3. LITERATURE REVIEW

3.1 Introduction
This chapter presents the review of relevant literature for the study. The chapter is divided into eight sections. The first section reviews the literature on quality of work life for making the foundation of the study. Second section onwards reviews the literature on adequate and fair compensation, employee involvement, safe and healthy working environment, learning and development. Finally, the chapter concludes with a brief summary.

3.2 The Concept of Quality of Work Life (QWL)
The Quality of Work Life (QWL) has assumed increasingly interest and importance in all the countries of the World. It is very significant in the context of commitment to work, motivation and job performance. It is also means to facilitate the gratification of human needs and goal achievement. Work life naturally means the life of workers, physical and intellectual, in their work environment in office or factory or field-working. What is expected of the worker? What are the conditions of the work place? What is the compensation that the worker gets? What are the incentives offered to him? How about his contentment with the work environment and the compensation? These are the questions to be tackled by the researcher in any study of work life. Quality of work Life is referred to as humanizing the working life and emphasizing the human factor. It mostly refers to favourableness’ or unfavourableness of a job environment for the people involved in it. The basic objective is to develop jobs that are excellent for people as well as for production. So we can see the basic questions of Quality Work Life….

- What is Quality? “Quality is the ability of a product or service to consistently meet or exceed customer expectations.
- What is work? Work can be defined as the application of discretion within limits in order to produce a result.
- What is work life? Work life does not merely means the facilities provided to the employees during office hours. It comprises of all the collusive feelings, which
reside in the mind of the employee while he works in the organization, he is in the office or away from it.

Quality of work Life is a Person’s life. It covers a person’s feelings about every dimension of work including economic rewards and benefits, security, working condition, organizational and interpersonal relations and its intrinsic meaning in person’s life. Therefore we can simply say QWL is a concern not only to improve life at work, but also life outside work.

**Various Definitions of Quality of Work Life**

- First definition 1969-1972 Quality of Work Life = Variable
- Second definition 1969-1975 Quality of Work Life = Approach
- Third definition 1972- 1975 Quality of Work Life = Methods
- Fourth definition 1975-1980 Quality of Work Life = Movements
- Fifth definition 1979-1982 Quality of Work Life = Everything
- Sixth definition Quality of Work Life = Everything

The term “Quality of Work Life” has different connotation to different persons. Robbins (1989) defines QWL as “a process by which an organization responds to employee needs by developing mechanisms to allow them to share fully in making the decisions that design their lives at work.”

As per the model given by Walton (1996), following factors are the basic determinants and parameters of QWL (Table 3.2.1 below).

**Table 3.2.1: Quality of Work Life Model Proposed by Walton**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Criteria</th>
<th>Indicators of QWL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fair and appropriate compensation</td>
<td>Internal and external fairness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Justice in the compensation</td>
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<tr>
<td></td>
<td></td>
<td>Allotment of productivity profit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Proportionality between wages</td>
</tr>
<tr>
<td>2</td>
<td>Work Conditions</td>
<td>Reasonable hours of working</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Safe and healthful physical environment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Absence of unhealthy</td>
</tr>
<tr>
<td>3</td>
<td>Use and development of capacities</td>
<td>Autonomy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Relative self-control</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Multiple qualities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Information on the total process</td>
</tr>
<tr>
<td>4</td>
<td>Change of growth and security</td>
<td>Possibility of career</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Personal growth</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Perspective of wage advance</td>
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<tr>
<td></td>
<td></td>
<td>Job security</td>
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<tr>
<td>5</td>
<td>Social integration in the organization</td>
<td>Absence of prejudice</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mobility</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Relationship</td>
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<td></td>
<td></td>
<td>Communication sense</td>
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</tbody>
</table>
The term QWL gained importance in the late 1960s as a way of concerns about effects of job/work on health and general well-being and ways to positively influence the quality of a person’s work experience. Up until the mid 1970s, employer’s concern was on work design and working conditions improvement. However, in the next decade of 1980s, the concept of QWL included other aspects that affect employees’ job satisfaction and productivity and these aspects are, reward systems, physical work environment, employee involvement, rights and esteem needs (Cummings and Worley, 2005). However, from the literature it can be summarized that QWL may be viewed as a wide-ranging concept. Table A-1 attached in Annexure - A list out the some of the components of QWL as considered by the scholars in their studies along with the type of the sector and outcome. The factors that were stated by different researchers are grouped and stated in the table. The key concepts captured and discussed in the existing literature include job security, better reward systems, higher pay, opportunity for growth, and participative groups, among others. To sum up the extracts of dimensions, following Table 3.2.2 represents the core theme and dimensions of the QWL.

Table 3.2.2: Broad View of Dimension and Factors of Quality of Work Life

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Factors</th>
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</thead>
<tbody>
<tr>
<td>Job Design</td>
<td>Job content, work meaningfulness, work challenge, work richness, meaningful job and autonomy in the job, work restructuring, and job/role clarity.</td>
</tr>
<tr>
<td>Work environment and facilities</td>
<td>Improving the work environment, social and welfare facilities, etc.</td>
</tr>
<tr>
<td>Job security</td>
<td>Employment on permanent basis.</td>
</tr>
<tr>
<td>Health, stress and safety</td>
<td>Health and safety or working conditions, protection against disease and injury within and outside the workplace; occupational stress, organizational health programmes, job stress, and lack of job burnout.</td>
</tr>
<tr>
<td>Wages and rewards</td>
<td>Fair and adequate pay, fair and proper payment for good performance, Innovative rewards systems, the circumstances and procedures relating to promotion policies</td>
</tr>
</tbody>
</table>
### Work life balance
- Working hours and alternative work schedule.

### Aesthetics and creativity
- General aesthetics, free time in the workplace, creativity workplace and personal creativity.

### Conflict
- Cooperative work between colleague’s, adequacy of resources, work and organizational equilibrium, and grievance procedure.

### Learning and development
- Increased emphasis on employee skill development, possibility of learning and using new skills, training to improve job skills, creating opportunities to learn, growth in the professionalism path, job growth and career progress.

### Leadership and employee empowerment
- Superior subordinate relations, Participatory supervision, Communication, desire and motivation to work, creating work and organizational commitment, employee involvement, participation and power, Increased autonomy for action and decision making at worker level, access to relevant information and participative problem solving.

### Job satisfaction
- Recognition and appreciation of the work inside and outside in organization, membership in successful teams, proud of the job, and lack of turnover intentions.

#### 3.2.1 Relationship between QWL, Job Satisfaction and Organizational Commitment

Locke (1976) defined employee satisfaction (often referred to as job satisfaction) as “a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences” (p. 1300). Employee needs and wants are satisfied when they perceive that rewards from the organization, including compensation, promotion, recognition, development, and meaningful work, meet or exceed their expectation (Hackman and Oldham, 1980). Largely, it appears that the main outcomes of an effective QWL program are improved working conditions for employees and greater organizational effectiveness for employers. (Adhikari Gautam, 2010). QWL positively facilitates the creation of a more flexible, loyal, and motivated workforce, and thereby determines the company’s competitiveness.

Asgari, Mohammad Hadi and Dadashi, Mohammad Ali (2011) undertook research to determine the relationship between the quality of work life and organizational commitment of Melli Bank staff in west domain of Mazandaran in 2009-2010. He concluded that there is a positive and significant relationship between quality of work life and organizational commitment. Chen Huang (2005) found that personal characteristics like gender, age, and marital status lead to significant differences in quality of work life and organizational commitment. Turner (2005) studied the relationship between commitment to university and willingness to work among 205 students who had student...
jobs, and found out that there's a significant relationship between commitment to university and willingness to work. Sports College in the US is dependent on student jobs to a great extent. According to the results older students have higher levels of commitment. Turner (2007) has developed strategic plans due to importance of investing on preserving athletes. He carried out his research on 190 athletes who were selected randomly and concluded that women are more committed to the team and university. Moreover, all three components of commitment had a significant relationship with team satisfaction and not leaving the team. According to these findings satisfaction has an important role in commitment to the team. Also the higher the age, the more committed individuals get to the team.

Davoodi (1998) studied the impact of QWL on job satisfaction among operational staff of Mobarakhe Steel Complex. He found positive relationships and concluded that employee involvement will lead to satisfaction and less accidents.

Researchers and practitioners found a significant correlation between measures of QWL and business performance in terms of market performance, stakeholder value, and business sustainability as well as differentiating competitive capabilities in terms of service quality, delivery, employee knowledge, flexibility, and technological leadership. Positive results of QWL reduced absenteeism, lower turnover, and improved job satisfaction. A large body of prior research supports the service profit chain concept. Lau (2000) used an ad hoc approach to study two key elements of the service profit chain model, namely QWL and performance. The study showed that service organizations that emphasized QWL for their employees tended to have better sales growth, asset growth, and return on asset growth (ROAG) over a five-year period when contrasted to other S&P 500 firms. Najafi (2006) examined the relationship between quality of work life and profiting of middle managers of Iranian Companies" using Casio's components and found a positive and significant correlation between them. According to him, about 20% of profiting is due to quality of work life and the remaining 80% is the effect of other factors. Fallah (2006) found a significant relationship between quality of work life and performance at Kosar Economical Organization Staff" using Walton's components in her study. Nayeri, et.al (2011), carried out a descriptive study to investigate the relationship between the QWL and productivity among 360 clinical nurses working in the hospitals of
Tehran University of Medical Sciences. Findings showed that the QWL is at a moderate level among 61.4% of the participants. Only 3.6% of the nurses reported that they were satisfied with their work. None of those who reported the productivity as low reported their work life quality to be desirable. Spearman-rho test showed a significant relationship between productivity and one’s QWL (p < 0.001). Considering the results, the researchers opined that managers should adopt appropriate policies to promote the QWL to enhance productivity.

3.2.2 QWL in India

The quality of work Life (QWL) Apart from ensuring fair pay, the fair treatment of employees and safe working conditions, many companies respond to specific employee needs. In India, some of the companies that emphasize the quality of work life are Hewlett-Packard, Smith Kline Beecham, American Express, Colgate Palmolive, Gillette, Dr.Reddy’s Laboratories, Reliance and Maruti Udyog Limited. HP allows flexible working arrangements for its employees and follows certain innovative practices such as allowing employees to avail leave for special occasions (marriage, exam preparation, adoption of a child, bereavement in the family, and paternity). QWL in India has emerged as a movement. Following are the factors that led to the QWL movement in our country:

1. Changing profile of the Indian worker from and illiterate, rural, low caste individual to educated, urban and essentially belonging to upper strata of caste structure has made him/her more concern for own hopes and aspirations.
2. The worker is not just like other factors of production such as, machinery, land, and capital but a human being with feelings and emotions, has made organizations behave with workers accordingly. The establishment of a separate Ministry of Human Resource Development by the Government of India is a testimony to such realization.
3. In India, around 10 percent of workers in organized sector are unionized. The past record relation to labour unions lends enough evidence that the unionized work force has been much vocal for demands of one type or other.
4. That human behaviour is highly unpredictable and complex underlines the need for the study of organizational behaviour. QWL is one of the newer concepts experimenting how to make effective utilization of human resources.
QWL in India seems in practice in a variety of operational systems like workers participation, job enrichment, quality circles, etc. Here, an attempt has been made to give an overview of these in terms of their broad coverage and experiences of Indian organization with them.

In current scenario every organization wants more output in comparison of less input; it can be possible when working employee find its working place comfortable as per the job requirement. So it is very important for an organization to make a quality relationship between its employees and working environment. Now a days, there is no balance between the family and work life due to job pressure and conflicting interests and over-socialization that lead to too much of interest about the co-workers for satisfaction of their ego, creating problems in the minds of neighbors.

The work-norms impose on workers too much of burden and control by their bosses. And the rules are for workers or employees. They have to follow, and the employer has right to layoff the worker due to marketing and technological factors.

Figure 3.2.1: QWL Dimensions Considered for the Research Study

Literatures reviewed have shown that QWL is a multidimensional constructs, these constructs have to be consider during the job design process. The literature would also reveal the contribution of the nine important components of QWL which positively associated with the employee satisfaction and employees opinion on QWL in different sectors. In the view of the review of literature, in Indian context, limited literature and studies on QWL especially in the pharmaceutical industries are available. Indian
pharmaceutical facing a high attrition rate problem due to job satisfaction and organizational commitment issues, to find out the root cause, a study may be undertaken by considering the important four components of QWL. The components under consideration are depicted in Figure 3.2.1. Therefore, the remaining part of this chapter will concentrate on the literature on these four QWL dimensions, their effects on job satisfaction and organizational commitments.

### 3.3 Adequate and Fair Compensation

According to Perkins and White (2011), employee compensation, remuneration or reward may be defined as “all forms of financial returns and tangible services and benefits employees receive”.

Dessler, (2005) defines compensation as all forms of payments or rewards given to employees which arise from their employment. Compensation can be divided into various parts. One way is to break it down into three parts namely, Fixed-Pay, Flexible Pay and Benefits (Beard, 1986). The other way is to divide Compensation into two parts, Performance-based pay and Non-performance based pay (Taylor, F.1911). In the first classification, Fixed pay is the compensation given to employees as their base salaries e.g. promotions, merit increase and cost of living increase. These come under fixed pay because all of them become part of the employee’s base salary after its effect. Flexible pay consists of two components in itself, variable pay and deferred Income. Variable pay relates to commissions, bonuses, gain sharing, goal-based pay etc. where, the amount of pay is variable or its distribution is not certain, which is given usually to salespeople. Deferred income is long-term organization pay schemes e.g. profit sharing, company savings plans employee stock ownerships etc. Finally we have Benefits, which include things like vacations, sick leave, company car, company house, severance pay, medical insurance, retirement benefits etc.

#### 3.3.1 Compensation Structure in Organizations

Lawler (1987) classified compensation structure into job-based pay, skill-based pay, and performance-based pay. Job based-pay is determined by the degree of difficulty, responsibility, and relative value of job (Henderson, 1989,) while skill-based pay is
determined by the employee’s skill and knowledge (Zhu, 1996). Performance-based pay is determined by the employees output or performance.

Job based-pay has been practiced in the traditional basis for pay, which focused primarily on the “.... value of the job, service and seniority” (Webster, 1998, p.122). The employees were compensated according to the value of the position they occupied in the organization. Therefore, the primary determinant of differences in pay was the job held by the employees. Job description was used as the foundation of job-based pay, which is not only described the duties of the position, but also serves to fit job into the existing organizational chart represented by other job descriptions. By comparing job with other comparable jobs, the appropriate pay level or grade can be determined (Henderson, 1997). Since pay was depending on job, the employees viewed job assignment as a requirement to protect through prior performance of that job. Job based-pay has become a matter of concern in variety of reasons. One concern addresses issues of comparable worth, the determination of comparable pay for jobs of comparable value or worth despite differences in task specifications. It has been argued that jobs with different task may be worth to equal pay and that typical job evaluations often assign lesser worth to tasks that were found largely in female dominated jobs. Skill based pay is one such nontraditional pay plan (Lawler and Ledford, 1985; Luthans and Fox, 1989). In this concept, skill-based pay assign differentials of pay based upon differences in skills possessed by the worker. The concepts of skill-based pay shows the results are more flexible, and more customers focused than traditional job-based pay (Peters, 1992). It was also reported that firm adopting skill-based pay gain greater workforce flexibility (Bunning, 1989) and a better basis for participative management (Lawler, 1990). Skill based-pay offers an alternative to the familiar job evaluation approach to setting base pay that appears to be a good fit with a competency-based pay approach to organizing (Lawler, 1990). This approach focuses on individuals and pays them according to the skills they have which was started from the assumption that individuals have value not jobs. In a rapidly changing environment, the individuals also need to change the skills that they have in order to perform new and different ways. There is growing evidence that it may be time for many organizations to move away from a focus on jobs and towards a focus on individuals and their competencies (Lawler and Ledford, 1992).
reason to believe that the concept of an individual holding a job is no longer the best way to think about organizing and managing individuals. While job based-pay has been the traditional basis for pay, other pay contingencies have also been employed in selected situations and as elaboration of job based systems. Performance based-pay may be used as a supplement to job based pay which emphasis on pay for individual performance, regardless of which specific type of incentive practiced is used (e.g. merit pay, lump sum bonuses, etc.). Kruse (1996) considered performance-based pay as a way to align the incentives of employees and employer when output is difficult to measure or ascribe to an individual. Employees whose compensation is partly in the form of performance-based pay experienced higher employment stability (Chelius and Smith, 1990). Conyon et al., (2001) suggested that organization with less hierarchy need to use performance-based pay since employees were less motivated by the chance of a promotion. However, Mahoney (1989) argued that performance-based pay was fit for certain jobs and in an environment where both organizational coordination and demand of supervision were low.

3.3.2 Links between Compensation and Job Satisfaction
One of the most often debated and most widely researched HR questions is - does compensation satisfaction create job satisfaction? A newly released survey conducted by the Society for Human Resource Management (SHRM) and CNN has revealed some interesting findings on the matter. Six hundred individuals from a variety of industries participated in the survey. Almost two-thirds (63%) of participants described themselves as either "somewhat satisfied" or "very satisfied" with their total compensation package. An even higher percentage, 72%, indicated they were "somewhat satisfied" or "very satisfied" with their current job. While these may appear positive findings, one can assume that most incumbent employees must have at least some satisfaction with their compensation and their job, otherwise they would no longer be employees of that particular organization! When asked about whether their compensation affects their overall job satisfaction, 64% indicated compensation affects satisfaction to "some extent" or "to a large extent". Additionally, when the results were analyzed by employee age, the findings were generally consistent. In other words, the relative importance of
compensation to job satisfaction is pretty much the same, regardless of employee age. What may be the most surprising finding in the study is that compensation ranked number 5 in a list of the top six "very important" aspects of job satisfaction. Job security ranked as the most important aspect.

Perhaps the most helpful findings in this research for guiding decisions about compensation practices concern employees’ perception of the fairness of their compensation. Fairness includes both the overall compensation policy and employees’ perception that their base pay fairly represents their contributions compared to others’ (known as internal pay equity). Less than half of employees reported a perception that their organization’s pay policy was fair. Only slightly more than half of participants indicated they were satisfied with internal pay equity in their organizations. Both of these findings underscore the importance of communication about compensation policy and practices. While, clearly, several factors other than compensation are driving employees’ job satisfaction, employees who feel undervalued and treated unfairly by compensation policy and practice are far more likely to become dissatisfied. Prime Resources, Inc.

Many, if not most, organizations have logical, sound, compensation policies that are, unfortunately, understood by very few employees. By making an effort to explain these policies and to cite salary survey information or compensation comparisons between them and other employers within their industry, employers can clear up misunderstandings and prevent employee dissatisfaction.

### 3.3.3 Compensation Practices and Organizational Commitment

Organizational commitment is central to strategic human resource management practices and individual effectiveness (Guest, 1998; Bratton and Gold, 1999). According to Armstrong (2000), taking a strategic approach to human resource management practices (e.g. compensation) may mean making strong changes in how employees are compensated. Compensation links all pay and benefits to attracting and motivating employees (Mello, 2002; Daley, 2002). Organizations taking a strategic approach to compensation realize the need for inspiration to meet strategic objectives. In addition, inside an organization, different compensation programs may be needed for different separation, departments or group of employees. In fact, compensation should focus on
internal and external pay differential among jobs (Martocchio, 2009). Strategic compensation refers to the provision of intrinsic and extrinsic compensation that are perceived by employees as fair (Mahmoodi, 2006). According to Armstrong and Murlis (1994) implementing strategic compensation practices help the organization to achieve its objectives by increasing commitment and motivation. Following this logic, compensation has been considered an important mechanism affecting attitudes and behaviors of employees. It is clear that effective compensation is generally associated with work attitudes and behavioral outcomes.

The positive impact of compensation, such as pay and incentives on work attitudes can be derived from the argument that an individual’s perception of being valued by the organization may be significantly influenced by the organization’s compensation for the individual’s effort (Meyer and Allen, 1997). Some scholars have suggested that compensation should be designed to achieve affective commitment as a strategic human resource management practices (Ritzer and Trice, 1969; Martocchio, 2009). Also, they addressed that the certain types of compensation plans also lead to higher organizational commitment. For example, in a study conducted by Grover and Crooker (1995), using data collected in a national survey of more than 1,500 U.S. workers, found a positive relationship between availability of benefits and affective commitment. They argued that organizations that offer such benefits are perceived by employees as showing greater support and as being fair in their dealing with employees. Compensation research has adopted theories, such as the equity theory (Adams, 1965) and job characteristic theory (Hckman and Oldham, 1980), to explore the issue of attitude with compensation. According to the equity theory, individuals are dissatisfied with the amount of pay received is less than they had expected. In the individuals’ perceptions of fair with compensation approach, some studies have suggested that pay satisfaction is related to organizational commitment. For example, Beauvais et al. (1991) found a positive and significant relationship between pay equity and organizational commitment. Lane (1993) examined the relationship between benefit satisfaction, organizational commitment, and turnover intention. He found that benefit satisfaction was positively related to organizational commitment and negatively associated with turnover intention. According to various scholars, successful compensation practices depend on a organization’s ability
to develop and implement systematic training programme (Mello, 2002; Lundy and Cowling, 1996; Martocchio, 2009). However, the association between training and compensation and organizational commitment appears lacking from previous investigation (Stup, 2006). In other words, provision of effective training and effective compensation are considered to be the top strategic human resource management that is considered to be relevant for retention and turnover intention (Chew and Chen, 2008). Employees typically like pay-for-knowledge plans and they enjoy benefits from these programs. According to Hackman and Oldham (1976) they can provide both work design and job enrichment that create more intrinsically motivating. Tosi and Tosi (1986) found anecdotal evidence to suggest that workers will be more satisfied with the compensation that they receive in a pay-for-knowledge plan. Job enrichment, also known as work redesign, attempts to increase an individual’s work motivation through changes in individual jobs, which in turn lead to organizational commitment (Jamshidiyan, 2007). The job characteristics model of Hackman and Oldham (1976) provides a significant foundation to explain how to improve employee motivation through work design. Intrinsic job dimensions described the relationship between job characteristics and individual response to work (Scott et al., 2005).

In addition, according to job characteristic theory, lack of skill, task, autonomy, and feedback will not provide intrinsic compensation which in turn, will not reinforce desired work behaviors (Steers, 1977) such as attendance and desire to remain-lower turnover. Pay for knowledge strategies can help organizations design such intrinsically motivating works especially with regard skill variety, task identity and task significance, autonomy, and feed back (Martocchio, 2009). According to work characteristic theory, they enable employees to experience meaningfulness of work, responsibility, and knowledge of outcomes that is fundamental to intrinsic motivation, that is, work is motivating itself (Hackman and Oldham, 1975). In addition, job characteristic has an impact on individual’s attitudes, and it recognizes that human needs act as motivational forces (Charles, 2002). Motivation has been theorized as the foundation of organizational commitment (Herzberg, 1987; House and Michell, 1974; Vroom, 1964). So far, evidence does suggest that pay-for-knowledge programmes lead to increased organizational commitment, enhanced work motivation, these results probably due to the fact that will-
designed pay-for-knowledge plans promote skill variety and autonomy (Caudron, 1993). For example, when an employer empowers teams to manage themselves, these managing duties, including training one another, learning multiple work, and different skills and abilities, represent the autonomy and skill variety. As a result, pay-for-knowledge programs can help organizations design such intrinsically motivating works, especially with regard to skill variety and autonomy. While there is clear evidence that intrinsic compensation affect intrinsic need satisfaction, a more recent study found that intrinsic rewards such as verbal words of interest, thanks, and approval from one’s supervisor, positively affect motivation and intrinsic need satisfaction (Wellman, 2008). The findings of the study also suggested that intrinsic need satisfaction predicts job satisfaction. The research has placed greater emphasis on intrinsic compensation than it has on extrinsic compensation.

3.4 Employee Involvement

Robbins (1998) defines Employee Involvement as a participative process that utilizes the entire capacity of employees, and encourages their increased commitment to organizational success. Robbins (1998) distinguishes between employee participation and EI on the basis that EI is more encompassing and seeks to engage the entire capacity of the individual focused toward organizational success. This view is supported by Cotton (1996, p.219) who defines EI as ‘a participative process to utilize the entire capacity of workers, designed to encourage employee commitment’. Employee participation, on the other hand, does not necessarily seek that degree of individual commitment and is seen rather as a subset of EI (Robbins 1998; Shadur, Kienzle & Rodwell 1999). Mariapa (1998) defines the degree of involvement as the extent of influence the employees have over the outcomes.

William Kahn provided the first formal definition of employee involvement, as such: "the harnessing of organisation members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances." Kahn (1990).

In 1993, Schmidt et al. proposed a bridge between the pre-existing concept of 'job satisfaction' and employee involvement with the definition: "an employee's involvement
with, commitment to, and satisfaction with work. Employee involvement is a part of employee retention." This definition integrates the classic constructs of job satisfaction (Smith et al., 1969), and organizational commitment (Meyer & Allen, 1991).

Defining Employee involvement remains problematic. In their review of the literature in 2011, Shuck and Wollard identify four main sub-concepts within the term:

1. Needs Satisfying approach, in which engagement is the expression of one's preferred self in task behaviours.
2. Burnout Antithesis approach, in which energy, involvement, efficacy are presented as the opposites of established "burnout" constructs: exhaustion, cynicism and lack of accomplishment.
3. Satisfaction-engagement approach, in which engagement is a more technical version of job satisfaction, evidenced by Gallup's own engagement survey which gives a correlation with one (job satisfaction) measure.
4. The Multidimensional approach, in which a clear distinction is maintained between job and organizational engagement, usually with the primary focus on antecedents and consequents to role performance rather than organizational identification.

Definitions of engagement vary in the weight they give to the individual vs the organization in creating engagement. Recent practice has situated the drivers of engagement across this spectrum, from within the psyche of the individual employee (for example, promising recruitment services that will filter out disengaged' job applicants) to focusing mainly on the actions and investments the organization makes to support engagement.

### 3.4.1 Various Approaches of Employee Involvement

McNabb and Whitfield (1998) also define EI as four components based around communication channels and the extent of involvement. These are, upward problem solving; direct/downward personal communication; joint consultative committees/representative participation; and financial participation.

Neumark and Cappelli (1999) suggest that EI is work practices that transfer power to employees. This concept of EI as an organizational power transfer is supported by
Pascale (1997) and Vandenberg, Richardson and Eastman (1999). However, Pascale (1997) relates it to the employees’ perception of their ability to influence organizational performance and likens the effort to revitalization of the organization by incorporating employees. Pascale and Millemann (1997) cites Sears and the US Army as examples of the process. Leana and Florkowski (1992) believe EI programs integrate psychological theory and management practice research. They believe the focus should be on three approaches:

(a) Psychological - EI affects employee’s attitudes and beliefs;
(b) Management - benefits to employee job performance and work processes; and
(c) Labor - union commitment, employee relations.

Dale and Cooper’s (1992) view that EI does not have one set form, but can take a variety of forms attempting to satisfy any one of the four principles of humanization at work, namely; security, equity, individuation and democracy. Indeed EIP can also be seen in this perspective as attempting to meet one or more of the above humanization principles. Shadur, Kienzle and Rodwell (1999) recognize the variety of EI; however, they distil the work of Eccles (1993) into three types of involvement, namely:

(a) Suggestion involvement - employees contribute ideas;
(b) Job involvement - better ways of organizing and undertaking tasks; and
(c) High involvement - developing better decision making pathways.

Workers in the past were not expected or encouraged to think about the job but to follow rules, methods and procedures set by management. Performance was measured and controlled by management (Schmerhorn 1986; SIOP 2002). In contrast, flexible production concepts have recently been developed which put the worker in a more central or influencing position. Problems are identified and, where possible, are resolved at the workplace by the workers. A range of knowledge varying from problem solving and communication skills through to process understanding is needed to achieve this. However, these multiple skills and conceptual knowledge in this flexible organizational approach are of little value if workers are not motivated to contribute beyond the physical effort. This added application of mental or intellectual effort is labeled as discretionary effort (Edwards & Wright 2000; Macduffie 1995). In recent years, employee involvement has been widely debated (Edward & Wright 2001; Freeman, Keleiner & Ostroff 2000;
Wood 1999). This debate has revolved around the definition of high commitment management, high performance work practices, high performance work systems, high involvement management and human resource management (Guest 1997). At their core, these definitions are all based on achieving improved organizational performance, which in turn is focused on value adding, or maintaining or improving competitive advantage (Shadur, Kienzle & Rodwell 1999). Also in this context there is the paradox of high performance concepts which are directed toward attaining high performance and not that of attitudinal change. Nevertheless, high involvement is the people side of competitive strategies such as Porter’s cost minimization and quality/innovation categories (Wood & Albanese 1995; Wood 1999). Therefore, this wide group of involvement practices can be seen as a continuum representing a variety of practices that are contingent on the organizational context for their effect as shown in Figure 3.4.1 (Shadur, Kienzle & Rodwell 1999; Tesluk, Vance & Mathieu 1999).

![Figure 3.4.1: Continuum of Involvement Practices](image)

There is much debate as to whether the above approaches are viewed as either a univariate approach (one best practice) or a contingent approach (one of best fit) (Wood 1999). The general view in the literature points to the importance of situational and organisational aspects in EI which would favour the contingent approach (Shadur, Kienzle & Rodwell 1999; Tesluk, Vance & Mathieu 1999). A lack of longitudinal research inhibits this debate.

### 3.4.2 Employee Involvement Links with Organisational Performance

The correlation between EI and business performance has generally been established as marginally positive (Freeman, Kleiner & Ostroff 2000; Guthrie 2001; Huselid 1995; Kling 1995; Pascale & Millermann 1997; Pfeffer 1995; McNabb & Whitfield 1998;
Vandenberg, Richardson & Eastman 1999). However, the mechanism for that correlation is not largely understood. Indeed the strength of that correlation has varying degrees of support.

Huselid (1995) has gone on to attribute EI with tangible improved financial results based on a one standard deviation increase in financial performance over the mean of the firms studied. This, along with McNabb and Whifield’s (1998) work in the United Kingdom, has resulted in a body of work which is referred to when supporting the claim that the application of EIP leads to improved corporate financial performance. Guest (1997) states that there is no theory about EI’s performance impacts. However, the approach taken to performance will be influenced by the disciplinary perspective adopted, i.e. production, economics or psychology.

Edwards and Wright (2001) believe there is difficulty in measuring the performance changes due to EI as causal links are not clear and there is a variety of EIP to which outcomes can be attributed. This view is supported by Becker and Gerhardt (1996) who seek to determine EI outcomes using traditional measures like return on equity. Wood (2000) believes this problem in measurement is due to the difficulty in measuring labor effort. Using these indirect methods leaves the outcome open to interpretation and to the outcome being influenced by other factors such as capital improvements and technology change.

EI is an approach often targeted at enhancing or retrieving the competitive position of an organization. To this end, it is generally associated with aspiring to high performance (Wood & Albanese 1995). The use of the word high implies the practice is aimed at inducing a performance greater than that achieved by the control-orientated practices of traditional approaches (Tesluk, Vance & Mathieu 1999). Neumark and Cappelli (1999) suggest that EI is a work practice that transfers power to employees and adds to the body of literature that sheds doubt on the positive correlation between EI schemes and organizational results. They also demonstrate, from survey data, that economic benefits from increased productivity are offset by increased employee compensation costs that are inherent in EI programs.
3.4.3 Impact of EI Practices

There has been considerable debate as to whether the organizational impact is due to the single application of an EIP element or whether the impact is attained with the application of bundles of these elements (Lawler, Mohiman & Ledford 1995; Pfeffer & Veiga 1999). Pfeffer (1996) states it should also be seen in the context of the organization’s strategic direction, core organizational values and structure. Internal fit or congruence between application of the elements and the organization’s context should also be considered, otherwise organizational ambiguity may occur. This can result in confusion and conflict contributing towards EIP implementation failure (Delaney & Huselid 1996; Guest 1997; Delaney and Huselid (1996) believe these models all converge on the view that the management of people through human resource management practices are all important in the determination of both employee and organizational outcomes. Delaney and Huselid (1996) distil this down to HRM practice impacts on employee skills, ability, motivation and work processes. This view is supported by Marchington and Grugulis (2000). While there has been advocacy for the application of the HRM practice as bundles to get synergistic benefits, there are those such as Wood (2000) who argues against that view. Wood (2000) contends that if the benefits of the HRM practices are so clear then partial, or incomplete, implementation of bundles of HRM should also lead to benefits. He also argues that the supporting research is inconclusive as the scope of the research is variable or limited. Some studies ignore job design and performance pay, which can lead to misleading prescriptions on how to increase organizational effectiveness (Berg 1999; Guest 1997). Indeed Wood (2000) argues that practices based on Taylor’s theories may be appropriate in some circumstances; however, he does not specify those circumstances. His point is that it cannot be assumed that EIP will automatically result in improved performance.

Conger and Kanungo (1988) view employee empowerment as a motivational construct and link empowerment to the self efficacy of the goal setting motivational theory. They extend this to four cognitive dimensions that reflect an employee’s perception of their work, namely: meaningfulness, competence, choice and impact. From this work it can be suggested that the employee’s choice to be involved is an extension of empowerment practices yet despite this, it is clear that the employee perception of management’s role
and commitment will have an influence on EIP implementation (Marchington & Grugulis 2000).

Therefore employee involvement practices were analyzed in light of job satisfaction and organizational commitment based on the questionnaires framed with the help of the reviewed literature.

3.5 Safe and Healthy Work Environment

Occupational safety and health (also commonly referred to as occupational health and safety) is an area concerned with protecting the safety, health and welfare of people engaged in work or employment. The goals of occupational safety and health programs include fostering a safe and healthy work environment. OSH may also protect co-workers, family members, employers, customers, and many others who might be affected by the workplace environment.

Since 1950, the International Labour Organization (ILO) and the World Health Organization (WHO) have shared a common definition of occupational health. It was adopted by the Joint ILO/WHO Committee on Occupational Health at its first session in 1950 and revised at its twelfth session in 1995. The definition reads:

"Occupational health should aim at: the promotion and maintenance of the highest degree of physical, mental and social well-being of workers in all occupations; the prevention amongst workers of departures from health caused by their working conditions; the protection of workers in their employment from risks resulting from factors adverse to health; the placing and maintenance of the worker in an occupational environment adapted to his physiological and psychological capabilities; and, to summarize, the adaptation of work to man and of each man to his job.

"The main focus in occupational health is on three different objectives: (i) the maintenance and promotion of workers’ health and working capacity; (ii) the improvement of working environment and work to become conducive to safety and health and (iii) development of work organizations and working cultures in a direction which supports health and safety at work and in doing so also promotes a positive social climate and smooth operation and may enhance productivity of the undertakings. The concept of working culture is intended in this context to mean a reflection of the essential
value systems adopted by the undertaking concerned. Such a culture is reflected in practice in the managerial systems, personnel policy, principles for participation, training policies and quality management of the undertaking."

3.5.1 Consequences of Safe and Healthy Work Environment

It is clear that the consequences of occupational safety and health hazards, such as accidents and ill health, do not only encompass the company but also individual workers/victims as well as their families and social networks. Society as a whole has to deal with these negative outcomes of the production process.

This means that the motives for developing an effective occupational safety and health policy stem from social as well as from economic objectives. If one considers health and safety to be a basic right for every worker, the economic goals have to be embedded in the social policy at company and society level. Table 3.5.1 demonstrates the complexity of the costs of occupational accidents and diseases for the individual employee, for the company and for society as a whole.

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Table 3.5.1 shows clearly that occupational accidents and ill health can have serious consequences for individual workers, for their families and social networks, as well as for companies and society as a whole. Some of the cost items are impossible or very difficult to quantify. However, this does not mean that they cannot be used as arguments in support of a more economical appraisal of health and safety measures.

3.5.2. Influence of Safe & Healthy Work Environment on Job Satisfaction

Human resources is the most important component in the company and in the implementation of the production process, therefore company should pay attention to maintaining OSH. This is done to provide comfort whilst working and the resulting sense of security for the employees at the time of the production process and when dealing directly with their work environment. Various studies have found that OSH that has been performed by company not only provides a sense of security to employees, but also could provide satisfaction to employees. When employees are satisfied with the security and safety in their workplace, the accident could at best be avoided. Thus, if OSH could be applied and considered seriously by the company, then it is expected that OSH would prevent and reduce the occurrence of occupational accidents in the workplace. Not only could that, in addition to preventing the occurrence of accidents in the workplace, OSH also increase employee job satisfaction. OSH policy also stated that the company is investing in human resources, not only about their physical safety but also could have a trickle-down effect in increasing employee’s satisfaction in.

In principle, avoidance of accidents could be achieved from implementing OSH programs that at first should be announced by the company. This program will not only have implications for the health of employees in their work, but also on employee’s job satisfaction. The OSH program itself consists of job safety regulation, co-worker safety, supervisor safety, and the practice of safety management and the implementation of safety programs. When OSH program can be implemented optimally, then it will have implications on employee’s job satisfaction.
3.5.3. Influence of OSH on Employee’s Performance

Performance is the result obtained by a person or a group within an organization. This is in accordance with what have been found in previous literature that states "Performance is what is done or not done by employees” and "Performance is the result of the quality and quantity of work accomplished by an employee in carrying out their duties in accordance with responsibility given to him". These description reveals that the work is accomplished by an employee in performing a task can be evaluated by a given performance level, e.g. the employee's performance could be determined from the achievement of specific targets over a period within the organization. Several factors could drive employee’s satisfaction be-sides the implementation of OHS program. Employee’s job satisfaction could be influenced by several factors that en-courage their satisfaction. Aspects of employee job satisfaction consist of a well-balanced compensation, mentally challenging work, supporting co-workers, and supporting working conditions. Only when one or all of these aspects are met, then a company could expect an improvement in employee’s performance.

As a finding of a study (Lamm, Massey, Perry, 2006) there is increasing and compelling evidence that providing a healthy and safe working environment has the potential to increase labour productivity and in turn increase business profits. Lamm et al (2006) also refer to the argument of some commentators that productivity gains are often at the expense of workers’ health and safety. Businesses typically strive to become more productive and in doing so are driving their workers to work longer, harder and with higher utilization often in extremely hazardous conditions, and only implement health and safety measures to keep compensation costs down (Massey and Perry, 2006; Mayhew and Quinlan, 1999; Dorman 2000; Quinlan, 2001). As noted by Lamm et al. (2006), James (2006) observes that while exposure to risks associated with machinery and manual labour are being reduced; other risks related to the increase in labour productivity are on the rise. Lamm et al. (2006) also suggest efforts to increase productivity through occupational safety and health can have contradictory results and point out the gaps in literature that while there is evidence that occupational injuries and illnesses impact on productivity losses, it is not clear whether or not reducing injuries and illnesses will automatically influence productivity gains.
Figure 3.5.1 Outcomes of OSH Measures and Programmes in Relation with Company Performance and Company Goals

Figure 3.5.1 offers an insight into the relationship between occupational safety and health (OSH) prevention measures and programmes, the process and the outcomes. Occupational safety and health programmes generate effects and outcomes that influence company performance positively and which contribute to the company goals. In order to have an effective influence on company performance, the occupational safety and health programme must be aligned with the company goals.

The excellence model offers an insight into the relationship between occupational safety and health measures and programmes, the process and the outcomes. Occupational safety and health programmes generate effects and outcomes that influence company performance positively and which contribute to the company goals. Outcomes are noticeable on both organizational (less costs, improved company image, less job turnover and higher productivity) and individual level (healthier lifestyle, improved motivation and commitment).
As the literature survey and the indicators of the case studies defined suggest, the productivity rate increases as a result of health and safety interventions. However, enterprises do not generally measure the changes after they apply interventions. Thus, encouraging to measure the changes after interventions and developing tools will help the enterprises to obviously realize the improvements and this will help them to understand health and safety interventions should be understood as an investment rather than a cost and it would not be that difficult to convince the employers that health and safety programmes should be integrated in the factors of company development. Therefore this study addressed the outcome of safe & healthy work environment interventions adopted company and its effects on employee job satisfaction and productivity in terms of organizational commitments.

3.6 Learning and Development

In the field of human resource management, learning and development is the field concerned with organizational activity aimed at bettering the performance of individuals and groups in organizational settings. It has been known by several names, including employee development, human resource development, and learning and development. (Harrison 2005)

Learning has traditionally been defined as the process by which individuals change their skills, knowledge, attitudes, and/or behaviour (Robbins and DeCenzo, 1998). In this
context, learning involves designing and supporting learning activities that result in a
desired level of performance. In contrast, development typically refers to long-term
growth and learning, directing attention more on what an individual may need to know or
do at some future time. While learning focuses more on current job duties or
responsibilities, development points to future job responsibilities. However, sometimes
these terms have been used interchangeably or have been denoted by the single term
performance consulting, which emphasizes either the product of learning and
development or how individuals perform as a result of what they have learned (Robinson
and Robinson, 1995).

Learning is an educational process. People can learn new information, re-learn and
reinforce existing knowledge and skills, and most importantly have time to think and
consider what new options can help them improve their effectiveness and performance at
work. Effective learning’s convey relevant and useful information that inform employees
and develop skills and behaviours that can be transferred back to the workplace.
(Charnov 2000)
The goal of learning is to create an impact that lasts beyond the end time of the learning
itself. The focus is on creating specific action steps and commitments that focus people’s
attention on incorporating their new skills and ideas back at work.

Learning can be offered as skill development for individuals and groups. In general,
learning’s involve presentation and learning of content as a means for enhancing skill
development and improving workplace behaviours.

These two processes, Learning and Development, are often closely connected. Learning
can be used as a proactive means for developing skills and expertise to prevent problems
from arising and can also be an effective tool in addressing any skills or performance
gaps among staff. Development can be used to create solutions to workplace issues,
before they become a concern or after they become identifiable problem.(Kim, 1997)

Development is a process that “strives to build the capacity to achieve and sustain a new
desired state that benefits the organization or community and the world around them”.
(Garavan, Costine, and Heraty 1995).

Development perspective examines the current environment, the present state, and helps
people on a team, in a department and as part of an institution identify effective strategies
for improving performance. In some situations, there may not be anything “wrong” at the present time; the group or manager may simply be seeking ways to continue to develop and enhance existing relationships and job performance. In other situations, there may be an identifiable issue or problem that needs to be addressed; the Development process aims to find ideas and solutions that can effectively return the group to a state of high performance. Development implies creating and sustaining change. (Marmer, 1999)

Learning and development describes the formal, ongoing efforts that are made within organizations to improve the performance and self-fulfilment of their employees through a variety of educational methods and programmes. In the modern workplace, these efforts have taken on a broad range of applications: from instruction in highly specific job skills to long-term professional development. In recent years, learning and development has emerged as a formal business function, an integral element of strategy, and a recognized profession with distinct theories and methodologies. More and more companies of all sizes have embraced "continual learning" and other aspects of learning and development as a means of promoting employee growth and acquiring a highly skilled work force. In fact, the quality of employees and the continual improvement of their skills and productivity through learning are now widely recognized as vital factors in ensuring the long-term success and profitability of small businesses and in addition create a corporate culture that supports continual learning. (Marmer 1999)

For the most part, the terms "learning" and "development" are used together to describe the overall improvement and education of an organization's employees. However, while closely related, there are important differences between the terms that centre on the scope of the application. In general, learning programmes have very specific and quantifiable goals, like operating a particular piece of machinery, understanding a specific process, or performing certain procedures with great precision. Developmental programmes, on the other hand, concentrate on broader skills that are applicable to a wider variety of situations, such as decision making, leadership skills, and goal setting. (Jacob, Ronal L. 2003.)
3.6.1 Role and Impact of Learning and Development on Job Performance

According to the Organization for Economic Co-operation and Development (OECD) Employment Outlook 2004, policies aimed at enhancing workers’ skills contribute to an improvement in employment performance. Lifelong learning is shown to be a vital element in employment strategies. (www.oecd.org)

- **Unemployment**

  Unlike data at the aggregate level, learning at an individual level has a positive effect on unemployment. Individuals who received learning in the previous two years have, on average, lower unemployment rates than those who did not receive learning in the same period. (Noe 2001)

  The view that, learning may not necessarily be associated with overall lower unemployment rates, it can possibly be associated with a lower individual probability of unemployment which suggests that some displacement might be at work. Potential displacement effects can influence the risk and the extent to which gains enjoyed by individuals upgrading their skills and the employment prospects of other individuals who do not participate in learning. Therefore lifelong learning policies, if well targeted for specific groups, can be effective in improving the labour market performance of these groups, and can form part of a general strategy to reduce unemployment traps.

- **Impact on Wages**

  Across Europe, the impact of learning on wages ranges from practically zero to an almost 5% increase in Portugal. Wage growth as a result of learning is only clear in the case of young or highly educated employees. Increases in income following learning appear to be lower for women than for men.

  An important question regarding potential wage growth is whether better skills gained through learning are transferable across jobs and employers. Other studies confirm that wages are likely to increase after a job change, based on learning record.

- **Impact on Employment Security**

  i. Learning can have a positive impact on perceived job security;

  ii. Learning from a previous job also has a greater impact on perceived job security;
iii. The impact of learning is particularly strong in the case of both older and low-educated workers. Workers who previously received education or learning tend to leave their work more often for better jobs, and are less likely to leave on an involuntary basis. Trained workers have greater chances of finding a permanent job. The benefit of learning for workers with less than upper secondary education cannot be overemphasized. In general, a favourable outcome of learning is much lower for women than for men. (D. Laird 1985)

Learning before job loss tends to reduce the length of unemployment and increases the probability of re-employment. The chances of getting another job are higher when the learning provides transferable competences. Workers who receive learning or education in the year before losing their job are more frequently re-employed two years later than their untrained peers. This impact is even stronger in the case of workers with lower educational attainment. Joy Emery (2000) indicates that Positive Learning and Development is the framework for helping employees to develop their personal and organizational skills, knowledge, and abilities. The focus of all aspects of Human Resource Development is on developing the most superior workforce so that the organization and individual employees can accomplish their work goals in service to customers. (Emery 2000).

Daft (1983) mentioned that all employees want to be valuable and remain competitive in the labour market at all times. This can only be achieved through employee learning and development. Employees will always want to develop career-enhancing skills, which will always lead to employee motivation and retention. There is no doubt that a well trained and developed staff will be a valuable asset to the company and thereby increasing the chances of his efficiency in discharging his or her duties. (Daft 1983)

The purpose of this study will be to further explore the relationship between learning, development and improvement of job performance via job satisfaction and organizational commitment, with attention to the frequency of both productive and counterproductive behaviors addressed in learning.
3.7 Job Satisfaction

For decades, job satisfaction has been one of the most extensively researched concepts in work and organizational psychology. Job satisfaction is believed to reflect an individual’s affective and/or cognitive assessment of his or her working conditions and job attributes (Weiss & Cropanzano, 1996); it has been traditionally used to confirm the effectiveness of job redesign and motivational conditions at work. Since the 1980s, however, an increasing number of studies indicated that job satisfaction is influenced by personality dispositions (e.g. Arvey, Bouchard, Segal, & Abraham, 1989; Staw & Ross, 1985).

The definitions of job satisfaction of various authors are given herewith. Hoppock (1935) indicates that job satisfaction means the mental, physical and environmental satisfaction of employee and the extent of job satisfaction can be known by inquiring employees about the job satisfaction extents. The academic definitions of job satisfaction can be divided into three types. Namely:

(i) Integral definition: This definition emphasizes workers’ job attitude toward environment with focal attention on the mental change for individual job satisfaction of employee (Locke, 1976; Fogarty, 1994; Robbins, 1996).

(ii) Differential definition: It emphasizes job satisfaction and the difference between the actually deserved reward and the expected reward from employees; the larger difference means the lower satisfaction (Smith et al., 1969; Hodson, 1991).

(iii) Reference structure theory: It emphasizes the fact that the objective characteristics of organizations or jobs are the important factors to influence employees’ working attitude and behaviors but the subjective sensibility and explanation of working employees about these objective characteristics; the said sensibility and explanation are also affected by self reference structures of individual employee (Morse, 1953; Homans, 1961). Although no uniform definition of job satisfaction exists (Siegel & Lane, 1982); job satisfaction is generally considered to be the overall feeling that a worker has about a job.

Solly and Hohenshil (1986) stated “Job satisfaction is defined as an attitude individuals hold about their work consisting of a general or global factor of satisfaction as well as a collection of specific factors related to sources of work reinforcement” (p. 119). According to Hoppock (1977), job satisfaction can be defined as essentially any
combination of psychological, physiological, and environmental circumstances that cause a person to say, “I am satisfied with my job”.

Business Definition for Job Satisfaction: The sense of fulfillment and pride felt by people who enjoy their work and do it well. Various factors influence job satisfaction, and our understanding of the significance of these stems in part from Frederick Herzberg. He called elements such as remuneration, working relationships, status, and job security "hygiene factors" because they concern the context in which somebody works. Hygiene factors do not in themselves promote job satisfaction, but serve primarily to prevent job dissatisfaction. Motivators contribute to job satisfaction and include achievement, recognition, the work itself, responsibility, advancement, and growth. An absence of job satisfaction can lead to poor motivation, stress, absenteeism, and high labor turnover.

Paul Specter’s refers to job satisfaction as “a cluster of evaluative feelings about the job” and identifies nine facets of job satisfaction that are measured by the Job satisfaction:

1. **Pay** - amount and fairness or equity of salary
2. **Promotion** - opportunities and fairness of promotions
3. **Supervision** - fairness and competence at managerial tasks by one’s supervisor
4. **Benefits** - insurance, vacation, and other fringe benefits
5. **Contingent rewards** - sense of respect, recognition, and appreciation
6. **Operating procedures** - policies, procedures, rules, perceived red tape
7. **Co-workers** - perceived competence and pleasantness of one’s colleagues
8. **Nature of work** - enjoyment of the actual tasks themselves
9. **Communication** - sharing of information within the organization.

### 3.7.1 Importance of Job Satisfaction to Organizations

After reading about job satisfaction and the factors related to it, you may want to know that why job satisfaction important is? The importance of job satisfaction plays a major role in our occupational life. It has relation with many aspects because it affects a person’s

(a) Mental Health:

If a person remains continuously dissatisfied with the job it affects the mental health of the individual. The continuous tension leads to much maladjustment in the behavior.
(b) Physical Health:
Job Satisfaction affects the physical health of the person. If a person is under continuous stress, he/she will suffer from health problems like headaches, heart and digestion related diseases etc.

(c) Increase in output:
The output automatically increases with job satisfaction because when a person is happy with his job situation, he would like to put more effort in his work, which in turn will increase the output.

3.7.2 Measuring Job Satisfaction
There are many methods for measuring job satisfaction. By far, the most common method for collecting data regarding job satisfaction is the Likert Scale (named after Rensis Likert). Other less common methods of for gauging job satisfaction include: Yes/No questions, True/False questions, point systems, checklists, and forced choice answers. This data is typically collected using an Enterprise Feedback Management (EFM) system. The Job Descriptive Index (JDI), created by Smith, Kendall, & Hulin (1969), is a specific questionnaire of job satisfaction that has been widely used. It measures one’s satisfaction in five facets: pay, promotions and promotion opportunities, coworkers, supervision, and the work itself. The scale is simple, participants answer either yes, no, or can’t decide (indicated by ‘?’) in response to whether given statements accurately describe one’s job. The Job in General Index is an overall measurement of job satisfaction. It is an improvement to the Job Descriptive Index because the JDI focuses too much on individual facets and not enough on work satisfaction in general. Other job satisfaction questionnaires include: the Minnesota Satisfaction Questionnaire (MSQ), the Job Satisfaction Survey (JSS), and the Faces scale. The MSQ measures job satisfaction in 20 facets and has a long form with 100 questions (five items from each facet) and a short form with 20 questions (one item from each facet). The JSS is a 36 item questionnaire that measures nine facets of job satisfaction. Finally, the Faces Scale of job satisfaction, one of the first scales used widely, measured overall job satisfaction with just one item which participants respond to by choosing a face.
3.7.3 Factors Influencing Job Satisfaction

There a number of factors that influences one's satisfaction in the job situation. They can be categorized under two broad headings. (i) Organizational Factors. (ii) Personal Factors.

(i) Organizational Factors:
A major amount of time is spent in the work place by all of us. The place where we spend such a lot of time should fulfil our needs to some extent. The factors related to the work place are:

- **Reward:**
  Reward includes all incentives like raise in pay, perks, facilities and promotion. The promotion factor is a major factor in job satisfaction. An employee can only achieve job satisfaction and work better when he knows that he will get his dues and raises in due time.

- **Physical Working Condition:**
  The physical working conditions like availability of necessary furniture, lighting facilities, work hazard also plays a major role in the factor of job satisfaction.

- **Cooperation:**
  Cooperation and attitude of the staff members with the person is also an important factor in the Job satisfaction of the person.

(ii) Personal Factors:
The second major factors are the personal factors. These are as follows:

- **Interest:**
  Whether the nature of the work is of interest to the employee is a question. Answer of which tells the job satisfaction of the person.

- **Personality Traits:**
  Some jobs are suitable only to a certain type of personalities *e.g.* a doctor or a sales person. Job is such that they are in regular contact with general public. If they are shy in nature or cannot talk much they will not be able to be successful in that setting which will cause dissatisfaction to them. While choosing for a job one should see that they have those personality traits which are necessary for that job because matching of the personality traits with the job is very necessary.
• Status and Seniority:
It has been found that the higher a person's position within the organization the job satisfaction reported is also high.

• Life Satisfaction:
Whether the job which a person is doing giving the person life satisfaction too? Life satisfaction is a term which is referred to Maslow's hierarchy of need of self actualization. A person wants to establish or reach a goal in his life and it can be accomplished through the work which one is doing. It is other than the monetary part *e.g.* taking out publications or conducting researches *etc.*

### 3.7.4 Relationship between Organization Commitment and Job Satisfaction

There are numerous investigations that have studied the relationship between organizational commitment and job satisfaction (Currivan, 1999). Some researchers have admitted that organizational commitment may be an independent variable with job satisfaction as an outcome (Bateman and Strasser, 1984; Vandenberg and Lance, 1992). According to Bateman and Strasser (1984) organizational commitment has an effect on job satisfaction, which in turn will affect the turnover intention. These research studies argue that the managers who are highly committed to the organizations may experience higher levels of job satisfaction (Lau and Chong, 2002). Irving, Coleman and Cooper (1997) found that job satisfaction was positively related to affective and normative commitment (with a stronger relation between satisfaction and affective commitment), but not with continuance commitment.

Rosin and Korabik (1991), using Canadian woman managers as their samples, reported that woman who felt that their expectations had not been met, who described their job as limited in leadership, responsibility, variety, time flexibility and autonomy and who cited office politics and being in a male dominated environment as potential factors in a leave decision, experienced low job satisfaction and organizational commitment and had a greater intention to leave. Besides, it is found that employees’ initial commitment to an organization is determined largely by their individual characteristics and how well their early job experiences match their expectations. Later organizational commitment continues to be influenced by job experiences, with many of the same factors that lead to
job satisfaction also contributing to organizational commitment or lack of commitment (Hellriegel, Slocum and Woodman, 2001).

Commitment is interrelated to satisfaction. Becker et al. (1995) in Tella et al. (2007) defined organizational commitment in three dimensions; (1) a strong desire to remain as a member of a particular organization, (2) a willingness to exert high levels of efforts on behalf of the organization and (3) a defined belief in and acceptability of the values and goals of the organization. In conclusion the present study expects to know the level of different components of organizational commitment and job satisfaction towards employee in the organisation and the relationship between the components of organisational and general satisfaction.

Besides, organizational commitment in relation to job satisfaction has received considerable attention in past research. For instance, Getahun, Sims & Hummer (2008), Saari and Judge (2004), Lambert (2004), Malhorta and Mukerjee (2004) discovered a positive associated between the two variables.

Job satisfaction is so important in that its absence often leads to lethargy and reduced organizational commitment (Moser, 1997). In addition, the work attitudes of job satisfaction and organizational commitment are important in shaping employees’ intentions to stay or leave. Both were predicted to have direct effects on turnover intent of correctional employees. Organizational commitment is the bond between the worker and the organization. Employees with high commitment are loyal to the organization, share its values, and identify with the goals of the organization (Mowday, Porter, & Steers, 1982).

Besides that, Dubinsky et al (1990) using U.S, Japanese and Korean samples also reported a significant relationship between job satisfaction and organizational commitment. This finding may imply that nationality may have only minimal explanatory power with respect to this relationship. Based on literature review and previous studies, this research hypothesized the relationship between job satisfaction and organizational commitment.
3.8 Organizational Commitment
Porter, Steers, Mowday, and Boulin (1974) defined organizational commitment as “the strength of an individual’s identification with and involvement in a particular organization” (p. 604) and further presented commitment as being characterized by three factors: a belief in and acceptance of goals and values, a willingness to exert effort, and a strong desire to maintain membership. Thus, organizational commitment can be defined as a psychological state that includes an individual’s belief in and acceptance of the value of his or her chosen job, and a willingness to maintain membership in that job (Morrow & Writh, 1989). One of the most popular models of organizational commitment was developed by Allen and Meyer (1996; Meyer & Allen, 1991, 1997). This model is characterized by three commitment components: affective, emotional attachment to the organization; continuance, perceived costs associated with leaving the organization; and normative, feelings of obligation towards the organization.
Organizational commitment has been the subject of continued research interest for several decades because of its relationship with individual and organizational performance and organizational effectiveness (Allen & Meyer, 1996; Mathieu & Zajac, 1990; Mowday, 1998). Organizational commitment is a multidimensional construct with antecedents and consequences varying across dimensions (Meyer & Allen, 1997).
Commitment comes in three categories, all of which impact employees’ behavior: job commitment, career commitment, and organizational commitment (Burud & Tumolo, 2004). In this study, organizational commitment, which has been substantially researched, was considered. The definition of organizational commitment refers to “the strength of an individual’s identification with and involvement in a particular organization” (Porter et al., 1974, p. 604).

3.8.1 Meyer and Allen Three Component Model of Commitment
The Meyer and Allen model of commitment consists of three components that are not considered mutually exclusive despite their differences in psychological base. The first component of the Meyer and Allen model is affective commitment which refers to an employee’s “emotional attachment to, identification with, and involvement in an organization (Meyer et al., 1991). The second component in the model is continuance
commitment which refers to an employee’s perceived costs of leaving an organization. The third component is normative commitment which refers to an employee’s feelings of obligation to remain in their organization (Meyer et al., 1991).

- Affective Commitment

As previously stated, affective commitment refers to an employee’s emotional attachment to an organization. Employees who possess a strong level of affective commitment continue to stay at an organization because they want to. The concept of affective commitment has its roots in several earlier conceptualizations of commitment. Kanter (1968) described commitment as “the attachment of an individual’s fund of affectivity and emotion to the group,” while Buchanan (1974) referred to “a partisan affective attachment to the goals and values of the organization…” Finally, an affective attachment was defined by Mowday and peers (1979) as “the relative strength of an individual’s identification with and involvement in a particular organization” (Mowday, Steers & Porter, 1979).

There are a vast range of variables that are thought to be antecedents of affective commitment. These are typically organized into the three broad categories of organizational characteristics, individual characteristics, and work experiences. Organizational characteristics such as decentralization (Batemen & Strasser, 1984) have been shown to be associates with the development of affective commitment. In addition, consideration of justice in developing policies to address drug testing (Konovsky & Cropanzano, 1991), pay (Schaubroeck, May, & Brown, 1994) and strategic decision making (Kim & Mauborgne, 1993) all found significant association between perceptions of fairness and affective commitment. Research on individual characteristics as antecedents of affective commitment are primarily divided into two categories, demographic differences and dispositional differences (Meyer et. al., 1997).

Demographic differences such as age, gender, marital status, education level, and organization tenure have all been investigated with no definitive result (Meyer et. al., 1997) as have certain dispositional differences such as perception of competence. Again, the studies are few and the results mixed.
• Continuance Commitment

The concept of continuance commitment also has roots conceptually in previously defined explanations of commitment. Becker (1960) proposed a definition of commitment that was rooted in a type of cost analysis between investments in and cost of leaving work. Kanter (1968) also proposed a similar construct which included the "profit associated with continued participation and cost of leaving." Continuance Commitment in the Meyer and Allen model posits that individuals are aware of the costs of leaving an organization and they then stay at the organization because they are not able to leave (Meyer et al., 1991).

Development of Continuance Commitment involves the evaluation of two types of information, investments and alternatives (Meyer et al., 1997). Investments are those actions that an individual takes that link them to the organization because of what might be forfeited if they are not committed. Examples of investments include time, money, effort, and even organizational citizenship behaviours. The perception that there is an investment that would be lost if an individual left the organization leads to the development of Continuance Commitment. The second type of information that is evaluated that leads to the development of Continuance Commitment is that of alternatives, specifically in terms of alternate work opportunities. Perceptions of alternatives can be based on external factors such as job market conditions or the economy. They can also be based on internal factors such as perceived ability to get another job and perceived competence in the field (Meyer et al., 1997).

The important link to the development of Continuance Commitment is that an individual has to recognize both investments and alternatives. This suggests that different individuals could evaluate the same information and come to conflicting conclusions about the perceived cost of leaving an organization.

• Normative Commitment

Normative Commitment is also based in part on previous explanations of commitment that described the concept as an obligation or "moral responsibility" (Marsh & Mannari, 1977). These earlier definitions described this type of commitment as "behaviors that are socially acceptable that exceed formal authority" (Wiener & Gechman, 1977) or "the moral obligation to stay with the company (Marsh et al., 1977). The current evolution of
Normative Commitment describes individuals who stay in an organization because it is "the right and moral thing to do" (Meyer et al., 1991). The development of Normative Commitment is thought to evolve from pressure that individuals feel from their interactions within an organization and their internalization of those feelings. The internalization can be based on a belief about the appropriate level of loyalty that is supported by the organizational culture (Meyer et al., 1997). It can also be based on perceived psychological contract. Psychological contracts are those subjective beliefs about the obligations between the individual and the organization (Meyer et al., 1991). Because they are subjective, they are influenced by individual differences and vary by person.

### 3.8.2 Consequence of Organizational Commitment and Job Satisfaction – Intentions to turnover

Studies have shown that the consequences of organizational commitment and job satisfaction include absenteeism, tardiness and turnover (Mowday et al., 1982; Reichers, 1985; Lambert and Hogan, 2009). Employees with low commitment levels and who are dissatisfied with their jobs are expected to report high turnover rates, absenteeism and poor job performance. Employee turnover is costly to organizations, in terms of recruitment and selection costs, training of new employees, loss of the performance and expertise of skilled employees, and difficulty in attracting new employees if the reasons for the departure of former employees are such as to make others unwilling to work for the organization (Tetty, 2006; Lambert and Hogan, 2009). As a result, the organization incurs the indirect costs of turnover which include increased use of inexperienced and/or tired staff, insufficient staffing resulting in decreased quality of services provided decreased morale and loss of recruiting, training and socialization investments. On the other hand, employee turnover can also provide positive changes in the organization through the creation of promotion opportunities, reorganization and restructuring of reporting lines and decision making, and the infusion of new people with new ideas (Al-Omari, Qablan and Khasawneh, 2008).

Employee turnover may be either voluntary or involuntary turnover. Voluntary turnover (i.e. quitting) occurs when the employee chooses to leave the job and is therefore more
harmful to the organization. Involuntary turnover, in contrast, is employer initiated either through dismissals or retrenchment (Iverson, 1999; Lambert and Hogan, 2009), and may also include death or mandatory retirement (Mobley, 1977). Mobley (1977) in his model of the intermediate linkages of the turnover process found that there were processes involved in an employee’s decision to leave the organization. Before a decision to actually turnover is reached, an employee expresses behavioral intentions to leave the organization which include thinking of quitting the organization, intention to search for alternatives and intentions to quit the organization. This involves evaluating the cost of quitting such as loss of seniority, loss of vest benefits among others. If the cost of quitting is too high, then the employee may re-evaluate the existing job or engage in other forms of withdrawal, for instance, lateness and absenteeism.

Studies have found that organizational commitment and job satisfaction are inversely related to turnover intentions (Steers, 1977; Mowday et al., 1979; Angle and Perry, 1981; Igbaria and Guimaraes, 1999; Meyer and Herscovitch, 2001). Employees, who are highly committed to their organizations and identify with the goals of the organization, have little reason to want to leave. Similarly, employees who have rewarding, meaningful and enjoyable jobs are less likely to quit as compared to employees who dislike their jobs. Mathieu and Zajac (1990) found that attitudinal commitment had a stronger negative correlation with intentions to leave than with calculative commitment. Somers (1995) found that affective and normative commitment had stronger positive correlations with intentions to remain as compared to continuance commitment. Karsh, Bookse and Sainfort (2005) found that turnover intentions had strong negative correlations with organizational identification, intrinsic job satisfaction and extrinsic job satisfaction. Igbaria and Guimaraes (1999) reported that employees who have insufficient information to perform their jobs adequately, unclear expectations of peers, ambiguity of performance evaluation methods, extensive job pressures and lack of consensus on job functions or duties among peers, supervisors and customers, may feel less satisfied with their jobs, less committed to the organization and have a high propensity to quit their organizations. Meyer and Allen (1997) argue that the three components of organizational commitment, namely; affective, normative and continuance commitment will have different effects on the outcomes of organizational commitment. For instance, an employee who is
affectively attached to an organization will have greater motivation or desire to contribute meaningfully to the organization than an employee with weak affective attachment. Such an employee will therefore choose not to be absent from work and will desire to perform their duties well. However, employees whose attachment to the organization is based on continuance commitment will stay with the organization mainly due to the investments they have in the organization. Such employees, therefore, may not contribute effectively to the organization and may eventually feel frustrated, leading to inappropriate work behaviors such as absenteeism. Finally, the feeling of indebtedness or obligation to the organization arising from normative commitment may create some resentment which may affect the employee’s performance.

From a practical standpoint, however, it is useful to recognize that the bonds that form between employee and organizations can range from instrumental to emotional. Identifying the different types of commitments suggest alternative management strategies leading to desired behaviors in the workplace.

3.9 Turnover Intention

Unlike actual turnover, turnover intent is not explicit. Intentions are a statement about a specific behavior of interest (Berndt, 1981: p. 636). Turnover intent is defined as the reflection of “the (subjective) probability that an individual will change his or her job within a certain time period” (Sousa-Poza & Henneberger, 2002: p.1) and is an immediate precursor to actual turnover. A broad range of literature examining the relationship of turnover intent and actual turnover (e.g. Mobley, 1977/ Hom & Griffeth 1991) exists. Actual intention and turnover intention have been measured separately; however, actual turnover is expected to increase as the intention increases. The results of the different studies provide support for the high significance of turnover intention in investigating the individual’s turnover behavior. Turnover intention captures the individual's perception and evaluation of job alternatives (Mobley et al., 1979). In Henneberger and Sousa-Poza’s study, it resulted that the decision on job mobility is rather been made by employees in the short run (Hennberger & Sousa-Poza, 2007: p. 20). Not all employees who intended to change their job had an actual turnover. On the contrary, employees, who did not intend it, had actual turnovers. It shows that, on the one
hand, employees react quite sensitive to sudden appeared options; on the other hand, employers should be able to prevent successful employees from job mobility.

3.9.1 Consequences of Turnover

- The Impact of Turnover on Organizational Cost

Organizational efficiency has been shown to be highly correlated with a low turnover rate. Studies dealing with the impact of turnover are dominated by a concern with organizational effectiveness, which is defined “as the extent, to which the system achieves its goals “(Price, 1977: p. 110). The financial impact of turnover is usually expressed in monetary terms. Cascio in 1991 made the most significant contribution in this respect, discussing the extent to which turnover cost are important (Tziner&Birati, 1996).

Table 3.9.1: Several Categories of Expenses by Cascio

<table>
<thead>
<tr>
<th>Separation Cost</th>
<th>Replacement Cost</th>
<th>Training Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>The costs incurred for exit interviews</td>
<td>Advertising position availability in various media</td>
<td>Norms of conduct and performance</td>
</tr>
<tr>
<td>Administrative functions related to termination</td>
<td>Entrance interviews</td>
<td>Disseminating relevant information for organizational socialization</td>
</tr>
<tr>
<td>Separation / severance pay</td>
<td>Holding decision making meetings</td>
<td>Participation in on the job training activities</td>
</tr>
</tbody>
</table>

- Operational Disruption

Additionally, several other studies extended Cascio’s list with further categories. In Tziner and Birati’s study (1996) they argued that Cascio neglects to discuss the distinction between functional and dysfunctional turnover, namely the “cost of the reduced productivity of the new worker during the period required for the level of performance of the previous employee to be reached” (Tziner, 1996; p. 114). If bad performers choose to leave, this could carry beneficial outcomes for the organization. However, if it is a dysfunctional turnover, then the loss of an esteemed employee can
engender a loss of productivity. Another category is named the “vacancy costs” that refers to the expenses that incurred due to increased overtime or temporary workers that are employed to complete the tasks of the vacant position.

Operational disruption occurs when high interdependence of work roles within the company exists. The loss of key members in an organization which is characterized as being highly interdependent and specialized can influence the ability of other remaining members to fulfill their work task. In some companies higher turnover rate is expected to find in lower hierarchy levels. Replacing these positions is not that difficult for the organization. The author argued that “the higher the level of position to be filled the greater the potential for disruption” (Staw, 1980: p. 256). This problem can be solved with back up personnel or employees can be trained with multiplicity skills. (Staw, 1980: p. 256)

- Factors that have an Impact on Turnover Intent

Voluntary turnover is a complex process that includes several elements, which are illustrated in Figure 3.9.1. It is classified in three major causes. Firstly, price and convenience of the withdrawal plays an important role for employee turnover and separates social from financial aspects. The financial aspect may take many forms, such as wage, fringe benefits and other commodities that have financial value which organizations give to employees in return for their service. The social aspect refers to the social behavior of an employee within his organization, such as integration or relationship with other associates. Low perceived financial and social aspects in the own organization can lead to turnover. Secondly, the intensity of desire for withdrawal has an impact on turnover. Job satisfaction and job insecurity can be placed in this field. If an employee is dissatisfied or insecure with his job, then intensity of desire for withdrawal will be higher.
Last but not least, the attractiveness and availability of alternatives can influence employee turnovers. External factors, such as labor market or personal living circumstances, play decisive roles in the turnover process. This paper would like to address the issue of the specific impact of the determinants in the following chapter.

**Determinants**

Potential determinants of turnover are listed in Table 3.9.2.

**Table 3.9.2: Determinants for Voluntary Turnover Subdivided into Categories**

<table>
<thead>
<tr>
<th>Psychological Determinants</th>
<th>Economic Determinants</th>
<th>Demographic Determinants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychological Contract</td>
<td>Pay</td>
<td>Age</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>External Opportunity</td>
<td>Tenure</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>Training</td>
<td></td>
</tr>
<tr>
<td>Job Insecurity</td>
<td>Company Size</td>
<td></td>
</tr>
</tbody>
</table>

**Psychological Determinants**

Psychological determinants refer to the employee’s mental process and behavior, such as expectations, orientation, job satisfaction, organizational commitment, job involvement or affectivity. Conceptualizing turnover psychologically deals with factors that are influenced by employee’s emotions, attitude or perception (Mueller & Price, 1990: p.
The psychological school about turnover process concentrates more on the decision dimension to turnover. Some perspectives of the economist appear in the psychological model, but are usually conceptualized in other terms. For instance, while pay is one major dimension in the economic school, psychologists stress individual variations in expectations about pay, such as distributed justice or pay satisfaction.

In contrast to economic dimensions, psychological view enables the effective management of turnover by offering potential on focusing their efforts on a key group of employees, or even on a single employee (Morrell et al., 2001: p. 32). The psychological school of turnover may be “classed as voluntary, as they emphasize the role of individual choice, whereas economic accounts are more typically determinist, as they emphasize the formative role of external influences such as alternative opportunities” (Morrell et al., 2001: p. 32). However, the psychological school often includes only those dimensions related to work issues and thus they neglect considering non-work factors as reasons for leaving work (Lee et al., 1996). Psychological determinants are listed below.

- Psychological Contract

A psychological contract refers to “an individual’s beliefs regarding the terms and conditions of a reciprocal exchange agreement between that person and another party” (Rousseau, 1989 in Farmer & Fedor, 1999: p. 350). The concept of the psychological contract is based on the insight, that the employees’ motivation and the level of their performance have to be maintained by the organization through incentives and rewards (Brinkmann & Stapf, 2005: p. 21-22). This give and take relation between organization and the employees is a complicated process about exchange and adjustment, and is made up of manifold and reciprocal expectations. The psychological contract contains all reciprocal yet unexpressed expectation, hopes and wishes of employees or employers and is a not formulated supplementary agreement next to the lawful binding work contract. Some bipartisan matters concerning the psychological contract are listed in Table 3.9.3. Each lopsided accomplishment leads to disequilibrium of the psychological contract. Lopsidedness occurs when the company considers the employee only under the aspect of the organizational purpose and solely fulfills the obligation on the formal contract, such as wage payment. It signifies a negligence and contempt of individual motives of the employees and leads to insufficient dedication.
Table 3.9.3: Bipartisan Expectations

<table>
<thead>
<tr>
<th>Employee</th>
<th>Employer</th>
</tr>
</thead>
<tbody>
<tr>
<td>❖ Comfortable and satisfying working conditions</td>
<td>❖ Classification and subordination of the employee under existing structures</td>
</tr>
<tr>
<td>❖ Possibility on exerting an influence on organizational matters</td>
<td>❖ Unconditional loyalty</td>
</tr>
<tr>
<td>❖ Proper care, encouragement and support by the employer</td>
<td>❖ Unrestricted worker’s availability</td>
</tr>
<tr>
<td>❖ Protection from being overstrained and not being challenged</td>
<td></td>
</tr>
<tr>
<td>❖ Establish job safety</td>
<td></td>
</tr>
</tbody>
</table>

Employees then tend to level their interest only on their wages. If the fulfillment of employee’s expectations, wishes and hopes fail to appear in the long run and the disadvantages are not equilibrate by advantages, then the employee’s inner conflict will get worse. If an employee is not able to bring about any changes, then work dissatisfaction will occur and then he will feel the break of the psychological contract (Brinkmann & Stapf, 2005: p. 23). The foundation of the psychological contract is based on the social exchange theory, which assumes that the human behavior is controlled by individual utility maximization (Brinkmann & Stapf, 2005: p. 24). Humans strive to maximize benefits and minimize costs.

Contract violations can trigger negative responses, such as lower the employee’s contributions, reduced satisfaction or turnover intentions (Farmer & Fedor, 1999: p. 352). Many studies showed empirical evidence that job satisfaction is an important predictor of future mobility (e.g. Mobley, 1977; Hom & Griffeth, 1991).

Job satisfaction is a complex construct composed of several facets which influence the employee’s mind.

- Autonomy

Autonomy is the quality or state of being self-governing. In this study the term “autonomy” is used to refer to jobs rather than to organization and refers to the control over work activities.

Work autonomy is defined as “the amount of discretion that an employee has in carrying out his work activities” (Price, 1997: p. 456). Interdependence and work autonomy are
often confused in studies. The degree to which a worker depends on group members in performing his job must be differentiate from the amount of power that an employee has relative to his job (Price 1997: p. 455).

- **Pay satisfaction**

According to Lawler, “pay satisfaction or dissatisfaction is a function of the discrepancy between what one feels one should receive and how much pay one does receive” (Lum et al., 1998: p. 307). Several studies included pay satisfaction as a component of a multi-dimensional measure of job satisfaction (e.g. Frisina *et al.*, 1988). Pay satisfaction causes include personal and job inputs, monetary and nonmonetary outcomes, the comparison process, as well as pay policies and administration. Models of pay satisfaction are based on the concept of Equity theory (Lum *et al.*, 1988: p. 307) which emphasizes that pay satisfaction is caused by sentiments regarding the equity of a person’s pay. These sentiments are influenced by the perceptual and comparative processes of the income/outcome ratio compared with a referent source, such as an associate. If the ratio is consistent with the other referent source, then pay satisfaction results. Inequitably feeling exists when someone’s pay is perceived to be less than another’s. Consequences of pay dissatisfaction contain several unwanted employee behaviors, such as turnover, absenteeism or lowered job performance. Pay satisfaction was examined to be negatively correlated with turnover intent, since it was positively correlated with job satisfaction (Lum *et al.*, 1998: p. 308).

- **Participation**

Employees should be able to have an influence over the decisions within the company. If decisions affect the staff, then employees are likely to view participation in order to obtain more favorable decision outcomes. Compared to unfavorable decision outcomes without employee’s possibility to participate can create negative attitudes towards those, who were responsible for the outcomes (Magner, 1996). Participation can also be related to power particularly to centralization, which is “the degree to which power is differently distributed within the organization” (Price, 1997: p. 449). Thus the more power is distributed, the higher is the decentralization. One of the benefits of Participatory Management is that employees will be more contented, since they feel needed and wanted (Marrow, 1967). Therefore participation in organizational decision making or
concerning an employee’s own work setting should have a positive impact on job satisfaction.

- **Work flexibility**
  Work flexibility negotiates with employee conditions involving adjustments in the timing, scope and/or place of work (Goldenhar, 2003). Two major characteristics are often discussed in studies (e.g. Hill et al., 2001). One is the so called “Flextime”, where employees have the possibility to choose their starting and ending hours. The other is “Flexplace”, where workers are able to do their work at a location by choice other than the regular workplace, such as the employee’s home (Goldenhar, 2003: p.3). In Hill et al.’s paper (2001: p. 49) they argued that individuals better manage long work hours with unpredictable work loading, when they have the control over when and where to work. Benefits of work flexibility can be also seen in the level of employee’s job satisfaction.

- **Supervisory Support**
  The relationship of supervisor support, also referred to as leadership, and job satisfaction is a paramount concern of several studies. A leader has to provide support or show consideration for employees concerning, otherwise a negative leader-employee interactions can result in lower pleasure with work, reduced productivity and motivation or absenteeism (Ribelin, 2003). Studies (e.g. Mobley et al., 1979) discussed the important role of the immediate supervisor in a turnover process. Supervisory support lowers turnover intent through its positive impact on job satisfaction (Price, 2001).

3.10 **Chapter Summary**

This chapter has presented a theoretical and conceptual framework for the study by reviewing relevant literature, including definitions and issues relevant to the current study. Key concepts and terms of reference were defined. Previous research which provides the scholarly context for this study has also been reviewed. This elaboration provides a further foundation and direction for the study.