

JOB SATISFACTION AS A FACTOR FOR CORPORATE SUCCESS

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ABSTRACT

Companies that invest in the satisfaction of their employees do themselves a great favour when it comes to the success of the company in the long run. Satisfied employees and their age are causal, which means that job satisfaction is also a question of age. While length of service is not taken into account, it can be hypothetically assumed that employees gain greater job satisfaction with increasing age. Consequently, an investment in job satisfaction, even at a young age, is an investment that helps companies in the long run. As a result of studying the relevant literature, this study shows a positive correlation between job satisfaction and company success. However, it must be pointed out at this point that this can only be a reductionist, i.e. partial analytical study within the framework of secondary research, since job satisfaction with all its consequences is not identified solely and not exclusively as a success factor of economic earning power.

Keywords: Job satisfaction, company success, motivation.

INTRODUCTION

As early as the 1970s, the concept of a "change in values" in professional and working life was born. Classical working time models were declared war, leisure time activities as well as the family moved more and more into the centre of attention (cf. von Rosenstiel 1990).

In a representative survey of employed people, the exercise of a profession takes a central place. Values such as obedience, discipline and diligence, however, became noticeably less important for workers¹ (cf. Grausgruber-Berner and Grausgruber 1990) Since the 1990s, many companies have been focusing on personnel policy. The background to this is that the individualised wishes of employees must increasingly be taken care of individually. The most diverse requirements on the part of employees now want to be united in order to be taken into account in the company. Equality as a guiding principle of companies is a thing of the past. Diversity is moving more into the centre of attention. Employees of the future want to claim more freedom for themselves and see this as rooted in diversity (cf. Wollert 2002). According to recent research, flexible workplace and working time arrangements have a fundamentally positive effect on employee satisfaction (cf. Hanglberger 2011). Moreover, employees are also more satisfied in their free time, which in turn leads to a higher degree of relaxation (ibid.).

However, it should be distinguished that men and women have different demands on flexibility and that women are also more often pushed into flexible models (cf. Wheatly 2017). The course of time also shows in great detail that people increasingly focus on satisfaction in the context of their work, but this circumstance is subject to permanent change. The satisfaction of employees in

¹ The term "worker" will be used from now on for reasons of simplification and better readability. It integrates all genders, of course, as the work explicitly wants to emancipate itself from moral-semantic discussions.

the professional context is a changing process that depends significantly on the extent to which personal demands correspond to the realities found (cf. Grausgruber-Berner and Grausgruber loc. cit.: 133).

Companies that invest in the satisfaction of their employees do themselves a great favour when it comes to the success of the company in the long run. Satisfied employees and their age are causal, which means that job satisfaction is also a question of age. While length of service is not taken into account, it can be assumed that employees gain greater job satisfaction with increasing age. Consequently, an investment in job satisfaction, even at a young age, is an investment that helps companies in the long run (cf. Saver 1989). In addition, the company has to take measures that encourage positive attitudes and largely eliminate negative aspects.

Especially in the production sector, there are numerous employees who have a positive attitude towards their job, and who also enjoy doing it and are satisfied. Nevertheless, the high physical strain can lead to dissatisfaction in the medium term, as the body is unlikely to be able to withstand it for long without compensatory measures. Therefore, a company health management would be necessary in this context in order to be available to the employees in an advisory capacity but also actively (cf. Chatfield 1986)..

It is a fact that the health of the workforce has a direct impact on the financial success of the company. However, this is not due to the simple conclusion of minimised absenteeism, but much more to the fact that healthy employees approach work with greater commitment and do not fear impending physical limitations per se (cf. Hauser 2009). The conviction is that employees who feel fundamentally better and in a more positive mood spend more time at work and are more committed to the good of the company. The question to be examined in this paper is therefore:

How does employee satisfaction affect the success of a company?

In fact, an overall view of empirical results and studies can be compiled in the current framework of the study, which, however, does not claim to be complete. Rather, an attempt is made to sketch a goal-oriented context of a correlation between job satisfaction and corporate success, which can be interpreted according to a nomological reading. Direct and measurable consequences of job satisfaction are also taken into account and expanded to include the components of "motivation" and "organisational commitment".

Definition areas and investigation

This central chapter provides an overview of the working definitions to be used. It should be made clear in which way and with which linguistic consensus the research process of the thesis is accentuated. In addition, the results of the work can be better understood and scrutinised. To this end, an intuitive interpretation of the effects of the objects of study under consideration is offered in the definition context. In this way, connections between employee motivation and company success are generated and illustrated.

The success of a company can be configured with economic and non-economic factors (cf. Seibert 1987). Success can thus be divided into categories of material gain, recognition of one's actions by others or in the recognition of one's own human capital (ibid.).

The deliberate action in an organisation, directed towards the purpose of monetary profit and reduction of transaction costs, is in turn an elementary component of the view of companies according to *Ronald Coase* (Coase 1937). In essence, corporate success is expressed in the reduction of harmful information asymmetries in markets as well as in the relationship between employer and employee (ibid.).

Nagel identifies a social component of corporate success, which refers primarily to immaterial circumstances of the working world, such as job satisfaction or performance motivation (cf. Nagel 1997). Under the premise that human capital as an investment good should serve as one of the foundations of corporate success, not only does it increase the competitiveness of a company among competitors, but it also creates guiding principles and values that improve the relative performance of a company. Furthermore, the operating result as the difference between costs and performance is mentioned as a success factor. In this way, contents of internal and external accounting are included in the scope of definition (ibid.).

In order to measure the competitiveness of a company, the concepts of efficiency and productivity form the core of economic theories (cf. inter alia Müller 2009).

In principle, this is about the effective relationship between input (labour factors and capital) and the result of operational activity (output) with the aim of maximising profit under various market conditions. Productivity and costs are diametrically opposed to each other. Thus, minimising costs means maximising productivity and thus the optimal use of production factors (ibid.).

Ultimately, there are economic and psychological dimensions of success as well as different addressees in the assessment of corporate success. However, the primary focus must be on the economic indicators, because economic success, in the sense of at least full cost coverage, is the only way to ensure the long-term survival of any company. Other success factors can only be developed sub-secretively on this basis.

Importance of job satisfaction in the workplace

Employee satisfaction and job satisfaction are often used equivalently, as they do not show any significant differences in terms of content (cf. Franz 2011). The complexity of the term job satisfaction is based on "...simple how people feel about their jobs (...). As it is generally assessed, job satisfaction is an attitudinal variable" (Spector 1997: 2).

When it comes to defining the term 'employee satisfaction', the first thing that stands out is its ambiguity in terms of content. For example, the oldest operationalisable definition comes from *Hoppock*, who sees job satisfaction as "(...) a combination of psychological, physiological and situational conditions that cause the person to make the honest statement: I am satisfied with my work" (Hoppock 1935: 47).

Smith et al. hold a similarly general definition "Job satisfactions are feelings or affective responses to face of the situation" (1969: 6), which is interpreted almost identically by *Weinert* as: "...the reactions, feelings and emotions of a person towards his work" (Weinert 1992: 286).

With sociological emphasis in a value-based context, *Locke in* turn uses the term "(...) as a perception that one's work fulfils or permits the fulfilment of the work-related values considered important" (Locke 1976: 1307).

Bruggemann conceptualises employee satisfaction as a work attitude that is constituted by the complementary perception of work, the work environment and the employee's own interests (cf. Bruggemann 1974).

As an outcome indicator, job satisfaction can be defined "rather (as) identification with the job and (...) correspondingly high work performance" (Fritz 2006: 58). Typical cost drivers such as absenteeism, absence, sickness costs or overtime costs and induction costs turn out to be lower if the employees have the right constitution (ibid.).

Depending on the accentuation of the frame of reference and the perspective, the differently formulated definitions fall back on different concepts of an underlying theory. A much respected contribution to the theory-based systematic classification in this context is provided by *Neuberger* (1974), who offers four different categories (needs orientation, incentive theory concept, rational behaviour and the humanistic concept) to distinguish the definitional approaches. Consequently, it can be stated that there is no one definition of employee satisfaction.

Exogenous factors, be they economic, social, societal or individual, influence the concept of employee satisfaction in so many ways that no universal answer can be formulated. The approaches listed here therefore aim to offer a framework for orientation.

Meanwhile, with regard to the drain of human capital, employee satisfaction determines an essential counteracting factor and thus forms the basis for long-term corporate success (cf. Grimpe 2005). In view of immense recruitment costs for personnel replacement as well as the loss of quality of work due to undesired fluctuation, job satisfaction plays a major role in employee retention (cf. Study on Job Satisfaction in Germany).

Further advantages result from the targeted filling of vacancies through the communication of one's own employees. In this context, it is the demanding task of the employer, via the design of the working environment, to incentivise employees to recommend vacancies in the company in their personal network.

This is done through higher job satisfaction as one of the necessary conditional factors for this and identification with the tendering company (cf. Konschak 2014). The intuition behind this is that a high level of employee satisfaction leads to less undesired fluctuation in the company. Furthermore, the quality of the training/induction period is increased and vacancies can be filled through recommendation marketing. This also strengthens the employer brand. This leads to the employer attracting the human capital necessary to successfully perform the job content.

Furthermore, employee satisfaction fundamentally promotes employee motivation (cf. Ihmels 2014).

Consequences of motivation in the workplace

Motivation therefore serves as the basis for identifying downstream work effects and is interpreted as a direct result of employee satisfaction (cf. Sachse M. 2005).

Motivation, especially work motivation, can be understood as any motivation of an employee to perform work (cf. Schirmer op. cit.).

And even though there are different varieties of motivation (cf. Bollinger 2013: 4), the general concept of work motivation will be used in this definition for the present work. In the following, motivation serves as the basis for identifying downstream work effects. Thus, in the case of "employees, there are correlations (between motivation and) work performance, innovations, reduced misconduct in the workplace, lower misconduct, fewer errors and reduced occupational accidents" (Becker 2018: 32).

In this context, people are at the centre of entrepreneurial activity, "(...) as they produce products and services with the help of technology, in a specific organisation, according to their understanding and philosophy" (ibid. : 31).

Under the premise that human capital as an investment good should serve as one of the foundations of a company's success (Frey and Osterloh 2002), not only does it increase a company's competitiveness among competitors, but it also creates guiding principles and values that improve the relative performance of a company. Quite pragmatically, the employee retention desired by the employer serves not only as a solution approach in the "war for talents" (Axelrod et al. 1997: 12), but also to maintain the company's operations.

If the result of productivity (input-output ratio) can be understood as the application of the minimum or maximum principle to human resources work, then the retention periods of motivated and well-trained employees are indispensable for success aimed at the company's earning power. In the Engagement Index of the consulting firm Gallup, the damage caused by unmotivated employees who are not willing to perform is calculated at 103 billion euros annually (cf. Jänicke 2020). Only 15 per cent of German employees are highly motivated, 71 per cent perform "by the book".

In a dynamic market environment, companies therefore lose not only monetary value in the form of opportunity costs, but also innovative strength, which is considered indispensable for long-term corporate success (cf. Calantone et al. 2006).

Schwarz, for example, focuses in this context on the importance of innovations for the competitiveness of companies: "Innovations create new opportunities on the market. (...) For a company, innovations are the ticket to future markets. They increase the attractiveness of the product range and upgrade a company in comparison to the competition" (Schwarz et al. 2013: 148). Furthermore, an important form of the employee's self-commitment to his employer is based on motivation: "We propose that motivation is a basis for organisational commitment; it is the nature of the motivation to work that will lead to the development of certain types of commitment to an organisation" (Gagné et al. 2008: 224).

Consequences of organisational commitment in the workplace

Organisational commitment describes the attachment² of the employee to the company (cf. Liebhart 2009). In addition to the relational - incomplete - employment contract, the agency relationship³ experiences an unspoken appendix in which mutual expectations are formulated. The employee hopes to be appreciated for his or her work and to be able to transparently understand the employer's actions.

On the other hand, the employer expects the employee to be willing to perform, to be loyal and to stay with the company, which has been proven in studies (ibid.).

In addition to the aforementioned cost reduction⁴, a stable workforce also allows the implementation of operational management strategies and the formulation of future corporate goals (cf. Haehl 2017).

If you know the market and the working environment, you can move within it and develop your organisation further.

Specifically, it has been shown that employees who feel committed to their organisation are "less likely to be absent, less likely to leave (unwanted), more productive and more committed to the team and the company" (van Dick 2017).

However, commitment always requires a feeling of reciprocal equality on the part of employees and employers, which can lead to susceptibility to disruption, for example, in contrast to employees' identification with the values and goals of the company (ibid.).

In a meta-analytical procedure, Mathieu and Zajac (1990), Meyer and Allen (1997) and van Dick (2001) can demonstrate that employees who feel connected to their organisation:

- less frequently absent;
- develop a lower propensity to leave the respective company;
- are more productive and
- get more involved (cf. van Dick 2017)

Job satisfaction, in turn, is sometimes interpreted as a cause, sometimes as an effect of organisational commitment. What all scientific studies have in common, however, is that they show a "not insignificant interconnectedness" (Six, F. 2006).

Depending on the reference point of the scientific approach, the basis of the correlation considered above varies. However, a correlation between job satisfaction and commitment can generally be found, with corresponding effects on the company's success.

² Explicitly, no distinction is made between affective, normative and continuance-related commitment according to Meyer and Allen. It is about the core goal of job satisfaction.

³ The term agency relationship comes from the principal-agent theory according to Jensen and Meckling and describes the economic relationship between headmaster and agent.

⁴ The churn costs of a qualified employee are estimated at one to two years' salary (author's note).

Context-based conclusion

As a result of studying the relevant literature, this study shows a positive correlation between job satisfaction and company success. However, it must be pointed out at this point that this can only be a reductionist, i.e. partial analytical study within the framework of secondary research, since job satisfaction with all its consequences is not identified solely and not exclusively as a success factor of economic earning power. Rather, it is about the impact paths within the company or organisation that are initiated by it and can also be empirically proven. In this context, reference can be made not only to current studies, whether inductive or deductive, but also to meta-studies. Under this assumption-based framework and taking into account the derived results, the research question "How does employee satisfaction affect corporate success?" can be answered as follows: Job satisfaction is a factor for increasing (monetary) company success, not only because it has a positive effect on attitude, productivity, absenteeism, innovation and fluctuation in the company, but also because its downstream effects "motivation" and "organisational commitment" initiate further success-supporting content in the work process.

In this sense, the employee can be defined as a strategic partner of the company, especially in the service sector as well as in companies dependent on product and process innovations. Here, well-trained employees are needed who are also able to contribute their skills accordingly. One example is the organisational star model, where the company or organisation acts as a framework for the reality of work, but gives employees enough freedom to develop, so that company goals and values can always evolve. In this way, the company is also more adaptive when it comes to adapting to market changes. In a changing world of work, also caused and driven by exogenous shocks such as the Covid 19 pandemic, a successful company can consider its employees as the basis for successfully shaping change. This is not easily possible in rigid structures and mindsets. From the perspective of HR research, the models of agility or Scrum scenarios come up again and again, which in principle imply nothing other than linking adaptive skills in companies with communicative performance requirements in order to be able to deliver work results reliably and bindingly. Motivated employees who feel connected to the company are more likely to orient themselves to new requirements and deal with them openly and even positively. The status quo bias postulated in behavioural economics, i.e. the preference for the current state, is eliminated. Furthermore, motivated employees can also be used in the "war for talents", for example through "employees recruit employees" programmes. On the one hand, this not only saves recruitment costs, but also strengthens the retention of human capital in the company. Finally, we can refer to an old but nevertheless topical quotation from practice:

"My most important experience as a manager is the realisation that employees are the most valuable asset of a company and thus also the most important capital for success. It is never computers, robots, technical equipment that lead to a goal, but always people who bring concepts about" (Niefer in: Vollerthun (2012): 4).

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