

The Impact of Job Satisfaction on Employee Loyalty: The Case of 3MB Company, Ltd.

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Abstract

This qualitative research aimed to explain 3MB staff's organizational behaviors in terms of their satisfaction and loyalty to the company. The research tools included in-depth interviews and focus group. Data were obtained from the interviews of 20 out of 100 3MB staff and administrators. It was found that most staff were not satisfied with their work but had no other choices of better work. There were no clear results from the eight factors, consisting of working environment, compensation, work itself, responsibility, achievement, growth, recognition, and advancement. Moreover, there was no clear difference in satisfaction between Office and Production staff. Most staff are most likely to resign if they receive a better job opportunity. The research result would be useful for the strategy, policy, and personnel development of 3MB to make it a standard workplace.

Keywords: Job Satisfaction, Staff Loyalty, 3MB Co., Ltd.

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1. Introduction

1.1 Background and Statement of Problems

Nowadays, it is undeniable that businesses pay more attention to their employees since they see that human resources are indispensable for the company. Whenever there is an absence of human resources, the process of work cannot run continuously or may be delayed, causing damage to the company. If the company wants to support and encourage a staff to have good skills, it needs to invest with high costs. The process involves recruitment, selection, compensation, welfare, and benefits, including skill training for the staff. With the training process that assists staffs to work effectively and efficiently, employees would be happy at work, and it may lead to job satisfaction. The higher satisfaction the employees have, the more loyalty they would have toward the company. Therefore, building the staff loyalty is what the company should focus on. If the employees are loyal to the company, they are reluctant to resign; in other words, loyal staff members do not resign from the organization easily. They are responsible for their work. Besides, they work with great effort, and with the development process of practice. Last, but not least, they work for the company's success. On the other hand, if the employees have no loyalty to the company, they will look for opportunities to leave the organization, especially when it comes to the issue of salary. They lack a real intention or effort to work. They avoid any extra work apart from their regular work responsibilities. As a result, this makes the organizational efficiency decrease.

If an employee resigns, the company has to spend a lot of both time and money on recruiting a new replacement and training him or her. Unlike long-trained employees, new employees, who have not become accustomed to the work, are likely to cause damages and cannot meet the company's standards. In contrast, the employees who have been working for a long time have more work skills. Trained practically by the company, these employees have good work skills and are able to troubleshoot problems. Seeing that employees are real valuable resources in which the organizations have to invest, the organizations have to do their best to keep skilled ones with them since these quality employees can reduce costs for the organization. Having employee satisfaction is considered a critical concept along with the ability to retain the best employees to stay in the organization or employee retention in other words. In fact, there are several strategies provided by the human resource management on how to make the employees satisfied with their organization. Any of the methods guided by the strategies of human resource management is intended to prevent or reduce the employee turnover rate (Lipiec, 2001).

According to table 1 below, the approximate number of employee resignations at 3MB in 2016 is shown.

Table 1 The Approximate Number of Employee Resignations at 3MB in 2016.

Department	2016	Percentage
Molding	1	1
Laminating	4	4
Sanding	3	3
Painting	1	1
Packaging	1	1
CEO	0	0
General Manager	1	1
Manufacturing Manager	1	1
Human resource / Admin	1	1
Accounting / Financing	0	0
Logistics / Purchasing	1	1
Engineering	2	2
Project managers	2	2
Former employees	3	3
Subtotal	21	21%

The number was indicated that the turnover rate varies each year (3MB ERP, 2016). It shows that 21 percent of employees from several departments has been resigned which is high percentage. Therefore, 3MB should pay attention to employees' job satisfaction and loyalty so that the resignation problem can be solved in the future.

2. Literature Reviews

Locke (1976) defined job satisfaction as individual's subjective valuation from various aspects toward their job (Tansel and Gazioglu, 2014). Spector (1997) stated that employee satisfaction was considered as either overall feeling toward the job or various attributes toward the job (Turkyilmaz, Akman, Ozkan and Pastuszak, 2011; Spector, 1997). Turkyilmaz et al. (2011) proposed that employee satisfaction is an essential factor that is reflected from employees' opinion, attitude and expectation toward their job and organization. The findings from previous studies indicated that job satisfaction is a good predictor in job resign and high turnover, and those findings also revealed that individuals leave low satisfaction jobs for high satisfaction jobs (Tansel and Gazioglu, 2014; Freeman, 1978; Akerlof et al., 1988; Clark et al., 1998; Kristensen and Westergard-Nielsen, 2004; Lévy-Garboua et al. (2007). According to Drummond and Stoddard (1991), employee satisfaction contains an evaluation of various characteristics of the job as working conditions, pay,

relationships with co-workers and supervisor, organizational policies and the nature of the job itself (Tansel and Gazioglu, 2014). According to Becker et al. (1995), loyalty could be defined as a desire to maintain commitment as employee of the organization, a willingness to put efforts for the organization, a strong belief in values and goals of the organization (Tansel and Gazioglu, 2014). Chen (2006) stated that job satisfaction determined organizational loyalty of employees and such loyalty mediates the effects of satisfaction on turnover variables (Chen, 2006; Tansel and Gazioglu, 2014) while Fletcher and Williams (1996) stated that employee job satisfaction has a positive impact on organizational loyalty (Tansel and Gazioglu, 2014).

3. Research objectives

1. To study the degree of employees' job satisfaction on the eight factors consisting of working environment, compensation, work itself, responsibility, achievement, growth, recognition, and advancement

2. To identify the key factors among the eight factors (working environment, compensation, work itself, responsibility, achievement, growth, recognition, and advancement), mostly affecting the employees' job satisfaction

3. To assess the overall job satisfaction of the employees in 3MB Company Ltd.

Research questions

The following questions were the main interview questions used for data collection of this research. Each question was followed by additional explanation from the interviewees no matter whether the answer was yes or no.

In addition, the issues for focus group discussion were those main points collected from the interviews. The focus group members intensively discussed those issues and sought preliminary solutions to those problems. Objectives of the focus group was implemented to serve the following purposes:

- To determine why loyalty is declining and what can be done about it,
- To reconsider the basic qualifications of employees working in different departments,
- To suggest ways for 3MB staff to work together happily and effectively, and
- To propose a model for an effective work environment which will lead to employee loyalty.

Scope of the Research

The research investigated whether job satisfaction at 3MB Company Ltd. has influenced employee loyalty. Methods of data collection for this qualitative research were interviews and focus group. The relationship between job satisfaction and employee loyalty was then analyzed by using linear regression. The following eight factors were discussed below in research framework:

4. Conceptual Framework and Research Framework

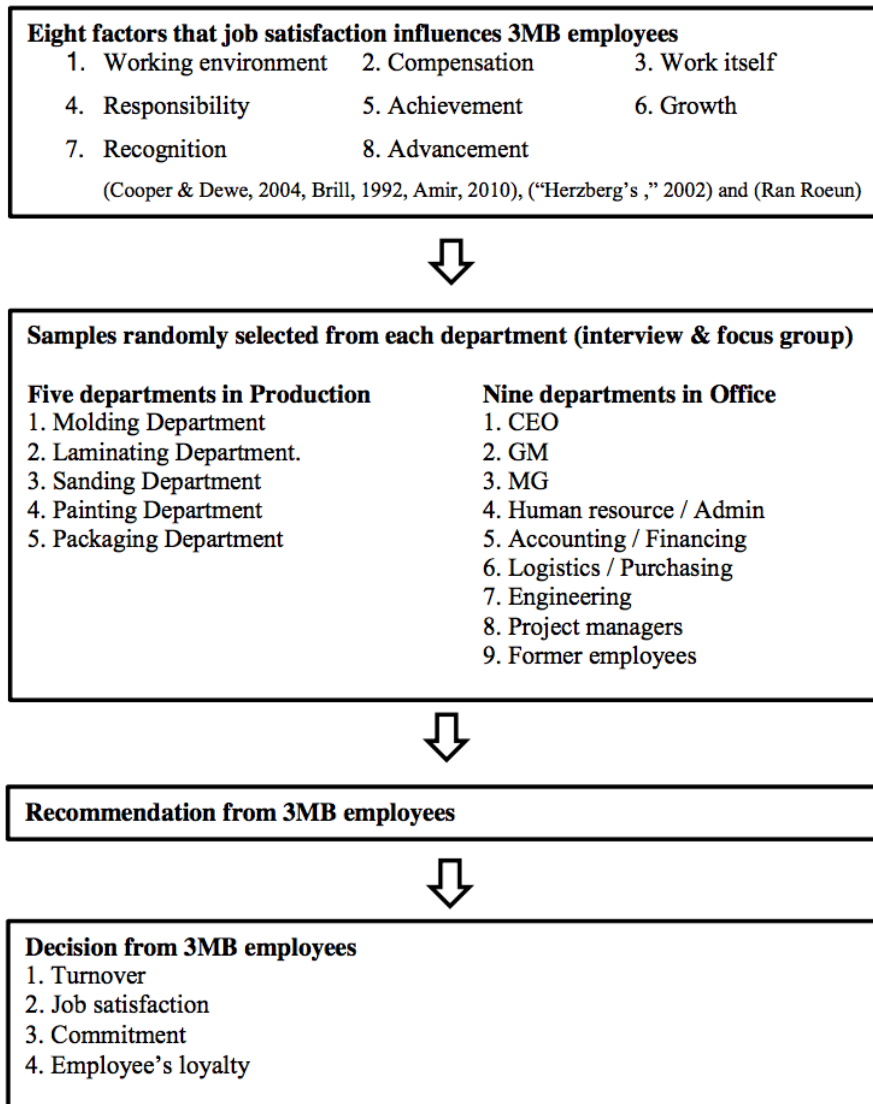


Figure 1 Conceptual Framework

Significance of the Research

1. The results of this research is useful for developing job satisfaction to increase employee loyalty at 3MB Company Ltd.
2. This research would be useful as research evidence for further studies concerning how job satisfaction affects employee loyalty.

Research Samples

The respondent for this research consisted of people from 3MB Company Ltd. In the qualitative research, the target population was approximately 100 people from operation positions in the company. The researchers used the focus group technique to obtain data from 20 employees from 14 departments.

5. Research Methodology

This research was a qualitative research study about the factors related to job satisfaction influencing employee loyalty. This research design allowed the researchers to discover and understand phenomena concerned with events, situations, opinions, experiences, feelings, and attitudes of individuals, thus producing subjective data. In this research, the researchers used both focus group and in-depth interview techniques to gather data directly from the employees in each department. The data used in this research were composed of both primary and secondary data.

Primary data - Qualitative data were gathered from a focus group and interviews. The first step, the researchers organized formal interviews with 20 people – 10 people selected from 9 positions in the office including former employees of 3MB and the other 10 people selected from 5 positions in the production line. The second step of focus group interview took place after the completion of the interviews. In the focus group, 3 administrators were invited to discuss issues.

Secondary data - This information and data were derived from related concepts, theories, and researches. In addition, there were articles in the press, journals, textbooks, and related research on the Internet.

Method of analysis

For qualitative research, the researchers collected and analyzed the data as follows:

1. Analyzed the data from the recordings and review,
2. Chose the important information,
3. Grouped the same or similar information together to create a summary of the topic,
4. Clearly explained about the situation and cut unnecessary topics, and
5. Verified the information by reviewing the person who gave the information for reliability.

6. Research Findings and Conclusion

According to the eight studied factors, comprising working environment, compensation, work itself, responsibility, achievement, growth, recognition, and advancement, the results could be concluded as follows:

Working environment - It was found that most employees were not satisfied with the working environment. The airflow was reported to be poor because there were not enough ventilators causing

the working area to be very dusty, thus harmful to health. The air conditioner problem also got worse due to its limited working area, which caused further noise problems. Most staff reported that the running machines were very noisy. Another big problem was the insufficient amount of light in the office and working areas. This caused mistakes when making products, which often dissatisfies the customers. In terms of facilities, it was reported that there were not enough toilets, insufficient drinking water, no cafeteria, and no rest areas for staff. No sufficient working equipment was provided either. Finally, the company appeared to have problems with safety systems. The staff had to work with various chemicals all the time, but only basic safety tools were provided.

Compensation - The compensation was found to be acceptable by most staff because most of them considered themselves not knowledgeable or experienced enough when they initially started working for the company. The company offered them opportunities to work in their positions. Those who were not very satisfied with the compensation were Office staff. They felt that they were assigned to do too many things. Besides, they occasionally had to work overtime but without being paid. Some did not get a yearly salary raise because the company told them that it was only a small company which did not make enough profit. Several production mistakes which satisfied customers were claimed to affect the amount the company earns. The company came up with a lot of excuses for not paying its staff fairly. The staff have never gotten a yearly bonus. This caused many Office staff to resign. Those who could bear it were older workers who were afraid of not successfully getting new jobs.

Work itself and Responsibility - Most Production staff accepted the conditions and responsibilities they were assigned to do. Only a small number of them had difficulty with their job scope due to unclear job assignments. More problems were found with the Office staff who reported that their work was overloaded. The various and excessive work caused mistakes, confusion, and unclear job assignments, sometimes leading to unnecessary inter-office arguments.

Achievement – Generally, those well-disciplined staff who have no absence or leave record for two successive months are eligible to receive a 5,000-baht Lucky Draw award. The amount has been increased to 10,000 baht in 2016. Since only one award is offered, the successful candidate would not only be qualified for the award but also has to be lucky. Unfortunately, there is no certain date to announce the winner since the availability of the award depends on the company's current financial situation. The repeated delay makes many staff think that the award should no longer be granted. Another motivation is called KaiZen. It is a 5,000-baht award conferred to any employee who is capable of innovating a system which reduces costs. This rarely happens because typical staff think that the company is not their own.

Growth - The Production and Office staff's professional development is rarely available.

Few Production staff are sent to attend a training, workshop, or seminar with other companies. Some department heads have taken a study tour at some neighboring companies which belong to the company owner's friends. However, what they have learned cannot be well applied to their work. Besides, the training is not done continuously because some are short course trainings which do not yield anything sustainable. In short, professional development is not the management's interest.

Recognition - All staff from Production and Office departments who provided information concerning the company's growth such as sales thought it was not their responsibility and they were not knowledgeable about it. Therefore, they did not pay attention to it. The staff thought that the on and off orders may mainly be a result of mistakes made by management and by low quality production because the company sometimes did not have experts to inspect the finished work before delivering it to customers. Work redo or editing was a common situation. 3MB did not have a clear working plan before a production run started. The work schedule arbitrarily depended on administrators resulting in various problems and work corrections. The related staff were always reproached for the mistakes.

Advancement - All staff wanted the best thing for themselves, e.g. salary and a secure position. Many staff had to resign from 3MB because they were looking for a place with more secure compensation, new experiences, a better environment, physical safety, and happy working conditions. Few staff said they would continue working for the company no matter what happens since they felt that 3MB gave them a chance to make a living and to own a car and a house. Thus, they were happy enough to stay.

Rank of Problems in Eight Factors at 3MB Company

1. Working environment - The first problem was that the interviewees realize the importance of the environment of the company. If something is still missing or not improved, working problems will still occur.

2. Compensation - Salary was the second problem. Since all staff are making a living, they are serious about this issue.

3. Advancement - The third problem was that everyone is surely building for his/her better future.

4. Growth - The fourth problem was about their work and responsibility. All staff want to develop themselves to their fullest capacity in order to get a promotion.

5. Achievement - Since all staff want to be successful and have a better future, they pay serious attention to their success.

6. Work itself - Most staff know their jobs very well, but they have to always realize their

importance.

7. Responsibility - As mentioned above, all staff know the importance of their responsibility.

8. Recognition - This was the last and least serious problem found. All interviewees realize the importance of respecting one another. Little problem is caused by this problem, for everyone work together like a family.

Key Factors and Degree of Employees' Job Satisfaction on the Eight Factors

3 key factors most affecting 3MB employees' job satisfaction were 1) working environment, 2) compensation and 3) advancement.

There was difference in degree of job satisfaction, namely working environment, compensation, work itself, responsibility, achievement, growth, recognition, and advancement. On average, 3 people of the interviewees were satisfied with the eight factors. Moreover, 3 people of the interviewees were only slightly satisfied. However, comparing to the rest of the factors, it was noted that almost 10 of the interviewees said degree of only unsatisfied also stood; they were particularly not satisfied up higher than that in other factors. Compensation was the highest.

7. Discussion

It was found that salary and environment motivation was moderately corresponding to company loyalty in the aspects of feeling behaviors and perception. In general, loyalty to the company is achieved because the company staff feel positive towards what they get and what they do. The more their needs are responded to by the company, the more loyal they will be to the company. This was corresponding to Supap (1993: 125-126) who stated that the benefits of motivation caused company loyalty, leading to the employees' faith and trust in the company. This was also supported in a research study by Prasongsilpakul (2004) who investigated work behaviors and company loyalty.

It was found that work itself, responsibility, achievement, recognition, and advancement (Ramlall, 2004) motivated the staff, who felt personally responsible for the products made by the company. This would encourage them to work harder to achieve their own personal goals, as well as the goals of the organization. Herzberg et al. (1959) stated that the employees also need to feel like the working that they are doing makes their life more meaningful and enriching (Ramlall, 2004).

8. Recommendations

1. 3MB should improve its working environment, professional development policy, overtime working, and compensation. The working environment, which is directly conducive to staff health, safety, and risk, needs urgent and constant care. Individual professional development should not

be overlooked either. The company should make its staff feel that they have equal access to such opportunity. Finally, salary and compensation promotion should be done according to staff's work experience and real ability.

2. 3MB should pay more attention to staff achievement, recognition, and success in order to uplift their satisfaction and loyalty to another level. This will result in a good and effective team work. For instance, the inexperienced ones should be trained and cared for by the experienced ones.

3. 3MB should pay more attention to proper training to develop its staff's cross-culture communication skills. In doing so, the staff will have a better understanding of work processes, which will increase their faith in the company.

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