

Understanding organizational productivity and employee satisfaction

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Abstract : This paper aims to understand organizational productivity and employee satisfaction. The paper discusses about the connection between the two variables and how they are inter-related. Findings from experiments at the University of Warwick confirm that satisfied employees were almost 12% more productive as compared to dissatisfied employees who decreased their productivity by 10%. However, some studies have suggested that satisfied employees do not always lead to organizational productivity. Employee engagement plays a substantial role in employee performance and organizational productivity. It has been observed that though employee satisfaction affects employee performance, it cannot be considered as a direct indicator of the same. The factors affecting organizational productivity and employee satisfaction have been discussed in depth. The paper also suggests means to improve organizational productivity and employee satisfaction. The study has adapted the descriptive research approach

Keywords: *Organizational productivity, employee satisfaction, employee engagement, employee performance, organizational behaviour*

I. INTRODUCTION

Organizational productivity is the ability of an organization or business to produce desired results or reach set targets through optimal utilization of its resources. These resources include human resources, i.e. its employees, budget, time, etc. An organization aims to increase organizational productivity because it leads to cost effective ways to increase revenue using minimal resources. Organizational productivity increases efficiency of organizational resources. It can be a means to competitive advantage for the business. Consistent organizational productivity helps the organization grow. Organizational productivity largely means how much work is done in a particular work environment in a particular time period. Shauna Hanna, in her article 'What is workplace productivity and how can it be measured?', 2020' points out that any business's success depends primarily on its employees. Other resources will act as support, but the core of any company is its employees. Hence, demotivated or disengaged employees will decrease organizational productivity and ultimately hinder business growth. The author mentions two ways to measure productivity – output per hour worked and output per employee. Methods of measurement of organizational productivity needs to be transparent in any organization for clear understanding of the management and the employees of what is expected of them and how to achieve the same.

Simply put, employee satisfaction is the extent to which the employees of a company are content or satisfied with their organization. Satisfaction with the organization will include the management, the company policies and procedures, their implementation process, the organizational culture, work flexibility options, relationship of the employees with their reporting manager and team, job profile of the employee, etc. The extent of employee satisfaction of an organization determines how healthy that organization is. Satisfied employees project that they are content with their employers' treatment of them. Organizations often conduct surveys to track and understand their employee satisfaction index.

Though employee satisfaction and employee engagement may seem to be similar, they are vastly different. They are like peas of the same pod but not the same pea. Employee engagement is a direct indicator of employee performance. The same is not true for employee satisfaction. Employee satisfaction can be a factor affecting employee performance but not the direct indicator of the same. Employee satisfaction is a combination of both tangible needs like remuneration, incentives and employee benefits and intangible elements such as

acknowledgement, appreciation, good leadership, thoughtful management, health work culture, etc. Engaged employees can be dissatisfied too, they will only work as much as their job roles comply them with. These employees may not be proactive or show the urge to work beyond their job responsibilities to take the organization to greater heights. Organizations need to meet the satisfaction criteria for both the tangible and intangible needs to ensure a highly satisfied workforce. Else, they will either have employees satisfied with their compensation and working with the salary as their only motivation or engaged employees, performing well while looking for better opportunities outside.

II. UNDERSTANDING ORGANIZATIONAL PRODUCTIVITY

Jalal Hanaysha in his article 'Improving employee productivity through work engagement: Evidence from higher education sector, 2016' mentions that highly engaged and motivated employees reflect the core values of the organization. This resultantly reinforces overall brand equity (Ramanujam, 2014). The study provides evidence that employee engagement positively affects organizational productivity. Employers need to prioritise employee engagement and their job satisfaction. They need to have proper process of measurement of employees' progress. Timely feedback and a two-way communication helps increase organizational productivity. Providing sufficient resources is necessary to reinforce employee productivity. In the article 'The perceived influence on organizational productivity: A perspective of a public entity, 2016' by Paul Green mentions that factors like gender, age, monthly remuneration, work hours and other non-monetary rewards showed no significant contribution to organizational productivity. However, educational qualifications, designation at work revealed positive significant contribution to the productivity of the employees sampled. Primary factors affecting organizational productivity has emerged to be leadership and work-life balance of the employees.

Supervisors' support, two-way communication, transparency and feeling a part of the organization have positive effects on organizational productivity. It has been observed that there is a relation between the employees' work-life balance and his contribution to the organizational productivity. Joao Leltao, et all, in their article 'Quality of Work Life and Organizational Performance: Workers' Feelings of Contributing, or Not, to the Organization's Productivity, 2019' mentions that positive work environment and respect as professionals have an impact on organizational productivity. This article also concludes that employees having a better work-life balance is more likely to contribute more to organizational productivity.

Positive work environment is directly proportional to organizational productivity. This has been confirmed by Emma Seppälä and Kim Cameron in their article 'Proof That Positive Work Cultures Are More Productive, 2015' Work pressure and professional stress have proved to have negative effect on productivity. Workplace stress leads to health problems, occupational accidents, loss of work days which ultimately bears loss for the organization. Organizational productivity is important for increasing profitability of the business. Efficiency of employees leads to the same work done in lesser time and at better quality. This decreases cost of producing goods or services for the company and hence boosts their profit. This decreases the organization's operational cost. With introduction of new technology that helps employees work faster, or by introducing policies like work from home, the employees are made to feel more valued for, they feel more engaged and motivated. This in turn increases organizational productivity. Optimal utilization of resources is of utmost importance. Employees' potential needs to be tapped completely. Overlapping roles can be eliminated, job description to be analyzed for equal distribution of work. Effective staffing definitely increases organizational productivity. Organizational productivity provides competitive advantage over the organization's rivals. If a company produces its good or provides its services at a lower cost with optimal utilization of its resources, the company can sell the same at a lower cost than its competitors. Employee health, both mental and physical needs to be taken care of. Job roles can be studied at frequent intervals to understand if an employee is overworked and can lead to burnout. Relaxed, efficient employees with good time management skills will perform better and increase organizational productivity. Upliftment of employee morale and getting them engaged to the organization, benefits the organization. Engaged employees are loyal, motivated and better performers, hence contributing better to the organizational productivity.

III. FACTORS AFFECTING ORGANIZATIONAL PRODUCTIVITY

Any organization's primary goal is to understand how productive that entity can be and how fast the goal can be achieved. Productivity is the calculation of the efficiency of a person, machine or organization in converting inputs into the expected outcome. Productivity is a critical parameter in the performance of a workplace. Spike in the productivity of an organization helps in boosting the profitability of that organization. Organizational productivity is influenced by various factors. One main factor affecting organizational productivity is the employees of the organization. Since the employees are the only assets of the company that do not depreciate, it is important to have the right man in the right job. Proper distribution of labour and avoiding overlapping of tasks allow an employee to perform their work better and contribute to the organizational productivity. Organizations can boost up their productivity by efficient deployment of technology. Technology can eliminate routine jobs from the employees' job description allowing him more time for additional tasks. Factors affecting organizational productivity can be summarized as the following:

1. **Employee Motivation** – Level of motivation of the employees. Employees with higher morale will perform better and contribute more to organizational productivity. With higher spirits, employees tend to complete given tasks at faster pace.
2. **Employee Engagement** – Motivated employees will feel more engaged to the organization. A competitive work environment and a culture of fear can guarantee engagement for a short period of time. In the long run, the employees will be stressed out and disengaged. Employee engagement means the employee's feeling valued, respected and supported by the organization. An employee cannot feel engaged in a stressful work environment. A study by the Queens School of Business and by the Gallup Organization, showed that disengaged workers had 37% higher absenteeism, 49% more accidents, and 60% more errors at work. In organizations with low employee engagement scores, they experienced 18% lower productivity, 16% lower profitability, 37% lower job growth, and 65% lower share price over time. While, businesses with highly engaged employees enjoyed 100% more job applications. (Emma Seppälä and Kim Cameron, 2015)
3. **Employee Loyalty** – Loyal employees contribute more to organizational productivity. They are more engaged, feel a part of the organization and think of the organization as their own. Rate of attrition is brought down reducing cost for the company and building on its market reputation as a good employer.
4. **Time Management** – Proper time management is beneficial in increasing organizational productivity. The key is to complete tasks effectively and without compromising on quality in less time. This leaves scope for additional work for the employee and organizational as a whole.
5. **Technology** – Adaption of technology makes job easier for employees. Routine and mundane jobs can be taken care of by proper systems in place so that the human resources of the organization can use their time and energy in more strategic tasks and ideas.
6. **Training and development of employees** – Studies have shown positive correlation between training and development of employees and organizational productivity. (Mojtaba Afsharian, Seid Mostafa Mirghasemi, Kamal ebadzadeh, Nasrin KhodaBakhshi, 2013). Investing in employees through training helps in the personal growth of the employee as well as organization.
7. **Management** – Management decisions and strategies effect organizational productivity. Employee empowerment, rewarding employees through schemes and incentives, developing a compassionate work culture helps motivating employees and building on organizational productivity.

Management style, leadership of supervisors and senior management, HR policies of the company, allocation of finances – cost effective measures are other important decisions that accelerate organizational productivity. HR policies play an important role in shaping the organizational culture. Employee oriented policies help reduce attrition, build a loyal employee base, reduced absenteeism, increases employee motivation, provides work-life balance and accelerates job satisfaction. Engaged and loyal employees contribute more to organizational productivity.

Organizational Factors	Individual Factors
Working hours	Educational qualification and training
Policies and procedures	Previous experience
Discipline	Age
Level of communication / transparency	Competence
Competence of supervisors their leadership skills	Level of motivation
Systematic delegation of work	Absenteeism
Work culture	Job Satisfaction
Feedback	Level of employee engagement
Reward schemes	
Employee empowerment	

Table 1: Source: Authors representation of data from 'A Study of the Factors Affecting Productivity, 2013' by Mojtaba Afsharian, Seid Mostafa Mirghasemi, Kamal ebadzadeh, Nasrin KhodaBakhshi

IV. UNDERSTANDING EMPLOYEE SATISFACTION

Unhappy or dissatisfied employees primarily affect the bottom line or the junior management. Dissatisfied employees will get demotivated and hamper their performance will hamper. Employee dissatisfaction can be caused by poor salary structure, non-amicable relationship with peers, unhealthy work culture, poor top management, undefined or absence of career growth path and lack of appreciation.

Causes of employee dissatisfaction:

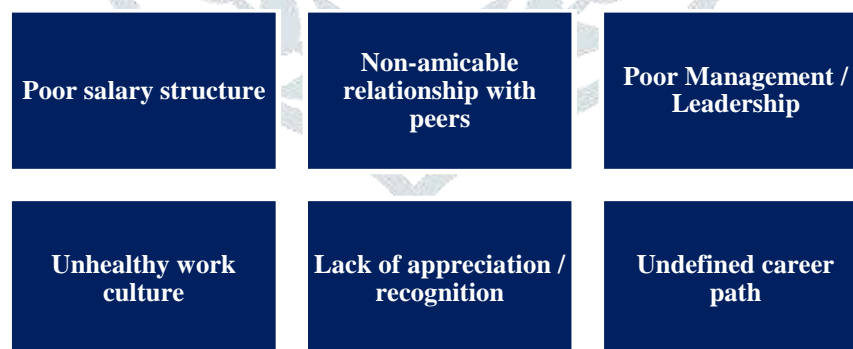


Figure 1

Jack Welch, the former Chairman and CEO of General Electric, said that if he had to run a company on three measures, those measures would be customer satisfaction, employee satisfaction and cash flow. Employee satisfaction is achieved when the actual rewards are in line with the perceived rewards of the employees. Hence it is important to understand the employees' perception of appreciation by their employer. The employees' perception of rewards is the reflection of their needs. It has been observed that performance of the employee is directly proportional to their satisfaction, even though employee satisfaction may not be a direct indicator of employee performance.

Vijaykumar T, in his research paper, 'Job satisfaction among bank employees, 2001' finds that employee satisfaction with their jobs is higher in urban and semi-urban areas for both nationalized and private banks. Employee satisfaction was observed to be higher for salary, tenure and educational qualification of the employee. In private banks, differences in salaries and other benefits provided by the company led to dissatisfaction. It was also observed that employee satisfaction increased with higher designation. Employee satisfaction was observed to be particularly low in rural areas as compared to urban and semi-urban areas in case of nationalized banks. Hence, location of job also affects employee satisfaction. The author also mentions that challenging tasks instead of monotonous routine work boosts employee satisfaction. The author suggests initiatives like a transfer policy for employees or rural allowance where employees working through a rural area gets additional monetary benefit can be introduced to enhance employee satisfaction.

Vijayshankar K, in his research paper 'Job satisfaction of employees in business process outsourcing_BPO_companies in Bangalore, 2013' speaks about employee satisfaction through content factors and context factors. Content factors are achievement, career growth, appreciation, performance, training and development. Context factors are education, transparency, remuneration and benefits and designation. It has been observed that employees' satisfaction with the content factors is higher as compared to the context factors. Organizations in order to retain their employees can resort to enhancing content factors like work-life balance, job security, team building and operational processes of the company. The study further shows that the company structure and brand image of the company affects employee satisfaction. Employees' own profile like self-esteem, personal goal and willingness also affects his satisfaction and perception of needs and rewards from his organization.

V. FACTORS AFFECTING EMPLOYEE SATISFACTION

Benefits of employee satisfaction includes loyal base of employees, reduced attrition, less turnover, reduced HR costs, reduced rate of absenteeism, employee retention and increased employee productivity. All these factors have a positive impact on organizational productivity. Factors affecting employee satisfaction can be summarized as follows:

1. **Age** – The higher the age of the employee the higher is their satisfaction index. With higher age comes more experience, wisdom and better understanding. These factors lead to increased employee satisfaction. The perception of needs for the senior employees are more likely to be in line with the companies' actual rewards because the senior employees are experienced and have an understanding of what to expect. Their expectations are based on previous experiences and trends.
2. **Leadership** – Employees tend to be more satisfied in positions of power. A position where the employee leads a team is likely to be more satisfied. Similarly, an employee working under a strong leader will be more satisfied since his motivation to work will be kept high by the leader.
3. **Challenges** – It has been observed that tasks with challenges bring about more employee satisfaction as compared to monotonous routine jobs. Challenges require employees to be proactive and display unique skills. Challenges bestowed on an employee by the management also reflects the company's trust on the employee's capabilities. This enhances his level of satisfaction.
4. **Responsibilities and delegation of work** – Employees feel appreciated, valued and trusted when entrusted with responsibilities. Employees help accountable for tasks and given certain degree of authority will be more satisfied and put in extra effort to fulfil the task. It is also important to keep a check on the amount of work given. Employees with more responsibilities than they can ideally handle will tend to get frustrated with work pressure and falter at their jobs. Work pressure and increased job responsibilities will then hamper their performance. Hence, it is important to keep a balance in delegation of responsibilities to enhance employee satisfaction.
5. **Personal profile** – The employee's individual profile, like his/her educational qualification, age, location, marital status, number of children, designation, experience, etc. impacts his/her satisfaction. The employee's profile and social beliefs will shape his/her perception of needs and rewards that should be fulfilled by the organization.

6. **Company profile** – The organization's brand image, market value, social perception, corporate social responsibilities, values, work ethics, company structure, operational procedures, hierarchy, management style, work culture, etc., impacts employee satisfaction. Employee satisfaction is enhanced when the employees believe in the same values as the company. The employees' agreement with the vision and mission of the company helps them understand the organizational goal better and gives a purpose to their job roles. This understanding affects employee satisfaction.

7. **Flexibility** – A flexible work environment impacts employee satisfaction. A number of employees seek for work from home opportunities. This helps them have a work-life balance and manage their professional and personal lives better. Work from home facilities helps in continuation of career for a number of female employees who would otherwise have to quit their careers owing to personal duties that comes with marriage and children.

8. **Feedback** – Feedback by the management at regular intervals helps employees understand their performance and areas for improvement. This in turn helps them in their development and supports their career growth. Also, it helps when the organization too takes feedback from their employees. The people working at the base level are the ones dealing with actual problems and can many a times come up with simple and practical solutions. Listening to the employees makes them feel valued and included in the team. When the employees feel they are a part of the bigger picture, they will feel better satisfied.

9. **Appreciation** – Acknowledgement of efforts and appreciation of achievements of the employees becomes important when the organization is trying to meet the satisfaction level of its employees. A proper performance management system is hence important to be in place. Employee feedback will help the employee understand his areas for improvement. Identifying improvement areas and training the employee to get them ready for their next role will not only help the employee in his/her career growth, but it will also show that the company cares for its employees. The company will have their succession plans ready, a career growth plan for their employees and a work environment where employees are trained and developed. This will lead to an enviable workforce which can become a competitive advantage for the organization in the long run.

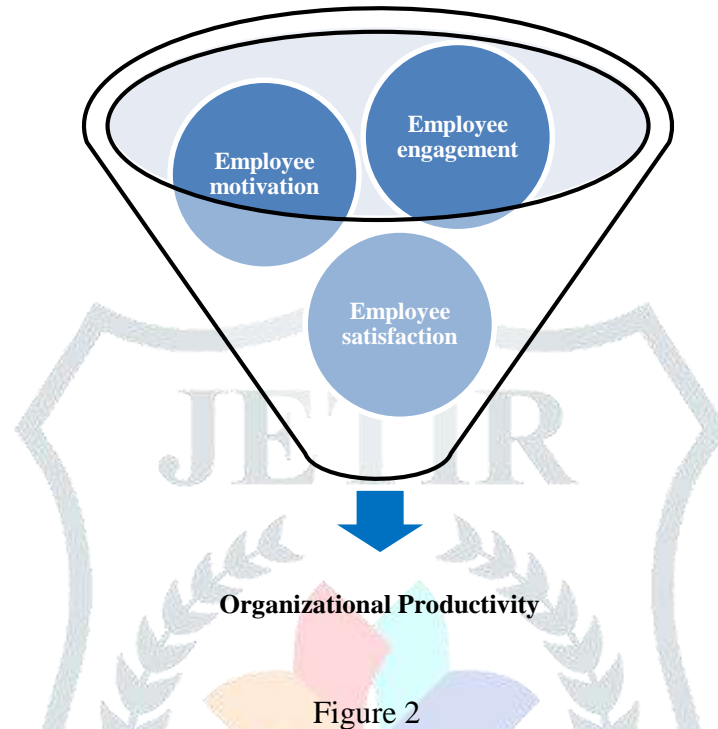
10. **Trust** – The management's trust in the employee and his abilities motivates him/her to put in extra effort to meet the goal. Trust reflects that the employee is valued, this in turn will enhance employee satisfaction.

11. **Work environment** – Employees spend the maximum time of his day at work. Hence it is only acceptable that the work environment is satisfactory. This includes the employees team cohesiveness, relationship with reporting manager, working style of the management, work culture of the company and flexibility of work that the job provides. Transparency in the organization, trust amongst employees, inter-dependency of co-workers, two-way feedback process, etc. are examples of a healthy work environment. A positive work environment enhances employee satisfaction.

Organizations often conduct employee satisfaction surveys to understand the factors that affect their employees' satisfaction the most. When the organizations are able to identify what reduces their employees' satisfaction level, it becomes easier for them to work on that factor and bring about a reversible change. When the problem is identified, solution is only on its way. These surveys are many a times conducted anonymously such that employees can be honest about their feedback without worrying about any consequences. Town hall meetings, where employees can voice their concerns publicly can also be conducted at regular intervals. Human resources is the most valued asset of any organization. The organizations' growth is brought about by its employees, hence it is of primary importance that the employees' well-being and satisfaction are taken care of. Recruitment plays an important role in employee satisfaction. It is important to have the right person at the right job. It is necessary to match the skill sets of the employee to the job description of the role that the employee is being recruited for. If the skills do not match the job role or the employee lacks the potential to be trained for that job role, then he/she needs to be moved to another job role for the benefit of the organization and to enhance the employee's satisfaction. Employees need to be sensitized as to why their tasks are important to meet the organizational goal. Employee satisfaction has always benefitted by showing the employees that they are working towards a bigger goal and are a part of the bigger circle. Employee satisfaction can be met by nurturing employee aspirations and helping them to achieve them.

VI. FINDINGS AND SUGGESTIONS

Through this study it has been observed that employee satisfaction is directly proportional to organizational productivity. Though there are other factors affecting organizational productivity, it is safe to say that employee satisfaction is one of the primary factors. Employee satisfaction and organizational productivity are inter-related. These two variables are inter-dependent. Increase in employee satisfaction leads to higher organizational productivity. Similarly, increase in organizational productivity is the outcome of satisfied, loyal, motivated and engaged employees.



It can be a concern that satisfied employees get stagnant in their roles. They may get comfortable in their position and salary. Whereas, engaged employees will feel motivated to put in efforts and work towards the organizational goal. Satisfied employees have been observed to contribute positively to organizational productivity. Companies such as Google invest highly in employee welfare and satisfaction which results in loyal productive employees. Shawn Achor, the author of 'The Happiness Advantage' finds that positive emotions contribute in better brain work. This leads to display of creativity and passion by the person. Satisfied employees are also better at maintaining interpersonal relationships. They are better collaborators and work great in teams. Efficient recruitment is important for increasing employee satisfaction and organizational productivity. Not only the right person needs to be placed at the right job, but also it is to be ensured that they can be retained in the organization. Attrition becomes a heavy cost burden on the employer. Employees, if satisfied in their current jobs will be less likely to leave. Some signs of dissatisfied employees have been depicted in Figure 3:

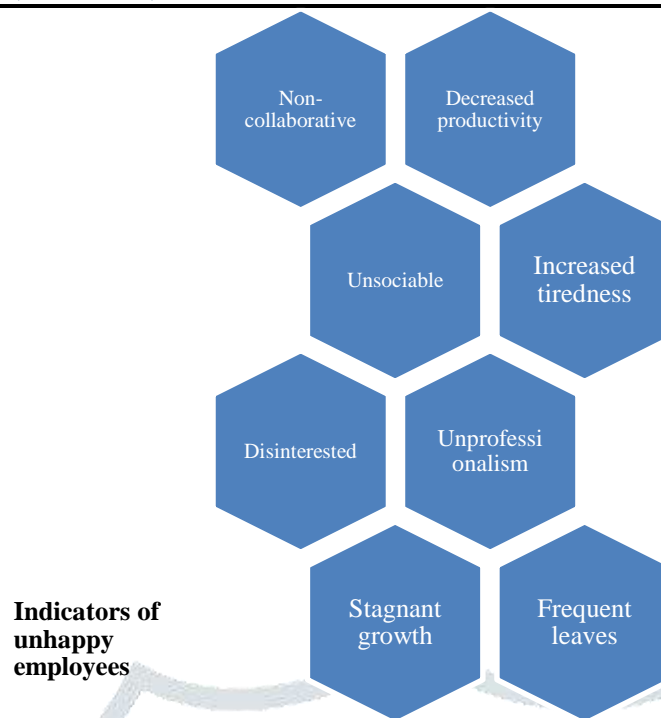


Figure 3

Suggestions:

1. Incorporate ways to increase employee motivation.
2. Introduce means of employee engagement such as job rotation, open door policy, transparency at workplace, flexible work policy.
3. Introduce employee recognition and appreciation schemes
4. Make the employees feel heard, have a two-way communication policy
5. Make employees feel trusted and accountable
6. Invest in employees' career development
7. Involve in developing a satisfying work environment
8. Strategize in optimally utilizing the available resources
9. Invest in employee retention

VII. CONCLUSION

This research study will contribute significantly to understanding of organizational productivity and employee satisfaction. It will act as a framework for companies to identify relevant factors affecting their employee performance. Through the analysis of the study it has been observed that employees expect to be appreciated for their efforts. As it is important to criticize or negatively reinforce the employees, it is also of importance that their work is recognized when they perform well. Appreciation leads to satisfaction and improvement in performance. Trust amongst the team, amicable relationship between coworkers is another important factor playing role in employee satisfaction. This also ensures in a successful work environment that contributes to better organizational productivity. The first step however is to identify dissatisfied employees. Companies need to take measures such as anonymous surveys or discussions to understand the reason for dissatisfied employees. Problem needs to be identified for achieving a solution to it. Investing in training and development of employees make them feel valued. When employees feel their skills are being developed and they get the sense of personal growth, they will believe in making the organization grow with them.

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