

Factor Effecting Employee's Satisfaction and Employee's Satisfaction Contribution towards Employee's Loyalty in Public Sector Organizations of Pakistan

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ABSTRACT: Most of the studies prove that the employees of the public sector organization are more loyal with the organization but the productivity level of government organization is not as much impressive as the private sector, that create question mark on employees satisfaction and employees loyalty. Keeping in view this phenomena this study is been conducted with a sample of 42 employees from public sector organization. The main concern of this study is to have the positive change in the government sector organization by influencing the behaviour of the government employees and by increasing their satisfaction level and the loyalty. That is only possible by having the knowledge of the relationship between the employee's satisfaction and loyalty, particularly related to the public sector, and what are the aspects that are supporting and directing their relationship. Simple regression and correlation technique has been used in this study to know the impact of the factor affecting the employee's satisfaction and employee's loyalty. The results of the study revealed a positive relationship between employees loyalty and employees satisfaction. Employee's satisfaction is measure with respect to empowerment and participation, working condition and training & development. The results show that the selected variables have significantly and positively affecting the employee's satisfaction and the employee's satisfaction has positively related with employee's loyalty.

KEYWORDS: Empowerment, Working Condition, Training & Development, Employee Turnover, Public Sector Organization.

1 INTRODUCTION

The structure of the organization is dependent on the resources of the organization and the competitiveness of the organization is the result of the contribution of these resources. All of these resources have their own importance but the employees of the organization have their own part in the organization sustainable growth. The lifeblood of every business is its employees Kyle [1]. Employee's satisfaction affects the organization growth and environment.

Employee's satisfaction is the indicator of employee's motivational behaviour that ultimately leads toward the growth of the organization.

Turnover of the employees is the major concern of the organizations. Subsequent turnover of the employees interrupt the working environment and the organization competitiveness. According to Scott, Reimara, Carl, & Ranjan, [2] there are six reasons of employee's satisfaction and the most significance are the working condition, work related stress and managerial support.

Dissatisfied employees have an intention to leave the organization. There is negative relationship between the employees satisfaction and employees turnover. Every organization human resource practices in the current era have the concern to launch the motivational schemes that help to control on voluntary turnover of employees. Productivity for the employees is high when the employees are satisfied, but the productivity of the organization will only be increase when the employees are satisfied as well as loyal to the organization.

Pakistan is developing country and the employees turnover is the major problem of the organizations working in Pakistan either they are the national or multinational organization.

However, the situation is different at the government organization of Pakistan; the government employees are more loyal to their jobs. However, as far as the satisfaction level is concern, it is less than as compare to the private sector employees. It has to be identified that what relationship exist between the employees satisfaction and employees loyalty with context to public sector employees of Pakistan.

The purpose of this study is to identify the relationship between the employees satisfaction and employees loyalty of the employees of public sector from Pakistan.

Most of the variables have been the concern of the public administrative literature and the relationship of these variables such as pay, benefits, communication and leadership with employees satisfaction have been explored up to a great extent Yang & Kassekert, [3]. Ali

Turkyilmaz, [4] Suggest the empowerment & participation, working condition, reward & recognition and training & development as the influencing variable on employee's satisfaction.

2 LITERATURE REVIEW

Literature review of this paper has three parts at the first part the employee loyalty and employee satisfaction are define; at second, the relationship between the employee satisfaction and employee loyalty is identified through the previous literature; and at third point, the evidence about the public sector employee's satisfaction and employee loyalty is discussed, particularly related to Pakistan and other developing countries.

Loyalty of the employees is the major factor for the success of an organization because as the organization will not have the loyal employees, the organization growth would not sustain due to the fluctuation in the management. Phillip & Penny, [5] by defining the employee commitment to the organization states that, "The ideal employee was one who spent fifty years with the same company without uttering a word of complaint". Loyalty is the employees emotional attachments with the organization, loyalty research centre define employee's loyalty as, employees being committed to the success of the organization and believing that working for this organization is their best option The Loyalty Research Centre,[6]. Employee's satisfaction is the factor that true contributor to the plan of organization goal achievement. Employee's satisfaction has defined by many researchers in different context.

Employee satisfaction has defined as the expectations of the employee about the workplace and his attitudes toward his job Ali Turkeyilmaz, [4]. Employee satisfaction is an important element of an organization because employees achieve organization's goals and their satisfaction is important factor for organization.

Only the efficiency of the employees is not necessary for the growth of the organization the effectiveness is also the important factor that has to be consider. Both the effectiveness and efficiency can be obtained, as the employees are satisfied and loyal with the job and organization. Job characteristic such as payroll system, leadership style, organizational environment and colleague's behaviour are the factors that affect the job satisfaction of the employees Coomber & Barriball, [7]. All the job aspects have their influence on the satisfaction of employees but pay have been considered as an aspect that has more influence than other does. Along with all the personal aspects of the employees also has the major influence on the behaviour of the employee that ultimately affect the satisfaction level of the employee, the internal and external factor are defined differently by Rose, [8].

Not only the personal characteristics or job characteristics are the influencer of satisfaction some other such as occupational characteristics, organizational characteristics also plays an important role in the contribution to employee behaviour Dinham & Scott, [9].

Human resource practices have a greater emphasis on the employee's satisfaction but these practices are followed at the private organizational level in Pakistan, the public sector mostly have centralize system and the employees participation as at the lower level. Brewer, Selden, &

Facer, [10] Suggest that the public sector manager should involve the employees in decision-making process. Employee's participation and empowerment is the important factor for the satisfaction, employees when they participate in decisions they take it as their own task and come up with a solution Seibert, Silver, & Randolph, [11].

H 1: There is a positive relationship between the empowerment & participation and employees satisfaction.

Working condition is the environment in which the employee work if the environment is enough comfort the worker productivity will increase. The lower productivity is the result of low satisfaction that may be the cause from the disturbing environment De Troyer, [12].

H 2: There is a positive relationship between the working condition of the organization and employees satisfaction.

Training and development of the employees build confidence and the employees work more efficiently that also increase their confidence level. When the organization invest on the training of the employees, the employees satisfaction level increase Jun, Cai, & Shin, [13]

H 3: There is a positive relationship between the training and development and the employees satisfaction.

Jun, Cai, & Shin, [13] Claim that there is a direct relationship between the employees satisfaction and employees loyalty. Employees satisfaction and employees loyalty have been the concern of management research for a long been and it have been tested through different contest and the result is same. Most of the studies assert that there is positive relationship between the employee's satisfaction and employee's loyalty Petty, Brewer, & Brown, [14] Fisher, [15].

H 4: There is a positive and strong relationship between the employees satisfaction and employees loyalty.

3 THEORETICAL FRAMEWORK



4 RESEARCH METHODOLOGY

To investigate the influence of the independent variable (*empowerment & participation, working condition, training and development*) on the dependent variable (*employee's satisfaction*) and to know the relationship between the *employee's satisfaction* and *employee's loyalty* the questionnaire methodology has been use in this study. Five point likert scales (SA = Strongly Agree, A = Agree, N = Natural, D = Disagree, SD = Strongly Disagree) were used in the questionnaire to measure the effects of the independent variable on the dependent variable and the relationship between the dependent variable and the outcome. 70 questionnaires was distributed 42 were received and used in this study. Multiple regression analysis was used in this study. The statistical package social sciences program (SPSS) was used for the analyses.

5 RESULTS AND FINDINGS

A multiple regression analysis was performed to assess the predictive values of effect of *empowerment & participation, working condition, training & development* on *employees satisfaction* in the public sector organization of

Pakistan. A regression analysis has also applied on the dependent variable (*employee's satisfaction*) and the outcome (*employee's loyalty*) to know the strength of effect.

In addition Pearson correlation was conducted to establish relationship, if any between dependent variable (*employee's satisfaction*) and independent variables (*empowerment & participation, working condition, training and development*). The correlation between the *employee's satisfaction* and *employee's loyalty* has also measured.

Table I

Mean, Standard deviation, and Inter-correlation for (ES= employees satisfaction, EP= empowerment & participation, WC= working condition, TD= training and development) (N=42)

| | <i>M</i> | <i>SD</i> | <i>ES</i> | <i>EP</i> | <i>WC</i> | <i>TD</i> |
|-----------|----------|-----------|-----------|-----------|-----------|-----------|
| <i>ES</i> | 3.4152 | .58124 | 1.000 | | .362** | .590** |
| <i>EP</i> | 3.3910 | .60255 | | 1.000 | .366** | .498** |
| <i>WC</i> | 3.4445 | .54148 | | | 1.000 | .584** |
| <i>TD</i> | 3.5071 | .61555 | | | | 1.000 |

* $p < .05$; ** $p < .01$.

Table II

Simultaneous Multiple Regression Analysis Summary for (ES= employees satisfaction, EP= empowerment & participation, WC= working condition, TD= training and development) (N=43)

| | <i>B</i> | <i>SEB</i> | β | <i>t</i> | <i>Sig.</i> |
|-------------------|----------|------------|---------|----------|-------------|
| (Constant) | .623 | .474 | | 1.315 | .196 |
| <i>EP</i> | -.011 | .123 | -.012 | -.092 | .927 |
| <i>WC</i> | .292 | .146 | .272* | 2.004 | .052 |
| <i>TD</i> | .520 | .138 | .551** | 3.780 | .001 |

Note. $R^2 = .544$; $F(3,38) = 15.109$, $p < .001$

* $p < .05$; ** $p < .01$.

Table I shows the descriptive portion of the data, the mean responses of the respondent to all the variable are in between the neutral to agree. The correlation can also be found in that table that shows that the independent variables are significantly and positively correlated with the dependent variable. The inter correlation between the variable is also significant, there is a possibility of the multicollinearity but that is checked by the tolerance level of the variables that is high for all the variables. Table II shows the beta values of the independent variables, the independent variables are significantly contributing to the dependent variable. $F(3,38) = 15.109$, $p < .001$ indicate that the combination of the independent variables is significantly predicting the dependent variable. The adjusted R square is 51% that shows the model fitness means the change in the dependent variable is due to the selected independent variables.

Table III
Mean, Standard deviation, and Inter-correlation for (EL= employee's loyalty, ES= employees satisfaction) (N=42)

| | <i>M</i> | <i>SD</i> | <i>EL</i> | <i>ES</i> |
|-----------|---------------|---------------|--------------|---------------|
| <i>EL</i> | 3.3943 | .58896 | 1.000 | .623** |
| <i>ES</i> | 3.4152 | .58124 | | 1.000 |

* $p < .05$; ** $p < .01$.

Table IV
Simultaneous Multiple Regression Analysis Summary for (ES= employees satisfaction, EP= empowerment & participation, WC= working condition, TD= training and development) (N=43)

| | <i>B</i> | <i>SEB</i> | β | <i>t</i> | <i>Sig.</i> |
|-------------------|--------------|-------------|---------------|--------------|-------------|
| (Constant) | 1.237 | .434 | | 2.852 | .007 |
| <i>ES</i> | .632 | .125 | .623** | 5.041 | .000 |

Note. $R^2 = .389$; $F(2,41) = 25.415$, $p < .01$

* $p < .05$; ** $p < .01$.

Table III shows the descriptive results of the second model in which the employees satisfaction is regress on the outcome variable that is the loyalty of the employees to know that either the satisfaction of the employees result in employees loyalty or not. The mean of the variables shows that the respondents have the responses in between the neutral and agree situation. The correlation shows that the variables are positively and significantly correlated. F test value is 25.415 shows that the independent variables are significantly affecting the dependent variable because the p value is less than .01. Table IV explore the beta value of the variable that is significantly contributing to the dependent variable. The adjusted R square for the satisfaction and loyalty is .37 that means that the change in the employee's loyalty is 37% due to the satisfaction of the employees.

6 DISCUSSION AND IMPLICATIONS

The main objective of this study is to identify the factors that are affecting the employee satisfaction in public sector of Pakistan, and the relationship between employee satisfaction and the employee loyalty. The results of this study shows that working conditions and training and development are positively related with employee satisfaction but empowerment and participation is not consistent with employees satisfaction, so the concerned management of the public sector should focus on empowerment and participation because employees empowerment and participation in decision making can enhance their motivation as well as the satisfaction level of employees that would improve the productivity of the organization. The empowerment and participation is the main element for the comparative success of the public sector organizations and it affects the satisfaction of the employees that ultimately lead towards employee's loyalty that is more important for the organization success, so the public sector should take into account this issue.

7 CONCLUSION

This study analysed employee satisfaction and the factors affecting the loyalty of the employees in public sector in Pakistan. This study is the replication of a study held in Turkey, but in this study only three factors of employee satisfaction have been chosen namely empowerment and participation, working conditions, training and development, because impact of these variables was highly significant in the previous study and the relationship of reward and recognition with employee satisfaction has been explored in Pakistan that's why this variable is excluded in this study.

The result of the study shows that the selected independent variables that are empowerment and participation, working conditions, training and development are significantly affecting the dependent variable that is employee's satisfaction. Previous studies reveal that there is a positive relationship between the dependent and independent variables. But the results of this study are not consistent with the previous studies. The empowerment and participation are not positively related with the employee's satisfaction. The reason that why the results are not according to previous study is that the government employee in Pakistan are not empowered to take decision and their participation in the public sector is not according to as in private sector. The reason is that why the employees are not empowered in public sector is that the public sectors organizations have centralize system. That why the response of the public sector employees are negative for the empowerment and participation.

The employee's loyalty in this study has been measured as the outcome of the employee's satisfaction. The results show that the employee's satisfaction is significantly predicting the employee's loyalty. The results are according to the previous study.

The present research experiences have some deficiencies. The study is quantitative and based on questionnaire and it is highly possible that respondents provided biased responses and it is not in hands of researcher to eliminate this biasness. Second, there are only three factors have identified in this article but there can be many other factors that can affect satisfaction level of employees. The other antecedents may also be included in study. The results of study are only based on the sample size of 42 and from only few public sector organizations so the results of this study may be generalized by experiencing larger sample size and diverse industries.

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