

Retaining High Performing Employees through Job Satisfaction: A Theoretical Construct

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Abstract

One of the greatest challenges for today's managers lies in building a workplace that employees want to remain with and outsiders want to be hired into. Therefore, an employer's foremost responsibility is retention of its best employees and this can be achieved only by keeping the employees satisfied and motivated. This paper helps in identifying the various determinants of job satisfaction and suggests some strategic initiatives which contribute to job satisfaction and ultimately to employee retention. A few models depicting the relationship between job satisfaction and its positive outcomes as well as the outcomes of employee retention have also been proposed based on theoretical review of research studies conducted in the past.

Keywords: Employee retention, Job satisfaction, High performing employees, Satisfaction-retention process.

Introduction

Recent changes in the employment conditions have resulted in increased exposure of workers to unfavourable job characteristics and to consequential increases in adverse individual and organizational health outcomes (Mansell et al., 2006). Due to increased competition, globalisation and demand for efficiency, many organizations have adopted the strategy of restructuring and downsizing (Ugboro, 2006; Hirsch, 1987; Cameron et al., 1993). This has resulted in feelings of job insecurity, low commitment (Rousseau, 1996; Rosseau & Libuser, 1997), intent to quit among the employees (Brockner, et al.) and increased turnover (Cohen 1993; Hunt & Morgan, 1994). Voluntary turnover of high performing employees is a serious threat to the effectiveness of restructuring and downsizing strategy (Mueller et al., 1984) and also to the organisational sustainability.

High employee turnover creates problem both for the organizations (Huang et al., 2006) as well as for their customers. Departing employees take away a great deal of accumulated knowledge with them (Mitchell et al., 2001). Besides, the cost of replacing an employee is estimated to be twice an individual's annual salary. Further, training and developing new recruits to bring them to the desired level of performance requires heavy investment in terms of time, money and other resources (Mitchell et al., 2001). An in-depth review of employee turnover costs helps managers to gain insight about the magnitude and determinants of this managerial challenge and assess the implications for organizational effectiveness.

Organizations worldwide are now increasingly realizing the importance of retaining their talented workforce. In spite of its importance, only few studies have examined the topic of retention. Most of the previous studies (Mitchell et al., 2001; Spreitzer and Mishra, 2002; Steel et al., 2002; Eisenberger et al., 2002) focus more on turnover than retention. Therefore, this research will refer to literature about turnover and indirectly deduct factors relevant to the issue of retention. The various factors which cause dissatisfaction among employees and lead to turnover have been studied and subsequently those factors which need to be reinforced are suggested as interventions.

An attempt has been made to fill the gap of what should be done to enhance the degree of employees' satisfaction with respect to their respective jobs in an organization which may enhance the degree of organizational attachment and to maximize organizational outcomes through organizational citizenship behavior. It specifically focuses on what is meant by job satisfaction, dimensions and outcomes of job satisfaction, satisfaction-retention process, outcomes of retention, and concluding remarks.

Objectives

In view of the above, the present study sets the following objectives:

- To study the various dimensions and factors influencing job satisfaction.
- To study the relationship between job satisfaction and employee retention and their benefits to the organization.

Job satisfaction

Several factors appear to be linked to turnover (Boxall et al., 2003). A review article on studies of turnover (Mobley et al., 1979) revealed that age, tenure, overall satisfaction, job content, intentions to remain on the job and commitment were all negatively related to turnover. Higher the age of the employee, less is the likelihood of his leaving the organization. Similarly, an employee who has spent a long time in an organization is less likely to leave because of his emotional attachment to the workplace.

Job satisfaction has been found to be the most important tool for employee retention. Job satisfaction refers to how employees perceive their jobs (Mc Shane & Glinow, 2005). It is an emotional state resulting from experiences at work. If employees experience high satisfaction with their jobs, it may create a pleasurable emotional state (Bartolo & Furlonger, 1999; Ivancevich, 2008) and a positive reaction with the organization (Feinstein, 2002; Oshagbemi,

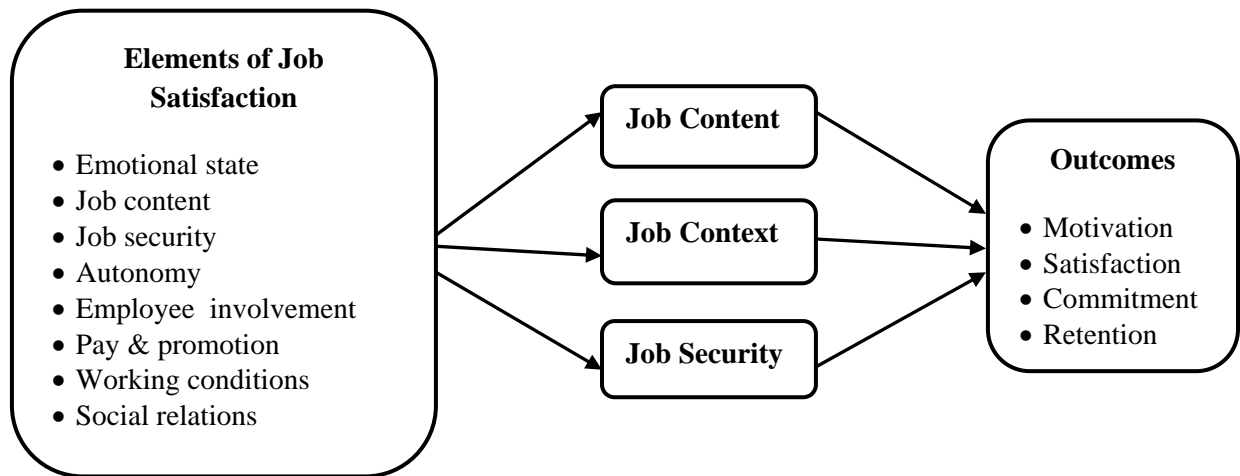
2000). Both job content and job security are found to affect the overall job satisfaction of employees (Green and Tsitsianis, 2005; Benz and Frey, 2008). Employees feel satisfied when they are provided certain degree of freedom in carrying out their tasks and taking job related decisions. Moreover, they enjoy performing jobs which demand higher levels of skills and knowledge (Guthrie, 2001). Employee involvement practices have been reported to reduce turnover (Vera, 2001). According to Luthans (1989) satisfaction can arise from three different facets: (a) emotional response to work environment, (b) relationship between expectations and outcomes; and (c) satisfaction with pay. The significance of job satisfaction can be assessed from the fact that it not only influences the efficiency of workers but also impacts job behaviour such as absenteeism, accidents, work stress and employee turnover (Rajendran and Chandramohan, 2010). Igbaria and Guimaraes (1993) have identified five components of job satisfaction – work, supervision, co-workers, pay and promotion.

While earlier generations viewed their jobs predominantly as a source of income, today's employees see their careers as more (Murray, 1999). An empirical study conducted by Stefan Gaertner (1999) revealed that opportunities for promotion and supervisory support have a direct and positive impact on job satisfaction. However, the same study suggested that the amount of pay received by employees is not related to job satisfaction. It is becoming increasingly difficult for employees to cope with demands of professional careers, home management and job relocation issues. Too much overlap between work and home may cause employee burnout. Hence, organizations need to help employees manage their work and home boundaries effectively. Measures taken by the organization to enhance the well-being of its employees contributes to job satisfaction (Bonke and Browning, 2003). Today more and more companies are offering spouse relocation assistance as an employee benefit. Other benefits provided by organizations may include vacations and recreation facilities to the employees and their family members. Some organizations even go to the extent of involving family members of their employees in company celebrations.

Dimensions of Job Satisfaction

Besides, a number of factors related to job context such as social relations at workplace, communication (sharing of information within organization) and working conditions also influence job satisfaction. Workers are dissatisfied if they are denied access to information and other resources necessary for performing their job. Similarly, if a performance evaluation criterion is not clearly communicated or if feedback on their performance is not provided by supervisors, it may lead to employee dissatisfaction. Cordial relations with colleagues and supervisors contribute to job satisfaction. A healthy organizational climate characterized by trust and collaboration improves satisfaction. The various dimensions and outcomes of job satisfaction have clearly reflected in figure 1.

Figure 1: Dimensions and Outcomes of Job Satisfaction



Satisfaction-Retention Process

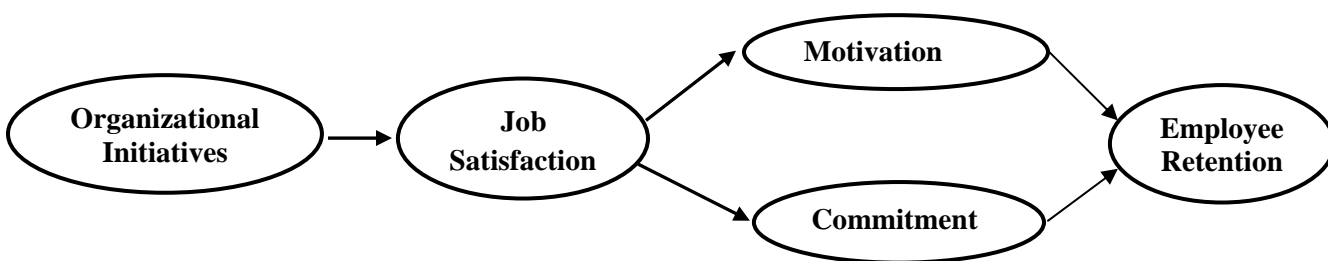
It has been often found that the highest performing workers find good alternatives and are the first to leave (Wetprasit, 2006). Hence, organizations should devise a strategy for keeping their valuable assets (employees) satisfied (figure 2). Strategic initiatives proposed for enhancing job satisfaction and employee retention include the following:

- **Stress Management:** Many research studies indicate work overload as a major factor responsible for job dissatisfaction and intent to quit (Firth et al., 2004). A supervisor should therefore, understand the profile of each individual worker before allocating responsibilities. Elangovan (2001) has indicated strong causal links between stress and job satisfaction (higher stress leads to lower satisfaction). Role ambiguity and role conflict, identified as role stressors have been reported to be negatively associated with job satisfaction.
- **Career Development Plans:** In recent times, employees' demand and expectations have undergone a sea change. Money no more seems to be the prime motivator. Rather, people enquire about career prospects in an organization before applying for a job. To improve retention, companies should adopt career development policies in alignment with the needs of the employees (Wetprasit, 2006).
- **Employee Empowerment and Involvement:** Employee empowerment practices positively affect employee satisfaction (Voisard, 2008; Dewettinck et al., 2003; Halvorsen, 2005, Kirkman & Rosen, 1999). Employees can be empowered through involvement, which in turn is possible through greater emphasis on collective bargaining, continuous improvement of team performances and suggestion schemes.

- **Positive work experiences:** This refers to a healthy work environment characterized by team work, trust and participation. An organization should foster a culture where people grow and learn and discover the joy of working together. Employee's satisfaction with his organization, his supervisor and work environment has been found to contribute to the employee's appraisal of his work experiences and work related behaviour (Testa et al., 1998).
- **Pay for performance:** Performance based pay systems are increasingly becoming more popular among employees. Griffeth et al., (2000) have concluded from their studies that when high performers receive inadequate remuneration/rewards, they look out for alternative employment.
- **Job Restructuring:** Enrichment of jobs in such a way as to make them challenging and interesting is another intervention towards achieving job satisfaction. Mishra and Spreitzer (1998) have identified job variety and autonomy as contributors to job redesign. Empowerment and job redesign have proved to be effective organizational interventions for employee retention (Ugboro, 2006). Griffin (1991) has found positive association between job redesign and employee attitudes (job satisfaction and commitment).
- **Promotion and Training opportunities:** Redundancy of skills has been cited as one of the reasons for employee turnover, thereby indicating the necessity for training, re-training and multi-skill training. Much value is attached by employees to the availability of training opportunities which would prepare them for future roles.
- **Perceived supervisor support:** It is often said "people leave managers and not companies". Cordial supervisor-subordinate relationships contribute to job satisfaction and employee retention. Participative and consultative leadership styles have been found to be positively and significantly correlated to job satisfaction and indirectly related to organizational commitment (Ismail et al., 2010). Also employees often look up to their supervisors for sympathetic help with personal problems.
- **Mentoring:** Providing individual attention to employees' personal and work-related problems by supervisors (mentors) improves the level of satisfaction. One-to-one sessions between employees and line managers allow greater scope for discussion about roles and objectives. Mentors should be committed in providing upward mobility and support to a protegee's professional career at one end and personal development on the other (Matelic, 2001).
- **Reward and Recognition:** Rewards, as a process of employee involvement correlate to higher recognition of achievement, thereby increasing employee satisfaction (Mohrman et al., 1996; Cunningham et al., 1996; Bushe et al., 1996). Recognition and appreciation by the supervisor and peer group counts a lot.

- **Fair Performance Appraisal with Feedback:** Employees need to be communicated about the performance evaluation criteria and adequate feedback along with suggestions to improve performance should be tactfully delivered.
- **Work-Life Balance:** Organizations also need to respect employee's desires to have more time off to pursue their own interests. Implementing work-family policies helps to ease family demands, and by doing so, reduces employee absenteeism and turnover (Landauer, 1997). Initiatives may include telecommuting, flexi time (Baltes, 1999), job-sharing, shorter work weeks and on-site child care centers.

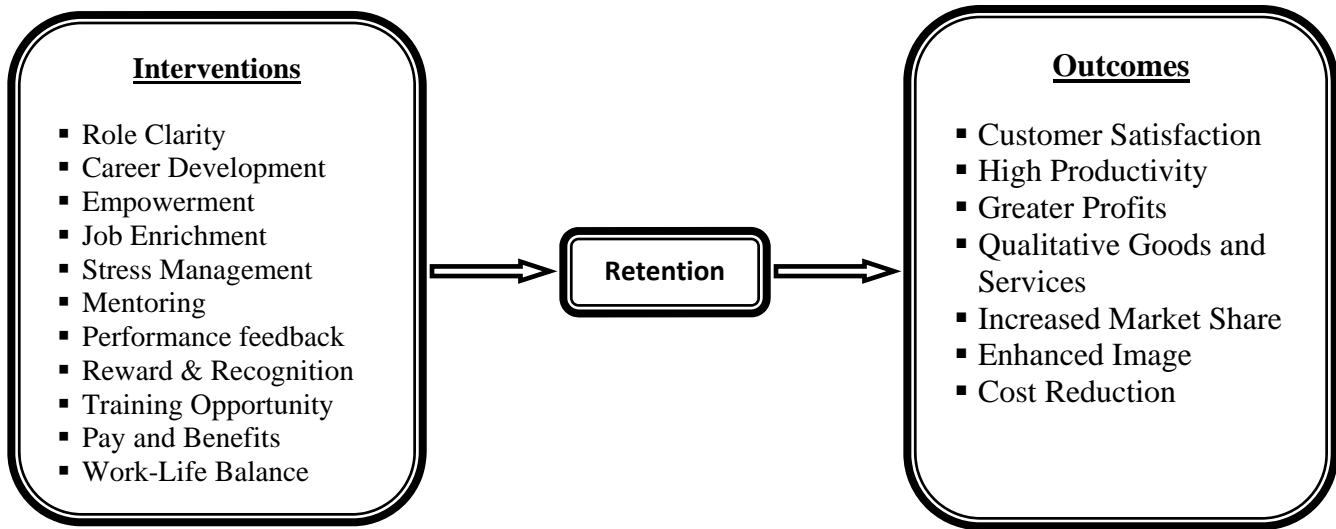
Figure 2: Satisfaction – Retention Model



Outcomes of Employee Retention

Several positive outcomes of job satisfaction have been observed which eventually leads to employees' intent to stay with the organization. Employee satisfaction has been found to be positively related to the intent to remain with the company (Light, 2004) and negatively related to intention to quit and turnover (Clark, 2001; Kristensen et al., 2004; Levy-Garboua et al., 2004; Bockerman & Iimakkunnas, 2004; Schields & Price, 2002; Lum et al., 1998). Quantifiable and positive links have been established between job satisfaction and organizational effectiveness (Ostroff, 1992; Koys, 2001), better individual performance (Sousa-Poza & Sousa-Poza, 2000) and customer satisfaction (Brown & Lam, 2008; Fosam et al., 1998; Roger et al., 1994; Ryan et al., 1996). The benefits of employee retention such as customer satisfaction, growth in revenue and shareholder's returns, increase in profits and market share, improved productivity and enhanced company image have been depicted in the model given below.

Figure 3: Interventions and Outcomes of Employee Retention



Conclusion

This paper provides some noteworthy implications for practitioners. It suggests the various factors which influence job satisfaction. It has been observed that if managers do not pay attention to these factors, it is likely to result in job dissatisfaction and ultimately may result in employee turnover. The satisfied employees can be motivated and a sense of commitment can be instilled within them, has to percolate down the organizational hierarchy. The top management has to be convinced about the benefits of retention as well as the disadvantages of high employee turnover. Supervisors or line managers have to be involved and encouraged to create a culture that facilitates employee satisfaction. Fair and unbiased performance appraisal must be done based on which compensation, benefits, promotion and rewards should be provided. Managers need to shed some degree of control and responsibility in favour of workers by empowering and involving them in important areas of decision-making such as goal setting, deciding about work procedures and selecting team-mates. Monotonous and repetitive work could be made challenging and interesting by adding variety. Sufficient opportunities may be provided to the employees to gain knowledge and develop their skills by sponsoring them to various in-house and other training programmes. At the same time, opportunities must be provided to the employees to use their learnt skills. Besides, the role and responsibility of each employee must be clearly spelt out so that he knows exactly what is expected of him. This would reduce role ambiguity and role conflict, thereby reducing stress and indirectly contributing to satisfaction. Steps may also be taken to strike a balance between work life and family life of the employees to reduce stress and provide more time off to attend family issues. If organizations and immediate supervisors fail to realize their responsibility towards maintaining a satisfied workforce, it is

quite obvious that employees will leave for greener pastures, since talented employees are sought after by competitors.

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