

**A SURVEY OF THE RELATIONSHIP BETWEEN JOB SATISFACTION AND  
ORGANISATIONAL PERFORMANCE OF COMPANIES LISTED ON THE  
NAIROBI STOCK EXCHANGE, KENYA**

**BY  
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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS  
ADMINISTRATION (MBA)**

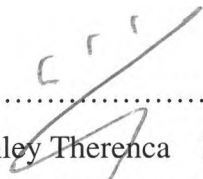

**SCHOOL OF BUSINESS  
UNIVERSITY OF NAIROBI**

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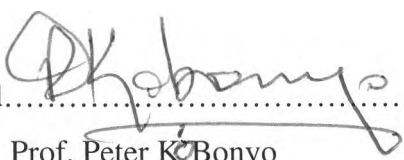
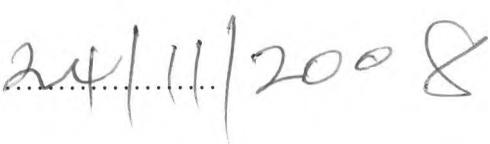


## DECLARATION

This research project is my original work and has not been presented for a degree in any other University.

Signed.......... Date..........  
Stanley Therenca Ntuara  
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This project has been submitted for examination with my approval as University Supervisor.

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## **DEDICATION**

To my immediate and extended family and all those of you who directly or indirectly made a contribution in making this dream come true.

## ACKNOWLEDGEMENT

I am grateful to all my lecturers and the other staff in the School of Business for their dedication and able assistance without which it would have been impossible to complete this programme.

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## ABSTRACT

The study sought to establish the relationship between job satisfaction and organizational performance in firms listed on the Nairobi Stock Exchange. The objective of the study therefore was to investigate and document this relationship.

The study used structured questionnaire on job satisfaction and secondary data derived from income statements to compute financial ratios which were the basis of the study. The ratios analyzed were Earnings per Share (EPS) and Return on Assets (ROA).

On the levels of job satisfaction, the majority of the respondents indicated that employees do their job well and expect to be promoted to a job with more prestige and salary.

It was also found that majority of employees prefer to be involved in decision making.

On whether or not they were satisfied with their job, it was found that 31% were satisfied while 69 were not.

The regression analysis for firm performance and job satisfaction showed that job satisfaction explains 8.7 % of the variance in the performance as measured by both the EPS and ROA. Beta coefficients were not significant at  $p < 0.05$ , implying that job satisfaction does not influence performance of listed firms as measured by return on assets and return on equity. Consistent with earlier studies, for example, by Brayfield and Crockett (1955), this study found little evidence of any simple or appreciable relationship between job satisfaction and organizational performance. The study however, has shown that teamwork, employee involvement and pay significantly affect productivity. It is, therefore, prudent that companies listed in the Nairobi Stock Exchange adopt policies that encourage employees' participation, teamwork and equitable pay structure to ensure growth and productivity.

The study identified some areas for further research including need to conduct a study on relationship between job satisfaction and performance in different sectors and also need to look into factors which lead to improved financial performance other than job satisfaction. Further there is need to carry out a study on unlisted firms to see if it will yield same results.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Individual performance is generally determined by three factors (Buchanan, 2007); motivation the desire to do the job, ability which is the capability to do the job, and the work environment including the tools, materials, and information needed to do the job. If an employee lacks ability, the manager can provide training or replace the worker. If there is an environmental problem, the manager can also usually make adjustments to promote higher performance. But if motivation is the problem, the manager's task is more challenging. Individual behavior is a complex phenomenon, and the manager may not be able to figure out why the employee is not motivated and how to change the behavior. Thus, also motivation plays a vital role since it might negatively influence performance because of its intangible nature.

#### 1.1.1 Job Satisfaction

Job satisfaction has been widely studied over the last four decades of organizational research. Job satisfaction has been defined and measured both as a global construct and as a concept with multiple dimensions or facets (Locke, 1969, 1970; Price, 1997; Scarpello and Campbell, 1983). In general, overall job satisfaction has been defined as ‘a function of the perceived relationship between what one wants from one’s job and what one perceives it as offering’.

Locke (1969) and Jensen (2000) define job satisfaction as a sense of personal growth most often measured by the extent of new challenges and learning situations experienced. This is the definition that is used in this study as it fits the context of the study.

### **1.1.2 Organization Performance**

Performance, in the context of organization, is not only a broad concept which has been used synonymously with productivity, efficiency, effectiveness, and more recently competitiveness; it has also been a subject of study for social scientists from a wide range of disciplinary perspectives. Labour productivity, for example, has long been the concern of (labour) economists ever since Marx and Smith. Within this perspective, how to extract labour from labour power, one of Marx's most fundamental insights, is seen as a basic problem of management, Harrison (1997). More recently efforts have been made by HRM theorists to try to establish a causal link between HRM and performance.

This has led to a growing number of studies which examine the potential contribution that good human resource policy can make to improving organizational performance, so much so that 'the impact of human resource management on performance has become the dominant research issue in the field, Guest (1997). As Wood notes, 'The studies vary so markedly between each other that there is not even a pair of studies that differs simply on one or two dimensions'. Accordingly, 'A consistent picture does not emerge from the studies,' Wood (1999).

The studies of HRM and performance are mostly cross-sectional and quantitative in nature, and contained in differing theoretical frameworks. While these studies provide us with colorful opposing findings and rich competing theoretical perspectives, the emerging field of HRM on performance suffers from a lack of unity in theory and inconsistency in research methodology. As Guest pointed out, 'statistical sophistication appears to have been emphasized at the expense of theoretical rigour' and 'if we are to improve our understanding of the impact of HRM on performance, we need a theory about HRM, a theory about performance and a theory about how they are linked' Guest (1997).

### **1.1.3 Job Satisfaction and Performance**

Extensive literature review by Brayfield and Crockett (1955), found little evidence of any simple or appreciable relationship between employee attitudes and their performance. Armstrong (2006) argues that it is not job satisfaction that produces high performance but

high performance that produces job satisfaction, and that a satisfied worker is not necessarily a productive worker and a high producer is not necessarily a satisfied worker. People are motivated to achieve certain goals and will be satisfied if they achieve these goals through improved performance. They may be even more satisfied even if they are rewarded by extrinsic recognition or an intrinsic sense of achievement.

Vroom (1964) observed that performance improvements can be achieved by giving people the opportunity to perform and rewarding them by financial or non-financial means when they do perform. It can also be argued that some people may be complacently satisfied with their job and will not be inspired to work harder or better. They may be reluctant to admit being dissatisfied with a job that they have no immediate intention of leaving. This apparent contradiction between research findings and what people expect on the basis of common sense calls for more research on the link between the two variables.

#### **1.1.4 Nairobi Stock Exchange (NSE)**

The stock market deals with the exchange of shares of publicly quoted companies for money. A listed company is a company whose shares are listed by the stock exchange as being available for buying and selling. In Kenya, a listed company should be limited by shares or registered under the Companies Act (Cap 486) that has issued shares through the NSE (NSE 2007 Listing Manual). The NSE was formed in 1954 and is now one of the most active markets in the region. Currently, there are 56 quoted companies representing different sectors of the economy such as Agriculture, Commerce and Services, Finance and Investment and Industrial and Allied Sectors. Trading on the stock exchange has become a fashionable tool for raising capital among Kenyans. According to Kihumba (1993), investors have become increasingly aware of the potential of NSE.

## **1.2 Statement of the Problem**

Job satisfaction is an important social process factor that fosters organizational efficiency and effectiveness. The relationship between job satisfaction and performance is an issue of continuing debate and controversy and according to Buchanan, (2007), one view associated with the early human relations approach, is that satisfaction leads to

performance. An alternative view is that performance leads to satisfaction. A large number of studies have investigated the relationship between job satisfaction and various organizational variables. Studies done on organizational employees have focused primarily on job satisfaction which is the extent to which employees perceive their work (Khainga, 2006), the levels and factors affecting job satisfaction (Chanzo, 2005) and employees' organization commitment and job satisfaction (Abwuano, 2005). However, up to this time, the researcher is not aware of any study that has been done to investigate the relationship between job satisfaction and performance of the firms listed on the NSE.

Given the importance of job satisfaction, this study fills in the gap by seeking answers to the following fundamental question: does job satisfaction affect performance of firms? It is in this spirit that the researcher intends to carry out a survey on the relationship between job satisfaction and organizational performance among the listed firms in Kenya. As listed firms, such companies are open to the public; there is therefore more pressure on them by government and civil society to perform well. There is also pressure to treat their employees well as a corporate responsibility and in line with ILO conventions which Kenya is signatory. The listed firms present a good opportunity to study the link between job satisfaction and performance. There has been no clear sense of direction as to whether there exist relationships or the two are not related at all. This therefore, calls for further studies on the link between the two variables. In view of the above therefore, the following research question emerges: What is the relationship between job satisfaction and organization performance?

### **1.3 Objective of the Study**

The aim of this study was to determine the relationship between employee job satisfaction and organizational performance.

#### **1.4 Importance of the Study**

This study is important to various groups of people namely:

- The management of surveyed firms will find the results of the study very valuable as a source of information and policy formulation.
- Scholars and researchers will also find this study an invaluable source of reference material for future studies on a related field.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 The Concept of Job Satisfaction

According to Armstrong (2006), job satisfaction refers to attitude and feelings people have about their work. Thus positive and favourable attitude towards job indicate job satisfaction. The reverse is true for job dissatisfaction. Other writers have often defined morale as being equivalent to job satisfaction. Guion (1958) defines morale as 'the extent to which an individual's needs are satisfied and the extent to which the individual perceives that satisfaction as stemming from his (sic) total work situation'. Gilmer (1961) suggests that morale 'is a feeling of being accepted by and belonging to a group of employees through adherence to common goals'. He says job attitude is an individual variable related to the feelings employees have about their job. The level of job satisfaction is affected by intrinsic and extrinsic motivating factors, the quality of supervision, social relationships with work group and the degree to which individuals succeed or fail in their work (Armstrong 2006).

Purcell et al (2003), asserts that firms can be more successful when employees are well motivated and feel committed to the organization and when the job gives them high levels of satisfaction. Their research found that the key factors affecting job satisfaction were career opportunities, job influence, team work and job challenge. Given the fact that significant and practically important relationships exist between aggregated employee attitudes and organizational performance, it is important to question what factors, contribute to satisfaction. The predominant view has focused on the situational context, for example supervisory support as a cause of satisfaction and has argued that high-performance work practices and thus a positive working climate foster employee satisfaction, Bowen and Ostroff (2004), Wright, Dunford, and Snell (2001), Wright, Gardner, Moynihan and Allen (2005). This rationale is consistent with recent research on the impact of financial and non-financial incentives (such as training) on business-unit outcomes. For example, Peterson and Luthans (2006) used a quasi-experimental, control group design and found that both types of incentives had a significant impact on store

profit, customer service, and employee turnover. Initially, the financial incentive had a greater effect on all three outcomes (as one might expect). But over time, however, the financial and non-financial incentives exhibited equally significant impacts on two of the three outcomes (the exception was employee turnover).

## **2.2 Organizational performance**

Collins Compact English Dictionary (1999) defines performance as “to fulfill”. The ultimate objective of human resource procedures is to align corporate performance and human resource practices with a view to achieve organizational goals and objectives. Managers must be able to determine whether or not their workers are doing an effective job, within a minimum of errors and disruptions. Effective management means getting results through top performance of employees, Nickels (2005). According to Crino (1993), employee work performance will be determined by job satisfaction and motivation which are conceived as an employee’s attitude towards his/her work, organizational rewards, social environment, organizational and physical environment in which work is performed. Performance in firms is managed through performance management programmes such as performance contracting, staff performance appraisals and other forms of evaluation.

Performance management is the process by which executives, managers and supervisors work to align employee performance with the organizational goals, Ivancerich (2001). As there are many stakeholders that management is accountable to in any business, the contribution of individual performance to the entire company performance is of ultimate importance. The value of performance plans is thus contingent on financial performance measured against objectives set at the start of the company’s financial year. The pressure on management therefore, is to cut cost and increase profits. In many cases, human resource function has been the first to be cut down when the profit picture become bleak simply because it could not show a clear direct relationship of activities to profits, Miner (1995). A company’s performance can be measured by profitability ratios. These ratios measure how effectively a firm is using its various resources to achieve profits. Three of the more important ratios used are earnings per share (EPS), return on sales and return on



equity. EPS is a very important ratio for a company because earnings help stimulate growth in the firm and pay for such things as stockholder dividends. Another reliable indicator of performance is obtained by using ratio that measures the return on sales. Firms use this ratio to see if they are doing well as companies they compete against in generating income from the sales they achieve, Nickels (2005).

Rucci et al (1998) defines the employee-customer-profit chain thus, 'if you keep employees satisfied in terms of their attitude to the company and their job you will create a compelling place to work which will encourage retention and lead to service helpfulness and merchandise value, which leads to customer satisfaction, retention and recommendations, thus creating a compelling place to shop'. These in turn create a compelling place to invest because of its impact on revenue growth, return on assets and creation of shareholders wealth.

According to Armstrong (2006), Nationwide has developed human capital investment model to quantify the impact that employee commitment has on customer satisfaction and business performance. The model uses data from existing sources such as employee opinion surveys, business performance statistics and employee turnover, length of service and absence. The model enabled Nationwide to prove statistically that the more committed the employee the happier the customer. However, research has shown it is possible to use data modeling to predict the impact of a change in one factor affecting employees satisfaction would have on customer satisfaction and ultimately on business performance, Rucci et al (1998). Reilly and Brown (1997) say that performance is the extent to which organization goals and objectives are achieved. Measures of performance include both financial and non-financial measures.

Financial performance of a company relates to profitability which is a key component of performance. Helfert (1991) describes profitability in two dimensions, from the management and also from the shareholders perspective. From management point of view, profitability is the effectiveness in which management has employed both the total assets and net assets as recorded in the balance sheet, which is judged by relating net profit to the assets utilized to realize that profit. From the owners' point of view,

profitability means the returns achieved through the efforts of management on the initial investment outlay.

### **2.3 Job Satisfaction and Organizational Performance**

Although it has been more common to investigate employee attitude data at the individual employee level, researchers have begun to explore similar relationships at the business-unit level and the organizational level. Research conducted under the rubric of organizational climate has had success in aggregating individual employees' perceptions and investigating their relationship to both organizational-level and individual-level outcomes, Schneider, White and Paul (1998), Zohar and Luria, (2005).

In addition, there are a handful of studies that have explored the relationship between aggregated employee job satisfaction attitudes and organizational (or unit-level) performance for example, Ostroff (1992), studying a sample of 364 schools, investigated the relationship between employees' attitudes and organizational performance. Ostroff found that aggregated teacher attitudes such as job satisfaction and organizational commitment were concurrently related to school performance, as measured by several performance outcomes such as student academic achievement and teacher turnover rates. Across 12 organizational performance indexes, the magnitudes of the correlations between teacher satisfaction and performance ranged from .11 to .54, with a mean of .28. When the unique characteristics of the schools were statistically controlled for, teacher satisfaction and other job-related attitudes continued to predict many of the organizational performance outcomes. Results were strongest for teacher satisfaction; thus, organizations with more satisfied employees tended to be more effective than organizations with dissatisfied employees. This study indicates that satisfaction is an important social process factor that fosters organizational effectiveness. The major limitation of this study, however, pertains to the nature of the study sample; all organizations were secondary schools. The extent to which similar relationships would hold for organizations in other types of industries (manufacturing, service, and occupations) cannot be determined, hence need for further study.

Ryan, Schmitt, and Johnson (1996) investigated similar relationships between aggregated employee attitudes, firm productivity, and customer satisfaction. The authors measured these relationships at two points in time from 142 branches of an auto finance company. Results indicated employee morale was related to subsequent business performance indicators, customer satisfaction sentiments, and turnover ratios. These researchers attempted to study the causal relations among the variables; however, their attempts lead to mostly inconclusive findings, thus need for further studies.

Interestingly, they did find evidence suggestive of customer satisfaction as a causal influence on morale (a finding that is opposite of the directionality assumed by the literature). Although a tentative finding, Ryan et al. (1996) discussed several possible explanations for it. For instance, the customer satisfaction index was monitored closely by unit managers and success or failure likely translated into management practices that influenced employees' job attitudes. Moreover, the researchers speculated that the particular setting may be unusual in that customer satisfaction might be inversely related to the amount of contact with the organization (for example, customers without problems with the processing of their payments are likely to have less interaction with company representatives than customers with such problems).

Similar to Ostroff's (1992) study, the major concern with Ryan et al. (1996) research is that the data were all from one organization which limits the generalizability of the findings. In a unique study conducted by Harter et al. (2002), the authors conducted a meta-analysis of studies previously conducted by The Gallup Organization. The study examined aggregated employee job satisfaction sentiments and employee engagement, with the latter variable referring to individual's involvement with as well as enthusiasm for work. Based on 7,939 business units in 36 organizations, the researchers found positive and substantive correlations between employee satisfaction-engagement and the business unit outcomes of productivity, profit, employee turnover, employee accidents, and customer satisfaction, Harter et al (2002). More importantly, these researchers explored the practical utility of the observed relationships. For example, business units in the top quartile on the employee engagement measure yielded 1 to 4 percentage points higher profitability.

Similar findings were found for productivity. Specifically, business units in the top quartile on employee engagement had, on average, from \$80,000 to \$120,000 higher monthly revenue or sales. Based on these data, it seems clear that aggregated measures of employee satisfaction and employee engagement are meaningfully related to business outcomes at a magnitude that is important to many (if not all) organizations. In comparison to prior studies, the strength of Harter and his colleagues' research is the large number of participants (n = 198,514), business units (n = 7,939), and firms (n = 36) included, thereby providing a level of precision and statistical power rarely found in scholarly (that is, nonproprietary) research.

Schneider et al. (2003) report analyses of employee attitude survey data aggregated to the organizational level of analysis. These authors explored the relationships between several facets of employee satisfaction and organizational financial (return on assets; ROA) and market performance (earnings per share; EPS) using data from 35 organizations over a period of eight years. Thus, in contrast to previous studies, Schneider and his colleagues' study was able to make some inferences about directional causality (i.e., are employee attitudes a stronger cause of organizational performance than the reverse). Scheidner et al (2003) survey analysis showed consistent and statistically significant positive relationships (over varied time lags) between attitudes concerning satisfaction with security, satisfaction with pay, and overall job satisfaction with financial (ROA) and market performance (EPS). Although these findings are consistent with applied researchers' and managers' implicit beliefs, their study was not without some surprises.

One of the more surprising findings was related to overall job satisfaction and the performance criteria, Clunkson (1995). Results demonstrated that the causal directionality flows from financial and market performance to overall job satisfaction. This latter result does not deny the fact that there were significant relations going from overall job satisfaction to ROA and EPS; nevertheless, the reverse direction relationships tended to be stronger in magnitude. Moreover, the relationship between satisfaction with pay and the performance indicators appeared to be reciprocal in nature. The obvious strength of this research study is the longitudinal nature of both the aggregated employee

data and the financial and market performance data. By collecting longitudinal data on both sets of variables, these researchers were able to examine and begin to disentangle a set of very important but complex relationships.

One major issue regarding many of the reviewed studies relates to the causal nature of the relationship between aggregated employee satisfaction and organizational (or unit-level) performance. The implicit belief both in academe and practice is that the relationship runs from employee satisfaction sentiments to organizational effectiveness and efficiency outcomes, Scheidner et al (2003). Moreover, this implicit assumption is apparent in the research studies reviewed here. That is, the attitude data were typically collected at one time period and performance outcomes were concurrently collected or at multiple time periods following the collection of the employee attitude data. The study conducted by Schneider et al (2003) suggests that collecting data in this fashion may lead researchers to draw erroneous conclusions because their data prevent them from discovering significantly stronger relationships for performance causing satisfaction. It could be argued, for example, that employees who are in higher performing organizations are more likely to be satisfied than those in lower performing organizations simply because their organizations are doing well. Indeed, this causal pattern was found in the study conducted by Schneider et al (2003). Specifically, their data supported causal relationships between financial and market performance outcomes and employees' overall job satisfaction and satisfaction for security. More research is needed before concrete conclusions are drawn, Schneider et al (2003) research demonstrates that employees can derive satisfaction from the knowledge or feedback that their organization is performing well and is accomplishing its goals – a finding that is in stark contrast to the presumption found in the academic literature, Likert (1961). When we consider the studies collectively, directional causality may work in both directions; employee satisfaction causes organizational performance and vice versa. Therefore, it seems most likely that reciprocal relationships exist and that, as noted by Gross and Etzioni (1985), “organizational reality and human happiness go hand in hand” (p. 4). Thus, although directions of causality remain unresolved, initial evidence suggests that aggregate employee attitudes have connections with organizational performance outcomes.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Design**

Survey design was used. The survey method was used because data was collected from a cross section of listed companies in the NSE. Survey method was used because it is most appropriate to learn about people's knowledge, beliefs, preferences and satisfaction and to measure these magnitudes in the general population.

#### **3.2 Study Population**

The population was all the 56 companies listed on the NSE. This therefore, will be a census study.

#### **3.3 Data Collection**

The study used primary and secondary data. Job satisfaction was analyzed using primary data. Secondary data comprised of information on return on assets and earnings per share. This data was derived from published financial statements of the companies. The primary data was collected using a structured questionnaire. The questionnaire had both open and closed ended questions and was divided into two parts, 1 and 2. Part one contained profiles of the respondents and the companies. Part two addressed issues of job satisfaction. The respondents was human resource managers and 2 employees selected at random from each company. The questionnaires were administered using drop and pick method.

### 3.4 Data Analysis

The data collected was analyzed using descriptive statistics such as mean scores and percentages. This analysis was aided by the statistical package for social sciences (SPSS). The results were then presented in tables and charts. To determine the relationship between job satisfaction and performance of firms, the mean scores for questions on levels of employee satisfaction were regressed against firm's financial performance. The company performance was measured by the earnings per share (EPS) and the return on assets (ROA). The following equation was used:-

$$\text{JOBSAT} = A + B (\text{EPS}) + C (\text{ROA}) + D$$

Where A, B, C, and D are constants.

EPS = refers to earnings per share measured as the ratio of net income after tax to the average outstanding shares.

ROA = Return on assets measured as a ratio of net income after taxes to the total assets of the company.

## CHAPTER FOUR

### DATA ANALYSIS AND FINDINGS

#### 4.1 Introduction

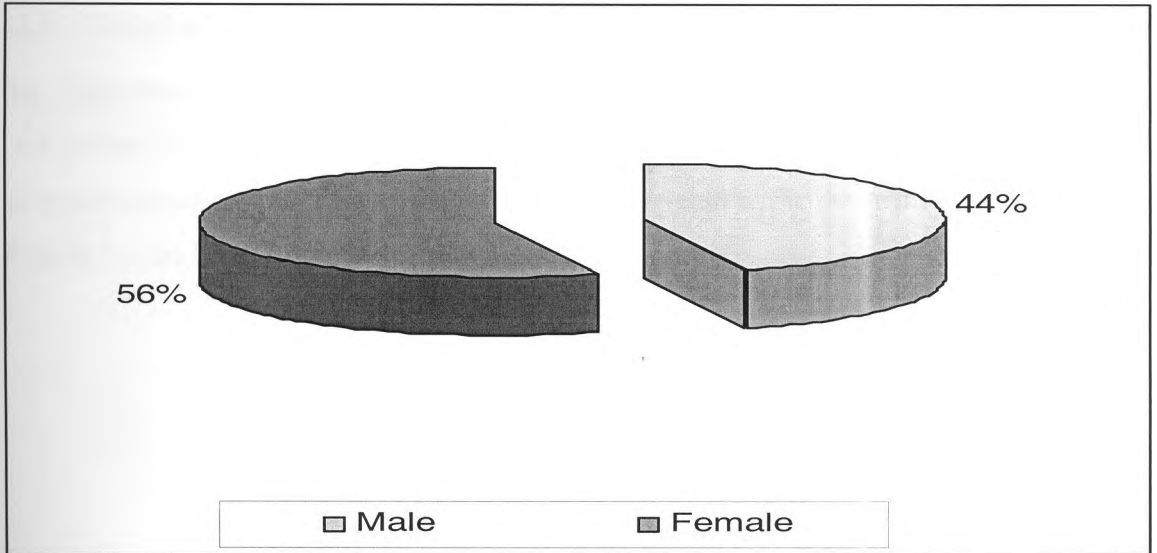
This chapter presents the findings of the study. From the 56 questionnaire distributed 36 were collected back and found fit for use in the analysis. This accounts for a response rate of 64.3%. Thus, the results can be generalized to the entire population given the high response rate.

#### 4.2 Sample Characteristics

##### 4.2.1 Gender Distribution

In terms of the gender composition, the study found that 56% of the respondents were male while 44% were female. This is presented in Figure 1.

**Figure 1: Distribution of Respondents by Gender**

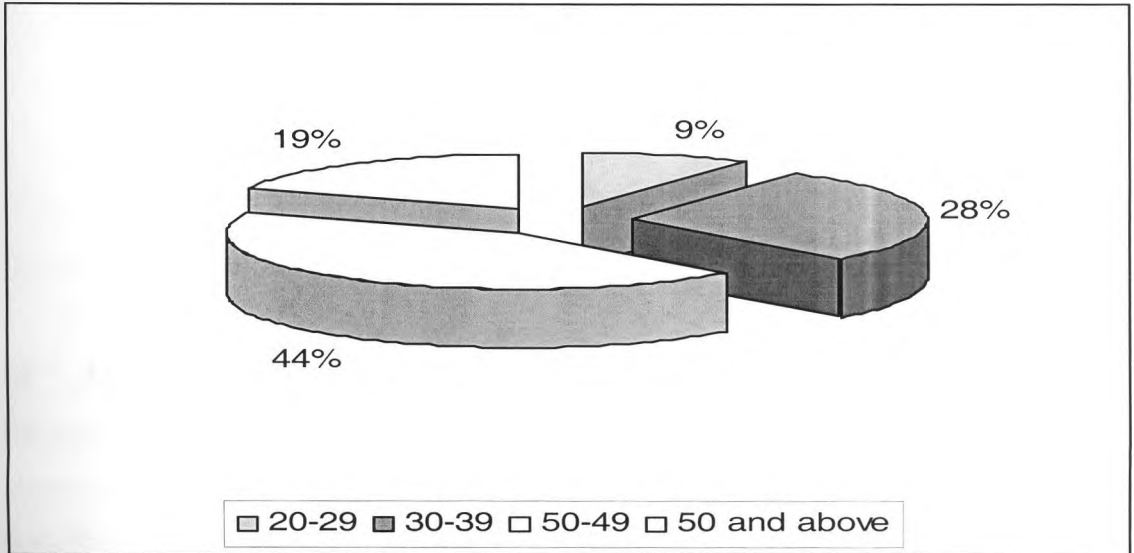




## 4.2.2 Age Distribution

In terms of the age distribution of respondents, the study found that 44% were aged between 50 and 59 years, 28% were aged between 30 and 39 years, 19% were aged over 50 years while the rest (9%) were below 29 years.

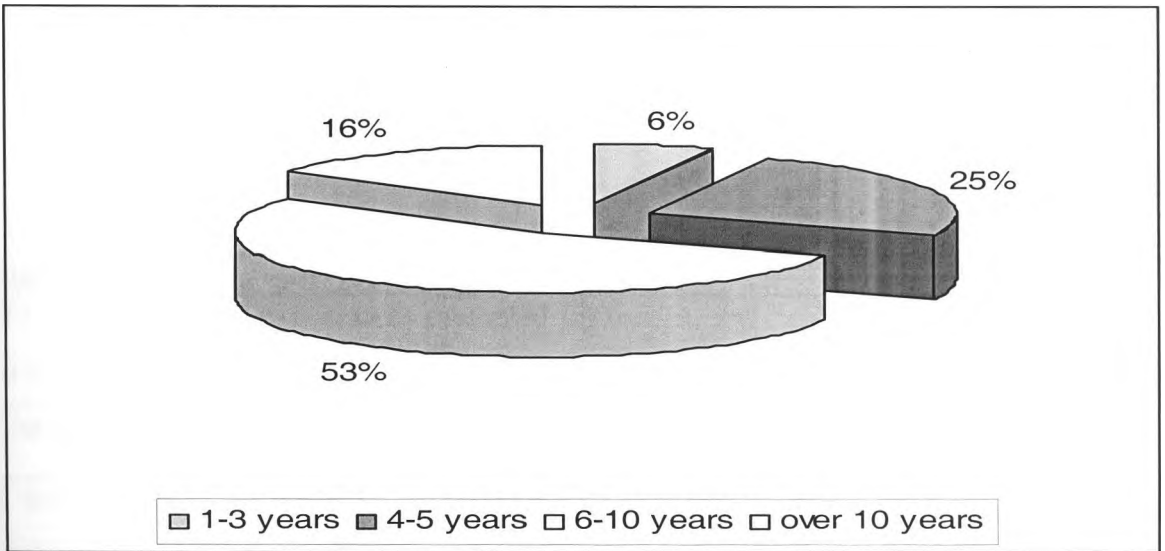
**Figure 2: Age Distribution of the Respondents**



## 4.2.3 Period of Stay in the Organisation

The study found that most of the respondents had been in their respective organizations for a period of between 6 and 10 years (53%). The study also found that 25% had been in the organisations for up to 5 years, 16% for over 10 years while the rest (6%) for a period of up to 3 years. These results are summarized in Figure 3.

**Figure 3: Period of Stay in the Organisation**



### 4.3 Levels of Job Satisfaction

The study found that the employees do their job well and expect to be promoted to a job with more prestige and salary (4.6), the employees have good relations with the coworkers (4.4), they would like to be involved in decision making in their companies (4.4), the training they have received for the job was adequate (4.4), they receive feedback on their performance (4.4).and they would like to be more informed about the operations of the company (4.4). The study also found that the co workers cooperate to get the job done (4.4). The rest of the analysis can be observed in Table 1.

**Table 1: Levels of Job Satisfaction**

Statement	Extremely dissatisfied	Somehow dissatisfied	Neither satisfied nor dissatisfied	Somewhat satisfied	Extremely satisfied	Mean scores
	Percentage score (%)					
If I do my job well I expect to be promoted to a job with more prestige and salary.	0	0	0	44	56	4.556
I have good relations with my co workers.	0	0	6	44	50	4.444
I would like to be involved in decision making in my company.	0	0	0	58	42	4.417
The training I have received for my job is adequate.	0	0	8	42	50	4.417
I frequently see the result of my job.	0	0	3	53	44	4.417
I would like to be more informed about the operations of the company.	0	0	0	58	42	4.417
My co workers cooperate to get the job done.	0	0	11	39	50	4.389
I believe my supervisor is aware of the difficulties I experience in my job.	0	0	0	67	33	4.333
My job is important.	0	0	17	36	47	4.306
I have pleasant work surroundings.	0	0	8	69	22	4.139
I perform work that is meaningful to me.	0	8	3	58	31	4.111
I receive adequate and fair compensation.	0	0	14	72	14	4.000
I have opportunities to use and develop my skills and knowledge.	3	14	6	42	36	3.944
I believe that management can do more to improve relations between themselves and workforce.	6	6	17	33	39	3.944

My supervisor encourages me to suggest new ways of doing things.	3	8	11	50	28	3.917
Communication between me and my supervisor is good.	0	0	19	69	11	3.917
I have input into decisions made in my department.	17	14	0	25	44	3.667
I have a lot of variety in my job.	8	17	3	44	28	3.667
The institution has a good reputation as an employer.	14	11	3	44	28	3.611
Considering everything, I am satisfied with my job at the present time.	8	25	6	22	39	3.583
In my job I am treated as a responsible important person.	6	17	31	14	33	3.528
I have adequate authority to carry out my job.	8	28	6	25	33	3.472
I believe that too much work is expected of me.	11	42	6	19	22	3.000
I believe my salary is about the same as I would earn elsewhere.	17	33	22	17	11	2.722
I don't believe that there is too much pressure in my job.	42	36	14	6	3	1.917

On whether the respondents were satisfied with the job, the study found that 31% were satisfied while 69% were not satisfied. This is presented in Table 2.

**Table 2: Overall Satisfaction**

	Frequency	Percentage (%)
Yes	11	31
No	25	69
<b>Total</b>	<b>36</b>	<b>100</b>

#### 4.4 Factors Affecting Job Satisfaction

The study found that the factors that mostly affect employee satisfaction in the listed firms were pay (4.083) and team work (4.083). These and the rest of the results on the factors are summarized in Table 3.

**Table 3: Factors Affecting Employee Satisfaction**

Rating  Factors	A very great extent	A Great Extent	Moderate Extent	A Low extent	Very low extent	mean scores
	Percentage (%)					
Pay	42	31	22	6	0	4.083
Team members	36	42	17	6	0	4.083
Job content	28	50	14	8	0	3.972
Promotion	44	25	14	11	6	3.917
Education level	19	58	17	6	0	3.917
Supervision	25	42	25	8	0	3.833
Job level	22	31	14	14	19	3.222

#### 4.5 Relationship between Job Satisfaction and Firm Performance

This subsection presents the results (table 4) on the relationship between job satisfaction and performance of listed firms. The test was done using regression technique with financial ratios as the dependent variable and job satisfaction as the independent variable. All the variables were entered and regressed with the following results: R Square (0.087), Adjusted R Square (0.32) and Error of the Estimate (1.0334).

It is evidently clear that the regression analysis for firm performance and job satisfaction shows that job satisfaction explains 8.7 % of the variance in the performance as measured by Earnings per Share and Return on Assets.

The coefficient as summarized in Table 4 show that job satisfaction does not significantly influence performance of listed firms as measured by return on assets and return on equity, ( $p > 0.05$  in both cases).

**Table 4: Regression Results for Job Satisfaction and Performance (a)**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.167	.237		13.344	.000
Return on Assets	2.631	2.349	.312	1.120	.271
Return on Equity	-.088	1.176	-.021	-.075	.941

R Squared=0.087, ADJUSTED R Squared=0.032

(a) Dependent Variable: job satisfaction

## CHAPTER FIVE

### SUMMARY, DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

#### 5.1 Summary

The study was set to establish the relationship between job satisfaction and firms listed on the NSE. It was found that 56% of the respondents were male while 44% were female. In terms of the age distribution on respondents, the study found that 44% were aged between 50 and 59 years, 28% were aged between 30 and 39 years, 19% were aged over 50 years while the rest (9%) were aged below 29 years. The study found that most of the respondents had been in their respective organizations for a period of between 6 and 10 years (53%). The study also found that 25% of the employees had been in the organisations for up to 5 years, 16% for over 10 years while the rest (6%) for a period of up to 3 years.

On the levels of job satisfaction in the listed firms, it was found that the employees do their job well and expect to be promoted to a job with more prestige and salary (4.6), they have good relations with the coworkers (4.4), they would like to be involved in decision making in their companies (4.4), the training the employees have received for the job is adequate (4.4), the employees see the result of their job (4.4) and they would like to be more informed about the operations of the company (4.4). On whether the respondents were satisfied with the job, the study found that 31% were satisfied while 69% were not satisfied. The study further found that the factors that mostly affect employee satisfaction in the listed firms are pay (4.1) and teamwork (4.1).

The regression analysis for firm performance and job satisfaction showed that job satisfaction explains 8.7% of the variance in the performance as measured by both the EPS and ROA. The coefficients show that job satisfaction does not have a significant influence on performance of listed firms as measured by return on assets and return on equity.

## 4.2 Discussion

In this study, the researcher explored the relationship between job satisfaction and organizational performance. Although the overwhelming majority of previous research on this relationship has explored this area at the individual level of analysis, the findings of this study are consistent with the growing literature that examines this relationship at the organizational level of analysis. In general, people and managers in both the business community and the academic world appear to believe that there is a positive relationship between morale, that is, aggregated levels of satisfaction and the organizational performance. For example, Heskett, et al (1997) has discussed the “satisfaction mirror” phenomenon – the belief that employee satisfaction and customer satisfaction are positively correlated. And in an article by Harter, Schmidt and Hayes (2002) presented compelling evidence that the relationship runs from attitudes to organizational performance.

The present study, consistent with earlier studies have found that job satisfaction has little significance to organizational performance, specifically concerning job satisfaction with security, pay, teamwork and financial performance (ROA) and market performance (EPS). The study therefore has clearly shown that teamwork, employee involvement and pay significantly affect productivity. It is therefore imperative that companies listed in the Nairobi stock exchange adopt policies that encourage employees’ participation, teamwork and equitable pay structure to ensure growth and productivity

## 4.3 Conclusions

The job satisfaction levels in most of the firms are high as the employees show that most of the aspects of job satisfaction are met by the firms. Therefore, job satisfaction has not significantly influenced performance of the firms. However, the study shows that job satisfaction has some influence on the listed firms’ performance but the influence is minimal as it accounts for only 8.7% of the variance in performance.



#### **4 Limitations of The study**

The following limitations were encountered:

The financial ratios used relied on the financial statement. Any weaknesses of the financial statements such as “window dressing” of accounts are also captured in the financial ratios.

Comparing ratios across firms and accounting periods may be difficult and may not provide meaningful comparisons because of factors such as use of different accounting policies.

Companies which were investigated under this study did not go public at the same time neither are they operating in the same industry hence the comparison is not absolutely free from bias.

The study concentrated on the financial performance and assumed the increased performance is due to satisfied workers without taking into account other factors which may have contributed to the increased financial performance such as management change and use of improved technology.

#### **5 Recommendations**

The study analyzed companies in different sectors. Therefore comparing ratios across sectors may not be comparable.

In view of this therefore, the researcher recommends that:-

There is need to study if there is any relationship between job satisfaction and performance in each sector.

The study only covered five years; a further research which covers a longer period could be done to establish the financial performance trend over a longer period.

There is also need to look into factors which lead to improved financial performance other than job satisfaction.

Also, researcher recommends need for further study on unlisted firms to see if it will yield same results.

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# APPENDIX 1

## *Questionnaire*

Dear Respondent,

The purpose of this survey is to seek your views on whether or not you are satisfied with your job.

Your opinion will provide a valuable input to the research project currently being carried out to establish the relationship between job satisfaction and company performance.

Your answers to the questionnaire will be strictly confidential. The questionnaire has part 1 and 2. Please fill as appropriate.

### **PART 1:**

(i) Company name .....

(ii) Your designation.....

### **Please Tick as Appropriate**

1. Gender:    Male                       Female

2. Age :

20-29years               30-39 years               40-49years               over 50 years

3. How long have you been employed in this organization?

1-3 years     4 -5 years               6-10 years     over 10 years

4. Kindly state the name of your previous employer(s) if any

1. .... from year ..... to .....

2. .... from year ..... to .....

3. .... from year ..... to .....

## PART 2: LEVELS OF JOB SATISFACTION

Please rate the following statements using the criteria given below.

### Key:

1. Extremely satisfied
2. Somewhat satisfied
3. Neither satisfied nor dissatisfied
4. Somewhat dissatisfied
5. Extremely dissatisfied

	1	2	3	4	5
I have opportunities to use and develop my skills and knowledge.					
I receive adequate and fair compensation.					
My supervisor encourages me to suggest new ways of doing things.					
I believe my salary is about the same as I would earn elsewhere.					
I believe that management can do more to improve relations between themselves and workforce.					
The institution has a good reputation as an employer.					
I perform work that is meaningful to me.					
I have adequate authority to carry out my job.					
I have input into decisions made in my department.					
Communication between me and my supervisor is good.					
I believe my supervisor is aware of the difficulties I experience in my job.					
My co workers cooperate to get the job done.					

I would like to be involved in decision making in my company.					
The training I have received for my job is adequate.					
I frequently see the result of my job.					
My job is important.					
I believe that too much work is expected of me.					
I don't believe that there is too much pressure in my job.					
In my job I am treated as a responsible important person.					
I have good relations with my co workers.					
I have pleasant work surroundings.					
If I do my job well I expect to be promoted to a job with more prestige and salary.					
I would like to be more informed about the operations of the company.					
I have a lot of variety in my job.					
Considering everything, I am satisfied with my job at the present time.					

On the overall are you satisfied with your job?

Yes  No

Please explain:

.....  
.....  
.....

To what extent do you consider these factors important?

	A very great extent	A Great Extent	Moderate Extent	A Low extent	Very low extent
Job content					
Job level					
Pay					
Promotion					
Team members					
Supervision					
Education level					

Thank you for your patience and input.



## APPENDIX 2

### MAIN STOCK MARKETS IN KENYA

#### **Agricultural Sector**

Unilever Tea Kenya Ltd

Kakuzi

Rea Vipingo plantations

Sasini Tea and Coffee

#### **Finance and Investment**

Barclays Bank

CFC Stanbic Holdings

Diamond Trust Bank

Equity Bank

Housing Finance Company

ICDC Investment Company

Centum Investment Company

Jubilee Holdings

Kenya Commercial Bank

Kenya-Re Cooperation

Nation Bank of Kenya

NIC Bank

Panafrica Insurance

Standard Chartered Limited

#### **Alternate Investment Sector**

A Baumann and Company

City Trust

Eaagads

Express (K) Ltd

George Williamson Tea Kenya

Kapchorua Tea Company

Kenya Orchards

Limuru Tea Company

#### **Commerce and Services**

AccessKenya Group

Car and General (K)

CMC Holdings

Hutchings Biemer

Kenya Airways

Marshalls (E.A.)

Nation Media Group

Safaricom Ltd

Scan Group

Standard Group

TPS E.A (Serena)

Uchumi Supermarket

#### **Industrial and Allied**

Athi River Mining

B.O.C Kenya

Bamburi Cement

KPLC Limited

Kengen

BAT Kenya Ltd

Carbacid Investments

Crown Berger

E.A. Cables

E.A. Portland Cement

E.A. Breweries

Eveready E.A

Kenya Oil Company

Mumias Sugar Company

Olympia Capital

Sameer Africa

Total Kenya

Unga Group