

The Importance of Employee Satisfaction

Kristen Gregory

Introduction

Employee satisfaction is essential to the success of any business. A high rate of employee contentedness is directly related to a lower turnover rate. Thus, keeping employees' satisfied with their careers should be a major priority for every employer. While this is a well known fact in management practices, economic downturns like the current one seem to cause employers to ignore it.

There are numerous reasons why employees can become discouraged with their jobs and resign, including high stress, lack of communication within the company, lack of recognition, or limited opportunity for growth. Management should actively seek to improve these factors if they hope to lower their turnover rate. Even in an economic downturn, turnover is an expense best avoided.

The Starting Point

An employee who has no interest in his or her field, or the position in which he or she begins in a job, may initially put forth his or her best effort. However, this employee will often become bored with the work because there is no intrinsic motivation to succeed. Finding the daily job mundane reduces the individual's desire to show up to work and to do the job well. In this case, the employee may continue to come to work, but his or her efforts will be minimal.

In contrast, an employee may be entirely too overwhelmed to handle the position; the responsibilities may prove to be too demanding.

In an instance like this, the employee will search for another position that offers the financial security he or she needs with job characteristics that challenge them appropriately; thus increasing the initial company's turnover rate (Koslowsky & Krausz, 2002).

The Sources and Effect of Stress

Stress is one of the leading causes of employees' discontentment with their job. Branham (2005) asserts that, "it seems clear that one quarter to one half of all workers are feeling some level of dysfunction due to stress, which is undoubtedly having a negative impact on their productivity and the probability that they will stay with their employers."

Stress can have many causes, including when companies cannot, or will not, supply the tools necessary to produce or work efficiently while on the job. This produces higher stress levels because these workers are expected to perform at certain rates, yet they are unable to do so. This results in lower productivity and higher turnover because quotas cannot be met by the employees on staff. Knowing that management is able to provide the tools essential for the position is crucial to the employee trusting the intentions of their employer.

Another source of stress is the now common practice of employers which attempts to cut costs by eliminating positions and disbursing the workload to other employees. The issue that arises is that tasks will not be performed effectively or efficiently because the employees become more concerned with having an overbearing workload. Consequently, the efforts of these employees fail to reach their own, or their employers', standards.

These actions, and employee responses to them, result in employees who attempt to finish incomplete work assignments during personal time, such as lunch breaks, in an effort to keep their jobs (Branham, 2005). When a company expects their employees to perform outside normal working hours, it detracts from those employees relaxation time. Personal time is essential in maintaining relationships, personal wellbeing, and sanity. The extra strain of needing to finish an unreasonable amount of work to keep the job dramatically increases

employee anxiety. Employees that struggle to finish their tasks become less likely to attempt advancement and more likely to begin the search for a new job elsewhere.

Those who do not attempt to complete all of the assignments are eventually terminated. The termination of some employees also causes stress to the remaining employees. Those remaining begin to wonder whether they are going to be the next people “on the chopping block.” The excessive strain can have a very detrimental effect.

Employers that are untrustworthy are a burden to their employees and may cause stress. Distrust can result from a variety of situations (Branham, 2005). Harassment, in any form, may cause a new level of stress for the employee. It becomes increasingly difficult to do a respectable job at work when one is consistently faced with an uncomfortable working environment. This anxiety is caused by trying to avoid troublesome confrontations and situations. Workers may agonize about the consequences they would face if the harassment were to be reported, as well as the repercussions of not reporting it.

Other Sources of Employee Dissatisfaction

Dissatisfaction with the job may come from sources other than stress or poor fit between employee and job. Employers that are deemed unethical by their workers may be viewed as such because they appear to care exclusively about company revenues, rather than the employees that are working for them. This perception of an employer may lead to job dissatisfaction, and raise the company’s turnover rate. Dissatisfaction may also arise, with the same result in turnover, when the work environment fails to have any flexibility or any source of amusement for the employees; the tone of the business will become stressful or tedious (Kaye & Jordan-Evans, 1999).

Lack of communication in the workforce is a major contributor to dissatisfaction. This is usually the result of managerial staff that is isolated and does not know how to relate to their employees on a personal or professional level (Branham, 2005). Bad communication leaves employees feeling disconnected from the organization. This is

detrimental to the wellbeing of the company because when an employee feels neglected, he or she will tend to perform at a lower level. This employee becomes unsure of his or her position within the company, and wonders what his or her purpose is within the workplace.

Employees may be unaware of how their performance measures up to that of their co-workers and have no sense of how they can improve. Without communication, it becomes difficult for employees to make any progress in their efficiency.

Employees want to know that their employers recognize their achievements in the workplace. They need to feel appreciated, as workers and as people (Branham, 2005). Often companies become more focused on production and revenues, rather than with their own employees, or even their customers. In the case of employees, the employees may rarely be praised for the quality of their performance. If a company does performance appraisals, the results may be given in such a harsh tone that, rather than motivating an employee, it intimidates and an employee may feel uncomfortable in the workplace, rather than encouraged to achieve more.

It may be common for upper management in some workplaces, to take the ideas of lower level employees lightly, which leaves these employees feeling neglected and worthless. It becomes difficult for workers to see a bright future while working for the company. If an employee fails to see a future with the company, why would they work to produce results?

Those employees who do work well to support the company may not be compensated for their efforts. Employers that choose to under-compensate know that these employees will work hard for minimal pay, and these employers will compensate accordingly (Timpe, 1986). At the same time, the same employers will pay more to other employees who are not willing to work for minimal compensation. This compensation disparity leads to dissatisfaction because eventually the hard worker will notice that he or she is not being compensated fairly for the amount of work they are doing, and will begin searching for another company that will appreciate his or her labor.

Finally, failure to provide employees with opportunities to grow within the company results in employee frustration. Barriers within the company may prevent some employees from reaching their full potential (Branham, 2005). Such barriers may include favoritism of certain employees or company policies requiring hiring from outside the company. Glass ceilings for minority employees may also cause difficulty in advancement.

Organizations that do not provide sufficient training opportunities for employees are also doing themselves a disservice. These organizations are missing out on employees that are dedicated to their companies and knowledgeable in their fields, and with sufficient training, have the potential to do well in higher positions.

Why Should an Employer Care?

It is important that employers care about the happiness of their employees. Recent statistics show that throughout their careers, American workers hold an average of eight jobs (Rudman, 2003). The rate of turnover because employees are unhappy is alarming. Even in an economic downturn, employers must spend an enormous amount of money recruiting new employees, going through the hiring process, and finally training new employees. Dissatisfaction has many negative side effects for the company, while satisfaction results in a much better retention rate.

The effects of dissatisfaction that results in an employee's withdrawal from job and company can range from mild to severe. Tardiness, in showing up for work and coming back from breaks, shows a lack of interest by the employee for his or her responsibilities. This may escalate to the employee not showing up to work entirely. Some less obvious signs of withdrawal from the job include: taking care of personal matters while at work, playing games, engaging in non-work related talk, spending time on social networks, and diminishing job performance. These withdrawal behaviors, when evidence of dissatisfaction, may end with an employee leaving the workplace; "the heuristic model posits that thinking of quitting is the most probable

outcome of job dissatisfaction” (Koslowsky & Krausz, 2002). Therefore, withdrawal will lead either to the employee voluntarily leaving the organization or being terminated for unprofessional behavior.

Happiness in the workplace leads to much higher levels of productivity. It increases employee morale; therefore employees are more willing to work harder to improve the company and its goals. According to Branham (2005), “Gallup studies show that businesses with higher employee satisfaction also have:

- 86% higher customer ratings
- 76% more success in lowering turnover
- 70% higher profitability
- 44% higher profitability
- 78% better safety records.”

Companies need good, knowledgeable employees. If these employees are not treated fairly, they are going to take advantage of other job offers that will provide more stability, more benefits, and more compensation.

What Should the Employer Do?

The employer has a responsibility to ensure the satisfaction of all of its employees. There are many precautions that managers can take to make certain that they are meeting the working needs of their employees. Employers also should be more cautious during the hiring process. Having multiple people interviewing final candidates will help ensure that the employee will work well with the company.

During interviews, employers should ask questions relating to the type of work that the potential employee enjoys doing. It is imperative to match the personal characteristics and values of the employee with the organization. Employers should prepare for the interview by doing a job assessment to see what skills are necessary for the position, then testing applicants to see if they have the ability to be trained to the position and have the skills and knowledge that correspond with the job description (Kaye & Jordan-Evans, 1999). It is critical that during this phase, the employer give an accurate description of the job to candidates so they can prepare for the challenges ahead.

Managers must learn to communicate better with lower level employees. Connection to the company gives staff a better feeling of belonging and worth. Supervisors should set an example by promoting friendly relationships with the staff so the work environment is healthier (Kaye & Jordan-Evans, 1999). They need to learn to listen to the employees when they have a concern or a question about the work that they are doing or the direction that the company is taking. It is imperative that managers show respect for all employees, their opinions, and their work.

Managers need to convey a good understanding of the mission and goals that the company is trying to attain so that the staff recognizes what the organization is working toward. Clarification, of the expectations associated with different positions, assists employees in comprehending their direct relationship with the company and how their work affects that of others. Performance reviews are a good managerial tool because they give administrators an idea of those employees that are contributing to the organization's success and those who need to work harder (Branham, 2005). It also offers employees the ability to gauge their performance. Often, employees will think that they are performing better or worse than their managers perceive their work to be. The performance review presents the perfect time to bring together these different perspectives, to correct negative behavior, and to reward productivity.

Providing employees with the opportunity for growth is also a major contributor to satisfaction. Because performing the same job becomes uninteresting, it is important to challenge employees with work that they can accomplish but stretches their abilities (Timpe, 1986). It is a good opportunity to see the abilities of lower level employees. Giving employees new projects or goals allows them to become creative and skilled in new areas. This broadens their knowledge while they become a more valuable asset to the company. Lateral movement does not change the status of the employee, but helps them learn more about different aspects of the company. Doing another job entirely gives the employee a change of pace and direction. The

employee may find that they enjoy a different branch of the workforce better than the one previously held.

Recognition of an employee's hard work is essential to his or her satisfaction in the workplace (Kaye & Jordan-Evans, 1999). Letting employees in on the decision making processes gives those employees a feeling that their opinions are respected and that they hold a place of importance within the company.

Pay is a huge motivator for many employees. Making the connection between money and performance motivates employees to be more productive and to go the extra mile (Timpe, 1986). Caring about employees on a personal level is important as well. Let them know that the work that they do, the lives that they lead, also are of benefit to the company.

The employer can make sure that employees are aware of their achievements. These employers can show appreciation for those achievements. Conversely, employers should take notice when employees become overwhelmed and attempt to alleviate the daily burden by adding more help when it is obviously needed.

Conclusion

Management should have a positive effect on, and seek to support the happiness of, the firm's employees. Reasons for this are not solely to benefit the employees as companies also stand to gain from employee satisfaction. In an economic environment like the current one, employers often disregard the costs associated with unhappy employees, seemingly believing that these employees are stuck in their current positions and will tolerate unpleasant working environments. This, however, is not the case.

Many reasons for employee dissatisfaction are well within the control of the firm and good management practices will enable a company to diminish, or remove, those reasons. Satisfied employees will work harder for the company and plan to stay at the company, ultimately reducing that company's labor costs.

References

- Branham, L. (2005). *The 7 hidden reasons employees leave: How to recognize the subtle signs and act before it's too late*. New York, NY: Amacom.
- Clutterbuck, David. (2007). *Coaching the team at work*. London: Nicholas Brealey International.
- Kaye, B. & Jordan-Evans, S. (1999). *Love'em or lose'em*. San Francisco, CA: Berrett-Koehler Publishers.
- Koslowsky, M. & Krausz, M. (2002). *Voluntary employee withdrawal and inattendance*. New York: Plenum Publishers.
- Rudman, R. (2005). *Performance planning & review: 2nd edition*. Sydney, Australia: Allen and Unwin Academic.
- Timpe, A. D. (1986). *Motivation of personnel: The art and science of management*. New York: Facts on File Publications.