements, like organisational culture and leadership, play a significant role in the connection between job satisfaction and organisational performance. It would enrich an understanding of the complexity and diversity of employee behaviour and organisational outcomes.

Future research could also test the validity and applicability of Herzberg's two-factor theory in different contexts and settings. Future research could focus on conducting longitudinal studies to examine the causal relationship between job satisfaction and organisational performance. Future research can test the validity and applicability of Herzberg's two-factor theory in different contexts and settings.

Future research can conduct longitudinal studies that will look at the causal relationship between job satisfaction and organisational performance. Future research can also test the relationship between job satisfaction and other outcomes such as employee turnover and absenteeism. The findings suggest that job satisfaction constitutes an important factor that may contribute to the success of an organisation. Further research is, however, still required to fully understand this relationship.

7.0 Limitations of the Study

This is a review-based study; hence, no clear conclusions can be drawn regarding the causal relationship between job satisfaction and organisational performance. The research focused on particular factors that determine job satisfaction, and other factors may also be needed. We carried out the research in a specific context, which may limit generalisation to other contexts.

8.0 Practical Implications

The paper therefore argues that employee job satisfaction is of paramount importance for organisational success and influences productivity. It would mean that an organisation should care about the determinants of job satisfaction and put in place ways to improve it. The paper suggests that, although extrinsic factors such as pay, benefits, and recognition influence employee job satisfaction, there are also intrinsic factors such as tasks, supervision, and communication that influence it. This leads me to believe that organisations should approach the satisfaction of employees in an integrated manner, encompassing the material and psychological dimensions of work. The paper leads me also to believe that job satisfaction among employees is dynamic rather than static in its nature. It means that the organisation should check their satisfaction levels periodically and adapt their policies and practices.

Other recommendations indicate that employee training and development investment should be allocated by organisations because it enhances employee skills and knowledge to produce an efficient working person, increasing job satisfaction. The findings of the study can also be applied to the formation of policies to support employee satisfaction. For instance, organisations may enact policies on work-life balance. The study gives insight into the relationship between job satisfaction and organisational performance.

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