

Review Article

The Impact of Job Satisfaction on Employee Performance: A Case at ABC Manufacturing Company

Abstract

The aim of this study is to investigate the impact of 'Job Satisfaction' on 'Employee Performance'. The preliminary investigations revealed a researchable area where most of the employees are dissatisfied and have affected their job performances. In this study deductive approach has been used to test the existing theories and thus this study involves quantitative analysis. The determinants of independent variable of 'Job Satisfaction' included Pay & Benefits, Trainings, Work Condition and Nature of the Job. The dependent variable for the study is 'Employee Performance'. For this study researchers selected 66 employees based on simple random sampling technique and the structured questionnaires were distributed to collect the primary data. The hypotheses were tested using the correlation and regression analysis. The correlation analysis denoted that there is a positive relationship between job satisfaction and employee performance and the regression analysis depicted that the job satisfaction has a significant impact on employee performance under the significance level of 0.05. This study suggests the organization to maintain salary equality and supervisor relationships to increase the employee performance. Furthermore, it is recommended to recognize the training needs of the employees to boost the performance of the employees. Moreover, based on the findings of this study, the scholars could further investigate the other factors impacting on employee performance.

Keywords: - Job Satisfaction, Pay and Benefits, Trainings, Work Condition, Nature of the Job, Employee Performance.

1. INTRODUCTION

"A Happy worker is a productive worker" (Fritzsche & Parrish, 2005) and it is no longer news that Job Satisfaction anchors Employee Performance. According to (Locke, 1967 cited in Dugguh & Dennis, 2014) Job Satisfaction as 'a pleasurable and positive emotional state resulting from the appraisals of one's job or job experience'. Further, Job Satisfaction can be defined as an individual's positive measurable judgment on his or her working conditions

(Weiss, 2002). According to Schermerhorn, (1989) cited by Fonkeng, (2018) Employee Performance is the quality and quantity attained by an employee or group of employees after accomplishing a given task. Attainment of a high-level performance through productivity and efficiency has always been an organizational goal of high priority. Employee performance is the aggregated financial or non-financial value added by the employees in contribution to the fulfillment both directly and indirectly to the organizations' objectives (Motowildo & Borman,

1993). However, the total organizational performance depends on efficient and effective performance of individual employees of the organization. Therefore, every organization places a considerable reliance on their individual employee performance to gain high productivity in the organization. At the same time highly satisfied work force is an absolute necessity for achieving a high level of performance advancement of an organization and the satisfied worker leads to extend more effort to employee performance. Hence, this study measures the impact of Job Satisfaction on Employee Performance with special reference to a selected manufacturing company in Sri Lanka. Furthermore, this study addresses the research gap by investigating the research problem of the respective manufacturing company which has not been yet investigated.

1.1. Research Problem

According to the findings of the preliminary interviews conducted with the management of the organization, the poor employee performances have affected for organization's productivity, quality of work, goals, and the profits. Moreover, as per the results of the employee feedback surveys of the respective company, it was revealed that most of the employees are dissatisfied about the current rewarding schemes, working conditions and job tasks and duties that they have been assigned. Furthermore, it has been identified that employee performances were reducing over the last three years. In last three years employee performance were nearly 83%, 77% and 68% respectively and the performances were decreasing. As per the past literature it has been further investigated that the employee performance gets diminished as a result of the job dissatisfaction at different contexts.

1.2. Research Objectives

General Objective:

1. To measure the impact of Job Satisfaction on Employee Performance.

Sub Objectives:

1. To measure the impact of 'Pay and Benefits' on 'Employee Performance'.
2. To measure the impact of 'Training' on 'Employee Performance'.

3. To measure the impact of 'Working Conditions' on 'Employee Performance'.
4. To measure the impact of the 'Nature of the job' on 'Employee Performance'.

1.3. Contribution of the Paper

The findings of this research will be beneficial for numerous stakeholders including the top management and middle level management of the selected company as they can incorporate the findings when making the strategic decisions. Moreover, the results of this study will lead to identify the exact needs of the employees where the organization could address them strategically. Furthermore, the managers could recognize suitable performance evaluation criteria which links with the rewarding system.

This study ensures the academic significance by adding new knowledge to the existing theories and future researchers could test and develop theories by incorporating the research findings relating to the concepts of 'Job Satisfaction' and 'Employee Performance'.

1.4. Literature Review

Job Satisfaction

As per the Vroom, (1964) cited in Aziri, (2011) definition on job satisfaction focuses on the role of the employee in the workplace. Thus, he defines job satisfaction as affective orientations on the part of individuals toward work roles which they are presently occupying. Job satisfaction represents the most important areas that facing current managers when it comes to managing their employees. Job satisfaction as any combination of psychological, physiological and environmental circumstances that cause a person truthfully to say, "I am satisfied with my job" (Hoppock, 1935 cited in Aziri, 2011). As stated in this approach though job satisfaction is under the influence of many external factors, it endures some internal factors also involve with the way of how employee feels. Job satisfaction can be defined also as the extent to which a worker is content with the rewards he or she gets out of his or her job, particularly in terms of intrinsic motivation (Statt, 2004 cited in Aziri, 2011)

The term job satisfaction refers to the attitude and feelings people have about their work. Positive and favorable attitudes towards the job indicate the job satisfaction. Negative and unfavorable attitudes towards the job indicate job dissatisfaction (Armstrong, 2006 cited in Aziri, 2011). The attitudes and feelings people have about their job; it is the degree to which an employee has positive emotions towards the job role. Job satisfaction depends on various different factors such as satisfaction with pay, promotion, benefits, trainings, working conditions or work environment, nature of the job - job security, relationship with co-workers and supervisors. Job satisfaction is the level of happiness that a person feels about his or her job. It is the positive emotional attachment to the job which works as a motivational factor. Many theories have identified that job satisfaction is directly proportional to performance. Greater the job satisfaction, higher will be the employee performance. A person can live happily when he or she can enjoy professional life as well as the personal life equally. When workloads and stress start to consume a man's time for personal life, it leaves them mentally exhausted and restless.

Pay and Benefits

Previous studies have demonstrated that pay affects job satisfaction (Caligiuri et al, 2010; Cranny et al., 1992; Islam & Ismail, 2004; Steinhaus & Perry, 1996; Weiss, 2002 2010 cited in Tessema, Ready, & Embaye, 2013). Employees are expecting a certain level of monetary rewards for their organizational contribution and pay constitutes a quantitative measure of an employee's worth. In order to compete for the most talented workers, companies need to provide attractive and equitable pay. Furthermore, according to the opinion of other researchers pay is an initial motivator it was concluded that the income is the major determinants of job satisfaction (Sokoya, 2000 cited in Khan et al, 2012).

Training

Training can be defined as an "efficient process of getting knowledge, abilities, skills and the behaviour to meet the requirements of the job" (Gomez, 2007 cited in Athar & Shah, 2015). Employee trainings are helping to enhance the efficiency of an organization and to boost their performance in an efficient manner. Some of the employees have lack of skills, abilities,

knowledge and competencies and thus, failed to accomplish task on timely basis (Zuhair, 2014 cited in Athar & Shah, 2015). Most of the time the less capable employees prefer to leave the job because they have lack of ability to understand the technicalities of the given task (Sahinidis & Bouris 2007 cited in Athar & Shah, 2015).

Working Condition

Many businesses are losing to understand the essentiality of the working conditions or working environment for employee job satisfaction and thus facing lots of difficulties during their work. Such organizations are internally weak therefore, unable to introduce innovative products into the market to outshine their competitors (Aiken, Clarke, & Sloane, 2002 cited in Raziq & Maulabakhsh, 2015). Employees need a working environment that allows them to work freely without problems to meet the standards of organization, that may restrain them from performing up to the level of their full potential. According to Spector (1997) cited in Raziq & Maulabakhsh, (2015), observed that most businesses ignore the working environment within their organization resulting in an adverse effect on the performance of their employees.

Nature of the Job

According to Ting & Locke (1995) cited in Khan et al, 2012, they studied that the work itself has positively correlated with the satisfaction of employee. Work itself as "the extent to which the job provides the individual with stimulating tasks, opportunities for learning and personal growth, and the chance to be responsible and accountable for results" (Robbins et al. 2003 cited in Khan et al, 2012). Jobs matched with the competencies and that are mentally stimulating are liked by the employees (Robbins, 1993 cited in Khan et al, 2012).

Employee Performance

Employee performance refers to the quality and quantity that are attained by individual employees or group of employees after completing a given task (Schermerhorn, 1989 cited in Fonkeng, 2018). Employee performance as the real behaviour express by everyone as work achievement produced by employee appropriate

to their role in the organization (Rivai & Jauvani 2009 cited in Fonkeng, 2018). This means that employee performance as a concept could be defined in different ways and that is depending on the different stages and complexities of the job (Damle, 2012). Employee performance mainly depends on perception, values and attitudes.

Performance is defined as a function of individual ability and skill and effort in a given situation (Porter & Lawler, 1974). According to Nmadu (2013) employee's performance is a degree of accomplishment of tasks that make up an employee's job. This process requires knowledge of what activities and outputs are designed, observing whether they occur and providing feedback to help improve employee's morale and to meet expectation (Nmadu, 2013). However, employee performance is associated with productivity which translates to quantity of output, quality of output, timeliness of output, presence or attendance on the job, morale at work, efficiency of the work completed, and effectiveness of work completed (Mathis, Fredrick and Kenneth 2009 cited in Ndulue & Ekechukwu, 2016).

As per the Vroom (1964) cited in Dugguh & Dennis, (2014) had earlier found that the notion that employee performance is a natural product of satisfying the needs of employees in the organization. Organizations that able to make their employees happy will have more productive employees. The idea that a happy worker is a productive employee is inconclusive because empirical studies have produced a number of conflicting viewpoints on the relationship between job satisfaction and employee performance (Strauss, 1968). It was on this basis that some researchers opined that employee performance may lead to job satisfaction but not the reverse and so job satisfaction is non significantly correlated with employee performance in organizations. Many scholars have stated that when employees have high levels of psychological well-being and job satisfaction, they perform better and are less likely to leave their jobs.

2. METHODS

This is based on deductive approach as there is a theory testing and thus the hypothesis were tested accordingly. The data collection was done mainly

to test the hypothesis which were developed based on literature review. Hence the theory verifications were done by assessing impact of job satisfaction of employee performance.

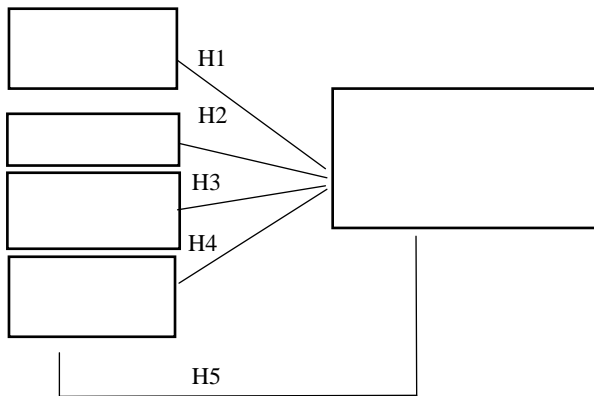
The study population consisted of five hundred & ten employees and the sample was selected through the simple random sampling where the sample size for this study consisted of 66 professionals as the unit of analysis. This study was cross-sectional in nature since it was conducted in the first quarter of the year 2020, and the respective findings were discussed based on the data collected at that point of time.

To achieve the purpose of the research, a survey strategy has been used to collect the primary data from the selected organization. Moreover, the researchers have used the quantitative techniques in arriving at the conclusion hence, used a five-point Likert scale questionnaire as the primary data collection instrument. The questionnaire was designed in a manner to capture the variables of job satisfaction and employee performance. Thus, the questionnaire consisted of 30 statements which covered the constructs relating to both dependent and independent variables. The secondary data were collected through the past research and other related journal publications.

The reliability and the validity for the constructs were tested for the statements. The five-point Likert scale was used to sum the values of each statement and to produce a score for each individual respondent. In this study the correlation and regression analysis were used to measure the relationships between the variables and to measure the impact of job satisfaction on employee performance respectively. The SPSS version 22 used in arriving the results and to make the interpretations.

2.1. Conceptual Framework

Job Satisfaction



Dependent Variable

Figure 1: Conceptual Framework

Source: Author Developed

2.2. Hypotheses

Ha1: There is a significant relationship between Pay & benefits and Employee Performance.

Ha2: There is a significant relationship between Trainings and Employee Performance.

Ha3: There is a significant relationship between Work Condition and Employee Performance.

Ha4: There is a significant relationship between Nature of the Job and Employee Performance.

Ha5: The Job Satisfaction has a is a significant impact on Employee Performance.

3. RESULTS

The correlation analysis of this study conducted to investigate the relationship between independent variables and dependent variables.

Table 1: Correlation Analysis

** . Correlation is significant at the 0.01 level (2-tailed).

Predictors	Pearson Correlation	Sig. (2-tailed)
Pay & benefits	.395**	.001
Training	.300**	.000
Working Condition	.190**	.001
Nature of the Job	.476**	.001
Job Satisfaction	.396**	.001
N-66		

Source: Survey data ,2021

According to the correlation analysis shown in Table:1, there is a positive correlation of 0.396 between the job satisfaction and employee performance under the significance level of 0.01. When considering each variable, the correlation between the pay & benefits and employee performance is 0.395 and it has a positive relationship under the sig. value of 0.01 thus accepting H₁. Moreover, the correlation between training and employee performance is 0.300 under the sig. level of 0.01 and accepting H₂ and depicts a positive correlation between the two variables. The correlation between the work conditions and employee performance is 0.190 and demonstrate that there is a weak positive relationship under the significance of 0.01 and hence accepting H₃. The nature of the job and job satisfaction has a moderate positive correlation under the sig value of 0.01 and accepting H₄.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.396 ^a	.157	.144	.50582

a. Predictors: (Constant), Job_satisfaction

According to the Table 2, R Square = 0.157 (Adjusted R Square = 0.144) and that describes 15.7% of the variance in the employee performance is explained by the four predictor variables of Pay and benefits, Training, Working Conditions and Nature of the Job.

Table 3: ANOVA Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.047	1	3.047	11.908	.001 ^b
	Residual	16.375	64	.256		
	Total	19.421	65			

a. Dependent Variable: Emp_performs

b. Predictors: (Constant), Job_satisfaction

The above Table 3 determines whether the predictor variables of the study account for significant variance in the outcome variable (dependent variable). Accordingly, the significant value is less than 0.05 and it demonstrate that there is a significant variance between predictors (Pay and benefits, Training, Working Conditions and Nature of the Job) and the dependent variable (Employee Performance).

Table 4: Regression Analysis

Model	Coefficients ^a				t	Sig.
	Unstandardized Coefficients		Standardized Coefficients	Beta		
	B	Std. Error				
1 (Constant)	2.340	.406			5.764	.000
Job satisfaction	.456	.132	.396		3.451	.001

a. Dependent Variable: Emp_perfrms

The above Table 4 demonstrates the coefficient of predictor variables. The fifth hypothesis (H5) was to test whether job satisfaction has a significant impact on employee performance under the significance level of 0.05. Accordingly, significant value for job satisfaction is 0.001 which is less than 0.05 (Sig = 0.001<0.05) thus, accepting H5.

According to the above table, unstandardized coefficient has been considered as the data has taken from a common scale and resulted in B=0.456 This represents when the job satisfaction increased by one unit, the employee performance expected to increase by 0.456 units.

Therefore, the regression equation can be developed as follows for this study,

$$\text{Employee Performance} = 2.340 + 0.456 (\text{Job Satisfaction}) + \epsilon$$

4. DISCUSSION

According to the empirical evidence, the dimensions which are impacting on employee performance and job satisfaction have been identified as pay & benefits, trainings, working

condition and as well as nature of the job. On the basis of these dimensions, hypotheses were established to achieve the research objectives. According to the correlation analysis, it was investigated that there is a positive relationship between pay & benefits and employee performance. Moreover, training and working conditions indicated a positive relationship between employee performance whilst working conditions depicted a weak positive relationship. The nature of the job and employee performance had a moderate positive relationship. According to the result derived from the regression analysis, the job satisfaction has positively impacted on employee performance. Under the policy implication it is recommended to maintain a salary equality for the same level employees. Also, it is suggested to implement proper increment process to provide performance-based rewards. The company must recognize the training needs of the employee and send them to the most suitable training programs according to their requirements. Furthermore, the company could organize welfare and recreational activities to improve the relationships between supervisors and employees.

5. CONCLUSION

The major purpose of this study was to examine the impact of job satisfaction on employee performance in a selected manufacturing company, Sri Lanka. At present, the job dissatisfaction and poor employee performance have become the major issues within many sectors and in the selected company, job satisfaction has been directly influenced on the performance of employees. To investigate the research problem of the selected manufacturing company, researcher selected 66 employees as the sample. Based on the analysis it can be concluded that that the job satisfaction has a significant impact on employee performance and the findings of this research par with the findings of past studies as well (Locke,1967). Moreover, the future researchers could investigate the other factors impacting on employee performance.

REFERENCES

- Athar, R., & Shah, F. M. (2015). Impact of training on employee performance (banking sector Karachi). *IOSR Journal of Business and Management*, 17(11), 58-67.
- Aziri, B. (2011). Job Satisfaction: A Literature Review. *Management Research & Practice*, 3(4), 77-86.
- Dugguh, S. I., & Dennis, A. (2014). Job satisfaction theories. Traceability to employee performance in organizations. *ISOR journal of business management*, 16(5), 11-18.
- Fonkeng, C. (2018). Effects of job-stress on employee performance in an enterprise. *A microfinance institution in Cameroon*.
- Fritzsche, B. A., & Parrish, T. J. (2005). Theories and research on job satisfaction. *Career development and counselling: putting theory and research to work*, 180-202.
- Khan, A. H., Nawaz, M. M., Aleem, M., & Hamed, W. (2012). Impact of Job satisfaction on employee performance: An empirical study of autonomous Medical Institutions of Pakistan. *African Journal of Business Management*, 6(7), 2697.
- Motowildo, S. J., & Borman, W. C. (1993). Expanding the criterion domain to include elements of contextual performance. In N. Schmitt & W.C. Borman (Eds). *Personnel Selection in Organizations*, 77-98.
- Ndulue, T. I., & Ekechukwu, H. C. (2016). Impact of conflict management on employee performance: A study of Nigerian Breweries Plc, Iganmu Lagos State, Nigeria. *European Journal of Business and Management*, 8(8), 70-76.
- Nmadu, G. (2013). Employee Performance and its effects on their job performance in workplace.
- Porter, L. W., & Lawler, E. E. (1974). In Edwin A. Fleishman (ed) *Studies in Personal and Industrial Psychology. The Effect of Performance on Job Satisfaction*, Third Edition, Illinois.
- Raziq, A., & Maulabakhsh, R. (2015). Impact of working environment on job satisfaction. *Procedia Economics and Finance*, 23, 717-725.
- Tessema, M. T., Ready, K. J., & Embaye, A. B. (2013). The effects of employee recognition, pay and benefits on job satisfaction: cross country evidence. *Journal of Business and Economics*, 4(1), 1-12.
- Weiss, H. M. (2002). Deconstructing job satisfaction setting evaluations, beliefs, and affective experiences. *Human Resource Management Review*, 12(2), 173-194.