

Job satisfaction and employee loyalty: a study of working professionals in Noida NCR

Job satisfaction and
employee loyalty
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Abstract

Purpose - Employee satisfaction which is considered to be a prominent aspect is affected by various factors. These dimensions may be related to the work itself, people surrounding the employee, money in the way of incentives and various increments or benefit schemes, performance evaluation etc. The purpose of this research is to find out the association between workplace environment, training and development, leadership and job satisfaction, to find out the association between job satisfaction and employee loyalty.

Design/methodology/approach - The study has been conducted on the working professionals in HR consultancies operating in Noida NCR and Gurugram. This is a study using the non probability convenience sampling and a sample of 100 has been taken. The reliability test has been conducted by using cronbach's alpha. The correlation and regression analysis has been used in order to know the association between the Independent factors of workplace environment, training and development, leadership and the dependent factors Job satisfaction and employee loyalty respectively.

Findings - The result shows a mixed impact on the job satisfaction and employee loyalty by using the three independent factors.

Research limitations/implications - The research contains the data from limited number of working professionals and employee from Noida, NCR and Gurugram only.

Practical implications - The findings of the study provides an insight to the manager of the HR consultancies and other corporate bodies about the mixed impact of the aforesaid independent factors on job satisfaction and job loyalty by substantiate with the responses given by the employees.

Originality/value - The study contributes to the existing knowledge related to the impact of the variables such as workplace environment, training and development, leadership and job satisfaction. It also pinpoints the association between the job satisfaction and job loyalty.

Keywords - Work environment, Leadership, Training, Job satisfaction, Employee loyalty.

Paper type - Research Paper.

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1. Introduction

In today's time in order to manage business managing people is very important. Employees who are the most important source of organization to retain them is indeed very challenging. Employee retention is influenced by many factors such as salary, perquisites, organizational policies, motivation, performance appraisal, benefit schemes and definitely from the work itself. Low employee turnover portrays somewhere satisfaction from work. According to (Smith *et al.*, 1969) there are five dimensions of the job about which people have affective response. These are the work itself, pay, promotion opportunities, supervision and co workers.

Vroom (1964) defines job satisfaction as affective orientations on the part of individuals toward work roles which they are presently occupying. Job satisfaction is closely linked to individual's behavior in the work place. Job satisfaction refers to individuals' affective relations to their work role and is a function of the perceived relationship between what one wants from one's job and what one perceives it is offering. (Lawler, 1973; Locke, 1969) Satisfied employees tend to be more productive, creative, and committed to their employers (Hussami and RN, 2008). According to Mullins (2005), job satisfaction is usually linked with motivation, but the nature of the relationship is not very clear. In the words of Shmailan (2016), employee



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satisfaction makes good business sense and increases productivity and career enhancement. Employees who are not satisfied do not perform well and become a barrier to success. The research suggests that this is a global phenomenon and by focusing on improving satisfaction and performance, organizations can be more successful. It is in the best interest for them to determine ways to improve employee satisfaction.

According to Kaliski (2007) job satisfaction is a worker's sense of achievement and success on the job. It is generally perceived to be directly linked to productivity as well as to personal well-being. Job satisfaction implies doing a job one enjoys, doing it well and being rewarded for one's efforts. Job satisfaction further implies enthusiasm and happiness with one's work. Job satisfaction is the key ingredient that leads to recognition, income, promotion, and the achievement of other goals that lead to a feeling of fulfillment.

Organization should invest in developing programmes and activities that can influence the job satisfaction of their employees. It is believed that through higher level of job satisfaction, an organizational performance can be enlarged on the long term (Hanaysha and Tahir, 2015). Satisfaction with the job implies that the job is meeting the needs and desires of the person. As such, the employee reports a sense of enjoyment of the work, even when comparing themselves to other employees (Griffin *et al.*, 2010). Job satisfaction is closely related to the organizational success factors like retention, loyalty and productivity (Locke, 1976). Job satisfaction refers to a person's feeling towards their job which acts as a motivation to work. Job satisfaction is under the influence of a series of factors such as the nature of work, salary, advancement opportunities, management, work groups and work conditions (Rajput *et al.*, 2016).

The satisfaction and motivation of employees to work effectively is very important for organization to sustain themselves and stay competitive. Job satisfaction can be evaluated based on job characteristics and an employee's feeling about his or her job. Satisfied employees tend to show positive attitude in their work and likely to be more productive (Hanaysha and Tahir, 2015). Job satisfaction is the person's attitude in a work role designed in such a way as to what one is looking for and how much he thinks that he has achieved.

1.1 Employee loyalty

Employee loyalty is the willingness and devotion to stay with the organization and have a willing participation in the business of the organization. It is the commitment and voluntary involvement of an employee towards the organization when he considers himself as the core part of the organization and considers himself as an inseparable part of the organization. When he feels happy to work and gets a sense of attachment to work in the organization. In the words of Matzler and Renzl (2003) with the rise of the 'knowledge economy', employee satisfaction and loyalty have become critical issues.

Presence of job satisfaction is the basic requirement in order to achieve employee loyalty. If an employee is satisfied with his present job and working profile, it automatically leads to loyalty towards the organization. According to (Chang *et al.*, 2010), employee job satisfaction is an antecedent to employee loyalty. In the words of (Khuong and Tien, 2013), Once the employee job satisfaction increased, the degree of organizational loyalty of employee also raise higher. On the other side, once the employee job satisfaction decreases, it leads to the decrease of employee loyalty, employee morale and the increase of job turnover.

Employee loyalty can be understood as most employees desired a good working environment as an affective commitment among employee (Omar *et al.*, 2010). Employee loyalty includes whether or not employees are committed and assume personal responsibility for their work, and whether or not they feel inclined to look for another job (Eskildsen and Nussler, 2010). (Porter *et al.*, 1974) suggested that committed employees tend to be creative and innovative and are less likely to leave than those who are uncommitted.

2. Literature review

Prabhakar (2016) found that Job satisfaction leads to better employee loyalty and holds the major role in this equation but it is not the only factor that affects loyalty. He also discover that workplace environment which consist of interpersonal relationships, transparency,

stability of tenure, employee empowerment and growth opportunities affect the relationship between job satisfaction and employee loyalty positively.

Frempong *et al.*, (2018) has studied the impact of job satisfaction on employee's loyalty. The study concluded that job satisfaction showed a significant impact on loyalty and commitment in the manufacturing and mining sector.

Workplace environment showed a positive relationship and a significant impact on job satisfaction resonates the working atmosphere gives pleasure to employees to do their best to maximize performance. Also, in the financial sector, reward/ recognition as well as employee participation both had a significant relationship with job satisfaction whilst in the mining sector; employee empowerment contributed more and had impact on job satisfaction.

Khuong and Tien (2013) studied the relationship between job satisfaction and organizational loyalty of employees in banking industry. Quantitative approach was the major method used. It was derived that higher levels of satisfaction, supervisor support, fringe benefits, teamwork, working environment, and training were positively associated with the higher level of organizational loyalty. The result of significance and coefficient between each independent variable and employee job satisfaction working environment, teamwork, and supervisor support had direct effect on employee job satisfaction.

Pandey and Khare (2012) have identified the relationship between job satisfaction and organizational commitment. Further the study also finds the comparison of employee loyalty in manufacturing and service industry. The results of regression indicates that independent variables i.e. Job satisfaction and organizational commitment has significant relationship with dependent variable i.e. employee loyalty. Significance level suggests that the employee loyalty differs in manufacturing and service organizations.

Matzler and Renzl (2006) have studied that the employee satisfaction directly influences process quality. Process quality, in turn, determines quality costs and customer satisfaction. It was found that trust in colleagues and trust in management are strong predictors of employee satisfaction, and employee satisfaction, in turn, influences employee loyalty. The hypothesis was supported that trust in peers has a much stronger impact on employee satisfaction than trust in management.

Kabir (2011) identified that salary, efficiency in work, fringe supervision, and co-worker relation are the most important factors contributing to job satisfaction in selected pharmaceuticals company. Work condition proven to have significant influence job security considered to be an important aspect for the male employees.

Eskildsen and Nussler (2000) The paper explained a theoretical structural model to describe the subsystems of HRM and to relate these managerial drivers to employee satisfaction and loyalty as well as corporate performance based on theoretical considerations. Paper tested the structural model empirically. The analysis also revealed that the human resource managers perceived the technical subsystem as the one with the largest impact on employee loyalty. Munira and Rahman (2016) have objectively identified the factors that contribute to employees' job satisfaction. The study was conducted on private healthcare organizations nurses in the Klang Valey. The result indicated that benefits and salary, organization social support including co-workers and managerial support, and working conditions which support employees' career development, enhance the job satisfaction of the nurses. Exploratory factor analysis (EFA) was conducted due to uncertainty about the dimensionality of factors that involved in measuring job satisfaction.

Hernaus (2015) examined the interaction among job satisfaction, work engagement and employee loyalty. The correlation analysis revealed significant positive relationships between explored HR concepts. It was found out by Single and multiple regressions that job satisfaction is a significant predictor of work engagement, while work engagement strongly predicts employee loyalty.

Mehta *et al.* (2010) revealed that there is a significant difference in loyalty between professional and non-professional teachers. Also there is significant difference in loyalty exist between female and male teachers of professional courses. However there is no significant difference in loyalty exists between professional and nonprofessional female teachers. The most prominent factors which emerged from this study are career development,

motivation, bonding, job security, leadership, and commitment.

Rizwan *et al.* (2014) established the critical factors of the employee satisfaction and find the impact of employee satisfaction on employee loyalty in the service sector. In this study teamwork, workplace environment, honour & acknowledgement, and the significance of reward and recognition have a significant influence on employee job satisfaction.

Kohli and Sharma (2018) have identified that three critical dimensions responsible for job satisfaction of academicians is the work itself, work relations, and employee centric policies and principles. These three dimensions were extracted as their eigen value was greater than one.

Jain (2018) results of chi-square test revealed that job satisfaction (dependent) of the respondents is independent and has no relation with the demographic variables (independent) i.e. age, gender and marital status.

Jun *et al.* (2005) The results indicated that employee empowerment, teamwork, and employee compensation have a significant and positive influence on employee satisfaction. The improved employee satisfaction leads to a higher level of employee loyalty. In addition, the results indicate that the effects of top management commitment on employee empowerment and teamwork are significantly mediated by employee training, implying that the success of employee empowerment and quality teams can be dependent upon the level of employee training.

3. Research methodology

3.1 Hypotheses

H_{01} : Factors of workplace environment, training and development and leadership do not impact employee job satisfaction.

H_{1A} : Factors of workplace environment, training and development and leadership impact employee job satisfaction.

H_{02} : Factors of workplace environment, training and development and leadership do not impact employee loyalty.

H_{2A} : Factors of workplace environment, training and development and leadership impact employee loyalty.

H_{03} : Employee job satisfaction does not impact employee loyalty.

H_{3A} : Employee job satisfaction impact employee loyalty.

3.2 Research design

Descriptive research has been used which is considered to be a research which describes, define or determine the data. Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection (Glass and Hopkins, 1984).

3.3 Source of data

For the purpose of research the data has been collected from both primary as well as secondary source. Primary data is collected through the distribution of self structured questionnaire to the employees who are working in the HR consultancies in Noida NCR and working professional in different organizations in Bareilly. Secondary data has been used from the web sites, journals, articles etc.

3.4 Data collection tool

Questionnaires with the scale of job satisfaction and employee loyalty were distributed to the employees of HR consultancies in Noida NCR and working professional in different organizations in Bareilly. Participants were told that the collected data will be used for the academic purpose only and no disclosure regarding the information collected will be made. 148 questionnaires were distributed out of which only 100 were received back from the respondents. The questionnaire measured on five point Likert scale which ranges from 1 to 5 wherein 5 stands for highly agree and 1 stands for highly disagree.

3.5 Sampling size

100 questionnaires were received back from the employees.

3.6 Sampling technique

This research study uses the convenience method from the non - probability sampling technique.

4. Findings

	LDR	WORKPLACENV	TD	JOBSATISFACT	EMPLOYAL	Mean	Std. Deviation
LDR	1.00					4.37	.69
WORKPLACENV	.36**	1.00				3.70	1.02
TD	.80**	.41**	1.00			4.07	.86
JOBSATISFACT	.11	.15	-.01	1.00		4.89	.30
EMPLOYAL	.19	.17	.06	.91**	1.00	4.90	.28

Table 1.
Intercorrelation and descriptive statistics

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

As the table shows that the inter correlations are positively correlated. Most of the correlations are statistically significant also. The table shows that there is a positive correlation between leadership and workplace with the job satisfaction. Whereas, there is a negative correlation between the variable training and development and the job satisfaction. There is a positive relationship between the IV training and development, workplace environment and the leadership with the employee loyalty. There is a very high correlation between the job satisfaction and the employee loyalty and is statistically significant.

Factors	Number of Items	Cronbach's Alpha
Employee Job Satisfaction	3	.903
Employee Loyalty	4	.923 N=100

Table 2.
Details of dependent variables with reliability coefficients

Factors	Number of Items	Cronbach's Alpha
Workplace Environment	3	.835
Training & Development	3	.892
Leadership	4	.919 N=100

Table 3.
Details of independent variables with reliability coefficients

Cronbach's Alpha coefficients are > .70 which shows that there is a high internal consistency between variables.

Variables	Standardized Coefficients (Beta)	Sig.
LDR	.292	.079
WRKPLCE	.167	.128
TD	-.306	.072

Table 4.
Regression coefficients between independent variables and job satisfaction

Note: Dependent Variable: JOBSATISFACT Job Satisfaction
Predictors: LDR, WRKPLCE, TD
Model Summary: R² = .058

Variables	Standardized Coefficients (Beta)	Sig.
LDR	.378	.022
WRKPLCE	.155	.153
TD	-.301	.073

Table 5.
Coefficients between independent variable and employee loyalty

Dependent Variable: EMPLOYAL: Employee loyalty
Predictors: LDR, WRKPLCE, TD
Model Summary: R²: .080

The multiple regression analysis shows that employee job satisfaction is primarily affected by leadership and workplace environment with the Beta score of .292 and .167. However, there is a negative Beta of training and development with the score of $\beta = -.306$. The factors leadership and workplace environment also affects the employee loyalty with the beta score of $\beta = .378$ and .155.

Table 6.
Coefficients between independent variable (job satisfaction) and employee loyalty

Variables	Standardized Coefficients (Beta)	Sig.
JOBSATISFAC	.912	.000

Dependent Variable: EMPLOYAL
Predictors: JOBSATISFACT: Job Satisfaction
Model Summary: R²: .833

Job satisfaction highly affects the employee loyalty with the $\beta = .912$ which is statistically significant also with the p value .000. Good leaders are required to accelerate the company with some practical vision. Work environment also impact the employees as workplace is considered to be second home for an employee where he spends most of his time. Therefore, to have a positive work environment is very much required. Employee loyalty is directly affected by job satisfaction as job satisfaction creates loyalty in employees towards the organization.

5. Conclusion

From the analysis done it is derived that leadership and workplace environment highly affect the dependent factor job satisfaction. Leadership is a key factor to affect the job satisfaction as as a good leader boosts the morale of the employee, motivates them to work effectively and in an efficient manner. A leader makes the subordinates to implement change also according to the required scenario. A work environment which has good interpersonal relations amongst employees, gives recognition, learning opportunities, fair remuneration and evaluate performance on a fair basis indeed increase the job satisfaction level of the employees.

While training and development does not at all affects the job satisfaction with the $\beta = -.306$. Similarly the independent factors leadership and workplace environment affect the employee loyalty whereas again the training and development has a negative impact on the dependent factor. There is a high impact of job satisfaction on employee loyalty with the $\beta = .912$ with the .000 significance. Therefore, there is a mixed impact of the independent factors on the dependent factors.

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