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AN OVERVIEW OF THE RELATION BETWEEN JOB SATISFACTION AND PERFORMANCE

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Abstract

The basic elements of every organization are its people, which form formal and informal workgroups in order to achieve a common goal. Derived from this statement, not isolated individuals are the reason for all organizational success, but individuals that work together – ideally they perform effectively together. Although being a multifaceted process and therefore heavily discussed, generally spoken scientific research indicates the existence of a relationship between job satisfaction and performance. This presentation will take a closer look on the relationship between individual job satisfaction and its influence on group performance. An overview of current scientific models and theories explain the interdependency of these two factors and provide the base for the discussion of related problems

Keywords: Job Satisfaction, Motivation, Performance, Group Performance

1) Introduction

Job satisfaction and its influence on the motivation and performance of individuals and groups has been the subject of a multitude of studies. Locke has stated that more than 3.000 studies related to job satisfaction alone have been conducted until 1976. In recent decades, many more have followed. This shows that the relevance of this topic is still high in science. The reason for the high scholarly attention is that the exploration of the relation between job satisfaction, motivation and performance may answer questions which are highly interesting for organizations, work groups, employers and employees alike. For example a common assumption related to these topics is a positive correlation between job satisfaction and productivity. Another assumption is the negative correlation between job satisfaction and absenteeism or turnover (cf. Kirchler, Hölzl, 2002, p. 52). Although the overall validity of these assumptions have been heavily discussed in the past century (cf. Latham, 2012, p. 110), they are still important for companies, as a highly productive, loyal and motivated workforce may pose a decisive competitive advantage. Additionally, it is considered that work life and work experiences influence other aspects of life significantly and therefore contribute to the individual's general quality of life (cf. Kirchler, Hölzl, 2002, p. 53) as studies show that people with a higher job satisfaction are also happier with their life (cf. Kirchler, 2003, p. 281).

Consequently this paper aims to provide an insight into the influence of job satisfaction on work performance of both individuals and groups. The main underlying questions of this paper are

what is job satisfaction, and what influence does it have on the performance of individuals and groups.

In order to work on these questions, this paper begins with an overview of job satisfaction, which includes common definitions as well the main aspects of individual job satisfaction. Subsequently job satisfaction will be set in context to the terms performance and motivation and their roles as interacting variables will be highlighted in an integrated model of individual motivation to work. Based on this information, selected established theories will be briefly presented and the share of interpersonal relations on the individual job satisfaction will be carved out. In order to address the importance of peers and groups for an individual's satisfaction, the process of social comparison will be explained. This paper continues with a presentation of the underlying assumptions of an effective group. Therefore a model which defines the workgroup as an open system transforming resource inputs into product outputs will be used. Also for this model, the influence of member satisfaction will be explored. This paper finishes with a short conclusion and a summary of the key findings.

2) Definition of job satisfaction

Generally spoken, job satisfaction is an individual's attitude towards his or her job. A job hereby demands from the individual the interaction with superiors, co-employees and subordinates, the alignment with the organization's rules and regulations, the achievement of given productivity goals, the acceptance of working conditions and many more. Therefore, the job satisfaction or dissatisfaction of an individual can be defined as a complex summation of the satisfaction obtained from many different aspects of work. Furthermore it is a subjective experience and therefore dependent on the individual's character, personal experiences and attitude (Cf. Kirchler, Hölzl, 2002, p. 53). Other researchers define job satisfaction as "an attitude, or emotional response to one's tasks as well as to the physical and social conditions of the workplace". Five facets of job satisfaction can be identified, which are also measured by the Job Descriptive Index, a popular questionnaire: (1) The work itself - responsibility, interest and growth, (2) the quality of supervision - technical help and social support, (3) the relationship with coworkers - social harmony and respect, (4) promotion opportunities - chances for further advancement and (5) pay - adequacy of pay and perceived fairness compared to peers (cf. Schermerhorn et al., 2008, p.119)

Subsequently amongst others, pay satisfaction is one of the main aspects of job satisfaction. It is defined as the amount of positive or negative feelings that individuals have toward their pay. Compared to the other facets of job satisfaction, it is of primary concern to both employers and employees. For employees, it is of obvious importance in terms of satisfying their economic needs. Employers on the other hand, especially in the service sector, spend the majority of their budget on wages and benefits. Therefore it is of crucial importance for a company, to have an appropriate return on their investment. Research has shown that pay dissatisfaction may have important and undesirable impacts on numerous employee outcomes and therefore reduces the company's success (cf. Singh, Loncar, 2010, p. 470).

3) Job satisfaction, performance and motivation

As mentioned initially, job satisfaction is hypothetically put in relation to performance and absenteeism of employees. In order to administrate these behaviors, employees have, amongst others, to make two decisions about their work. First they need to decide where they want to work, that means to which organization they want to belong. In this sense, belonging to a company comprises joining the company, as well as appearing to work. Research show modest evidence, that employees who are satisfied with their job are less absent than colleagues who are less satisfied at work. Furthermore dissatisfied workers are more likely to quit their job. To sum up, satisfied workers behave in a way that they belong longer to a company and also show up more frequently, both reducing costs for employers. Therefore job satisfaction has a positive influence on a company's absenteeism rate (cf. Peeters et. al, 2014, p. 332).

The second decision to make as an employee is whether to perform. Job performance can be defined, as the behavior employees engage in, and from the standpoint of the organization are either productive or counterproductive. This means the employee has to decide regularly if he makes an effort to fulfill or even outperform the expectations of the employer (cf. Peeters et. al, 2014, p. 323). Obviously every employer is interested in having a productive and positively performing workforce and therefore is eager to know how job satisfaction affects performance. Yet, the relationship between job satisfaction and performance is very complex and has been heavily scholarly debated in the past. Amongst others, three alternative points of view of cause and effect have been researched: Satisfaction causes performance, performance causes satisfaction and moderator variables like e.g. rewards cause both satisfaction and performance.

In the first case, research indicates, that there doesn't exist a simple and direct link between job satisfaction and performance. Only because an employee is satisfied with his job doesn't automatically mean that he or she performs well. Therefore job satisfaction alone is not a reliable predictor of individual work performance.

In the second assumption, performance is considered as the cause for job satisfaction. Actually research indicates an empirical relationship between individual performance at a certain time period and later job satisfaction. But this statement is only accountable, when performance accomplishment leads to proper rewards which in turn lead to satisfaction. Consequently the intervening variable reward has been added as a factor between job satisfaction and performance. This reward counts that long as an intervening factor, as long as it is perceived as equitable.

This addition of the factor rewards lead to the final assumption, which suggests that a proper allocation of rewards can positively influence both performance and job satisfaction. It has been proven, that people, who receive higher rewards, report higher job satisfaction. Also performance-contingent rewards influence work performance. That means that also small or no rewards for low performance motivate employees to increase their performance, so that they receive larger rewards in the future.

To sum up, job satisfaction and performance should be considered as two separated, but interrelated work results, which are affected by the allocation of moderator variables like rewards (cf. Schermerhorn et al., 2008, p. 120f; cf. Peeters et. al. 2014, p. 321f).

A term that is often used in the same breath with performance and job satisfaction is motivation. It can be assumed that every employer wants to have a highly motivated workforce and sometimes the terms performance and motivation are almost used synonymously. It is also

assumed, that job satisfaction doesn't only affect the performance of an individual, but also the motivation. In order to examine this assumption and the relation to job satisfaction, motivation shall be briefly examined and set in context to job satisfaction and work performance.

Motivation is "a cognitive resource allocation process in which a person makes choices as to the time and energy are to be allocated to an array of motives or tasks" (Latham, 2012, p. 193) or "the process that account for an individual intensity, direction, and persistence of effort toward attaining a goal" (Kirchler, Rodler, 2002, p. 10). Most definitions have three aspects in common: The arousal, the direction and the maintenance of a certain activity. Arousal is the impulse that creates activity. Direction is the personal decision, which goal to pursue and maintenance refers to those factors, which contribute to holding on until the goal is accomplished. Another classification of motivation is the distinction in intrinsic and extrinsic motivation. Extrinsic motivation is a result from gratifications that come with the accomplishment of a certain goal. The motivating factor is not the work itself, but rewards like bonuses, appreciation or promotions. Intrinsic motivation on the other hand is not caused by external rewards, but comes from the inside of an individual. It is the wish to carry out a specific activity because of the activity itself. In this case the activity itself is the reward (cf. Kirchler, Rodler, 2002, p. 11f).

So when talking about job satisfaction, also the performance, as one of the possible and desired outcomes, as well as the motivation, which is the underlying factor to start and continue a certain activity, have to be taken into account. These three factors are related and dependent on each other. Figure 1 tries to picture these multifaceted relationship in one model and shows the interdependence.

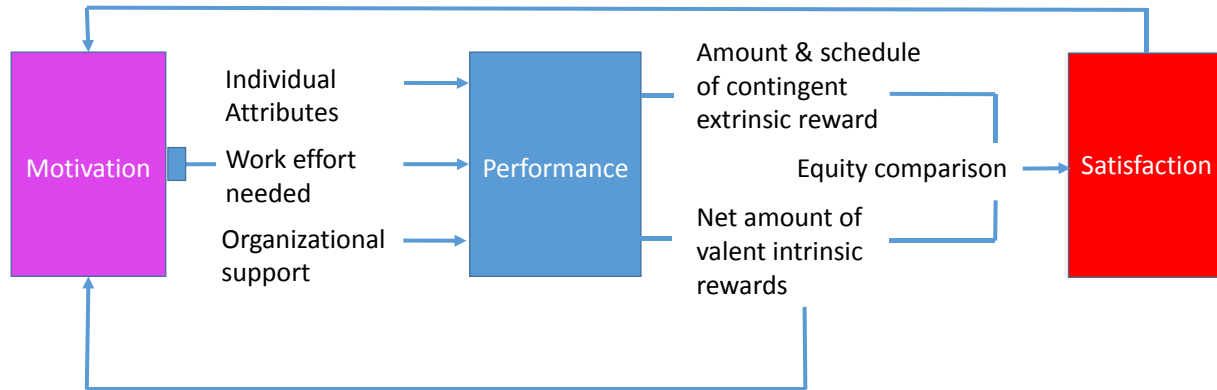


Figure 1: An integrated model of individual motivation to work. (Schermerhorn et al., 2008, p. 121)

The conclusion of this model is that job satisfaction, performance and motivation should not be seen as linear process where one of the three factors directly triggers or is directly triggered by one of the other factors, but rather as a circular process consisting of interdependent and interacting variables (cf. Schermerhorn et al., 2008, p. 121)

4) Motivation theories

After defining the terms motivation, job satisfaction and performance and showing that they belong to an interrelated process, the next part of this paper shall take a closer look into a selection of motivation and satisfaction theories.

Motivation theories can be roughly divided in reinforcement, content und process theories. Reinforcement theories focus on the means through which the process of controlling an individual's behavior by manipulating its consequences takes place. Content theories emphasize the individual needs of employees which need to be satisfied in order to enable the individual to perform optimally at work. Finally, process theories highlights the importance of cognitive processes that take place within the minds of people and influence their behavior. (Cf. Schermerhorn et al., 2008, p. 103). It would go beyond the scope of this paper to present and define representatives of all of these theories. For this reason only a few selected theories will be presented. The first theory presented is the two-factor theory, developed by Herzberg. It belongs to the group of content theories and implies that job satisfaction and job dissatisfaction are two different independent dimensions. One dimension is limited by high job dissatisfaction and no dissatisfaction, the other by no dissatisfaction and high job satisfaction. The two dimensions are respectively affected by two groups of factors: The hygiene factors, which cause an attitude between high and no job dissatisfaction, and the motivator factors, which are responsible for a condition between no and high job satisfaction. This means, that theoretically an employee could simultaneously feel satisfied about one aspect at work (e.g. the supervisor's recognition) but dissatisfied about another aspect (e.g. the pay) (cf. Bröckermann, 2001, p. 298f). A selection of hygiene and motivator factors is presented in figure 2.

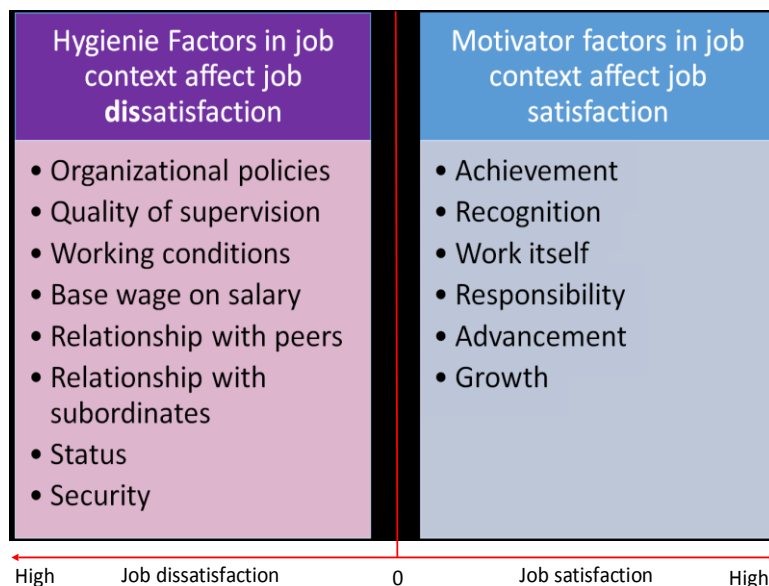


Figure 2: Sources of dissatisfaction and satisfaction of Herzberg's two-factor theory (Schermerhorn et al., 2008, p. 114)

The practical implication of this theory is to not only focus on pay, policies the supervision when trying to motivate an employee to perform, but also to provide the possibility to grow, to advance personally and on the job ladder, as well as the feeling of achievement. A famous quote by Herzberg sums up the message to managers: "If you want someone to do a good job, you need to give them a good job to do". For the sake of completeness, critics to this theory have to be mentioned. Follow-up studies qualified the two-factor theory somewhat. Especially the complete independence of the hygiene and motivator factors has been challenged. Therefore the theory has

been modified to that effect, that they are not exclusively, but primarily responsible for job satisfaction or job dissatisfaction (cf. Bröckermann, 2001, p. 300).

Human relations have a prominent place in Herzberg's theory, as the relationship to peers or subordinates may be a cause of job dissatisfaction. On the other hand, recognition for one's work is seen as a factor that increases job satisfaction. Consequently, the importance of human relations on job satisfaction in this theory cannot be denied.

A famous process theory is the expectancy theory by Vroom. This theory is defined by the following statements: "The effort that people exert is a function of their expectation or subjective probability estimate that certain outcomes will occur as a result of their performance; and, the valence for them of those outcomes." (Latham, 2012, p. 48). In other words, the more likely a goal is achieved, and the higher the reward is valued by an individual, the more the individual will be motivated to accomplish this achievement. Consequently the definition indicates the use of three key variables: The expectancy as probability that work effort will be followed by performance accomplishment. The Instrumentality, which is the probability that performance will lead to various work outcomes and the valence as the value attached to the desired outcome. The multiplication of these variables results in the degree of motivation of an individual. (Cf. Schermerhorn et al., 2008, p. 116 f).

The practical implication of the expectancy theory is that managers need to keep all three variables on a high level in order to maintain the employee's motivation high. Even one low variable compensates two other high variables. This should be taken into account in the process of setting a goal and rewarding the employee when this target is achieved. The human relation's aspect of this theory is that management should intervene actively in work situations to maximize work expectancies, instrumentalities and valence that support organizational objectives.

The final theory presented in this paper is a predecessor of the expectancy theory and is called the equity theory by Adams. This theory is characterized by social comparison. It states that people will act because of perceived inequity, evaluating information sources in terms of personal relevance and using similar others for comparison (cf. Latham, 2012, p. 45f). Perceived Inequity occurs, when someone believes that the rewards received for their work compare unfavorably to the rewards other people appear to have received for their work. The consequence of this comparison is an uncomfortable feeling, and, according to this theory, the motivation to remove this discomfort and restore a sense of felt equity. The theory distinguishes in felt negative equity and in felt positive equity. The first occurs, when an employee feels that he has received relatively less rewards than coworkers for the perceived same work. The latter happens when an employee feels he has received more rewards than others compared to their perceived contribution. In this case rewards can be money, recognition or working conditions. When either feeling exists, it is likely that the employee will take certain measures to restore the sense of felt equity. Translated to work life, an employee who didn't get the same reward for perceived same work, will react to this perceived inequality. Amongst others there may be a change of work inputs like reduce performance efforts, a change of the outcomes like asking for a salary raise or a bonus, or even quitting the job. According to research, people who feel they are overpaid, which is a perceived positive inequity, increase the quantity or quality of their work, whereas those who feel they are underpaid, equals perceived negative inequity, are likely to decrease the quantity and quality of their work. (Cf. Schermerhorn et al., 2008, p. 115f).

The practical implication for managers and employer alike is to focus on the perception of the employees if the reward is considered to be fair compared to coworkers, rather than to decide by oneself what a relatively fair reward is and what is not in their own opinion. The theory highlights, that not the intention of the reward giver counts, but the individual's interpretation of the situation

Critics on this theory state, that the results are vague and the theory itself poses a lack of precision. Opponents of the theory argue that a multitude of different methods for reducing inequity exist and that predictions based on this theory are very difficult to make because of many input and output factors. However, the theory has been partially approved as a starting point for a more sensitive management, as well as in regard to that perceived inequity due to comparisons to group members is an issue in organizations. (Cf. Latham, 2012, p. 46).

5) Social Comparisons

Until now, it has been carved out, that job satisfaction can be defined in different ways, and many approaches and theories exist to explain why and how an employee feels satisfied about his job or is motivated to perform. One observed similarity is the inclusion of human relations. The two factor theory cites relations to peer, subordinates and supervisors as important hygiene factors. The equity theory points even more to the importance of human relations out, as it is based on the process of social comparisons. Subsequently it can be concluded that one of the main factors of job satisfaction is the relations to other individuals in an organization or to a group (being it the own group or other groups the individual relates to). In order to tie up to the presented theories, especially the equity theory, and to further address the psychological aspect of this paper, the process of social comparison will be briefly highlighted in the subsequent paragraph.

To understand why people compare themselves to each other, it is necessary to bring up the motivation for this behavior. The first reason is the need for self-awareness. With the aid of comparisons individuals get accurate feedback about their own skills and traits. Although people can compare themselves to objective standards to get accurate feedback, they tend to compare themselves to other people. Research indicates that social comparison has an influence on the wellbeing of a person, even when a comparison to objective standards already has been conducted. Other motivations for social comparison are the individual's intention to develop and improve the own skills and to obtain a positive self-perception. Additionally, comparisons help an individual to interpret obtained information and to set them on context to each other (cf. Frey, Bierhoff, 2011, p. 21f). Consequently, viewed from a general perspective, the sense of self would not be possible without constant comparisons to other people. They serve as the main benchmark to reality (cf. Otte, 2005, p. 25).

To sum up, the procedure of social comparison is an interpersonal process and can be the reason for satisfaction as well as for dissatisfaction. Applied to job satisfaction, one should take into account that individuals constantly compare themselves to each other and have their own perception of equality and inequality.

6) Group Performance

It is a key assumption that organizations only exist when people interact. Subsequently people are a prominent factor of organizations and are even considered to be the basic building block for all organizational success. Therefore the basic elements of an organization are people and their relationships with one another (cf. Hatch, 2006, p.11). Derived from this statement, not isolated individuals are the reason for all organizational success, but individuals that work together. Subsequently it makes sense, to examine the role of job satisfaction in group performance.

When people work with one another regularly together to achieve a common goal, they form a group. In a true group, members are mutually dependent on each other and interact regularly with one another over a sustained period of time. According to Schermerhorn et al. (2008, p.173) an effective group is "one that achieves high levels of task performance, member satisfaction and team viability". High task performance stands for actually achieving the set performance goals as a group. An effective group, with a high level of member satisfaction, is one whose members believe that their participation and experiences are positive and meet important personal needs. Consequently the members are satisfied with their tasks, accomplishments and interpersonal relationships. Therefore member satisfaction is an important factor of the success of work groups and consequently of the company's success. The third factor of an effective group, team viability, says that the members of an effective group are sufficiently satisfied to continue working well together on an ongoing basis and/or look forward to working well together at some future point in time. In this case the relevance is the long-term performance potential. Consequently, the performance of a group is, similar to the performance of individuals, linked to an individual's level of satisfaction. (cf. Schermerhorn et al., 2008, p. 172f, cf. Kirchner, Schrott, 2003, p. 32f)

In order to get a group to perform effectively and to achieve the mentioned desired outputs, certain inputs have to be given by management. The first input is the nature of the task that should be carried out by the group. Naturally, group effectiveness is harder to achieve when the task is highly complex. However, when the group successfully masters tasks of higher complexity, the experienced satisfaction is higher as well. Another important input is goals, rewards and resources. Appropriate goals, well-designed rewards systems and adequate resources are considered as essential to support long-term performance accomplishments. Performance can suffer when goals are unclear or insufficiently challenging. Furthermore, when a group is not provided with the necessary tools and resources, it is not able to fulfill its assigned tasks. Consequently a group is dependent on having the right technology. The question of which individuals a group should be formed answers the input factor membership diversity. Depending on the similarity of members, work groups can be distinguished into homogeneous and heterogeneous groups. In homogenous groups, members are very similar to each other and may find it easy to work together. However, such groups may suffer from performance limitations as their similar skills, experiences and perspectives may not be a good match for complex tasks. Heterogeneous groups on the other hand, whose members vary in gender, age, ethnicity, experience or culture, may possess a larger pool of skills, talents and perspectives. But it may be harder for the members of this group to come along with each other. The diversity may create conflicts, as members define problems and solutions differently, don't share information appropriately or are not able to handle interpersonal conflicts. This controversy is called the diversity - consensus dilemma, which describes the tendency for increasing diversity among group members to make it harder for them to work together, even though the diversity expands the skills and perspectives available for problem solving. Hence, when a group is formed, the

challenge is to take advantage of the diversity, without suffering process disadvantages. The final input can have an impact of group effectiveness is group size. The larger the group, the more of the work can be distributed amongst the members. However, when a group grows too big in size, coordination and communication problems are more likely to occur. Various studies on finding the optimal group size have been conducted, and results vary, but a group consisting of five to nine members is considered as having a good size for being effective. While enough members can contribute with their individual skills to problem solving, the group is still manageable (cf. Schermerhorn et al., 2008, p. 172f, cf. Kirchler, Schrott, 2003, p. 32f).

7) Conclusion

Job satisfaction is a multifaceted phenomenon whereof a lot of definitions and perceptions can be found. Regarding the relationship between job satisfaction and work performance, it cannot be confirmed that work performance is directly caused by job satisfaction. Rather job satisfaction, work performance and motivation have to be analyzed together in order to obtain a holistic picture. According to the "integrated model of individual motivation to work" these three factors form a repeating process where all variables are equally important and interdependent.

Additionally it can be stated that established job satisfaction/motivation theories support the assumption that human relations affect individual job satisfaction. The degree of influence depends on the particular theory. While Herzberg's two-factor theory cites human relations as factors amongst other factors, Adam's equity theory has the process of social comparison, and therefore one specific social process between individuals, at its core.

Regarding the relationship between job satisfaction of group members and group performance, workgroups have been described as open systems where one of the main outputs is member satisfaction. In this context, member satisfaction is considered to be one of the main reasons for a sustainable work group and therefore crucial for high long-term performance.

It has been carved out that an effective group needs to be provided with several input factors like tasks, clear set goals, technology or membership diversity. The practical implication is that management should be aware of these inputs in order to enable a work group to generate the desired outputs.

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