

CONSTITUENTS OF JOB SATISFACTION AMONG SMALL & MEDIUM ENGINEERING ENTERPRISES

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ABSTRACT

There are constituents at work place which affect employee morale, motivation, performance and affect job satisfaction. Job Satisfaction is an important indicator of how employees feel about their jobs and a predictor of work behaviours such as absenteeism and turnover (Michael Armstrong, 1994). SME sector is an important driver of Indian economy that produces more than 8000 products. During our study, it was found that employees at engineering sector of SME are dissatisfied with certain constituents at work place. Interestingly, non monetary factors such as superior-subordinate relationship and treatment have scored more in determining job satisfaction followed by pay and reward practices. This paper attempts to find out constituents that determine job satisfaction at SME.

Key words: SME-small & medium enterprises, MSMEDA-The Micro Small & Medium enterprises development Act, JS-job satisfaction.

I. INTRODUCTION

Job satisfaction is typically gauged by a general question that asks people how satisfied they are with their work on the whole. Feelings at work are assessed by asking workers while they are on the job about their mood at that specific moment or by asking them to record their feelings in a diary. Alan B. Krueger, (2005) noted that factors like job security, pay and benefits contribute more strongly to reported job satisfaction than to the feelings experienced at work, while day-to-day features of the work environment, like the compatibility of supervision, pressures to work quickly and social isolation, have a more depressing effect on feelings than on reported job satisfaction. Emerging evidence suggests that satisfied workers are also more productive workers. For each company, they related each unit's profitability, productivity, customer satisfaction, turnover and work accidents to its employees' ratings of job satisfaction. Business units with more satisfied workers tended to perform better in all disciplines. Acknowledging that cause and effect are difficult to establish, Mr. James K. Harter (2002) said that higher worker satisfaction led to better business unit performance. Some factors affect the workers' performance and satisfaction at work place. In small and medium enterprises there are some factors which determine or influence the satisfaction and performance level of workers at workplace. This paper attempts to find out the factors that determine job satisfaction at Engineering Sector of SME in Chennai.

According to "The Micro, Small and Medium Enterprises Development Act", 2006, SME is defined based on investment on plant & machinery

S. No	CLASSIFICATION	PRODUCTION UNITS (Investment in Plant & Machinery does not exceed)	SERVICE UNITS (Investment in equipment in Rs)
1	Micro Enterprise	Up to Rs. 25 Lakh	Up to Rs.10 Lakh
2	Small Enterprise	Above Rs. 25 Lakh to 5 Crore	Above Rs. 10 Lakh to 2 Crore
3	Medium Enterprise	Above Rs.5 to 10 Crore	Above Rs. 2 to 5 Crore

Source: *MSME Act, 2006, Ministry of Micro, Small & Medium Enterprises, Govt. of India

Number of Registered engineering units under SME as on May 2008 in Chennai, district is as follows:

District	No of Engineering Units under SME	Employment (in numbers)
Chennai	3600	15500

*Source: Industries Commissioner, Director of Industries and Commerce, Chepauk, Chennai-5

Small and medium enterprises are vital part of economy and employment generation. The SME

workforce appears to be dissatisfied, unmotivated, untrained, and unproductive. Thus there is a need to enhance the image of the industry personnel through standard human resource management and development practices, which require the cooperation of the people involved in the SME. The suggestions of this survey would be very significant for any SME either at present or in the future.

II. NEED FOR THE STUDY

Management needs information on job satisfaction in order to make suitable decisions both for preventing and solving employee-related problems. This Job satisfaction survey is a process by which employees report their feelings towards their job and work environment. Individual responses are then combined and analyzed. It helps the managements of SME understand employees' feelings towards job and the areas of dissatisfaction. Job satisfaction is a powerful diagnostic tool for assessing employee morale and motivation. Hence the managements of SME are desirous to know the level of Job satisfaction among its employees

III. OBJECTIVES OF THE STUDY

- To find out & evaluate the constituents of job satisfaction in SME

IV. SCOPE OF THE STUDY

- The scope of the study has been extended to all departments in the SME to measure the level of satisfaction of employee towards their job.
- The study has been conducted to know the factors that affect employees' job satisfaction. The study views the present scenario of level of satisfaction of the employees in the organization and the ways to improve it.

V. LIMITATIONS OF THE STUDY

- The study was conducted in registered SMEs only.
- It was undertaken in engineering sector of SME only.
- Respondents' bias which is inherent in all such efforts could be present here also.

VI. REVIEW OF RELEVANT LITERATURE

Martin (1967) pointed out that employees know they contribute to the organization when they are

reasonably free from worry, and they feel, perhaps inarticulately, that when they are in trouble they are due to get something back from the organization. People are entitled to be treated as full human beings with personal needs, hopes and anxieties; they are employed as people; they bring themselves to work, not just their hands, and they cannot readily leave their trouble at home.

Wright (1991) pointed out even the most ardent supporters of performance related pay recognize that 'it is difficult to manage well', and Oliver (1996) made the point that performance pay is beautiful in theory but difficult in practice. Bowey (1982), Kessler and Purcell (1992), Marsden and Richardson (1994) and Thompson (1992) pointed out that contingent pay system has proved difficult to manage. Brown and Armstrong (1999) suggested that the effectiveness of pay –for –performance schemes is highly context and situation specific; and have highlighted the practical problems which many companies have experienced with these schemes. Saunders (1992) pointed out that a safety will examine the whole organization in order to test whether it is meeting its safety aims and objectives. It will examine hierarchies, safety planning processes, decision-making, delegation, policy-making and implementation as well as areas of safety programme planning. Holt and Andrews (1993) suggested that risk can be calculated by multiplying a severity estimate by a probability estimate. That is risk = severity × probability. Risk assessment is to initiate preventive action which enables control measures to be devised on the basis of an understanding of the relative importance of risks. Holt and Andrews (1993) suggested that the following steps can be taken to increase the effectiveness of safety; avoid negatives, expose correctly, use attention-getting techniques carefully, maximize comprehension, message must be believable and message must point the way to action. The Royal Society for the prevention of Accidents (2003) pointed out that because of incomplete control of the circumstances, partial knowledge of how things really are and of course inevitably incomplete knowledge of what will happen in the future, we fail to prevent accidents. The institute of Personnel and Development (IPD) statement People Make the Difference (1994) made the point that much has been done in recent years to introduce a sense of reality into employee relations. The pace of life and changing

work patterns in the future will put a strain on the best of relationships between employees and managers.

Armstrong and Ryden (1996), suggested that the team (group) pay is better for organizations. It is usually paid in the form of a bonus that is shared amongst team members in proportion to their base rate of pay. Wright (1991) and Makinson (2000) pointed out that Service related pay improves employee morale. Guest. D. E (1999) stated that the drive to adopt HRM is ...based on the business case of a need to respond to an external threat from increasing competition. It is a philosophy that appeals to managements who are striving to increase competitive advantage and appreciate that to do this they must invest in human resources as well as new technology. Karen (1995), pointed out that human resources are valuable and a source of competitive advantage.

Sparrow. P.R (1999) suggested that competencies (behaviour) based pay is better for employee development. Brown and Armstrong (1999) suggested that contribution based pay works well. Contribution captures the full scope of what people do the level of skill and competence they apply and the results they achieve, which all contribute to the organization achieving its long term goals. Armstrong and Baron (2004) pointed out that pay reviews shouldn't be connected with performance management reviews. Sherry E. Sullivan (1999) analyzed how the changing nature of careers can be conceptualized by examining two major categories of careers research. Specifically, the developmental stage theories of Super (1957) and Levinson (1978, 1986, 1996) and the boundary less career concept (Arthur & Rousseau, 1996) are used to assess our understanding of careers in today's dynamic work environment. Reilly (2001) outlined that mutuality, plurality, trust and respect, agreement without coercion, involvement and voice have become necessary enhance employee employer relationship. Armstrong & Baron (2002) stated that people and their collective skills, abilities and experience, coupled with their ability to deploy these in the employing organization, are now recognized as making a significant contribution to organizational success and as constituting a significant source of competitive advantage. Kodez et al, (2002) suggested that employees who were staying longer with their firms because of access to flexible working arrangements.

Ken W. Parry, Sarah B. Proctor-Thomson (2003) in a world of flexible, changing organizational trends the requirement for good managerial leadership has never been greater. This research tests the beliefs of managers across New Zealand about the leadership capabilities of other subordinate managers who are potential future senior managers. It then considers the perceptions of senior managers about responsibility for the career development of these subordinate managers. Barely one-half of subordinate managers are thought to have the capability of moving up to senior management positions and of being a more effective leader. Less than one-half of respondent managers believe that the career development of these leaders of the future is the responsibility of the individual and of the organization. The remainder believes it to be the responsibility of either the individual or the organization. The subordinate managers with the greatest leadership potential already display high levels of leadership. They suggested that the implications of the dominant 'new career' paradigm on the career development of leaders for the future and the potential strategies for aligning organizational needs with individual career development within the context of the contemporary work environment. Vicki R. Whiting and Suzanne C. de Janasz (2004) pointed out that Mentoring has transformed from traditional master-apprentice relationships into multiple developmental relationships that extend beyond functional, organizational, and geographic boundaries. The Internet provides one mechanism to identify mentors to help navigate career opportunities. One can identify successful business leaders who serve as mentors and assist in developing needed skills.

Karen S. Lyness and Christine A. Schrader (2006) pointed out that employees learn by coping with new experiences. However, we examined gender differences in job moves described in 952 *Wall Street Journal* announcements of senior management appointments and found that woman's new positions were more similar to their previous positions than was true for their male counterparts. Women were less likely than men to be promoted to the management level or move to new organizations, and a greater proportion of women than men were appointed to line positions with prior female incumbents. Among managers in staff positions, women were less likely than were men to move to line positions or different organizational functions. Taken together, these findings raise

questions about whether women's job moves offered career benefits that were comparable to those received by men.

Lilian M. de Menezes, Krystyna, Joanna, and Zaleska (2007) outlined the human resource development practices (as perceived by employees) and their association with their attitudes in the context of new career theories. It uses two heterogeneous UK samples of employees from six companies in different industries. Both regression models (from the 1997 and 2000 cohorts) support the mediating role of satisfaction with development on the relationship between perceived significance of development practices and organizational commitment. There are trends in attitudes about the significance of various development factors between cohorts of employees (with respondents in 2000 more inclined to state that self-motivation has been a significant factor in improving their Job performance, and with lateral development also reported as more significant in 2000). A shift in development practices can be observed as a progression from knowledge acquisition via formalized training courses, towards development as a participation model based on challenging work and coaching by an immediate supervisor.

VII. METHODOLOGY OF THE STUDY

This Objective based Analytical Study has been undertaken in Chennai. The population is 50 Engineering units of SME. Primary data have been collected using Stratified random sampling method from 300 employees from **engineering units** under SME in Chennai. Secondary data have been collected from various records of SME units, Government offices, Articles, books, journals and news papers etc. Factor analysis & Discriminant Analysis are the statistical tools used for drawn the conclusion.

VIII. DEMOGRAPHIC CHARACTERISTIC OF SAMPLE RESPONDENTS

Demographics	Number of respondents	Percentage
Age		
17-25	66	22
26-35	162	54
36-45	38	12.7
Above 46-55	28	9.3

Demographics	Number of respondents	Percentage
Educational Status		
ITI	61	21
Diploma	78	26
UG	54	18
PG	32	10.7
Professional	45	15
Others	28	9.3
Monthly Income in Rs.		
Below 5000	62	21
5001 - 10000	148	49.3
10001 - 15000	58	19.3
15001 - 20000	18	6
20001 - 30000	10	3.3
Above 30000	4	1.3
Years of experience in the present job		
1 – 3 years	156	52
> 3 – 7 years	84	28
> 7 – 10 years	42	14
More than 10 years	18	6

Source: Primary data

The demographic characteristics of the respondents (Table no.1) are that more than half of the employees (54%) belong to 26 - 35 age group. It is further revealed that one-fourth of the employees (26%) are diploma holders. Nearly half of the respondents (49%) have income range of 5000 to 10000 per month. More than half of the employees (52%) are having 1 – 3 years of experience in present job.

IX. FINDINGS AND DISCUSSIONS

9.1 Factor Analysis

The factor analysis is a very useful method for reducing data complexity by reducing the number of variables being studied.

Table 1 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.774
Bartlett's Test of Sphericity	Sig.	.001

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) is calculated using correlations and partial correlations to test whether the variables in the sample are adequate to correlate. The general rule of thumb is that a KMO value should be greater than 0.5 for a satisfactory factor analysis to proceed. By observing the above result that KMO is 0.774. Bartlett's Test of Sphericity tests whether there is a relationship between the variables. A p value < 0.05 indicates that it makes sense to continue with the factor analysis

Table 2 Final statistics

Attributes	Communa lity		Factor	Eigen value	% of Variance	Cumulativ e %
F1	0.855	*	1	5.19	32.44	32.44
F2	0.512	*	2	1.85	11.57	44.01
F3	0.813	*	3	1.48	9.23	53.24
F4	0.806	*	4	1.30	8.14	61.38
F5	0.745	*	5	1.25	7.79	69.17
F6	0.700	*	6	1.08	6.73	75.90
F7	0.802	*				
F8	0.724	*				
F9	0.697	*				
F10	0.688	*				
F11	0.685	*				
F12	0.782	*				
F13	0.872	*				
F14	0.827	*				
F15	0.808	*				

The factor matrix details the factor loadings onto Six factors before they have been rotated.

Table 3 Varimax Rotation Method in Factor Analysis Model for Identifying job satisfaction factors

Factors	Component					
	1	2	3	4	5	6
Superior subordinate relationship	0.831					
Interpersonal relationship)	0.826					
Quality of Treatment	0.792					
Job security		0.791				
Terms & conditions of employment		0.803				
Pay			0.839			
Award & reward			0.782			
Work place environment				0.813		
Welfare facilities				0.798		
Health & Safety measures				0.786		
Performance appraisal					0.815	
Grievance handling system					0.812	
Discipline matters					0.784	
Future scope in the organization						0.801
Career development						0.765

*Rotation converged in 8 iterations.

From the table it is observed that the principal component analysis with a varimax rotation gives us a

clear picture of rotated component matrix of factor loadings onto the six factors.

It is observed from the table 2, that the six factors extracted together account for 75.90% of total variance (information contained in the original 15 factors). Hence the factors were reduced from 15 to 6 underlying factors. It can be found from the Table3 that factors F7 and F12 have loaded as, 0.831 and 0.826 on factor 1 respectively. Thus, factor 1 can be interpreted as a combination of 'Superior – subordinate relationship', Quality of treatment, and 'Inter-personal relationship'. Therefore, this factor can be named as 'Relationships'. It is evident that 'Terms and conditions of employment' has loaded as 0.803 on factors 2. Thus, this factor can be termed as 'conditions of employment'. Now for factor 3, it is noted that 'Pay' has the highest load of 0.839. Therefore this factor can be interpreted as 'Compensation'. It is noted from the table that 'work place environment' has the highest load of 0.813 hence this factor can be named as 'conducive climate'. It is evident from the table that the factors 'performance appraisal system' and 'Grievances system' have loaded as 0.815 and 0.812 on factor 5 respectively. Hence, factor 5 can be named as 'system'. To interpret factor 6, 'Future scope in the organization' has the highest load of 0.801, therefore this factor can be termed as 'career growth'.

Later on, overall satisfaction of an employee was taken as a dependent variable with two possible outcomes (Yes or No). The factor scores of the six factors were taken as independent variables and the results of discriminant analysis are discussed below.

9.2 DISCRIMINANT ANALYSIS

Discriminant analysis is used to model the different effects of the above factors on the satisfaction. Factor scores were used as independent variables and the dependent variable was the response to the question regarding the overall satisfaction. The following equation can be made for the given context. The value of Wilks' Lambda is 0.312 suggesting the appropriateness of the following model. The probability value of the F test ($p < 0.001$) indicates that the discrimination between the two groups is highly significant.

$$\text{Job satisfaction} = - 6.857 \text{ (constant)} + 4.5 \text{ (compensation)} + 2.1 \text{ (conducive climate)} + 4.8$$

$$\text{(Relationships)} + 2.8 \text{ (conditions of employment)} + 2.1 \text{ (Career growth)} + 3.8 \text{ (system)}$$

X. CONCLUSION

It was concluded that all the above factors have a positive impact on Job satisfaction. Hence job satisfaction is not just a matter of rupees but is the matter of organizational, managerial, psychological, and behavioral aspects. Thus to enhance employee satisfaction, employer on his part needs to ascertain continuously the factors that affect performance, productivity, involvement and satisfaction of employees at all levels of small and medium enterprises. It is clear from the analysis; all the factors tend to have an impact on job satisfaction in SME but relationship factors play a very significant role in job satisfaction.

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