

# The Impact of Employee's Satisfaction on Company's Well-being and Sustainability of the Company in the Long Run

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**Abstract-** *Nowadays, many business owners and companies realize that employees have now become one the most important assets of a company; their level of happiness and satisfaction will directly impact their working performance and affect company's overall performance and sustainability. It is crucial for companies to keep employees satisfied because it is one of the critical components to success. This article will discuss the factors that affect employees' satisfaction and the impact of their satisfaction to the company's well-being and sustainability of the company in the long run.*

**Keywords-** *Employee Satisfaction, Company's Performance, Customer's Satisfaction, Company's Sustainability*

## 1. INTRODUCTION

Under the high pressure from rivalry within the same industries, companies are trying to stand out from their competitors to attract customers, in turn, get profit. The customers are always the one who decides the profitability of a company (Naseem, Sheikh, GPHR, 2011) and the front-line employees be people who contact the customers directly and, therefore, affect their decisions. According to Specht, Fichtel and Meyer (2007), a research has shown that there's a significant impact of employees towards the customer's satisfaction when they interact. A good impression of the workers will keep customers to repurchase and vice versa. Thus, keeping the right worker is as important as keeping a customer (Gonring, 2008). Business owners now try their best to keep talented people to work for them and, therefore, will influence the company positively and keep the company sustaining in the long run. Work motivation is found to be directly related to job satisfaction and have positive association shows that as work motivation rises, job satisfaction will also do (Pool, 1997). Green marketing is one of the important issue companies have to deal with because people are more concerned about the environment now due to highly polluted surrounding that will directly cause adverse impacts to health. According to Fernandez-Kranz and Santaló (2010), companies in industries that are very competitive have a better rating in following socially responsible policies and using green techniques because due to a higher concern of people towards the environment; consumers tend to choose to purchase from environmentally-friendly companies. For businesses to sustain for a long period, selling for profit is not the only element that corporations should be involved anymore. Sustainability includes three essential elements within companies: employee's satisfaction (People), sustainable profit in the long-term (Profit), a durable planet with less

pollution (Planet) (Dumitrescu, Stanciu, Tichindelean, and Vinerean, 2013).

## 2. FACTORS THAT AFFECT EMPLOYEES' SATISFACTION

Employees are influenced mainly by internal forces within their own company. Berry (1981) argued that to recruit and keep talented people, employees' internal satisfaction is one of the requirements; this helps organizations to see employees as important as customers. Thus, Dumitrescu and Apostu (2009) estimated that, satisfaction of internal customer (employee) and their contribution of loyalty to satisfy the external customer will lead to ultimate profit maximization in company.

## 3. CORPORATE CULTURE

Corporate culture is the character that represents a company (Schuman, 2006). The culture of the company will directly influence the employees' performance and leads to achievement of company's profitability (Awadh and Saad, 2003). According to Nohria, Groysberg, and Lee (2008), the most effective culture to make employees feel satisfied is to promote a strong sense of friendship between colleagues — a culture that encourages teamwork, collaboration, and openness. If employees are in a team, they will tend to share similar beliefs and ethics. When the views are aligned with the company's goal, it will help to promote the process to achieve it. In contrast, it can lead to lack of motivation, decrease in loyalty, and increase in turnover rate (Schuman, 2006).

## 4. PAY SATISFACTION

Salary will be determined indirectly to show how much an employee is worth to the company; many companies pay a high salary to talented people to keep them working for the company. Employees often make judgments by comparing

their salary with co-workers or other employees in another organization that holds a similar position (Greenberg, Ashton-James, and Ashkanasy, 2007). However, overpaid or underpaid jobs might reduce the work motivation of the employee (Carr, McLoughlin, Hodgson, and MacLachlan, 1996) and, therefore, pay-for-performance is used in many companies. The supporters of self-determination theory claim that pay-for-performance will provide positive results by being supportive and encourage the employees to be autonomy and increase self-esteem (Deci and Ryan, 2008). One of the essential elements in the pay-for-performance systems is goal clarity, which will lead motivation to increase (Emmanuel, Kominis, and Slapincar., 2008).

## 5. MANAGEMENT STYLE

Management style is a way that employees are managed in an organization. There are seven styles of leadership: autocratic, bureaucratic, charismatic, democratic, laissez-faire, participative, transactional, situational, and transformational leadership (Mosadeghrad 2003b, 2004). Employees' job satisfaction is significantly interrelated by the manager's leadership style. Therefore, managers should have deeper understanding on work satisfaction of employees to ensure that they are willing to continue working for the company. If employees have a manager that is available to help them, they will be more confident when facing challenge. (Ramlall, 2004) According to Rad and Yarmohammadian (2006), supportive style of management which is demonstrated through respect, open communication, and recognition will boost the satisfaction of employees when working. This is because it is shown in their research that when managers praise or recognize employees' good performance, it increases their job satisfaction and are able to boost their enthusiasm to work for that company. A successful company will ensure that the employees' efforts are valued, and time is wisely used (Pickett, 2005). On the other hand, autocratic leadership style frequently makes the employees have low-self-esteem and dissatisfaction because the managers will decide everything. Talented people might find their abilities and knowledge are not well-used (Caddy, Guthrie, and Petty, 2001).

## 6. MEANINGFULNESS OF WORK

Studies have shown that although many companies use a high salary method to keep capable workers, it does not prove to have a direct impact on the happiness of employees but short-term satisfaction. However, involve employees in social responsibility, and sustainable programs will have positively long-term effects on them ( Dumitrescu et al., 2013). People often feel good when doing good for others (eg. environment), it will cause increases in happiness and engagement. Besides making profit from the public, a portion of the profit should be given back to the community and environment. When employees realize the company they are working for is

doing social responsibility for their home, they will be more engaged to their work.

## 7. CUSTOMER SATISFACTION

Service quality of employees toward customers is the main factor that impacts customers' satisfaction, especially in the service industry (eg. bank), and service quality is directly related to job satisfaction (Naseem et al., 2011). When employees are not satisfied, it will affect their emotions and, therefore, affect their service quality to customers. Meeting customer's future demand is a challenging task (Naseem et al., 2011), therefore, employees have to understand the expectations of customers towards their service quality to fulfilled customer satisfaction and their loyalty (Dusuki & Abdullah, 2007) so that they will repurchase, reuse, or revisit the business. By keeping the current customers satisfied, they will advertise the business to people around them and that business will tend to get more sales by satisfying that one customer (Griffin, 1995). Service industry trade shows that employees are satisfied will be more productive compared to employees who are less satisfied (Brown and Lam, 2008).

## 8. CORPORATE FINANCIAL PERFORMANCE

Although work satisfaction will not promptly affect company's profit, it is directly related with customers' satisfaction towards the company (Chi and Gursoy, 2009). Employees are people who connect the external people (customer) with internal (company) (Marketing Innovators, 2005). The work performance of employees will directly change the customer's perception of the company, and this will be transformed to be the action of the buyer, whether to become or not to become the company's client. Therefore, company must train employees to serve all buyers with respect and proper manners. Ideas of employees cannot be denied before any judgments because they are the people who are closest to the source of company's income-customer. Any changes purposed by employees has to be considered as this might increase the profit of the company.

## 9. COMPANY'S SUSTAINABILITY IN THE LONG RUN

The core to build a socially conscious, innovative, and environmentally responsible business is to synchronize employee engagement in work with sustainability strategy (Lovins, 2012). This is because including workers in their sustainability plan will increase employees' engagement, and indirectly they will be the word-of-mouth marketers of the company. When they are more engaged into their work, they talk more positively and proudly about their job outside the workplace (Stein, 2012).

On the other hand, corporate that is irresponsible to the society will get adverse impacts from the public: not buying products from the company, not invest in the company, not apply the position in the company, speak

negative issues about the company, and joining campaign which goes against the company (The World Business Council for Sustainable Development, 2005).

## 10. DISCUSSION

There are four factors that affect the employee's satisfaction and how they relate to customer's satisfaction, company's financial performance and sustainability are discussed in this paper. Organizational culture will usually be aligned with the organizational goal. When an employee does not feel he is fit into a particular culture, it will decrease his motivation to work for the company. On the other hand, when the culture set brings people together, workers tend to work in a team and achieve the company's goal together. Most employees are concern about pay satisfaction that will directly affect their work performance in an organization. For example, when they felt underpaid, they tend to be emotional and less wanting to be self-motivated. However, also overpaid did not help them to be satisfied as they will be demotivated to work extra as they were given high salary that does not need them to fight for it. Therefore, pay-for-performance is used in many organizations to ensure employees are motivated to work to get the salary they desired based on their work performance. Managers in a company also played an essential role to help employees to be satisfied as praise, recognition, and respect will make employees feel their work is appreciated (Burton, 2012). If their supervisors do not value employee's opinions and ideas, employees will feel the lack of self-esteem and slowly evolved to be a machine who only receives order from top management. Leaders are able to create an environment for the employees to have a feeling to be self-motivated (Baldoni, 2004). When employees feel their job is helping the community, their happiness will increase and do more for the company. Eg.: corporate can encourage their employees to save paper when working to improve environment and pay incentives according to papers they saved. Customers nowadays not only demand for a quality product but high-quality service too. There are too many rivalries in the market for customer to choose. When they feel that they are not being served politely at a business, they will want another company that is the competitor. The rate of the customer to repurchase in a business that give him a bad impression is almost zero. Corporate financial performance although it is not directly related with employee's satisfaction, it is interrelated with the customers. When employees are motivated to work, to satisfied customers, in turn, it will bring sales to the company. Companies have to be corporate social responsibility in order to sustain their business in this highly competitive industry. Any irresponsible act will affect company's reputation and, therefore, sustainability.

## 11. CONCLUSION

This paper has examined the impact of employee satisfaction on company's well-being and sustainability in the long run. It has been verified in this study that job

satisfaction will directly affect employees' motivation and engagement in work and tend to link with customers' satisfaction, corporation's financial performance and sustainability, in other word, profit. The three elements (customer satisfaction, corporate financial performance, and company's sustainability in the long run) discussed in this article are the keys to achieve success in business. Employees' satisfaction on business success is undeniable, but there is no prove that whenever employees are satisfied, the business will succeed.

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