CHAPTER-1

INTRODUCTION

The present research thesis is an attempt to study the impact of job satisfaction on employee attrition in public and private sector banks in Rajasthan. The quest of the research was to find out the relationship between job satisfaction and employee attrition in banking industry and correlate the different variables with the job satisfaction and employee attrition in public and private sector banks in Rajasthan. The present research is an effort to found out the key factor of job satisfaction and employee attrition and also give the suggestion to the banking industry that how to cope-up with attrition and boost the satisfaction level of employees.

1.1 JOB SATISFACTION

Job satisfaction can be best defined as employee’s feeling concerning their work. It can be inclined by a gathering of aspects. The term “Job Satisfaction” was brought to fame by Hoppock (1935). Hoppock defines it as “the combination of psychological and environment circumstance that cause a person to truthfully say “I am satisfied with my job.”

Job satisfaction is the end feeling of a person after performing a task. To the extent that a person’s job fulfills his dominant needs and in consistent with his expectations and values, the job will be satisfying. The feeling would be positive or negative depending upon whether need is satisfied or not.\(^1\)

Job satisfaction facts are visible in any considerations on management of Human Resource. A Job satisfaction states an employee’s feeling of satisfaction with their
job, which performs as an enthusiasm to work. It is not the self-satisfaction and serenity but the satisfaction with the work.

**Definitions**

1. The utmost used definition of job satisfaction in organisational research was given by Locke (1976), which refers job satisfaction as “a satisfying state succeeding beginning the assessment of an individual job or job involvements.

2. Hulin and Judge (2003) stated that job satisfaction contains multidimensional psychological reactions to one’s job, and that such reactions have mental, emotional and social components. The multilateral conceptualization of job satisfaction fits well with classic conceptualization of social approaches (Eagley & Chaiken, 1993).

3. Kreitner and Kinicki defined that Job satisfaction is an emotional or sensitive reaction to several aspects of an individual work.

4. Davis and Newstrom described Job satisfaction is a set of satisfactory or dissatisfactory feelings with which employees view their job.”

5. Andrew indicated that job satisfaction is the sum of desire or satisfaction allied with a job.

Satisfaction level of an employee is basically influenced by their positive attitude towards their work and positive feelings of physical and mental emotions towards their organization. The term job satisfaction has been assumed in many ways. It has been expected by organizational behaviour research that the impact of productivity depends upon the satisfaction level of employees. Employees having high level of satisfaction are likely to increase the productivity of the organization or dissatisfied employees are likely to leave the job.
1.1.1 Importance of Job Satisfaction

1. It is an analytical instrument for knowing employees problems, effecting environment changes and modifying with minimum conflict.

2. It strengthens the communication method of the organisation and organisation can discuss the outcome for affecting the future development and course of action.

3. It assists in improving the approaches and attitudes of employees towards the job and helps to incorporate the employee with the organisation. It motivates sense of belongingness and sense of involvement prominent to the overall increase in the efficiency and productivity of the organisation.

4. It encourages the unions to identify accurately what employees want and what employees are receiving. Thus, it assists mutual settlement of grievances and other annoying conditions.

5. It decides the training and development needs for both the employees and the organization fulfillment.

1.1.2 Factors influencing Job Satisfaction

The various factors that influencing the job satisfaction are as follows:

1. **Recognition & Appreciation**: Recognition & appreciation should be given to the employees from time to time for their effective performance. It gives internal satisfaction to the employees feel their worth for the organisation.

2. **Responsibility & Workload**: Responsibility and workload may create dissatisfaction in all kinds of job. Extra responsibility and extra workload can affect employee’s performance and productivity. Consistency of job tends to
increase monotony as well as boredom. Job satisfaction affects when employees experience extra workload means to work long hours, to work extra hours and to work in vacations. In such environment, there is a pressure to work harder and faster.

3. **Remuneration:** It was founded by Frederick Taylor in the early twentieth century. They stated that all other things being the same, higher pay and salary leads to higher job satisfaction. Increase of the salaries will unconditionally increase the job satisfaction, which will influence on the motivation to work and increase the level of employee performance or productivity. In addition to providing the standard of work division to modest tasks, the effort can always show that employees are rational and motivated by physical components, and money is only what makes pleasure and strengthens to increase employees performance (Taylor, 1947).

4. **Working Condition:** Impact of job satisfactions depends upon the working condition. If the company is unable to provide satisfactory physical working conditions to its employees it will lead to job dissatisfaction (Robbins 2001). Employee’s mental and physical emotions get affected due to the lack of satisfactory working conditions (Baron and Greenberg, 2003). According to Arnold and Feldman (1996) poor working conditions can affect the performance of employees and meanwhile it also affects the mental and physical calmness of employees. There are two risky conclusions of working conditions i.e. too acceptable or else dissatisfactory.

5. **Promotion:** There is a strong association between job satisfaction and promotion opportunities (Pergamit & Veum, 1999; Peterson et al., 2003; Sclafane, 1999). Satisfaction levels of employees get uplifted by the rewards,
appreciation, recognition and promotion opportunities. Locke (1976) describes that the employee’s needs and wants for physical, mental, social status and integrity create the promotion objectives. Consequently organization should promote the employees for their effective performance so that the employee attains their aims and goals.

6. **Employee Welfare Activities:** Employee welfare may be implicit as comprising such facilities and amenities which may be conventional in, or in the environments of accomplishments to achieve their work in vigorous and amiable immediate and the aim of facilities which develop their strength and bring high morale. (According to I.L.O.). The concept of employee welfare is adaptable, elastic and differs mostly with times, regions, business, country, communal ethics and societies and the economic development. Though, the Committee on Labour Welfare (1969) defined the employee welfare amenities as, “such services and amenities as satisfactory canteens, recreation facilities, refreshment facilities, hygienic and medical facilities, accommodation facilities.

7. **Training:** Training is one means of enhancing manpower utilization and thus potentially increases job satisfaction. Whichever or both of these may influence positively on establishment performance.

Training is the procedure of increasing the information and skills for doing a specific job. It is a systematic technique by which employees can acquire knowledge and skills for a certain purpose. The purpose of training is essentially to associate the gap between job requirements and present capability of an employee. Training is very important aspect to improve the
efficacy of the work-force which makes employees feel better equipped for the job at hand.

8. **Performance Appraisal System**: Performance appraisal is the periodic assessment of an employee’s performance evaluated against the job’s specified or assumed requirements. One way to appraise the performance and prospective of staff is through a method of performance appraisal. Performance appraisal may be defined as an organized and unorganized interaction among a subordinate and manager that typically takes the procedure of a periodic meeting, in which the performance of the subordinate is observed and discussed, with a view to classifying strengths and weaknesses as well as opportunities for future expansion and overall development. In many organizations, appraisal results are used, either directly or indirectly, to control reward results. That is, the performance appraisal consequences are used to ascertain the better performing employees who must acquire better salary, bonuses, and promotions. An employee performance assessment is the best technique to enhance performance, job satisfaction, improve morale and increase productivity.\(^6\)

9. **Job Security**: The influence of job security on job satisfaction is enormous and significant. Job satisfaction rising from job security. Job security is a major factor that significantly affects the relationship of the organisation and employee. Blanch flower and Oswald, (1999) specify that US workers in job security implies higher levels of job satisfaction.\(^9\) Job security is the prospect that employees will keep the job; if organization gives better job security to their employees, it generates the satisfaction level with the job and decreases the employee attrition.\(^7\)
10. **Job Stress**: Job stress can be explained as a mental & emotional condition which results from a disproportion between job demands and the subject’s capability to cope with those demands. Stress in job is frequently faced by the employees in their working place. Work culture has undergone a drastic change in the recent era and it is quite fluctuating promptly. Stress at working place affects the performance and the physical and mental well-being of the employees. Pressure & anxiety are related to very extreme stress. They hinder the workers efficiency. It ultimately results in job dissatisfaction.8

11. **Grievance System**: Grievance means any actual or imaginary emotion of dissatisfaction and unfairness which an employee has about his job relationship. Grievance is any dissatisfaction or emotion of injustice in association with one’s employment condition that is conveyed to the attention of management.9

A grievance is a clear declaration by an employee of a job-related problem and complaint, including those containing:

- The analysis and application of an agency’s people management policies. This includes provision of work, job design, work environment;
- A working condition, workplace communication or personal conflict;
- A health and safety issue;
- A claim of discrimination including harassment, controlled by Anti-Discrimination Act 1977;
Problems and grievances related to job which are not promptly and efficiently determined can lead to:

- Low productivity;
- Lower quality of work and customer services;
- Disturbance from corporate goals;
- Loss of self-confidence and communication among employees, supervisors and organisations;
- Low morale and job dissatisfaction which can lead to organisation difficulties, increased absenteeism and increased attrition and staff turnover;
- Loss of status and reputation as an organisation.

In human resource terms, employee satisfaction means that employees are satisfied with their work and designation. Employees are likely enjoying much of their work, they feel supervision is unbiased and cares about them, and they are contented in their work environment - both with other colleagues, and with the resources that are accessible to ample their jobs.  

Employee satisfaction is a feeling of happiness and satisfaction with their job. Keeping high morale can be proven by enthusiasm, voluntary conformance with regulations and rules, and a willingness to collaborate with others in achieving objectives of an organization. Employees with high morale and confidence take larger interest in their job; feel a sense of individuality with the organisation and take pride in it.
• In light of the organisation:

1. It improves employee turnover or attrition and it is not essential to give training to the employees repetitively.
2. Overall productivity will improve and also help in achieving the objectives of company.
3. When employees are satisfied they treat their clients in a better way and thus the customer feels satisfied.
4. It aids the company in receiving better and efficient productivity.
5. Budget expended on training, fresh applicants and employment of fresh applicants could be avoided.

• In light of the employee:

1. When the employee gets satisfactory amenities from the organisation originally, the inlines to consider that same treatment would be accessible in extended run.
2. Employee would initiate taking attention in their job in place of worrying about other matters.
3. The employee starts feeling a sense of duty and responsibility towards the organisation.
4. Employees deals with clienteles in a healthier way and builds sturdy relations with them.
5. Employees would try to create better outcomes in order to acquire appreciation from an organisation.
1.2 EMPLOYEE ATTRITION

Organisations in India as well as in other countries face a terrible challenge of recruiting and retaining potentials however at the same time HR managers involves themselves to cope up with talent loss through attrition. The cause of attrition is industrial recessions or through intended individual turnover. Dropping the potential employees which have good performance, has a negative influence on the reputation of the organization, specifically if the departing employees leave gaps in its implementation competence and human resource functioning which not only consist loss of productivity but also perhaps loss of team-work harmony and social goodwill. Through attrition rates, existences of annoyance of every organisation should plan for a pioneering business model for effective retention of potentials. There are a lot of factors liable for attrition and organisations are getting progressively aware of the factors that can retain a committed employee.11

Attrition may be defined as steady reduction in workforce as over retirement, resignation or death of an employee. In other words, attrition can be explained as the employees leaving the organization which consist both intentional and unintentional separation. The employee steadily moderates his/her relations with the organisation than plagiarize around the fundamental factors affecting attrition. Vast dissatisfaction is one of the major cause that cuts the innards of organizations.

Apart from the unavoidable factors like resignation, retirement, death or disability, the causes are varied. They differ according to the environment of an organisation, the level of the employees and the nature of the responsibility accepted by them. The noticeable, common and main causes are the ‘ergonomic discomfort’ knowledgeable by the employee and the ‘functional incompatibility’ among the corporate
management and the employees. Sometimes an employee does not feel at pace with his/her co-workers and management. Another vital reason is that the remuneration given by the organisation is not satisfactory according to the efficiency of the employees and they do not maintain their standard of living and social life appropriately.

Attrition basically means “Number of employees leaving the organisation in the form of retirement, resignation or death.” Attrition can be abstracted in many methods; the two prominent methods of attrition for the restrictions of this effort are attrition due to employees leaving and employee retiring from an organisation.

Attrition, in the term of Human Resource, denotes to the phenomenon of the employees leaving the organisation. It is typically measured with a metric named attrition rate, which basically measures the number of employees dropping the organisation, the serious causes of attrition and management has to cope with is resigning or lay off. It is also referred as churn rate or turnover.

**Attrition can be calculated as:**

\[
\text{Attrition (per month) } \% = \frac{\text{No of separations in the given month}}{\text{Average headcount in the given month}} \times 100
\]

High attrition is a cause of anxiety and concern for an organisation as it offers a cost to the organisation. The organisation loses the amount it had expended to recruit and select these employees and to train them for their particular jobs. The organisation may also have to invest extra money to fill the vacant position or job.
1.2.1 Attrition Rate

Attrition rate indicates the variation in the ratio of labour force in the organization. High ratio of attrition does not necessary indicate appointment of new employees for filling the existing positions. There is no standard method to calculate the rate of attrition. But for convenience, the aspects are as follows:

- The base of employees can vary every month in the organization.
- Many employees leave the organization to pursue their higher studies and various organizations could not include this sort of resignation in attrition rate.

1.2.2 Factors Affecting the Employee Attrition

1. Pay & Salary: Organisations are encouraging the potential and best talents with incredible pay scale; so that organisation can attract the best talent and retain the potential employees.

2. Career Advancement: If an organisation gives the choice to their employees amid salary and challenging task, most of the employees choose the challenging task as they are ready to take challenge. If the organizations do not provide such opportunities, an employee can resign for their better career advancement.

3. Working Environment: If the work environment is not acceptable by the employees, it forces them to leave the organization.

4. Work Stress: Work stress is related to very extreme stress felt by the employee of not doing his job effectively or successfully. It affects the efficiency and has negative impact on the physical and emotional health of
employees. It ultimately results in job dissatisfaction and consequently forces the employee for resignation.

5. **Supervision**: Most of the employees leave the organisation because supervisors do not give them proper support. If the superior has a lack of proficiency, sympathy and faith or belief in the employees, they cannot control the subordinates.

6. **Lack of Proper Feedback**: Most of the supervisor appreciates regular feedback about their performance. Proper feedback can improve the performance of employees and can strengthen optimistic behaviour. But nowadays organisations fail to understand the prominence of feedback tool, which in turn creates dissatisfaction among workforce.

1.3 **EMPLOYEE RETENTION**

Get Les McKeown’s explains “Organisation has to generate an effective work environment for retaining the potential and best talent in the organization. Effective employee retention strategy has to be adopted by the organization that can boost the existing employees to stay in organisation for longer periods of time, by having policies and practices which help in the fulfilment of their needs. Similarly, employer should be concerned for the costs of employee turnover (including recruitment costs, productivity loss). Replacement costs frequently are 2.5 times the salary of the individual. The costs relating with turnover may comprise loss of customers, business and damaged morale. In addition there are rigid costs and valuable time consumption in screening, verifying identifications, references, interviewing, recruiting, and training the new employee just to get back to where you started.”\(^{14}\)
1.3.1 Challenges of Human Resource

In the new era the best plans and strategies have to be edged by the HR to cope up with the encounter of retaining the employees. Strategies of Retention assist the organizations to improve the constancy and commitment among the staff and support vital organization creativities. Retention has developed the difficult task to the organisation. Employee retention is also prospective to be significant for organisation enactment. If the organisation is not capable to retain its potential employees, it will not be able to exploit on human assets expand contained by the organization (Shekshnia, 1994). Bestowing to Sutherland, Torricelli, &Karg (2002), organizations have hard to attract skilled employees and challenging to retain. Luthans and Peterson (2002) have focussed that employees who are involved in the organization with satisfaction prove good performance and attains success. Retention is measured as multifaceted module of an organization’s human resource policies. It begins with the recruiting of right people and remains with involved in programs to retain them engaged and committed to the business (Freyermuth, 2004).

1.3.2 Effective Retention Strategies

Employee Retention is the biggest challenge tackled by human resource in the contemporary economy. The superlative retention strategies are to be edged to control the attrition.

![Fig 1.1: Effective Retention Strategies](image-url)
1. **Changing Hiring Practices:** Hiring practices have experienced a transformational change to construct the loyalty and commitment among the employees and organisations. Recruitment includes an organized process for hiring the best talent. HR has to improve strategies based on belief, honesty, justice and consensus with building an environment where employees are eager to work with enthusiasm, creativity and passion and there should be correlation between the job skill and employee skills. When an organisation is trying to “retain” potential, it is in fact “attracting” them as well.

2. **Employer branding:** An effective employer brand is vital for competitive benefit. Progressively, Indian corporations not only attractive but deliberately planned to exploit the employer brand to fascinate and retain talent and, eventually, to enlarge and develop.

3. **Talent management:** The biggest challenge faced by HR is to effectively attract, assess, train and retain potential employees. HR expert has to entice the precise resources and retain potential employees. Talent management is the procedure adopted by an organisation to recognize their employees’ talents and skills. Pioneering talent strategies should be efficiently revised by HR managers to ascertain and improve talent to retain the potential employees in the organization.

4. **Employee Engagement:** The employee is one who is completely involved in his/ her work, and therefore will perform his duty in a method that fosters their organization's welfares. Engaged employees express confidently about the organization to colleagues and customers. Many organizations work to improve and develop engagement. Employee engagement is critical for any
organizations that is trying to find out methods to retain its potential employees, and also upsurge its level of performance.

5. **Exit Interview:** It is used as facilitator for ascertaining the reasons for employee attrition. Exit interviews should be appropriately planned and organized so that employee turnover can be concentrated to increase the retention.
References


