

# A comprehensive Study on Understanding the Connections between Job Satisfaction, Loyalty of the Worker to the Company and Commitment

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**Abstract:** Job satisfaction and Employee Loyalty represents one of the most key challenges faced by managers today when it comes to managing their employees. Employees are the most valuable resource for all organizations; the longer an employee works for a company the more valuable it becomes. Many researchers have been conducted in various sectors to demonstrate the impact of Job satisfaction on employee loyalty. Employee loyalty is all about employees being committed for the success of the organization with a strong belief that working with that particular organization is their best option. The aim of the study was to find the impact of job satisfaction on employee loyalty in the case of academicians. This study also finds out various factors underlying job satisfaction and employee loyalty. To achieve the aim of the study questionnaire survey was used. The results show that there is no impact of job satisfaction on employee loyalty in the case of academicians. Many studies have shown the job satisfaction level and the loyalty to their organizations yet these researches have not been conducted in the developing countries. The purpose of the study is to find the job satisfaction level, its impact on the loyalty of the worker to the company and commitment, to help efficient and effective management system in the developing countries like India. A model was developed which includes the factors affecting job satisfaction, their relations and effects on job loyalty.

**Keywords:** Understanding, Connections, Job Satisfaction, Loyalty, Worker, Company, Commitment, Employee, Challenges, Organizations, Company, Success, India

## 1. Introduction

Job satisfaction and Employee Loyalty represents one of the most key challenges faced by managers today when it comes to managing their employees. Many researchers have demonstrated in their studies, the large impact of job satisfaction on the motivation of employees, while the level of motivation has an impact on productivity, and hence also on the overall performance of business organizations. Employees are a vital resource for all organizations, especially since they represent a significant investment in terms of locating, recruiting, and training let alone salaries, healthcare plans, bonuses, etc. The management of many organizations develops their training programmes, benefit packages, performance appraisal and work system based on their company policy. Usually, these policies are aimed at developing loyal employees

because this leads to a more lengthy tenure. The longer an employee works for a company the more valuable they become.

For almost all organizations, employees are the vital resource and they represent an important investment if they are satisfied and loyal to their jobs. Based on the organization's policy, management develops their bonus packages, appraisal and work system and training programs. Basically, these are designed to gain their loyalty for the organization and which leads to the highest satisfaction level to their jobs. The longer an employee works in an organization the more valuable it will be and they will be loyal and satisfied with their jobs.

Job satisfaction can also be observed the general attitude of the employee towards his or her job. This shows that how much an employee is satisfied by his or her job. Job satisfaction has become the most significant and repeatedly studied attitude in the field of management sciences. Job satisfaction is the combined reactions based on psychological, physiological and environmental orders or disorders which makes an employee to say that he or she is satisfied or not. Robbins (2005) on the other hand explained that job satisfaction is all about the feelings of a person about his or job. Job satisfaction is a particular view of the work with which employees views their job and this view is affected by favourable and unfavourable feelings and attachments of one's work (Newstrom, 2007).

## 2. Review of Literature

Parvin, et al (2011) found that compensation was the most important factor for job satisfaction whereas employee empowerment was also a significant factor for employee loyalty.

Geeta Kumari (2011) in his study revealed that there existed no correlation between employee loyalty and the extent of the Japanese style of Human Resource Management policies used at the workplace.

Abugre, (2011) stated that employee attitudes reflect the values of the company. Employee satisfaction is extremely important especially in the areas of sales and services as they represent the company to customers.

Aryee, (2006) studied the impact of job satisfaction and

organisational commitment and their impact on employee loyalty and found out that there was an impact on Job satisfaction and organisational commitment on employee loyalty.

Bettencourt Lance (2011) implied that job performance was comparatively high when positive beliefs and affective experiences are salient and thus predominate at a certain point in time but that their performance may be comparatively low at other times when negative beliefs and affective experiences are salient and predominate.

Carless (2011) tested the factors affecting job satisfaction and suggested that the managers should focus on various factors that affect and enhance the employee job satisfaction for better performance of the organisation.

Chen (2013) argued that in order to achieve high employee loyalty, companies in banking industry should achieve a high level of employee job satisfaction, enhance supervisor support and teamwork among employees, and provide the good working environment.

Cranny (2013) identified that the reward system in an organisation plays a significant role in increasing the job satisfaction of employees, higher rewards and satisfied employees at work results in higher productivity of Business organizations.

De Croon (2013) revealed that there were significant linear correlations among employee loyalty, engagement and performance. They also found out significant positive correlations of human relation, leadership style, job content, personal development, creativity and their effect on employee loyalty.

Ellickson (2004) showed that higher involvement of workers in high-performance workplace organisations is associated with a high level of job satisfaction. This positive effect is dominated by the worker's involvement in a flexible work system, workers particularly associated with opportunities in the organisation regarding functional autonomy and coordination among workers.

Fairbrother et al (2011) identified that employee empowerment has a positive and significant impact on job satisfaction they also found that there existed a significant difference between male and female employees regarding job satisfaction level, male employees found to be more satisfied with their jobs

### 3. Job Satisfaction and Loyalty

The Loyalty of the employees mean that he is willing to work in that organization where he is already working, he tries their best for the success of the organization and he thinks to do work in that organization it is the best option for him. He decided not to leave and nor any plan to go in some other organization (The Loyalty Research Center, 1990). It is just like the behaviour of citizenship who tries to increase the value of the firm, its image as well as develops an interest in outsider's mind (Bentten Court, Gwinner and Meuter, 2001).

According to Garcia Bernal et al (2005), The last state of psychological Process is called satisfaction. We should be defined job satisfaction in that context which is may be accepted as: The feelings of the employees and attitude in relation with job components such as the environment where he work, workplace conditions, rewards such as salary and bonuses and job itself (Glisson and Durick, 1988; Kim et al., 2005).

In last, few years in the major organization, the employee's satisfaction and job satisfaction appear to be a prerequisite for spirited levels of quality and organizational success has become a major objective (Garcia-Bernal et al. 2005). In the most of researches, it is defined that if the behaviour of the organization and environment of the organization is fit and the environment of the person dominates it means the employees do their work in given time, values and characteristics of a person is high, then the degree of job satisfaction is positive.

According to Walker (2005), the relationship between job satisfaction and job loyalty would be positive if the organization provides different opportunities such as learn, grow and clear established career path. There is a strong correlation between employee satisfaction and employee loyalty based on these variables, recognition and rewards, working conditions, relationship with supervisor teamwork. According to the McCusker & Wolfman (1998), there is a relationship between job satisfaction and job loyalty on the basis of these values honesty, trust, respect for others etc. So on the basis of previous research, there is a positive relationship between job satisfaction and job loyalty.

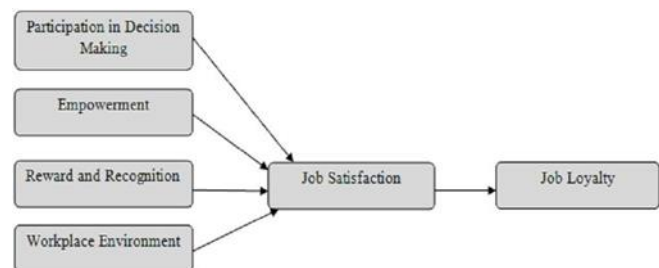


Fig. 1. Proposed model

#### A. Factor analysis (job satisfaction)

##### 1) Career Growth

This factor has emerged as the most important determinant of employee loyalty with 30.424% of the variance. The major elements constituting this factor include; Chances of Promotion (0.872), Salary and Compensation (0.860), Highly Motivated to do this Job (0.697) and Opportunities to learn new skills (0.691).

##### 2) Motivation

This factor has emerged as an important determinant of employee loyalty with 15.171% of the variance. The major elements constituting this factor include; Job Security (0.722), Satisfaction with the sort of work (0.671), the job is according to the knowledge and skills (0.612) and clear understanding of job responsibilities (0.529).

### 3) Work Place Environment

This factor has emerged as an important determinant of employee loyalty with 10.273% of the variance. The major elements constituting this factor include; Relationship with Colleagues (0.794), Fair job evaluation (0.602) and Timings of the job (0.472).

### 4) Self-Satisfaction

This factor has emerged as an important determinant of employee loyalty with 7.605% of the variance. The major elements constituting this factor includes; Opportunities to participate in decision making (0.873), Work recognition by seniors (0.786) and Satisfaction with the Current Designation (0.423).

## B. Factor Analysis (Employee Loyalty)

### 1) Belongingness

This factor has emerged as the most important determinant of employee loyalty with 42.689% of the variance. The major elements constituting this factor include; emotionally attached to the job (0.790), would not change my job (0.768), would recommend this job to others (0.744) and fulfil my career goals with this job (0.713) and would continue this job in future (0.682).

### 2) Job Involvement

This factor has emerged as an important determinant of employee loyalty with 18.068% of the variance. The major elements constituting this factor include; look for ways to improve work at a job (0.921), speak positively about the job to friends (0.797).

### 3) Organizational Commitment

This factor has emerged as an important determinant of employee loyalty with 13.107% of the variance. The major elements constituting this factor include; Loyal to the organisation (0.864), committed to the organisation's success (0.817).

## 4. Conclusion

The objectives of the study were to find out the impact of job satisfaction on employee loyalty among academicians and to find out the various factors underlying Job satisfaction and employee loyalty. The findings of the research conclude that there is a significant impact of job satisfaction on employee loyalty among academicians. The underlying factors of job satisfaction emerged from this study are career growth, motivation, workplace environment and self- satisfaction. The underlying factors of employee loyalty emerged from this study are belongingness, job involvement and organizational commitment.

Job satisfaction (JS) is a widely accepted factor for the success of any organization; the study focuses on Job satisfaction and its influencing factors and also the relation to loyalty to their jobs. Four factors of Job satisfaction have been taken namely; participation in decision making, empowerment, reward and recognition, workplace environment. The results of the study clearly show that there is a positive and strong relation

between Job satisfaction to job loyalty. More than half of the job loyalty is due to the Job satisfaction level. Most affecting factors to job satisfaction are reward and recognition, workplace environment and empowerment, yet PDM is insignificant to Job satisfaction. In the modelling, statistically, there is a significant relationship between independent variables and Job satisfaction.

## 5. Limitation

This study has some of the limitations. As the analysis of this study shows that there are job satisfaction and job loyalty has a positive and significant relationship yet they can't be generalized to the whole population in India due to the sample size is confined not only to the small geographical area but a sample is also small. So if the sample size and the area of study are increased the results will be more significant and accurate. It cannot be said that job satisfaction is only backed by these four factors yet there are many other factors which were not taken in this study. In spite of some above-mentioned limitations, this study contributes some to literature, as it is conducted in the organizations of the small city of a developing country India. This study gives a contribution to both academic and business employees in the understanding of Job satisfaction and loyalty. This study helps managers how job satisfaction of an employee can enhance the efficiency and effectiveness of an organization. Some other factors can also be taken to enhance job satisfaction which can be further studied like turnover, training, teamwork, job security, employee performance, etc.

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