Proposing a Theoretical Model to Determine Factors Affecting on Job Satisfaction, Job Performance and Employees Loyalty For Technology Information (IT) Workers

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Abstract

Information technology (IT) industry in Vietnam has had steady development steps to continuously strengthen its position and role in the sectors such as politics, social - economics, security - defense for further integration into the world. There are many companies now competing in this area. In the unpredictable and competitive business environment, employee plays a vital role for nearly all organizations, thus the important issue is to try to deeply understand work related attitudes and behaviors that affect the well-being of an employee as well as the effective function of an organization. Hence, this paper adapted several previous models in order to find out the influence of workplace environment, pay and promotion potential, fairness and workplace relationship on the level of job satisfaction and examine the relationships among job satisfaction, job performance and employee loyalty for IT workers in Vietnam.

Keywords: Workplace Environment, Pay and Promotion Potential, Fairness, Workplace Relationship, Job Satisfaction, Job Performance, Employee Loyalty.

1. Introduction

Information technology (IT) is more than any other industry or economic facets, has raise productivity, particularly in the developed world, and it is a key driver of global economic growth. Therefore, the information technology industry is an integral part of nearly every major global industry and has become of the most robust industries in the world. Alongside the computer systems design and related services industry is fastest sources of employment growth, Vietnam has a young, tech-savvy population with a strong interest in IT careers and clearly the Vietnam tech employment market is getting more dynamic. The IT workforce in Vietnam counts around 450,000 employees, of which over 200,000 ones are post graduates and graduates. They have good experiences; people are trainable, motivated, they can easily move beyond routine tasks and come up with solutions. In other respects, in the unpredictable and competitive business environment, employee plays a vital role for nearly all organizations so quite recently, considerable attention has been paid to job satisfaction, job performance as well as employee loyalty.

Firstly, job satisfaction is backbone for the success of a firm; that also means satisfying workers is the key element to successful organization and satisfied employees are the assets. Job satisfaction is considered to be the measure of an employee satisfaction which gives employee to perform and continue the job adequately. Job satisfaction is difficult to achieve but it regulates the peace of mind, foster relaxation that leads to more enthusiasm and more innovative work. Such those employees are more satisfied with their job tend to be more energetic, ardent, inspired and committed to their work. Therefore, job satisfaction is considered as the most important and frequently studied attitude in the field of organizational behavior.

Secondly, job performance can be defined as “all the behaviors which employees engage in while at work”. Aguinis [3] described that “performance is about behavior or what employees do, not about what employees produce or the outcomes of their work”. It can be said that, job performance plays important roles in the company’s existence. The target of business owners is profitability and the organization’s success also relies on employee’s performance. In contrast, poor performance causes to harm to company success. Job performance is one of the most important variables and has been studies for a long decade.
Similar to job satisfaction and job performance, employee loyalty is also vital to success of any business. Hence the company’s polices always are aimed at growing employee loyalty to lengthy tenure. The longer an employee works for a company the more valuable they become. Employee loyalty also is a common area of interest for researchers and employers. Solomon [60] argued that employee loyalty is the willingness to endure with the organization. Employee loyalty can be defined as employees being committed to the success of the organization and believing that working for this organization is their best choice.

Hence, this paper aims to synthesize the theoretical basis of job satisfaction, job performance and employee loyalty, thereby coming out with a conceptual model to find out which factors impact job satisfaction and to examine the impact of job satisfaction on job performance and employee loyalty in IT workers in Vietnam.

2. Theories and Hypotheses

2.1. Job Satisfaction and Factors Affecting on Job Satisfaction

2.1.1. The concept of job satisfaction

Kotler [31] point out that job satisfaction means “person's feelings of pleasure or disappointment which result from comparing a product's perceived performance (or outcome) in relation to his or her expectations”. Similarly, Steyn & Van-Wyk [63] also claimed that Job satisfaction can be formally defined as “the degree to which individuals feel positively and/or negatively about their jobs”. Job satisfaction becomes the source of relief of tension caused by the gap between the expectations of the individual and unmet needs and it deals with the feelings that an individual has about his or her job. Thus, job satisfaction as positive influence on employees towards their job or job situations [3-7]. In addition, from the worker's perspective, the level of job satisfaction increases when he finds his work more interesting and different [21]. The level of job satisfaction will be higher if the degree of the expectations being met is greater and the absence of job satisfaction, on the other hand, is a predictor of giving up a job [5].

Job satisfaction is a concept that has often been discussed, studied and described. In fact, job satisfaction is impacted by a variety of variables and the exact identification of these factors depends on the characteristics of job, industry or research environment. For example, Herzberg [24] set out some basic distinctions between intrinsic and extrinsic factors in his two-factor theory of motivation. According to his theory, people are influenced by two sets of factors: motivator factors and hygiene factors (known as factor for satisfaction and factor for dissatisfaction respectively). Motivator factors include achievement, recognition, the work itself, responsibility, advancement, growth; and hygiene factors include salary, work condition, status, security, company’s polices, relationships with supervisor and peer, supervision. Several empirical studies have indicated that job satisfaction is a multidimensional construct consisting of many dimensions. For instance, Spector [21] determined nine dimensions of job satisfactions as: pay, promotion, supervision, fringe benefits, contingent rewards operating procedures, co-workers, nature of work, and communication. Okpara [46] suggested five dimensions of job satisfaction: pay, promotion, supervision, work itself and co-workers. Donald & Siu [14] figured out the link between workplace environment, mental and physical well-being of employee and job satisfaction. There are previous studies investigating the factors affecting job satisfaction of information technology workers such as: personality trait, values: extrinsic and intrinsic, working condition and social influence [28]; demographic and socioeconomic variables, and work-related variables including a sense of belonging, faith in wanting to belong, a feeling of acceptance, paying dues, job autonomy, the broker’s role, and promotion opportunities [35]. Within study context information technology workers in Vietnam, this paper determines the effect of four factors: workplace environment, pay and promotion potential, fairness and workplace relationship on job satisfaction.

2.1.2 Factors effecting on job satisfaction

*Workplace environment:* plays a vital role since it influences job satisfaction [11,13], as employees are concerned with a comfortable physical working environment that will conclusively give more positive level of job satisfaction [15]. It can be said that, the physical design of the place may have either positive or negative effect on the satisfaction level of employees depending upon the quality of working environment [14]. A good working environment can gain employee job satisfaction and the employees will try their best to increase their working performance. The lack of favorable working conditions, amongst other things, can affect poorly on the worker's mental and physical well-being.
H1: Workplace environment has a direct positive effect on job satisfaction

Pay and promotion potential: pay plays a significant influential role and it is one of the fundamental components of job satisfaction since it has a powerful impact on determining job satisfaction. It can be explained that employees will compare themselves with their colleagues in terms of salary and their inputs to their job then may leave the firm if they are not satisfied [18]. There is the true that wage is a good motivation, all employees work for earning money so a good salary and good compensations are key factors in satisfying the employees [19]. Promotion is a shifting of employee for a job of higher significance and higher compensation [22-24], it means that the movement of an employee upward in the hierarchy of the organization, typically that leads to enhancement of responsibility and rank and an improved compensation package [25]. There are many studies indicating that pay and promotion have significant positive impact on job satisfaction of employees [27-28]. In addition, Findings from previous studies [29-32] shown that there is a direct and positive association between promotional opportunities and job satisfaction. Thus, this study suggests that job satisfaction is influenced by pay and promotion potential. From that, the second hypothesis is formulated:

H2: Pay and Promotion potential have a direct positive effect on job satisfaction

Fairness: is defined as equal treatment, receiving the same services and benefits when compared to other people [32]. Fairness also refers to employee perceptions of the “rightness” of outcomes, procedures and interactions within organization [31-33]. At workplace, fairness makes the employees feel that they receive their deserved reward for their effort and contributions to the organization. It follows that an employee will be more satisfied fair outcomes and more fair work environment [34]. Considering in a fair relationship, the employee may have belief that the effort on behalf of organization will produce additional personal benefits, even if in the distant future [35-37]. However, unfairness motivates employees to decrease their contributions to the workplace relationship in order to reestablish a sense of justice [38]. Some findings reveal that there exists a positive relationship between fairness of work policies and job satisfaction [39-40]. Say other words, the positive changes in fairness perceptions will positively impact on job satisfaction. Thus, this study suggests that job satisfaction is influenced by Fairness. From that, the third hypothesis is formulated:

H3: Fairness has a direct positive effect on job satisfaction

Workplace relationship: is one of the strongest determinants of job satisfaction. According to Yvonne et al. [69], the dimensions of co-workers and supervision are the main factors that can cause job satisfaction among the employees. The relationship with supervisor and co-workers has a positive correlation with job satisfaction [40,45]. The relationship among colleagues can be seen as how employee works with their co-workers that means whether employees like co-worker in doing job or have a good relationships with them (Yvonne et al., 2014). In addition, encouragement, guidance, help and support from co-workers are extremely important to enhance employee job satisfaction [42]. It can be said that, management and closely staff relationships contribute to the level of job satisfaction [43]. For example, employees always want supervisors have a bond with them, trust them, understand them and show the fairness. If the supervisor, however, is abusive, the worker will be dissatisfied with their job [41,48]. Although the support of supervisor is not very crucial in satisfaction but it has positive impact on satisfaction [44]. Relationship with the immediate supervisor at managerial task could impact on the satisfaction of the employees which might then lead to the good or bad feeling and attitude they have towards their job. In particularly, supervisors who have supportive personality will show their involvement about the employee’s problem and take personal care for the employees and all these supportive actions could lead to they feel sufficient supervision and this also increase their satisfaction level at the same time [43,45]. Thus, this study suggests that job satisfaction is influenced by workplace relationship. From that, the following hypothesis is formulated:

H4: Workplace relationship has a direct positive effect on job satisfaction
2.2. Job Performance

2.2.1 The concept of job performance

There are some various definitions about job performance. Javed et al. (2014) defined that job performance generally refers to whether a person performs their job well or not. Aguinis (2009) also indicated that “the definition of performance does not include the results of an employee’s behavior, but only the behaviors themselves. Performance is about behavior or what employees do, not about what employees produce or the outcomes of their work”. In another study, performance is defined as a function of individual ability and skill and effort in a given situation (Porter & Lawler, 1974). Job performance also is “the total expected value to the organization of discrete behavioral episodes that an individual carries out over a standard period of time” (Motowidlo, 2003). It can be said that, the success of a firm is normally based on the organizational performance which is broadly building upon the performance of every single employee in the company (Pushpakumari, 2008). It is quite clear that those have better performance will have higher preference in being hired compared to other employees who perform worse. High performers are needed to achieve organization’s missions and statements and to keep the company in gaining competitive advantages. Therefore, to enhance productivity in an organization, the firm has to find out some methods that can advance job performance of employees (Sonnetag & Frese, 2002).

2.2.2 The relationship between job performance and job satisfaction

A study by Yvonne et al. [29] with the aim to examine the relationship between job satisfaction and job performance among 77 employees who work at the twenty-four stores within Kepong area, Wilayah Persekutuan, Kuala Lumpur. After analyzing, the findings reveal that there is a significant association between the job satisfaction and job performance of the employees. Furthermore, the correlation coefficient value also exhibits that positive and significant relationship occurred between satisfaction and performance. Another study by Javed et al. [29] investigated the relationship between job satisfaction and job performance. Research was conducted by taking the sample of 200 employees in Bahawalpur from target population but just 150 of the employees responded to questionnaire. The study found that job satisfaction has the influence on job performance; according to the result of their studies job performance contributes 14% to job satisfaction, which means the level of job satisfaction and motivation impact on the employee’s productivity. In addition, many of the studies have found that a positive relationship existed between job satisfaction and performance such as Hussin [27]; Wright et al. [68] As a consequence, it is clear that the employees are satisfied with their job and hence, their job performance is high. Thus, this study suggests that job satisfaction influenced job performance. From that, the following hypothesis is formulated:

**H5: Job satisfaction has a direct positive effect on job performance**

2.3. Employee loyalty

2.3.1 The concept of employee loyalty

Employee loyalty is defined as an organizational citizenship behavior that shows the adherence to the firm to increase interests [28]. Say other words, loyalty means a demonstration of the commitment with organization, the relative strength of an individual’s identification with and participation in every firm [29]. Another definition of loyalty was supported by Allen and Grisaffe [4], loyalty is a mental state and emphasizes the association between employees and the organization for which they work, then that impact on their decision to continue being with the problems and loss in profits as a result of the employee departures. The efficiency and the morale of those who remain in the company can be impacted by frequent departure of employees [4].

2.3.2 The relationship between employee loyalty and job satisfaction

Previous studies indicate that job satisfaction is one of the best indicators of employee loyalty in the future. For example, a study by Arsic et al. [6] investigated the relationship between job satisfaction and employee loyalty. The survey covered a total of 261 workers and the obtained results found that employee satisfaction increases the loyalty of employees. Another study examined the impact of job satisfaction on job loyalty was conducted by Javed et al
[29]. By using SPSS as a technique of analysis, the finding demonstrated a significant positive association of worker loyalty with job satisfaction with \( \beta = 0.415 \) and p-value =0.000 that means the job satisfaction contributes more than 41% to loyalty of employees. Furthermore, some researchers, such as Donna [13], Fosam et al. [17], Fu & Deshpande [19] revealed the same findings that still having a strong correlation between organizational loyalty of employees and employees satisfaction. Evidence from those research results proposed that the organization must satisfy employees to make them loyal. Mobley et al. [41] argued that employees with a lower satisfaction in job have a high tendency to drop their job. Satisfied employees will become loyal when the firm give their a chance to learn, grow and clear missions or employee loyalty by developing their satisfaction in job. In that way, all workers will be a part of making organization successful, greater satisfaction and further to greater loyalty. Thus, this study suggests that job satisfaction influenced employee loyalty. From that, the following hypothesis is formulated:

**H6: Job satisfaction has a direct positive effect on employee loyalty**

2.3.3 The relationship between job performance and employee loyalty

Employee loyalty plays a vital role to enhance organizational performance. It can be explained that loyal employees might perform better because they generally look at the bigger picture and work not because of salary or responsibility, but because they have the best interest and passion of their employer in mind, thereby an employee works with loyalty is more often to increase the organization's performance for which they are in charge [17]. A study by Brown et al. [8] investigated the determinants of a measure of loyal worker and whether the employee loyalty influences workplace performance. After using matched employee level data drawn from the 2004 UK workplace and analyzed employee relations survey, with respect to the effects of employee commitment and loyalty upon the workplace, higher loyal worker is associated with enhanced job performance. Based on the findings from previous research, employee loyalty has positive correlation and significant contribution in determining job performance. Thus, this study suggests that employee loyalty influenced job performance. From that, the following hypothesis is formulated:

**H7: Employee loyalty has a direct positive effect on job performance**

As a result, a new adapted model has been proposed base on the literature review collection of previous studies. In terms of discussed issue, seven constructs are selected to represent the relationships between job satisfaction and its dimension or relationships among job satisfaction, job performance and employee loyalty. The conceptual framework of this research is shown in Figure 1.

![Figure 1. The proposed model](Image)

T. Phuong and T. Vinh / IJAIM Vol. 1 No. 4 2021
3. CONCLUSION

Vietnam IT has had steady development steps to continuously strengthen its position and role in the sectors such as politics, social - economics, security - defense for further integration into the world. There are many companies now competing in the information technology area. In the unpredictable and competitive business environment, employee plays a vital role for nearly all organizations, thus the important issue is to try to deeply understand work related attitudes and behaviors that affect the well-being of an employee as well as the effective function of an organization. Hence, job satisfaction, job performance and employee loyalty became even more importance since it would raise the productivity of employee as well as the standard of the company. The importance of this study stems from being one of the few studies that research on employee behavior of IT companies so this study is helpful to the organization for identifying the area of satisfaction and performance of job, the loyalty of the employees also. From that, the supervisors and organizations can encourage their employees to carry out their job proficiently and effectively; to get along with employee.

Thus, the study establishes the proposed hypothetical model of the relationships between the following factors: (1) Job satisfaction is effected by workplace environment, pay and promotion potential, fairness and workplace relationship; (2) job satisfaction has a direct positive effect on job performance and employee loyalty; (3) employee loyalty has a direct positive effect on job performance.

This study only stops to propose the research framework between variable concepts, so the paper suggests some directions for future research: (1) Continuing to build measuring items for research concepts and conducting testing to establish scales; (2) Continuing to test the proposed hypothetical model for employees who have been working in IT area, and then compare the result with the results of previous researches and the theory.

References


