IMPACT OF JOB SATISFACTION ON EMPLOYEE PEFORMANCE IN INFORMATION TECHNOLOGY INDUSTRY –A STATISTICAL ANALYSIS

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Abstract

An employee job satisfaction determines the level of job performance he has. A satisfied employee's behavior creates a harmonious work climate in the organization to increase their job performance. Hence, job satisfaction is important topic in the present industrial scenario. The aim of this study is to address which type of rewards increase job satisfaction of the employees and also considered which demographical profile influences the level of job satisfaction. Data was collected through field survey using a structured questionnaire from middle level executive employees from five select IT industrial Organizations.

Keywords: Job Satisfaction, Employee Performance, Intrinsic Reward, Extrinsic Reward.

Introduction

Every organizations primary goal is achieving high level of productivity and efficiency. In order to achieve their goals they required highly skilled employees. The job performing skill of an employee depends on the level of job satisfaction.Highly Satisfied employees show high levels of productivity and job performance. Dissatisfied employees display certain characteristics of low productivity, absenteeism, and low turnover. These traits are highly expensive for the organization. Therefore, it is crucial that research is done to determine the relationship between job satisfaction and employee performance.Hence; every organization should focus on employee job satisfaction for the smooth functioning of the organization.

Review of literature

An employee Job satisfaction influenced by many factors like compensation, promotion, the work itself, supervision, interpersonal relationships with co-workers and opportunities for career growth (Opkara, 2002). Out of these factors, basic pay and fringe benefits are playing very important role. Frye (2004) in his research he found that there was a positive relationship between equity based compensation and performance. Further he had concluded that compensation plays a vital role in human resource intensive firms to attract and retain expert workforce. Furthermore, the compensation has significant impact on the level of job satisfaction of employees. The same opinions had given by Igalens and Roussel, in 1999 that flexiblecompensation has no effect on the level of job satisfaction. The study regarding the job satisfaction level of public sector mangers was conducted and it was concluded that

the income is the major determinants of job satisfaction (Sokoya, 2000). The investigation about relationship among job satisfaction and pay was conducted and it was also found that job satisfaction is affected by the pay (Nguyen et al., 2003).Ayesha BinteSafiullahin his research he found that employees (*Dec. 2014)* should be given motivation to acquire skills and motivated to use the acquired skills on their job. The organizations also should emphasize on work life balance, and should provide options to employees, like- flextime and day care centre for their children, etc. They must be encouraged to participate in decision making and they need to get challenging tasks. The employees would appreciate these initiatives. It is important to link pay to performance as it is an effective motivator when people know what they are going to get in return for certain efforts or achievements, and when they feel that what they may get is worth having.

Objectives of the study

- ✓ To study the demographic profile of the employees in the selected sample IT organization,
- ✓ To examine, which reward(intrinsic and extrinsic)system affects theemployee job satisfaction in the selectedIT organization,
- ✓ To assess whether there is any positive relationship between job satisfaction and the employee performance in the selected IT Organization,
- ✓ To offer suggestionsfor the enhancement of the job satisfaction of employees.

Methodology of the Study:

This portion refers to the methods and data sources used tocarry out thisstudy and evaluate the research questions. It clearly lays emphasis on research design, nature of the sample, size of the sample, methods of sample selection, data collection tools and techniques and the statistical tools used to analyze the collected data in order to draw inferences and conclude accordingly.

Research Design

For the purpose of the present study, it is proposed to adopt a descriptive research design in order to study the existing conditions and to test the variables in the prevailing circumstances.

Techniques of Data Collection:

The present research study involves both primary and secondary data. The primary data is collected through a field survey by the help of a structured questionnaire with closed- end questions. The questionnaire consists of definite, concrete and pre-ordered questions. The scaling technique installed in the questionnaire is 5-point Likert-scale. The secondary data is also collected by referring to the NASSCOM annual reports, published reports of the IT companies, Journals, research magazines and published data of varied in nature.

Sample Design, Sample Size and Sampling Method

The sample selected for the study is an Indian IT industry comprising the sectors, like software,hardware and BPO (Business Process Outsourcing). The present study covers 5 organizations located in Chennai city comprising all the three categories of companies. The nature of the sample is restricted to middle - level executives in order to maintain the consistency of responses basing on isometric psychological revelations. A total of 180 questionnaires were dispatched to the respondents in the selected IT industry, out of which only 156 questionnaires are received and 12 questionnaires are

not answered completely resulting in 144 questionnaires, out of which 4 questionnaires were eliminated for statistical accuracy. Thus, the sample size for the study is fixed at 140 out of which the software sector comprises 100 respondents, hardware comprises 10 and followed by BPO sector with 30 respondents. The overall response rate was around 64 per cent. The items selected for the study are given in the following tables.

Limitations of the Study:

The research survey completely based on the opinions of the selected IT employees.Due to the fear of superiors they may not give the complete information. Further, due to the busy schedules of employees, the given data taken may be incomplete in some of the columns and with these there may be limitations to generalize the findings of the survey completely.

Data Analysis

The coefficient of correlation was applied to identify the impact of job satisfaction on the performance of employees and it is calculated by using level of job satisfaction as the X-variable (independent variable) and level of the performance as the Y-variable (dependent variable) for all three sectors. The statistical technique of paired comparison of means is also used to determine the satisfaction which is derived from extrinsic rewards or intrinsic rewards. Further, the average level of job satisfaction and performance is determined by the summation of total scores, dividing by the number of employees in each category.

Results and Discussion:

- ✓ **Objective-1:Analysis on the demographic profile of the sample respondents:**

The total sample employees chosen is consisted of 30 per cent females and 70 per cent males. Further, age-wise classification is 20-30 years 66.25 per cent employees, 30-40 years 27.5 per cent employees and below 20 years 3.75 per cent employees. It is observed from the data that the majority of the respondents are in the male gender category with 70 percent followed by the respondents in the female group with 30 percent. It shows that female employees are only one-third in the employment of IT industry.It can be concluded from the foregoing discussion that two-third of the sample respondents are belong to the age group 20 - 30 years, who are in the beginning of their employment carrier.

Objective -2: Effect of Reward System on the employee job satisfaction:

Table 1. Employee job satisfactions

Sl.No.	Job satisfaction elements	SDA	DA	NT	AG	SA	Total	MS	%
1	self-esteem or respect	16	29	9	54	32	140	3.41	60.18
2	opportunity for career growth	5	21	18	43	53	140	3.84	71.07
3	prestige of job inside the organization	19	24	14	38	45	140	3.47	61.79
4	prestige job outside the organization	28	23	6	25	58	140	3.44	61.07
5	giving importance to your opinions	23	24	11	31	51	140	3.45	61.25
6	feelings of job security	24	16	18	32	50	140	3.49	62.14
7	opportunity for feedback on performance	18	32	3	40	47	140	3.47	61.79
8	amount of close supervision	20	22	14	39	45	140	3.48	61.96
9	opportunity for complete work	19	34	4	38	45	140	3.4	60.00
10	opportunity to do many things	10	28	23	23	56	140	3.62	65.54
11	freedom on the job	23	11	26	34	46	140	3.49	62.32
12	compensation for job	18	22	10	35	55	140	3.62	65.54
13	job enrichment	5	24	31	34	46	140	3.66	66.43
14	feeling of accomplishment	19	23	33	23	46	144	3.47	61.79
15	opportunity for participation	22	19	24	25	50	140	3.44	61.07
16	opportunity for close friendships	22	12	34	32	40	140	3.4	60.00
17	opportunity for promotion	12	14	34	33	47	140	3.64	65.89
18	amount of respect and fair treatment	25	18	11	43	42	139	3.4	60.00
19	opportunity to help others	23	22	14	34	47	140	3.43	60.71
	AVG frequency	18.474	22.000	17.737	34.526	47.421	--	3.50	62.66

SDA= Strongly Disagree; DA=Disagree; NT= Neutral; AG= Agree; SA= Strongly Agree

The data in table -1explains that the IT employees are satisfied with the job in the selected organization, the mean score is 3.50 and the percentage is 62.66 as per the present survey.

Table 2. Employee job performance

Sl.No	Job performance	SDA	DA	NT	AG	SA	Mean	Total	Std	%
1	efforts extended to job	15	20	10	46	49	3.67	140	1.36	66.79
2	time effort,	23	21	14	39	43	3.41	140	1.46	60.36
3	knowledge effort,	15	21	23	38	43	3.52	140	1.34	63.04
4	responsibility,	32	23	11	36	37	3.14	139	1.54	53.57
5	performance targets,	23	24	17	31	45	3.36	140	1.48	59.11
6	punctuality,	24	16	20	36	44	3.43	140	1.46	60.71
7	absenteeism,	22	32	12	43	31	3.21	140	1.42	55.18
8	relationship with others,	21	32	14	45	28	3.19	140	1.38	54.82
9	loyalty,	19	26	19	31	45	3.41	140	1.44	60.18
10	submitting new ideas,	10	28	23	23	56	3.62	140	1.37	65.54
11	initiatives,	23	11	26	34	46	3.49	140	1.43	62.32
12	dependability,	24	22	29	35	30	3.18	140	1.38	54.46
13	obedience,	5	24	31	34	46	3.66	140	1.20	66.43
14	reliability and accuracy	19	23	18	39	41	3.43	140	1.40	60.71
	AVG frequency	19.64	23.07	19.07	36.43	41.71	3.409	140	1.41	60.23

SDA= Strongly Disagree; DA=Disagree; NT= Neutral; AG= Agree; SA= Strongly Agree

Table-2data depicts that the IT employees' job performance is good with the average mean score of 3.49 and the average percentage is 60.23. as per the present survey.

Table-3: Employee job satisfaction fromintrinsic reward system

Sl.No	Intrinsic rewards	SDA	DA	NT	AG	SA	Mean	Total	**STD**
1	Employee recognition,	8	5	9	68	50	4.05	140	1.037339
2	Professional growth,	5	10	28	43	54	3.94	140	1.090286
3	Accomplishment,	18	19	8	44	51	3.65	140	1.413835
4	Variety of job,	46	23	11	23	37	2.87	140	1.63813
5	Autonomy,	23	24	11	31	51	3.45	140	1.518105
6	Respect	19	16	7	52	46	3.64	140	1.389097
7	Appreciation	22	32	14	43	29	3.18	140	1.400346
	Frequency	20.14	18.42	12.57	43.42	45.42	3.54	--	--

SDA= Strongly Disagree; DA=Disagree; NT= Neutral; AG= Agree; SA= Strongly Agree

The t-value is -0.33071. the p-value is .743733. the result is not significant at p<.05.

Table 4: Employee Satisfaction from Extrinsic rewards

Sl.No	Extrinsic Rewards	SDA	DA	NT	AG	SA	Mean	STD	%
1	Salary hikes	4	4	0	62	70	4.36	0.86	84
2	Promotion	5	10	28	43	54	3.94	0.86	73.5
3	Bonus	12	15	18	44	51	3.76	0.86	69
4	Fringe Benefits	23	14	9	56	38	3.51	0.86	62.75
5	Job security	3	8	2	61	67	4.31	0.86	82.75
6	Interpersonal relations	19	16	7	52	46	3.64	0.86	66
7	Working conditions	22	32	14	43	29	3.18	0.86	54.5
	Frequency	12.57143	14.14286	11.14286	51.57143	50.71429	3.814286	0.862483	70.35

SDA= Strongly Disagree; DA=Disagree; NT= Neutral; AG= Agree; SA= Strongly Agree

The *t*-value is -2.9562. The *p*-value is .006885. The result is significant at $p < .05$.

Findings:

According to the data in table 1.4 t-statistic value is -3.59317. The P value is .001462. Hence, t –value is less than the p value. Therefore, it can be inferred that the IT employees derived more satisfaction with extrinsic rewards than the intrinsic rewards. The statistical analysis, based on the general opinions, it is hypothesized that the job satisfaction is influenced more by intrinsic rewards than the extrinsic rewards in the selected IT organization.

Objective-3:Assess the relationship between job satisfaction and performance:

Table-5: Correlation between job satisfaction and job performance

	job satisfaction	*job performance*
job satisfaction	1	
job performance	0.9832	1

Finding:

The value of r is 0.9832, which explains that there is a strong positive correlation between the job satisfaction and the performance of the employees' in the selected organization. The value of the result is significant at p<0.05and the coefficient of determination r^2 is 0.9667, the p value is 0.002607.

Elements in Correlation Matrix:

Self Esteem or Respect**=SC,**
Opportunity for Career Growth=**OCG,**
Prestige of Job Inside the Organization=**PJIO,**
Giving Importance to Your Opinions=**GIO,**
Feelings of Job Security=**FJS,**
Opportunity for Feedback on Performance=**OPFM,**
Amount of Close Supervision=**ACS,**
Freedom on the Job=**FOJ,**
Compensation =**COMP**,
Job Enrichment=**JOE**,
Opportunity for Participation=**OFP**,
Amount of Respect and Fair Treatment=**ARFT**,
Job Performance=**JPFM.**

Correlation Matrix

	SE	*OCG*	*PRE*	*GIO*	*FJS*	*OPFM*	*ACS*	*FOJ*	*COMP*	*JEM*	*OPA*	*ARFT*	*JPFM*
SE	1.000												
OCG	0.654	1.000											
PJIO	0.956	0.610	1.000										
GIO	0.857	0.669	0.818	1.000									
FJS	0.829	0.644	0.806	0.988	1.000								
OPFM	0.784	0.466	0.766	0.666	0.621	1.000							
ACS	0.876	0.732	0.827	0.867	0.838	0.652	1.000						
FOJ	0.877	0.742	0.829	0.877	0.848	0.654	0.995	1.000					
COMP	0.429	0.015	0.403	0.199	0.171	0.312	0.238	0.222	1.000				
JEM	0.856	0.752	0.822	0.861	0.838	0.682	0.970	0.976	0.142	1.000			
OPA	0.825	0.780	0.787	0.885	0.865	0.644	0.945	0.953	0.153	0.950	1.000		
ARFT	0.836	0.746	0.800	0.902	0.888	0.656	0.936	0.946	0.204	0.932	0.968	1.000	
JPFM	0.814	0.657	0.760	0.746	0.707	0.576	0.771	0.769	0.630	0.704	0.717	0.733	1.000

The Correlation is more than 0.25, from the computed statistics and also positive.

The Pearson Correlation find outthat there is a pair-wise relationship among dependent as well as independent variables and the results are summarized in table-6. The correlation analysis shows that all of the job satisfaction determinants have positive correlation with the job performance.

Table-6 shows that the job satisfaction factorsare positively correlated with job performance and also significant at 1% level. Therefore, Hypothesis-II (Alternative Hypothesis-H_{a2}) of the present study was accepted. Hence, job satisfaction has a resultant impact on the job performance of employees in the selected Indian IT organization.

Table 7: Regression Results in the Select Organizations

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	0.312	0.190	1.642	0.103
SE	-0.166	0.141	-1.181	0.240
OCG	0.384	0.042	9.135	0.000
PRE	0.050	0.110	0.453	0.651
GIO	0.600	0.210	2.859	0.005
FJS	-0.204	0.204	-0.998	0.320
OPFM	-0.008	0.057	-0.139	0.889
ACS	0.033	0.259	0.128	0.898
FOJ	0.634	0.307	2.065	0.041
COMP	0.426	0.030	14.172	0.000
JEM	-0.331	0.170	-1.948	0.054
OFP	-0.161	0.125	-1.292	0.199
ARFT	-0.197	0.115	-1.717	0.088

If the P value is less than 0.05, it can be said that it is significant.

The data in table-7 indicate that there is an opportunity for career growth (OCG), giving importance to your opinions (GIO), freedom on the job (FOJ), compensation (COMP) and job enrichment (JEM) are strongly correlated with job performance. The multiple regression analysis reveals that opportunity for career growth, compensation,giving importance to individuals are the most important predictors of employee performance. Hence, it can be concluded that job satisfaction has a resultant impact on job performance of the employees in the selected IT organizations.

Conclusion and Suggestions:

The study is conducted mainly to find out the impact of jobsatisfaction on the job performance of the IT employees. It can be concluded from the study that facets of job satisfaction significantly affect the level of employee performance among IT employees. The organization should consider all the intrinsic andextrinsic rewards systems, which have a significant impact on the job satisfaction and job performance. In the light of the above derived results, it is therefore suggested that in order to enhance the employee job performance in the Information Technology Industry, the organization should focus on all facets of job satisfaction and not only on any one of these factors of reward systems.

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