

CHAPTER 2

LITERATURE REVIEW

This chapter discusses past research conducted on job satisfaction, the measurement of job satisfaction, factors effecting job satisfaction in general, the relationships between specific economic and non-economic factors and job satisfaction and past research of job satisfaction in Malaysia.

I. Job Satisfaction

Job satisfaction, the extent to which employees like their work, has been a key concept in the study of organizations. The earliest systematic attempts to study job satisfaction date back to the 1930s (Hoppock, 1935; Kornhauser & Sharp, 1932; Roethlisberger & Dickson, 1939).

Job satisfaction is defined as the extent to which an employee feels positively or negatively toward his/her job (Locke, 1976).

Locke (1976) state that job satisfaction is a collection of attitudes about specific facets of the job. Employees can be satisfied with some elements of the job while being simultaneously dissatisfied with

others. Different types of satisfaction will lead to different intentions and behavior. An employee might complain to the supervisor when dissatisfied with low pay but not with coworker dissatisfaction. Overall job satisfaction is a combination of the person's feeling towards the different facets of job satisfaction.

Job satisfaction is a combination of cognitive and affective contentment for an individual within a company. Affective satisfaction is that founded on an overall positive emotional assessment of the employee's job. This satisfaction focuses on their mood when working i.e. whether the job evokes a good mood and positive feeling when working. Positive feeling or a positive mood displayed by the employee may indicate job satisfaction. Conversely, cognitive satisfaction is satisfaction that is established on a more logical and rational appraisal of the job conditions. Therefore, cognitive satisfaction is an assessment based on comparisons that do not rely on emotional judgments, but are evaluations of conditions, opportunities and/or outcomes (Moorman, 1993).

Luthans (1989) state that job satisfaction is a pleasurable, or positive emotional state resulting from the appraisal of one's job, or job experience, and is the result of the employee's perception of how well

the job provides those things which are viewed as important. According to Weiss and Cropanzano (1996), job satisfaction represents a person's evaluation of one's job and work context. This definition is still being debated. It captures the most popular view that job satisfaction is an evaluation and represents both belief and feelings (Bajpai and Srivastava, 2004).

In summary, an individual's overall job satisfaction is the overall feeling one gets from satisfaction with different aspects of the job.

II. Measurement of Job Satisfaction

Methods for indirectly measuring job satisfaction include observing employees, interviewing them and asking them to complete a questionnaire. Many organizations and researchers favor questionnaires because personal observations and interviews are very time consuming (Cherrington, Nyal & McMullin, 1989). Prior research indicates that satisfaction can be measured using single-item, general and dimensional measures.

i. Single-Item Job Satisfaction Measures

Single-item measure is the use of general question to measure job satisfaction. An example of a single-item measure is, "All

things considered, how satisfied are you with your job” (Robbins, 1998) with a scale of very dissatisfied to very satisfied. There are both support and criticism of single-item measures. Wanous, Reichers and Hudy (1997) support the use of a single-item measure unless a study’s inquiries or circumstances direct toward selecting a well-constructed scale. Kalleberg (1974) criticized single-item measures based on the measures’ assumption that job satisfaction is unidimensional, when in fact it appears to be multidimensional. Rose (2001) stated that a true measure of overall job satisfaction should be a composite scale rather than a single-item rating. Rose (2001) continues to mention that if the latter must be used, its freedom from serious bias must be demonstrated.

In summary, there is a tendency for an overestimation of job satisfaction when a single-item measure is used.

ii. General Job Satisfaction Measures

General job satisfaction scales are used to determine the overall level of job satisfaction using multiple questions. An example of an instrument to measure overall job satisfaction is the Brayfield-Rothe’s Overall Job Satisfaction (OJS) Index. The OJS is made

up of a list of 18 statements about jobs where respondents are asked to describe in a scale of strongly agree to strongly disagree, how they feel about their present job.

iii. Dimension Specific Measures

Dimension specific measures consist of questions that measure the different facets of job satisfaction. It is useful if the study of job satisfaction intends to identify areas of dissatisfaction. The area of dissatisfaction will be then narrowed down to a particular or several facets. Examples of this type of instrument are The Minnesota Satisfaction Questionnaire (MSQ) and The Job Descriptive Index (JDI).

The MSQ (Weiss, Dawis, England & Lofquist, 1967) generates satisfaction scores for 20 dimensions. The dimensions are ability, achievement, activity, advancement, authority, company policies and practices, compensation, co-workers, creativity, independence, moral values, recognition, responsibility, security, social service, supervision-human relations, supervision-technical, variety and working conditions.

III. Factors affecting Job Satisfaction

Over the last few decades, researches have identified a more than twenty factors that appear to contribute to job satisfaction. Ting (1997) grouped these factors into three groups of variables namely job characteristics, organizational characteristics and individual characteristics. Besides the three categories of characteristics, intrinsic and extrinsic work values or orientation has also been widely research on its effect on job satisfaction.

In line with scientific management, job satisfaction was thought to be based solely on "extrinsic" traits of the job such as salaries and other tangible benefits. By contrast, the human relations approach stresses that, while extrinsic rewards are important, "intrinsic rewards" are key predictors of satisfaction, productivity, efficiency, absenteeism and turnover. These intrinsic rewards include traits specific to the work done such as autonomy and challenge. A third option, called the "orientations to work" approach, suggests that a focus on extrinsic or intrinsic rewards is contingent on the person: some people will place a greater emphasis on the former than will others. Just who will prefer what, is predictable in part by these individuals' past histories and "occupational cultures," which are

indicated in turn by their education, occupation, and demographics (Crompton and Harris, 1998; Rose, 1994).

Locke (1976) argues that the more important factors conducive to job satisfaction are mentally challenging work, equitable rewards, supportive working conditions, and supportive colleagues. One can also add the importance of good personality-job fit and an individual's genetic disposition. Employees are concerned with their work environment for both personal comfort and how it facilitates doing a good job. People get more out of work than merely money or tangible achievements. For most employees, work also fills the need for social interaction. Not surprisingly, therefore, having friendly and supportive co-workers, good relations with supervisors and management lead to increased job satisfaction.

Prior research in the field of job satisfaction have suggested that non-economic rewards such as professional interest, job responsibility, psychological recognition, career advancement, skill utilization and development, enjoyment of work and autonomy in decision making are important determinants of job satisfaction (Hanson, Martin and Tuch, 1987; Kalleberg, 1977; Mortimer, 1979; Seybolt, 1976). On the other hand, other researchers suggest that economic rewards such

as pay and fringe benefits play a critical role in determining job satisfaction (Iacocca and Phyllis, 1995).

In this study, the effects of selected variables on satisfaction will be discussed and have been grouped into two categories; economic and non-economic.

IV. Economic Factors and Job Satisfaction

Economic factors are variables that are monetarily related. Economic factors form a component of extrinsic rewards. Extrinsic rewards are benefits that are not inherent to the work itself but instead are the by-products of doing the work (Kalleberg 1977). They motivate workers to perform their tasks and to stay as an employee in the organization.

Clark (1996), in his research on job satisfaction in Britain, found that pay is strongly related positively to pay satisfaction. For the purpose of this study, both pay and pay satisfaction are analyzed as economic factors.

i. Pay and job satisfaction

The motivation-hygiene theory developed by Herzberg, Mausner and Snyderman (1959) propagates that there are one set of

distinct factors (i.e. motivation factors) associated with job satisfaction and another distinct set of factors (i.e. hygiene factors) associated with job dissatisfaction. Pay is considered a hygiene factor that is associated with job dissatisfaction, not job satisfaction. Prior research, though, has shown **mixed results** in the relationship between pay and job satisfaction.

Glisson and Durrick (1988) found that pay is not associated to job satisfaction. These findings point to the paradoxical conclusion that even in a society dominated by capitalism – in which goods, services, and even are often framed in financial terms (Tetlock, Orie, Kristel, Elson, Lerner & Green, 2000), and in which one's status is signaled through one's pay and the associated fruits – overall satisfaction with work are not very closely aligned with financial success (Chapman and Malka, 2002). Hence, these findings contradict the popular belief that richer is better.

Research have also shown that general job satisfaction is only weakly associated with a person's pay and economic rewards (Boudreau, Boswell & Judge, 2001; Illardi, Leone, Kasser & Ryan, 1993; O'Reilly and Caldwell, 1980, Clark, 1996). Another view is

observed in the research by Jayarante and Chess (1984) and Vinokur-Kaplan (1991) which reported that pay is significantly related to job satisfaction. Jones & Sloane (2003) found that pay plays a small part in determining workers' overall job satisfaction and none at all in the case of women.

For this study, the following hypothesis is formed:

Hypothesis 1: Pay is positively related to overall job satisfaction

ii. Pay and pay satisfaction

Lawler and Porter (1966) in their study of managers, found that pay was only demographic variable that is modestly related to pay satisfaction.

Lawler (1971) states that pay satisfaction is arrived at by subtracting the amount an employee perceives he is paid from the amount he believes he should be paid. When the individual feels his perceived pay is equal to the pay he believes he should be receiving, he is satisfied with his pay.

Heneman (1985) concluded that one of the most consistent findings in the research of pay satisfaction is the positive relationship observed between pay and pay satisfaction.

Further research by Porter, Greenberger and Heneman (1990) found that this relationship however may not be a linear relationship. The study revealed that greater satisfaction returns from monetary compensation for those individuals at the low rather than high end of the salary distribution. For employees at the high end of the distribution, a negative rather than a positive relationship might be observed between pay satisfaction and actual pay.

For this study, the following hypothesis is formed:

Hypothesis 2: Pay is positively related to pay satisfaction

iii. Pay satisfaction and overall job satisfaction

There have not been many studies that directly studied the relationship between pay satisfaction and overall job satisfaction.

The Job Descriptive Index, however, which is widely used to

measure job satisfaction, consists of five facets, one of it being pay satisfaction. The Job Descriptive Index (JDI) is designed to measure employees' satisfaction with their jobs. After 40 years of research and application, it remains one of the most widely used measures of job satisfaction (DeMeuse, 1985; Zedeck, 1987).

The five facets of the JDI are Work on Present Job, Present Pay, Opportunities for Promotion, Supervision, and Coworkers. These serve to diagnose important aspects of the job. This indicates that scholars have acknowledged that pay satisfaction is a component of job satisfaction or is expected to be positively correlated to job satisfaction.

More recent research by Ellickson and Logsdon (2001) when they surveyed government employees, found that satisfaction with pay is positively related to overall job satisfaction. Hence the hypothesis:

Hypothesis 3: Pay satisfaction is positively related to overall job satisfaction

V. Non-economic factors and Job Satisfaction

Non-economic factors refer to factors which are not monetarily related. For the purpose of this study, the selected factors of satisfaction with supervisor and trust in top management will be discussed in relation to job satisfaction.

i. Satisfaction with Supervisor and Job Satisfaction

Leadership support describes the degree to which a person receives support and consideration from his or her supervisor (Netemeyer, Boles, McKee and McMurrian, 1997). A supportive leader assists employees when problems arise and encourages the flow of two-way communication. Path-goal theory suggests that supportive leaders provide guidance to, subordinates, treat them with respect and consider their input when making decisions that affect them (House and Dessler, 1974). Research shows that an accurate understanding of job tasks helps employees to reduce job uncertainty (Wanous 1977; Mossholder, Bedeian and Armenakis 1981; Glisson and Durick 1988; Ting 1996).

Recent research also supports the link between leadership support and job satisfaction (Netemeyer et al. 1997). More generally, leaders have the ability to shape the environment in which employees work. As a result, their actions can have a substantial impact on employees' attitudes and morale. It is argued that positive leadership behaviors are likely to generate high levels of job satisfaction.

The literature increasingly reveals a relationship between supervisor characteristics and levels of job satisfaction (Daley 1986; Harrick, Emmert and Taher 1992; Oldham and Cummings 1996; London and Larsen 1999). For instance, Oldham and Cummings (1996) find that employees produce the most creative outcomes when they work on complex, challenging jobs and are supervised in a supportive, non-controlling way. London and Larsen (1999) conclude that an employee's immediate supervisor has an important role in creating a non-controlling environment that empowers self-development. For example, supportive supervisors encourage subordinates to voice their own concerns, provide positive and mainly informational feedback, and facilitate employee skill development (London

and Larsen 1999). Emmert and Taher (1992) research finds that people who have positive perceptions of their job environment and who relate well with their fellow employees and supervisors display higher levels of job satisfaction than workers with negative perceptions of both.

Effective communications between supervisor and employee are a significant factor in informing employees of the objectives and job expectations under existing or, particularly, new organizational structure. Ting (1996) finds that task clarity is an important determinant of job satisfaction. Kim (2002) also found that employees' effective communication with their supervisors is significantly associated with job satisfaction. Upward communication refers to the transmission of information up the hierarchy (Mulinge 1994). It represents the degree to which employees can transmit with ease their ideas, feelings, and feedback from their jobs to higher-level administrators and/or managers.

In line with the research on participative management, participative decision making has been emphasized in relation to

job satisfaction (Cotton J.L.; Vollrath, D.A; Froggatt, K.L; Lengnick-Hall, M.L.; Jennings, K.R., (1988); Macy, Peterson, and Norton 1989). Participation is a process in which influence is shared among individuals who are otherwise hierarchical unequals (Locke and Schweiger 1979; Wagner 1994).

Participatory management practices balance the involvement of managers and their subordinates in information-processing, decision-making, or problem-solving endeavors (Wagner 1994).

Several studies have demonstrated that participative decision making can be beneficial to workers' mental health and job satisfaction (Spector 1986; Miller and Monge 1986; Fisher 1989). Daniels and Bailey (1999), however, argue the evidence regarding the impact of participative decision making on job satisfaction has not been consistent. The relationship between participative decision making and job satisfaction could be nonlinear and contingent on individual and situational variables (Cotton 1993, 1995; Daniels and Guppy 1994).

While most of the above research describes the characteristics of supervisors that are linked to job satisfaction, there are researches where satisfaction with supervisor is part of the

overall measure of job satisfaction. Locke's (1976) Value-Percept Theory of Job Satisfaction, for example, holds that job satisfaction is influenced by events (i.e. pay, benefits, working conditions, promotion and recognition) and agents (i.e. co-workers, immediate supervisors and the management structure as a whole) (Scarpello and Vandenberg, 1987). The most widely used scale measuring satisfaction with supervisor is the supervisory subscale of the Job Descriptive Index (JDI) (Smith, Kendall & Hulin, 1969). There is evidence that the JDI supervisory subscale measures the satisfaction with the supervisor construct (Drasgow & Miller, 1982) but its predictive power is not known and the scale's diagnostic capabilities are limited. Scarpello and Vandenberg (1987) deduced that the Satisfaction with My Supervisor Scale (SWMSS) which taps on all three aspects of effective supervision i.e. technical, human relations and administrative appears to be a useful instrument for assessing subordinate satisfaction with supervisor.

Ellickson and Logsdon (2001) found that satisfaction with one's immediate supervisor is positively related to overall job satisfaction when they surveyed government employees.

Based on the literature review, the hypothesis below is formed:

Hypothesis 4: Individuals who are satisfied with their supervisors are more satisfied with their jobs

ii. Trust in Top Management and Job Satisfaction

Leadership behavior is defined as the ability of a leader to influence subordinates in performing at the highest level within an organizational framework (Ivancevich & Matteson, 1993).

Satisfaction of top management leadership will be assessed by measuring employee's trust in top management. There has not been much work in assessing trust in top management or top management effectiveness and its relation with job satisfaction.

The work that has been done focuses on determinants of trust in top management. These studies describe trust on overall organizational policies, processes and programs as predictive of trust in top management (Carnevale, 1988; McCauley & Kuhnert, 1992; Scott 1980). Perceptions of trust have also been related to perceived competence of organizational leadership, including both top management and supervisory leadership. Ellis and Zallaback (2001) approached trust in top management by using the role of communication by top management and found

that trust in top management is positively correlated to job satisfaction.

Ugboro, I.O; Obeng, K (2000) study results reveal positive correlation between top management leadership, employee empowerment, job satisfaction, and customer satisfaction. Ellis and Zallaback (2001) found that trust in top management was more strongly associated with job satisfaction than trust with immediate supervisor. Hence the hypothesis:

Hypothesis 5: Individuals who trust their top management leadership are more satisfied with their jobs

VI. Prior Research on Job Satisfaction In Malaysia

Research in Malaysia and Singapore related to job satisfaction has been conducted using different approaches and are mostly based on case studies.

Low (1985) carried out a study to determine the level of job satisfaction in a service oriented organization. Various causes of job dissatisfaction were identified. Employees were found to be most

satisfied with the job factor of co-worker and least satisfied with the job factors of pay and promotion.

Tam (1986) had conducted research on job satisfaction among employees in the public sector specifically civilian employees in the Ministry of Defence. He found that 49.1% of the respondents were dissatisfied with their jobs.

Chan (1992) researched on job satisfaction of employees in selected large textile firms and found employees in lower level jobs were less satisfied compared to those in higher level jobs. His findings also revealed that while employees in these firms were quite satisfied with their jobs, significant difference were observed in their job satisfaction levels for demographic factors of gender, length of service, age, race and educational level.

Lee (1994) researched into various level of job satisfaction among Tenaga Nasional Berhad (TNB) executives. He found that executives at TNB in general did not exhibit high job satisfaction whereas senior executives exhibited higher level of job satisfaction. This is anticipated to be due to emphasis on seniority instead of performance for staff promotion. Lee (1994) also concluded a positive correlation

between job satisfaction and level of education and negative relationship between job satisfaction and organizational hierarchy among executives in TNB.

Liow (1994) in his studies on job satisfaction of employees in the electrical and electronics industry showed that there was no significant difference in overall job satisfaction between employees in large and medium sized firms. His findings too indicate that there was no significant difference in overall job satisfaction among employees of different occupational levels.

Kam (2002) examined the effects of ISO certification, organization size and demographic variables on employee job satisfaction in the IT industry. The findings showed that there was no significant difference in the overall job satisfaction between employees in organizations with or without ISO9000. However, employees in organizations with ISO9000 were more satisfied in their work than were employees in organizations without ISO9000. The findings too showed that there was not a significant difference in the overall job satisfaction among employees in organizations of different sizes. Generally it was found that employees in the IT industry were satisfied with their jobs. However, the level of satisfaction on pay and promotion dimensions

were found to be lower than the other job dimensions (work, supervision and coworker)

Poon (2003) examined the effects of employees' perceptions of political motives of performance appraisal on their job satisfaction. The results indicated that when employees perceive that when there are raters' bias and political bias, they expressed reduced satisfaction and that in turn led to greater intentions to quit their job.

As a conclusion, the literature review has highlighted that there is a positive correlation between the individual economic and non-economic factors studied and job satisfaction. In terms of research in Malaysia, it can be summarized that the focus is on areas of job satisfaction and dissatisfaction. Besides the common factors such as demographic factors, there is lack of research on the relationships between potential determinants or antecedents of job satisfaction and job satisfaction. Hence, there is the need to examine the relationships and strength of these selected factors of this study with job satisfaction. The following chapter will provide the methodology of how this will be done.