

## Factors Influencing Employee Job Satisfaction: A Conceptual Analysis

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### Abstract

As environment become increasingly dynamic, innovation is getting more and more important. The most effective sources of innovation are often ideas emerged from within an organization, usually from employees. High turnover and low productivity which badly affect an organization can be the result job dissatisfaction. Understanding the factors that contribute to job satisfaction is essential because it helps to identify the reasons and areas which employees are not satisfied with. Through this understanding, changes and adjustments of organizational policies, organization structure and job design can be altered to enhance the level of employee job satisfaction. This study only focused on three most common prevailing factors which are job stress, lack of communication, and pay that influence job satisfaction at workplace. Job stress has been generally defined as a factor which has negative impact on job satisfaction. The higher the stress level is, the more likely that an employee is not happy and not satisfied with his job. Lack of communication or bad communication dampens employees' job satisfaction because employees tend to perform at a lower level when they feel neglected. Besides, lack of communication can also lead to confusion between management and other employees throughout the organization which might incur frustration and resentment. Employees need to feel appreciated, as employees and as human. Employee's job satisfaction and organizational retention rate can be boosted through a healthy compensation plan with room for bonuses and pay rises. Through the understanding of the factors, organizations can be aware of the symptoms beforehand and take precaution to support and increase the job satisfaction level of employees. In order for an organization to sustain and grow its business, job satisfaction is the long term solution for talent retention and increased performance and productivity.

**Keywords:** Employee Job Satisfaction, Perceived Stress, Lack Of Communication, Pay.

**Introduction**

The requirements of individuals have been changed due to the increase in quality of life and economic growth in the societies (Tutuncu & Kozak, 2007). Most individuals spend a large part of their lives at work; the change of requirements towards life has also changed their expectations, emotions and feelings towards their jobs (An, Cha, Moon, Ruggiero, & Jang, 2014). There is growing interest towards job satisfaction in organizations as employee job satisfaction is crucial to the success of any business. Improvements of job satisfaction have positive effect on employees' motivation, performance, and productivity. These are important elements that an organization needs to maintain a competitive workforce in order to deal with challenges arise from the competitive business environment (Marzuki, Permadi, & Sunaryo, 2012). Job satisfaction is also directly related to a lower employee turnover rate, lower absenteeism rate, higher productivity, and better performances which are closely associated to the organization's cost efficiency for business (Gazioglu & Tansel, 2006). The relationship between job satisfaction and performance was a relatively recent study which indicated that the degree of job satisfaction felt by employees determines their work performance. The study of the relationship between job satisfaction and performance validated the common belief that "a happy worker is a productive worker" (Marzuki, Permadi, & Sunaryo, 2012). In this case, increasing and maintaining the degree of employee job satisfaction should be a priority for every employer (Gregory, 2011). Understanding the factors that contribute to job satisfaction is essential because it helps to identify the reasons and areas which employees are not satisfied with. Through this understanding, changes and adjustments of organizational policies, organization structure and job design can be altered to enhance the level of employee job satisfaction. There are numerous factors that might discourage the employees and lead to job dissatisfaction such as high stress, lack of organizational communication, lack of recognition, limited opportunity for personal and career growth, job characteristics, job security, pay, social relationship within an organization and many more. However, this study only focused on three most common prevailing factors which influence job satisfaction at workplace. The three factors discussed in this study were job stress, lack of communication, and pay. This study intends to establish a conceptual framework which contributes towards talent retention, increased performance and productivity in the dynamic business environment.

**Job Satisfaction**

Job satisfaction refers to an employee's emotional state which covers the complete range of emotions from positive to negative (Zhang, Yao, & Cheong, 2011). Thus, job satisfaction can also be defined as pleasantness or unpleasantness of employees during their work. Besides, job satisfaction can also be described as a positive feeling about a job or job experience (Tutuncu & Kozak, 2007). On the other hand, Fisher (2000) claimed that job satisfaction is a kind of attitude and attitudes generally contain two components which are affective component (feeling and emotional) and cognitive component (comparison, judgment and belief). Job satisfaction can be seen as the result of a chain reaction involving the motivation to satisfy a need. This chain combines several factors or motivators which will influence or induce an individual to perform (Marzuki, Permadi, & Sunaryo, 2012). Early theory of motivation developed by Maslow which is the Maslow's Hierarchy of Need had provided ground for further studies on the factors that motivate human. The theory proposed that human motives are based on needs that start in an ascending order from the lowest level to

the highest level. The hierarchy moves from lower level needs such as physiological needs, safety and security, social needs to higher level needs such as self-esteem and self-actualization needs. Individuals cannot move to the next higher level until all needs at the lower level are satisfied. When one set of needs is satisfied, it no longer served as a motivator (Marzuki, Permadi, & Sunaryo, 2012). Another theory which contributed to the related literature is the Herzberg's motivation-hygiene theory. This theory developed by Herzberg is also known as two-factor theory. Herzberg's motivation-hygiene theory emphasized that satisfaction and dissatisfaction were two distinct variables which were not part of a single continuum. The opposite of job satisfaction is no job satisfaction; similarly the opposite of job dissatisfaction is no job dissatisfaction. Herzberg identified two groups of needs; motivators refer to human needs to achieve and experience psychological growth which are related to job such as recognition for achievement, promotion and etc. Another group which is called hygiene factor is referred to the basic human biological needs such as salary, security, working conditions and etc (Marzuki, Permadi, & Sunaryo, 2012). Hygiene factors determine the extent to which an employee can avoid job dissatisfaction (Zhang, Yao, & Cheong, 2011). In the literature, the importance of job satisfaction is often linked to work performance and organizational productivity or to other important work-related attitudes and behaviors—such as absenteeism, turnover, and reduction of litigation (Zhang, Yao, & Cheong, 2011). Refer to Branham (2005), Gallup studies reported that organizations with higher employee satisfaction achieved 86 percent customer ratings, 76 percent more success in lowering turnover, 44 percent higher profitability and 78 percent safety records. Thus employee happiness at work should be paid attention by the employers. Employee job dissatisfaction can bring disasters to an organization which badly affects the daily operation, such as lack of interest for their responsibilities, tardiness in showing up for work, mild to severe withdrawal from their jobs and diminishing job performance. All these may end up with employees leaving the organization which cause high employee turnover in the organization (Gregory, 2011). Put in another way, employees who perceive their jobs as satisfactory are more likely to work and stay in the current jobs and in the current organization in the future. Otherwise, employees are more likely to leave and which in turn will influence the performance of the organization and its costs (Tutuncu & Kozak, 2007). Employers are faced with the task to motivate employees and create high job satisfaction among their employees. Thus, understanding of the factors which influence job satisfaction is essential for employers. Through the understanding of the factors, organizations will be able to make relevant changes to prevent employee frustration and low employee job satisfaction (Dawal & Taha, 2006). In this study, job satisfaction has been proposed as the dependent variable in the theoretical framework (Refer to Figure 1). The influence of the three factors (job stress, lack of communication, and pay) to job satisfaction would be discussed in the following sections of this chapter.

**Job Stress**

Job stress is generally defined as “an employee's feelings of job-related hardness, tension, anxiety, frustration, worry, emotional exhaustion, and distress” (Mahfood, Pollock, & Longmire, 2013). Refer to empirical studies (Lambert & Pauline, 2008; Mahfood, Pollock & Longmire, 2013), stress had been identified as one of the major factors that inversely related to job satisfaction. It was stated by Branham (2005) that at least 25 to 50 percent of employees are unable to work at their best due to stress, and this undeniably negatively influence their job satisfaction which subsequently leads to low productivity and high

employee turnover. There are many causes which lead to job stress. For instance, insufficient organizational support in supplying tools necessary to perform a job efficiently would generate higher stress level especially when the employees are expected to perform at a required level. Besides, cost cutting practices through eliminating positions and disbursing the workload to other employees also contribute to increased job stress level. Employees would have to take on overbearing workload which erodes their personal time and the unreasonable amount of work would increase employees' anxiety level tremendously. At the same time, retrenchment can trigger panic and anxiety among the remaining employees which increase their stress level during work. Untrustworthy employers can be another source of stress. Distrust can be raised from various different situations such as harassment. It becomes difficult to work in an uncomfortable working environment consistently, stress and anxiety increased by trying to avoid troublesome confrontations and situations (Gregory, 2011). It had also been discussed that promotion and career advancement can be one of the leading factors to job stress. The increased stress may come from heavier workloads, extra responsibility and reduced leisure time (Mahfood, Pollock, & Longmire, 2013). Job stress has been generally defined as a factor which has negative impact on job satisfaction in previous literature. The higher the stress level is, the more likely that an employee is not happy and not satisfied with his job. Thus, the following proposition is formulated for this study which job stress has been viewed as an antecedent of job satisfaction:

Proposition 1: Job stress will be negatively related to job satisfaction.

### **Lack of Communication**

Communication can be interpreted as the exchange of information between a sender and a receiver. Communication is a fundamental management activity in every organization because it is crucial for employees to receive correct information regarding to their jobs. Communication has been widely valued in organization today; it has been seen more multidimensional than just message exchange or provide information about people's work. Communication is about relationships which it acts as the social glue that ties employees within the organization together (Steingrímisdóttir, 2011). Communication channels can be divided into two categories which are formal communication and informal communication. The most popular formal communication ways are face-to-face communication and technical communication. Informal communication is communication stemmed naturally from people's interactions. People can talk about their feelings, create relationships and discuss any issue that matter to them each time. It is believed that informal communication is the communication which established the actual relationships among people in an organization. However, informal communication tends to increase rumours or carry wrong information within the organization (Steingrímisdóttir, 2011). Right communication channel is vital for an organization. By choosing channels can make a real difference in how the message is received. Different communication channels are suitable and fit for different kinds of information and achieve different objectives (Steingrímisdóttir, 2011). Lack of communication in organization leaves employees feeling disconnected from the organization. Generally this is the result of management personnel who do not know how to relate their employees on a personal or professional level. Lack of communication or bad communication dampens employees' job satisfaction because employees tend to perform at a lower level when they feel neglected (Gregory, 2011). Besides, lack of communication can also leads to confusion between

management and other employees throughout the organization which might incur frustration and resentment. The organizational morale can be negatively affected by gossips and rumours due to lack of communication too. The deteriorating working environment can cause job dissatisfaction and high employee turnover (Ashe-Edmunds, 2014). In an organization, managers should communicate with lower level employees. Managers act as the connection of the organization which will give employees a sense of belongings and worth in the organization. Supervisors should also become the role model to promote friendly relationships with employees in order to achieve a healthier working environment. It is imperative that managers and supervisors respect all the employees, their opinions and their work. Understanding of the organization's direction and goals and clarification of expectations associated with different positions should be communicated and conveyed to the employees to assist employees in understanding their direct relationships with the organization and how their work affects others' work (Gregory, 2011). In addition, performance reviews can be utilized as a managerial communication tool because they give administrators an idea of those employees that are contributing to the organization's success and those who need to work harder. In general, employees may be unaware of their performance measures and have no sense of how they can improve. Without communication through performance reviews, it would be tough for employees to make any progress in their efficiency which also negatively impact their personal or professional development, and in turn, incur job dissatisfaction (Gregory, 2011). Therefore, in light of the above discussion, it is proposed that:

Proposition 2: Lack of communication will be negatively related to job satisfaction.

### **Pay**

Compensation is the total amount of the monetary and non-monetary pay provided to an employee by an employer in return for work performed as required. The monetary pay includes fixed pay which the amount and payment are guaranteed and flexible pay which contains variable pay such as goal-base pay, overtime and etc. Non-monetary pay includes all kinds of employee benefits such as family assistance, recreational opportunities, complementary pension plans, health insurance and etc (Igalens & Roussel, 1999). It was suggested in previous literature (Money & Graham, 1999; Green & Heywood, 2008) that monetary pay is the primary motivator for employee performance and a determinant of job satisfaction. Employees generally prefer their work efforts to be recognized and rewarded thus recognition of an employee's hard work is essential to his or her job satisfaction. However, too often organizations are more focused on production and revenues, rather than their own employees (Gregory, 2011). By rewarding employees monetarily or non-monetarily as incentive, employees would feel that their hard work and achievements have not gone unnoticed. Employees need to feel appreciated, as employees and as human (Branham, 2005). By linking the money and performance tends to motivate employees to be more productive and hence they would be more willing to work harder towards success (The Chicago School of Professional Psychology, 2012). Through rewarding, employees are more optimistic about future employment in the organization too (Gregory, 2011). It is believed that employee's job satisfaction and organizational retention rate can be boosted through a healthy compensation plan with room for bonuses and pay rises (The Chicago School

of Professional Psychology, 2012). However, organizations should be very prudent in planning of pay structure and should set confidentiality policy for individual employee's pay amount. Normally organizations choose to underpay those employees who are willing to work hard for minimal pay while to pay more to those who are not willing to work for minimal pay. The pay disparity will eventually lead to great degree of job dissatisfaction when the hard workers realized they are not being paid fairly (Branham, 2005). Refer to the Society of Human Resource Management research report conducted in May 2014; pay has been identified as the most important drivers for job satisfaction by which 60 percent of employees rated compensation/pay as very important and 36 percent rated it as important. Compensation/pay was also claimed as the leading factor of job satisfaction across four generations of employees which are millennial, Generation X, Baby Boomers and Veterans (Miller, 2014). It is noteworthy that there was previous studies indicated that the pay amount or salary amount is not the main determinant for job satisfaction. The comparison of income which employees set up as referential point is more significant in influencing employee job satisfaction. Given the similar qualifications and specifications, if an employee believes that the salary offered in other organization is higher, he or she will be dissatisfied even his or her salary is considered high as compared with the salaries in the organization he or she works in (Al-Zoubi, 2012). According to Miller (2014), more than half of employees feel satisfied if they are paid competitively with the local market. As a result of the empirical studies, it is believed that pay is able to influence the job satisfaction level of employees. Therefore, the following statement is proposed:

Proposition 3: Pay will be positively related to job satisfaction.

### **Theoretical Framework**

There are many empirical studies and literature focused on the topic of job satisfaction. Numerous factors which will influence job satisfaction have been discussed individually. The factors include limited personal and career growth, job characteristics, job security, organizational support, social relationship within organization, relationship with immediate superior and etc. Different factors are associated with the job satisfaction either positively or negatively. Three most popular factors have been the focus of this study, which are job stress, lack of communication and pay. Job stress, which inversely affects the emotions and feelings of employees at work, is likely to induce job dissatisfaction. Low morale, misunderstanding and reduced job satisfaction can happen if there is lack of communication. On the other hand, the perception of employees that their pay or salary is comparatively or relatively low will instigate employees' dissatisfaction at work too. By looking at the selected factors, a theoretical framework has been generated to indicate the influence of job stress, lack of communication and pay on job satisfaction. The theoretical framework is depicted in Figure 1.

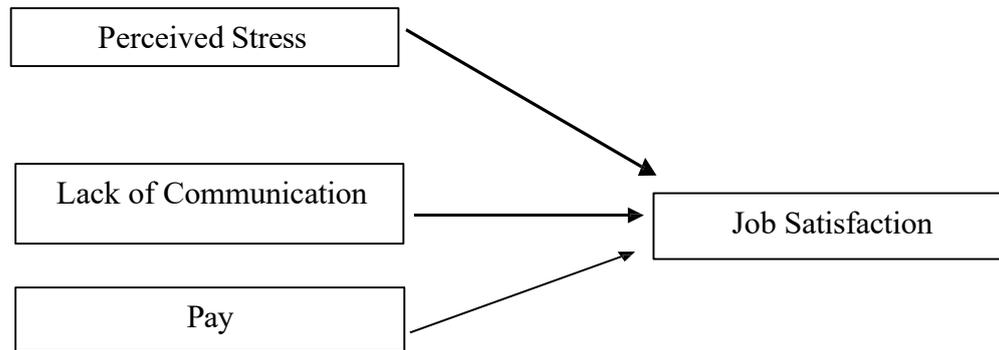
**Independent Variables****Dependent Variable**

Figure 1: Proposed Theoretical Framework Research Implications

With the changes of the external environment, organization competitiveness is no longer solely relied on the tangible assets, but also numerous intangible assets. As environment become increasingly dynamic, innovation is getting more and more important. The most effective sources of innovation are often ideas emerged from within an organization, usually from employees. Hence an organization's competitive advantage can be generated through human resources. Job satisfaction was studied in this paper as it is one of the key factors which directly related to employee motivation, employee commitment and productivity and employee turnover rate. An organization can focus on productivity and increased sales if its employees are happy and satisfied with their jobs while its competitors are still struggling to maintain experienced and motivated employees. In reality, organizations are facing the issue of creating high job satisfaction among their employees. This study intends to show a better understanding of the factors which emphasizes on job stress, lack of communication and pay, which influence job satisfaction. In terms of practical implications, management and managers are advised to concern about the employee job satisfaction within their organizations. They are encouraged to fully support and commit to policies and activities which can be identified and designed through factors influence job satisfaction in order to stimulate employees' satisfaction at work such as improvements of working conditions, job training, leadership development and etc. By not overloading the employees, while maintaining a good communication with employees and compensating employees with a reasonable pay according to the jobs and market rate will enhance their job satisfaction. When employees are satisfied with the work they are doing, their jobs are more likely to be an enjoyable and happy experience. With higher job satisfaction, there tends to be higher degree of employee commitment which significantly reduce absenteeism and employee turnover rate which leads to decrease in employee-related costs, meantime increase job performance level which employees are more willing to participate in problem-solving activities and perform activities outside their job scope. In order to sustain the organizational competitiveness, the understanding and changes of policies based on the three most popular factors which contribute to job satisfaction namely job stress, lack of communication and pay are essential.

**Conclusion**

The employment market is heating up and organizations start to worry about losing good talents and struggling to retain them since human resources is one of the vital competitive

advantages. Some of the organizations are facing constant high employee turnover which accompanied with unsatisfactory performance and low productivity. High turnover and low productivity are the most obvious indicators of job dissatisfaction. Thus better understanding on the factors which influence job satisfaction is very crucial for all organizations. Through the understanding of the factors, organizations can be aware of the symptoms beforehand and take precaution to support and increase the job satisfaction level of employees. In order for an organization to sustain and grow its business, job satisfaction is the long term solution for talent retention and increased performance and productivity.

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