Methodology analysis of the "What's working 2006?" employee satisfaction research

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## CONTENTS

1. **Introduction**  
   1. 1. Relevance of the subject  
   1. 2. Objectives, tasks to solve  
2. **Material and Method**  
3. **Results**  
   3. 1. The methodical analysis of Mercer Kft.’s “What’s working 2006?” survey questionnaire and conducting the research  
   3. 2. The presentation of the main results of the “What’s working 2006?” survey  
   3. 3. The secondary analysis of the “What’s working 2006?” survey  
   3. 4. The determination of the most important factors influencing employee satisfaction  
   3. 5. The verification of the research hypotheses  
   3. 6. New scientific findings  
4. **Conclusions and Suggestions**  
   4. 1. Conclusions  
   4. 2. Suggestions  
5. **References**  
6. **List of publications**  
   6.1. List of publications in the topic  
   6.2. List of other publications
1. INTRODUCTION

1.1. Relevance of the subject

In the 21st century human resources and the role of human resource management is becoming more and more significant, as the employees are the most important asset of the business processes. Today’s challenges are achievable only by the effective and efficient work of motivated, innovative and competent employees.

Work is one of our most important activities, which represents a considerable part of our lives. Its four functions are: economic, social, status and the self-esteem-insuring function. Beside that, employees expect the satisfaction of material and immaterial needs from their work. HRM function has a key role in the development of the physical and social environment of work.

Employee satisfaction is one of the most exciting work-related attitudes. It is in the focus of thousands scientific researches, giving sometimes contradictory results. According to Locke's definition from 1976, job satisfaction is a pleasant positive feeling resulting from the evaluation of job experiences.

The antecedents of job satisfaction are work-related, organizational, individual factors and those related to the external environment.

The most important work related antecedents are the nature and quantity of work, job position and seniority. According to the results of Hackman and Oldham (1976), as well as Cohrs, Abele and Dette (2006) the improvement of work characteristics, its core dimensions generally improve employees' satisfaction, although employees’ expectations significantly affect this relation. Spector (1997) emphasizes that the quantitative and qualitative overload reduces employees' satisfaction. According to the results of Greenberg and Baron (1998) between satisfaction and the following factors there is a moderate positive correlation: higher position in the organizational hierarchy, role in leadership, length of employment.

Among the organizational antecedents the leadership style is in the closest relation with employees' satisfaction. Luthans (1998) claims that two aspects of global leadership practice affects satisfaction – employee-centered behavior and participation. According to the results of Endrődi (2006), Kruglanski, Pierro and Higgins (2007), Elangovan and Lin Xie (2000), as well as Madlock (2008) the behavior of direct supervisor determines the forming of
works' satisfaction. Schmidt (2007) found high positive correlation between the employees' development opportunities and their satisfaction. Carriere and Bourque (2009) claim that there is high positive correlation between the organizational communication practices and employees' satisfaction. The research conducted in Great Britain by Gazioglu and Tansel (2006) found out that those employees who feel safe at their workplace are more satisfied with all aspects of job then those who are afraid of dismissal.

Spector (1997) stresses that compensation system, while Luthans (1998) claims that teamwork have moderate positive effect on employees' satisfaction. But the role of alternative working arrangements is not unambiguous. According to the results of Spector (1997) and Pearson (2008) the antecedents according to role-related factors, have a moderate negative affect on satisfaction. Schramm (2003) found that organization’ size, while Guest and Conway (2004) determined that trade union activities are in a moderate negative correlation with employees' satisfaction. Luthans (1998) claims that the very poor working conditions reduce, but the favorable ones do not always improve employees' satisfaction.

The individual antecedents of satisfaction are the employees' personality traits and demographic characteristics, as well as the person-job fit. Spector (1997) claims that the internal/external locus of control significantly affects satisfaction, as the internal locus of control may significantly increase, while the external may significantly decrease it. Ilies and Judge (2003) have proved that the so-called Five big personality traits (extroversion, openness, agreeableness, conscientiousness and neuroticism) have moderate influence on employees' satisfaction. Gazioglu and Tansel (2006) have pointed out that between employees' age and satisfaction there is a U shaped relation. The researchers focusing on the affect of gender on satisfaction, for example Medgyesi and Róbert (2003) call attention to the so called “gender paradox”. According to the obtained data Vila and Garcia-Mora (2005) emphasize that education influences job satisfaction through the characteristics of the job. Spector (1997) highlights that the workers' personality traits and expectations, as well as the person-job fit have moderate positive effect on their satisfaction.

The external environmental antecedents include the affect of economical, social, political and technological environment, as well as the external employment possibilities. According to the results of Crede et al (2007), as well as McShane and Von Glinow (2003) the elements of external environment have moderate indirect effect on employees' satisfaction, mainly through their effect on work-related and organizational factors. Byars and Rue (1997) stress that the expected employment opportunities with other employers are in a moderate negative correlation with the employees' present satisfaction.
Employee satisfaction may have significant individual, organizational and social consequences.

Contrary to the traditional view, according to modern researches – like those of Spector (1997) and Levy (2003) – between satisfaction and employees' individual productivity there is only a weak or moderate positive relation. Vecchio (2000), just like Barling, Kelloway and Iverson (2003) found a moderate relation between dissatisfaction and the employees' health problems.

The employees' satisfaction temporarily reduces the so-called withdrawal behaviors. The research results of Levy (2003) and Spector (2003) pointed out that satisfaction is in moderate negative relation with absenteeism. Levy (2003) and Koslowsky (2009) have proved that between employees' satisfaction and their lateness there is a moderate negative correlation. Iveryson and Currivan (2003), like Souza-Poza and Henneberger (2004) stress that there is a moderate negative correlation between satisfaction and turnover or employees’ intention to leave. Spector (2003) and Levy (2003) have found that between employees' satisfaction and individual and collective counterproductive behaviors there is a moderate negative relation.

The employees' satisfaction has a positive effect on processes influencing the organization's outcomes. The researches of Porter et al (1974) and Spector (2003) have found very significant correlation between employees' satisfaction and their organizational commitment. Spector (2003), similar to Nelson and Quick (2003), think that the employees' organizational citizenship behavior is influenced by other individual factors, too, so there is only a moderate relation between it and satisfaction. Vilares and Coelho (2003) have found moderate a positive correlation between customers’ satisfaction and the satisfaction of employees having direct contact with them. The meta-analysis of Harter, Schmidt and Hayes (2002) and the results of Schneider et al (2003) proved that there is a significant positive relation between employees' satisfaction and the organization’s performance. It originates from the fact that employee satisfaction directly results in better organizational outcomes, but indirectly via its positive effect on other organizational consequences it significantly improves the organization’s global financial, marketing and operational performances.

As the organizations’ performance determines the condition of the whole national economy, the employers' satisfaction has to be a key question on the level of society, too.

Because of the reasons listed above the organizations have to obtain feedback about the satisfaction of their employees, it is important to know how
satisfied they are with their job and employer. For these purposes generally employee satisfaction surveys are used. The obtained data about employees' satisfaction contributes to the determination of appropriate actions improving satisfaction and through this, the organization’s performances, too.

The Mercer Human Resource Consulting international consulting house developed a special methodology for the measurement of employee satisfaction. The Hungarian office of this consulting house (Mercer Kft) has been organizing nation-wide employee satisfaction surveys from 2004 based on the international methodology. The results of this survey point out not only the employees' work-related attitudes, but they also highlight those HR areas where there is a need for change. The “What’s working 2006?” survey provides valuable information about the HRM situation in Hungary, too.

1.2. Objectives, tasks to solve

The problem of my research can be defined as follows: Which new HR tasks are predicted by the secondary analysis of “What’s working 2006?” survey – based on the antecedents and consequences of employee satisfaction - for the improvement of the satisfaction of Hungarian employees?

The fundamental objective of this research is to point out relations according to which the factors increasing employee satisfaction may be better known and the HR function of participating organizations may be improved based on the scientific analysis of the results of “What’s working 2006?” survey.

To achieve the fundamental goal the following partial objectives are set: according to the data obtained by Mercer Kft.'s “What’s working 2006?” research to determine the following aspects of employee satisfaction in partly or mainly foreign owned small and medium sized manufacturing companies in Hungary:

- The level of employees' global and partial satisfaction,
- The level and direction of the correlation between global employee satisfaction and its antecedents and between global satisfaction and its consequences,
- The characteristics of employee satisfaction,
- The main factors influencing employee satisfaction,
- The HR tasks to improve employee satisfaction.
2. MATERIAL AND METHOD

The dissertation describes the methodical analysis of “What’s working 2006?” research and the secondary analysis and interpretation of its results.

The basic data of this research are the results of the Mercer Kft.’s “What’s working 2006?” benchmark-survey, which included 20 Hungarian organizations and their 1518 employees during the period of July to October of 2006. The research questionnaire included 102 questions, while the possible answers were given mainly on a five-grade Likert scale. According to the sampling method the results of the “What’s working 2006?” research mainly represent the work-related attitudes of employees working in partly or mainly foreign owned small and medium sized manufacturing companies in Hungary.

In the thesis under employee satisfaction I mean the employees global satisfaction with their job and employer. Based on the review of special literature, and maintaining my suppositions, I drafted and analyzed the following research hypotheses about the satisfaction of employees working in partly or mainly foreign-owned small and medium sized manufacturing companies in Hungary:

**H1:**  *There is a high correlation between employee satisfaction and the general leadership practice of employer organization and between employee satisfaction and the leadership style of direct supervisor (r ≥ 0,5).*

Based on the literature I assume that the satisfaction of employees' taking part in the “What’s working 2006?” survey is significantly increased by participative and employee-centered general leadership practice and the fair behavior and open communication of their direct supervisor.

**H2:**  *There is a high correlation between employee satisfaction and the nature of their work, as well as between satisfaction and the employees’ career development opportunities. (r ≥ 0,5).*

I suppose that there is a high correlation between employees' satisfaction and interesting, challenging and autonomous work tasks, as well as between satisfaction and organizational career development programs making possible professional development and advancement.

**H3:**  *There is no significant difference between the satisfaction of men and women.*
In democratic societies the equal rights of women and men is of key importance, and the abolition of the gender discrimination is getting more important in the level of society as well as workplaces, at all. As there are positive results on both aspects in Hungary, it is important to investigate the formation of employee satisfaction of women and men. I assume that there is no significant difference between their satisfaction.

**H4:** *Between employee satisfaction and their organizational commitment there is a very high (r ≥ 0.7) correlation.*

In a period when the main factor of the companies’ competitiveness are committed human resources, it is important to investigate the relation between employee satisfaction and organizational commitment, which affects individual, team-level and organizational performance. I suppose that the relation between the satisfaction of employees taking part in the “What’s working 2006?” research and their commitment is very high, as it is stated in the special literature.

**H5:** *The satisfied and dissatisfied Hungarian employee groups are divided by following factors (partial satisfactions): satisfaction with leadership style, with career development opportunities, with compensation, with organizational communications, with interpersonal relations among co-workers and with the nature of work.*

Based on the literature review I suppose that the following factors have high influence on the satisfaction of the investigated employee segment: leadership style, career development opportunities, compensation system, organizational communications, relations among co-workers and teamwork, and the nature of work.

In order to control the hypotheses, during the secondary analysis I did not follow the Mercer-methodology but reclassified the survey items into the following categories formed based on the literature review: the work-related, the organizational, the individual and external antecedents as well as the individual and organizational consequences of employee satisfaction.

The internal reliability of new item categorization was controlled by internal consistency analyses based on the Cronbach's alpha number. Based on the obtained data the partial values of employee satisfaction were determined. I pointed out the correlation between single antecedents and the global satisfaction, using the Spearman's correlation coefficient method. The influence
of demographic factors on employee satisfaction was identified using variance analysis.

Following these steps, during the more detailed analysis, of the multivariate statistical methods I used regression analysis and discriminant analysis for determination of the main factors separating the satisfied and dissatisfied employee groups. Before the discriminant analysis I recoded the survey items, for the higher values to show the employees' higher satisfaction. In order to normalize the data distribution I dichotomized the majority of variables, as well as the one showing the employees’ global satisfaction. In other cases the five-grade Likert scale was transformed to four-grade scale.

According to the obtained data it is easy to separate the factors significantly influencing the satisfaction of employees working in partly or mainly foreign owned small and medium sized manufacturing companies in our country. The answers given to these important items show the areas negatively affecting employee satisfaction. Based on these information it is possible to determine the HR actions which can significantly improve the satisfaction of our employees.
3.1. **The methodical analysis of Mercer Kft.’s “What’s working 2006?” survey questionnaire and conducting the research**

According to the formal analysis it can be stated that the questionnaire meets the requirements of questionnaire design. The questionnaire and the answers based on the five-grade Likert scale are reliable, the Cronbach's alpha number presenting internal consistency is appropriate, $\alpha=0.98$. But the recategorization of the questions based on antecedents and consequences of employment and the use of principles of so called funnel technique is worth considering.

The content analysis of the Mercer-questionnaire shows one of the characteristic of this surveying instrument that beside the single aspects of work-related attitudes it measures two partial satisfaction values (the satisfaction with work and benefits) and the global employee satisfaction, too. In the questionnaire the items related to certain antecedents of satisfaction are presented very unequally. The highest attention is paid to organizational antecedents, especially on leadership style. The individual antecedents are analyzed in only few items, while there is no question according to external environmental antecedents. The Mercer-questionnaire does not cover all consequences, either. There are no questions about individual performance and well-being, lateness, or counterproductive behaviors. Since the large questionnaire with 102 questions may easily discourage employees without routine in filling in forms, in my opinion it would be useful to reduce the number of analyzed items.

The carrying out of this benchmark-research meets the scientific requirements, the anonymity of the interviewed employees is guaranteed. But to strengthen the reliance of interviewees it would be useful if in the future one of the representatives of the institution to be researched may be present at the organizational level filling the questionnaires.

3.2. **The presentation of the main results of the “What’s working 2006?” survey**

Based on the sampling method I conclude that the obtained data and results present the attitudes of employees working at partly or mainly foreign-owned small and medium sized manufacturing companies in Hungary.
About the Mercer-results I only underline that the respondents are the most satisfied with quality focus, leadership practice and working conditions. In general the employees are satisfied, committed and engaged.

3.3. The secondary analysis of the “What’s working 2006?” survey

During the secondary analysis I determined the Spearman's correlation coefficient of certain antecedents and consequence and the global employee satisfaction. The partial satisfaction data are shown in the Table 1.

Table 1: The employees' partial satisfaction

<table>
<thead>
<tr>
<th>Antecedent</th>
<th>Spearman’s coefficient</th>
<th>The ratio of satisfied employees/ the factors influencing interviewees' general state of health</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Work-related antecedents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Nature of work</td>
<td>r=0,564</td>
<td>68,5%</td>
</tr>
<tr>
<td>2. Quantity of work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- not adequate work quantity</td>
<td>r=-0,364</td>
<td><strong>At 17,4% of interviewees do not have adequate work quantity</strong></td>
</tr>
<tr>
<td>- not enough employees</td>
<td>r=-0,356</td>
<td><strong>At 38,7% of interviewees there are not enough employees on the Department</strong></td>
</tr>
<tr>
<td>- number of weekly working hours</td>
<td>r=0,009</td>
<td>97,8% of interviewees work more than 36 hours weekly</td>
</tr>
<tr>
<td>3. The time spent at this employer</td>
<td>r=0,037</td>
<td><strong>54,6% of interviewees work more than 4 years with present employer</strong></td>
</tr>
<tr>
<td>4. Job position</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Organizational antecedents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Leadership style:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- general leadership practice</td>
<td>r=0,705</td>
<td>46,4%</td>
</tr>
<tr>
<td>- the behavior of direct supervisor</td>
<td>r=0,633</td>
<td>52,2%</td>
</tr>
<tr>
<td>2. Work-family conflict</td>
<td>r=-0,420</td>
<td><strong>22,3% of interviewees feel conflict between their work and family</strong></td>
</tr>
<tr>
<td>3. Compensation system:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- amount of pay</td>
<td>r=0,588</td>
<td>26%</td>
</tr>
<tr>
<td>- fairness of pay</td>
<td>r=0,638</td>
<td>29,6%</td>
</tr>
<tr>
<td>- performance evaluation</td>
<td>r=0,571</td>
<td>40,3%</td>
</tr>
<tr>
<td>- benefits</td>
<td>r=0,387</td>
<td>30,5%</td>
</tr>
<tr>
<td>- incentives</td>
<td>r=0,465</td>
<td><strong>51,1% of interviewees get incentives, 49,9% of them are satisfied</strong></td>
</tr>
<tr>
<td>- compensation – summarized</td>
<td>r=0,674</td>
<td>31,4%</td>
</tr>
<tr>
<td>4. Alternative work arrangements:</td>
<td>r=0,391</td>
<td>24,96%</td>
</tr>
</tbody>
</table>
Based on the obtained data I formulated the following statements:

- Between employee satisfaction and leadership style (mainly general leadership practice) there is a very high positive relation. The leadership position has an important influence on employee satisfaction, too, as leaders are significantly more satisfied than their subordinates.

- There is a high positive correlation ($r>0.5$) between employee satisfaction and the following antecedents: career development opportunities, compensation system as a whole, fairness of pay, leadership style of direct supervisor and organizational communication practice. Besides the amount of pay, relations with co-workers, performance evaluation, person-job fit and safety of the employment are in a high correlation with employee satisfaction.

- The incentives, the possibility to work under flexible working arrangements and benefits are in moderate relations with the satisfaction of Hungarian employees.

- Between satisfaction and employees' personality traits, seniority of employees, just like their weekly working hours there is only a moderate positive relation.
- Between employee satisfaction and inadequate mean supply, poor working conditions, work-family conflict, inadequate work quantity and not enough employees there is a moderate negative correlation.
- Between employee satisfaction and their age, as well as the size of organization, there is a weak negative relation. The gender does not influence satisfaction, as there is no difference between the satisfaction of men and women.

On the contrary of the statements formulated based on the literature review, the satisfaction of Hungarian employees working in partly or mainly foreign-owned small and medium sized manufacturing companies are particular concerning the following aspects:

- The compensation system has a higher effect on employees' satisfaction than it was assumed. It can be explained by the fact that in developed market economies where the majority of researches have been conducted the average pay insures the employees' living. Unfortunately in Hungary in 2006 the pay of the majority of employees did not cover even their basic needs. So it is understandable why there is a high correlation between the amount of pay and employee satisfaction. (The Spearman's correlation coefficient is $r=0.588$).
- Between the co-workers and team work and employee satisfaction there is a higher correlation than it can be assumed based on the characteristics of Hungarian national culture, its individualistic nature. Partly in can be explained by the fact that the working situation has a more direct effect on the employees than the society in a whole.
- Between personality traits and employees' satisfaction there is a weaker relation than I supposed. The internal locus of control hardly increases the employees' satisfaction. This surprising result can be explained based on the limits of the research, as a detailed psychological analysis was not available about the interviewees’ personality.
- The theoretical assumptions about demographic factors and employees' satisfaction have not been proved, either. The men and women do not form separate groups according to their satisfaction. Between age and satisfaction a U shaped relation is expected. But in Hungary this is not the case, the youngest interviewees are the least satisfied. But it can be stated that the oldest workers are the most satisfied, while those between ages 45-54 are the least satisfied workers group between the age of 25 and 65.
- It is interesting that the person-job fit is in a higher correlation with satisfaction than it could be expected. For employees striving self-actualization it is important that their work fits their personality, skills and interests. According to these data it can be assumed that in the near future
workers will make more conscious decisions about their professional and career development.

Based on the “What’s working 2006?” survey data I determined those HR activities which are the most important to the majority of interviewees but in which areas there are *inadequate organizational HR practices* with the majority of employers:

- Only a quarter of the employees are satisfied with the *alternative working arrangement* practice. The employers do not pay enough attention to flexible working arrangements.

- Only 26% of the employees are satisfied with the amount of their pay, and less than 30% of them consider the compensation system to be fair. The same percent of them are satisfied with benefits, too. Concerning performance evaluation only less than a third of respondents have a positive opinion. To summarize, less than one third of the workers are satisfied with the *compensation system* of their employer. So the review of the elements of the compensation system used in this country is necessary.

- As less than 40% of the respondents consider themselves to be well-informed about the company’s situation and to be having freedom to speak, employers are advised to take urgent steps to improve their formal organizational communication practice.

- Only 41% of employees are satisfied with their *career development opportunities*. To insure workers long term loyalty, employers ought to introduce HR actions helping employees to reach their career goals.

- The *general leadership style applied in the organization* is in the highest correlation with employees' satisfaction, but only less than half of the workers are satisfied with it. So it is very important to introduce an employee-centered, participative organizational culture.

- About 52% of the respondents are satisfied with the *leadership style of their direct supervisor*. The top management and HR departments have to pay special attention to the leadership trainings, as supervisors should have adequate knowledge and competence to guide employees efficiently and increasing their satisfaction, at the same time.

- The same percent (52%) of the employees are satisfied with *co-workers and teamwork* practice. The organizations have to introduce HR practice stimulating and rewarding teamwork.

The table below summarizes the correlation between employee satisfaction and its consequences.
Table 2: The relation between respondents’ satisfaction and its consequences

<table>
<thead>
<tr>
<th>No.</th>
<th>Consequence</th>
<th>Spearman’s coefficient</th>
<th>The respondents’ attitudes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Turnover – intention to leave</td>
<td>r=-0,458</td>
<td>11% of respondents are thinking about leaving</td>
</tr>
<tr>
<td>2.</td>
<td>Organizational commitment</td>
<td>r=0,723</td>
<td>61,7% of respondents are committed</td>
</tr>
<tr>
<td>3.</td>
<td>Organizational citizenship behavior</td>
<td>r=0,454</td>
<td>82,5% of respondents behave this way</td>
</tr>
<tr>
<td>4.</td>
<td>Organizational performance</td>
<td>r=0,560</td>
<td>69,4% of respondents think their employer is efficient</td>
</tr>
</tbody>
</table>

Source: own calculation

To summarize the above data it can be concluded that between the satisfaction of analyzed employee segment and their organizational commitment there is a high positive correlation, while in the case of organizational citizenship behavior there is a moderate positive correlation. Between turnover and satisfaction there is a moderate negative relation. These data are similar to the situation presumed on the basis of the literature review. The data concerning the consequences of satisfaction are in concert with the global satisfaction data, as they point out the satisfaction of the majority of interviewed workers.

3.4. The determination of the most important factors influencing employee satisfaction

To determine the most important factors influencing employee satisfaction I used a multivariate mathematical statistical model, the method of discriminate analysis. The goal of this method is to choose those factors which the best way separate two certain groups of variables.

During the discriminate analysis of factors influencing employee satisfaction first I analyzed certain groups of antecedents. From the group of work-related, organizational and individual factors I chose the variables having a higher Pearson's correlation coefficient than \( r=0,5 \). I controlled the selection process using regression analysis. Each correlation was significant (\( p<0,001 \)), but as only the variables with correlation coefficient higher than \( r=0,5 \) have an important influence on employee satisfaction, it can be stated that among the 108 independent variables of the “What’s working 2006?” survey only 26 variables separate the satisfied and dissatisfied respondent groups. Based on these factors the computer program could correctly classify 85,7% of the
original grouped cases. Among the satisfied respondents the predicted group membership is 91.9%, while among unsatisfied it is 72.9%.

On the basis of the obtained data it is easy to determine the most important factors influencing the satisfaction of employees working in partly or mainly foreign owned small and medium sized manufacturing companies in Hungary. These are: leadership style, career development, person-job fit, compensation, organizational communication and co-workers. More precisely:

- Inside factors related to **leadership style** the *general leadership practice* have the highest impact on employee satisfaction, namely employees’ perception that the company is efficiently lead, there is a good relation between leaders and subordinates, if the leaders are employee-centered, if they apply the participative style, their behavior and the compensation system is in harmony with organizational values, the leaders are effective in setting goals and tasks. According to the *behavior of direct supervisor* employees appreciate it if their department operates efficiently, if their supervisor can inform them about questions concerning compensations and shows correct behavior towards them.

- The **career development opportunities** are the second most important factor influencing satisfaction. The organization has to improve the skills of its employees so that they can reach their long-term career goals in it and have possibilities for professional development. For employees satisfaction it is important if the company can keep its most competent employees and if all of them get help for professional development.

- The **work-related and individual factors** come into view through the *person-job fit*. The employees' satisfaction depends on the fact of whether or not their present job makes it possible to develop their skills.

- Among factors concerning **compensation** the most important is *fairness of pay*. The workers’ satisfaction depends on whether the pay is related to performance. The second most important factor is the amount of pay, but the emphasis here is on whether their pay is related to their performance. Among benefits the most important are pension plans helping employees to prepare for retirement.

- According to **organizational communication** the employees are the most satisfied if according to their perception the leaders communicate openly with their subordinates.

- The **interpersonal relations among co-workers and the teamwork** affect employee satisfaction, too. For Hungarian workers the recognition of teamwork and cooperation is important.
The HR actions focusing on the improvement of employee satisfaction have to be based on the above areas.

3.5. The verification of the research hypotheses

According to the analysis I performed I will give the following evaluation in regards to the research hypotheses outlined above.

Hypothesis 1 (H1)

There is a high correlation between employee satisfaction and the general leadership practice of employer organization and between employee satisfaction and the leadership style of direct supervisor (r≥0.5).

Status: Proved hypothesis.

Note: Between the respondents satisfaction and the general leadership practice there is a very high r=0.705), while between satisfaction and the behavior of direct supervisor there is a high (r=0.633) correlation.

Hypothesis 2 (H2)

There is a high correlation between employee satisfaction and the nature of their work, as well as between the satisfaction and employees' career development opportunities. (r≥0.5).

Status: Proved hypothesis.

Hypothesis 3 (H3)

There is no significant difference between the satisfaction of men and women.

Status: Proved hypothesis.

Hypothesis 4 (H4)

Between employee satisfaction and their organizational commitment there is a very high (r≥0.7) correlation.

Status: Proved hypothesis.
Hypothesis 5 (H5)

The satisfied and dissatisfied Hungarian employee groups are divided by the following factors (partial satisfactions): satisfaction with leadership style, with career development opportunities, with compensation, with organizational communications, with co-workers and with the nature of work.

Status: Partly proved hypothesis.

Note: the satisfaction of the analyzed employee segment is mainly influenced by the following factors: leadership style, career development, person-job fit, compensation, organizational communication and interpersonal relations among co-workers. So the nature of work is not an independent factor, but it determines satisfaction through person-job fit.

3.6. New scientific findings

On the basis of my examinations, I can outline the following novel and original scientific findings:

1. After the specific literature review I originally classified the antecedents and consequences of employee satisfaction.
   I classified the antecedents of employee satisfaction into four categories: work-related, organizational, individual and external environmental factors. The consequences of employee satisfaction are classified into individual and organizational consequences.

2. After the literature review and the results of the “What’s working 2006?” research I determined the characteristics of the satisfaction of employees working in partly or mainly foreign-owned small and medium sized manufacturing companies in Hungary.
   - The correlation between compensation system and employees' satisfaction is higher than expected. (r=0.674).
   - The correlation between interpersonal relations among co-workers (teamwork) and employees' satisfaction is higher than expected (r=0.575).
   - The correlation between person-job fit and employees' satisfaction is higher than expected (r=0.534).
   - Between demographic factors and employee satisfaction there is no, or only a very weak correlation.
Indirectly, based on the characteristics of the satisfaction of Hungarian employees I have proved that external environmental factors significantly affect satisfaction.

3. After the secondary analysis of the “What’s working 2006?” research I pointed out the most important factors influencing employee satisfaction. Based on discriminant analysis I determined the factors separating the satisfied and dissatisfied Hungarian employee segments. These are: leadership style, career development, person-job fit, compensation, organizational communication and interpersonal relations among co-workers. Inside factors related to leadership style the general leadership practice has the highest impact on employee satisfaction, namely employees' perception if the company is efficiently led and how the leaders behave with their subordinates. Concerning the behavior of direct supervisor employees value the most if their department operates well and the supervisor behaves correctly with them. According to career development opportunities it is important that the organization provides opportunities for employees' complete development and they feel that they can reach their long term career goals there. The work-related and individual factors appear mixed in person-job fit. The employees' satisfaction highly depends on whether or not their job gives them opportunities to use and develop their skills. Among the elements of compensation system the fairness of pay is the most important. Within organizational communication, the open communication between leaders and subordinates, while within interpersonal relations among co-workers the most important factor is if the employer recognizes and rewards teamwork and cooperation.

4. Based on partial satisfaction data of Hungarian employees' I determined the problematic areas of domestic HR practice. According to the respondents' statements we can conclude that the employees are the least satisfied with the following HR areas: the possibility to use flexible working arrangements, the elements of compensation system, the employer's communication practice, the career development opportunities, the general leadership practice and the behavior of the direct supervisor, the interpersonal relations with co-workers and the reward of teamwork. These areas are important to the employees, but small and medium sized, partly or mainly foreign owned manufacturing companies in Hungary do not pay enough attention to them.

5. Based on the information about conduction and achieved results of the “What’s working 2006?” survey I pointed out the following methodological lessons about employee satisfaction surveys:
- It would be worth including large companies into the sample, as the knowledge about satisfaction of Hungarian employees working in large companies may be very valuable for Hungarian HR professionals.

- During the process of survey design special attention has to be paid to the determination of the number of analyzed items, since a questionnaire that is too large may easily discourage the inexperienced respondents. It would be practical to distribute evenly the questions concerning different antecedents (work-related, organizational, individual, external environment). The overestimation of questions concerning certain factors, as well as leaving out others may reduce the value of the research.

- During a future employee satisfaction survey, attention should be paid to the factors of external environment too. It has been proved that the economical, technological and cultural environment affects employee satisfaction, too. In Hungarian employee satisfaction surveys special attention ought to be paid to the most important factors affecting satisfaction. The partial satisfaction concerning leadership style, career development, person-job fit, compensation, organizational communication and interpersonal relations among co-workers have a significant effect on global satisfaction of Hungarian employees.

- Data processing is to be done with scientific thoroughness. Only results based on detailed, adequate organization-level statistical data processing will contribute to HR decisions efficiently increase employees' satisfaction.
4. CONCLUSIONS AND SUGGESTIONS

4.1. Conclusions

After the analysis of the formation of employee satisfaction I state that it takes shape based on work-related, organizational, individual and external antecedents. Throughout individual and organizational consequences its measure determines individual, organizational and nation-wide well-being. As in methodological sense employee satisfaction is a construct, possible to evaluate only indirectly through studying other phenomena, its measurement is a very complex task. The most popular method to estimate employees' global and partial satisfaction is surveying, using attitude scales.

Based on the scientific analysis of the “What's working 2006?” research results I have proved that the satisfaction of Hungarian employees working at small and medium sized, partly or mainly foreign-owned manufacturing companies is the mostly affected by organizational factors, especially leadership style, career development, compensation, organizational communication and interpersonal relations among co-workers. The work-related and individual factors have a mixed effect on satisfaction in the form of person-job fit. The elements of external environment have an impact on employee satisfaction, too. Among the possible consequences the organizational commitment is in the highest correlation with satisfaction.

Based on the results of the “What’s working 2006?” survey I pointed out the favorable and also the problematic areas of Hungarian HR practice. The majority of employees are satisfied with their work environment and work conditions, they do not experience conflict between work and family, and perceive the nature and stability of their work to be acceptable. About half of the employees are satisfied with the leadership style of their direct supervisor, with the interpersonal relations among co-workers and with the opportunities and rewards of teamwork.

The majority of respondents are dissatisfied with the opportunities to use alternative working arrangements, the pay level, the fairness of compensation system, provision of benefits, and the practice of organizational communications. Less than half of the respondents are satisfied with the performance evaluation system, the career development opportunities provided by the employer and the dominant general leadership practice.

After the secondary analysis of survey data I have pointed out the characteristics of the analyzed employee-group-satisfaction. Between employee satisfaction and the following factors there is a higher correlation than it could
be have been presumed based on the literature review: compensation system, interpersonal relations among co-workers and teamwork, person-job fit. However, between satisfaction and demographic factors there is a weaker relation than supposed.

The precondition of employee satisfaction is the optimal fulfillment of their human and existential needs. It is the responsibility of HR professionals to work out an employee-centered systematic HR practice and adequate training for line managers to be able use adequate leadership style. To ensure employee satisfaction and operational efficiency HR has to become the strategic business partner of top management. This is the only way to figure out operational strategy focusing on human resources, HR strategy and operational leadership based on this ensuring organization’s performance and employee satisfaction at the same time.

4.2. Suggestions

Based on the secondary analysis of the “What's working 2006?” survey data and the results of this dissertation I suggest the following HR actions to increase the satisfaction of the examined employee segment and methodological proposals to eliminate the limits of the present research.

In order to improve the problematic HR areas and to improve factors affecting the satisfaction of employees working at partly or mainly foreign-owned small and medium sized manufacturing companies in Hungary the following HR actions are suggested:

1) **Human resource planning** shall pay attention to determine the adequate number of employees, because their overload may significantly reduce the individual and organizational performance and employee satisfaction, too.

2) During the process of **job design** it is important to define interesting, challenging and autonomous **work task**. Beside that it is important to introduce **alternative working arrangements**, especially telecommuting and flex-time which makes it possible to balance employees’ work and family duties. The **teamwork** is important but not enough precondition of satisfaction, it is necessary to recognize and reward employees who are the most successful in teamwork and cooperation.

3) With **staffing** the **selection** of adequate candidates is very important as employees appreciate tasks fitting to their skills and interests. The selection of leaders may be a key factor of employee satisfaction as the behavior and leadership style of the direct supervisor has a significant effect on it. In
order to choose the best leaders multi-step interviews and assessment centers are recommended to investigate if the candidate is competent for it, are his/her leadership ideas in harmony with organizational goals and values.

4) During **performance evaluation** it is important to be objective and give a feedback to employees about their performance. The result of performance evaluation and the feedback has to assist employees to reach better future performance.

5) Inside the **compensation system** *fairness of pay* has the most significant effect on employee satisfaction. So it is important to introduce systematic performance evaluation and performance-based pay. The employees have to be familiar with the determination of their pay level and to obtain answers to questions concerning their compensation. The individual, group and organizational-level incentives may increase not only employees' performance but their satisfaction, too. Among the possible benefits, the introduction of flexible benefits (cafeteria plan) and pension plans are recommended.

6) The **human resource development** may have a key role in employee satisfaction. The employees’ *training and development* are equally important HR tasks. In order to keep the most competent employees, organizations have to develop their skills and knowledge and to provide possibilities to reach their long term career goals. The *training of leaders* is a specific role of HR function. It has to assist *top managers* to develop general leadership style which contributes to employees’ perception of a well-led organization, where leaders have understanding towards workers’ problems and take care of their well-being. The *line managers* have to attain employee-centered management techniques which assure adequate department-level performance, too. It is the task of HR managers to pay attention if leaders behave fairly with their subordinates, if they give regular formal and informal feedback to them and if they design challenging work task and send them to trainings which insure the development of employees’ skills. It is important because the inadequate behavior of supervisors may ruin the positive effects of adequate organizational-level leadership practice.

7) Inside **employee relations** the development of appropriate organizational-level communication practice is the most important. The employee satisfaction significantly depends on whether they perceive that their supervisors communicate openly with them, whether leaders inform them about relevant issues and whether they try to understand their subordinates’ views and opinions. The participation is closely related to areas important in workers’ satisfaction: communication, leadership style and autonomous work tasks. It would be necessary to use participative leadership style
everywhere where it is possible and to involve employees into the decision making processes.

The above actions will probably not only increase employee satisfaction, but through this improve their individual performance, commitment, organizational citizenship behavior and reduce their intention to leave and counterproductive behaviors, so thus indirectly improve the performance of the organization as a whole.

To eliminate the limits of this research, during a future Hungarian employee satisfaction survey it will be advisable to include into the nation-wide representative sample the service-segment and state employers, as well as large manufacturing companies. Only the scientific sampling may insure authentic, valid and reliable data about the level and characteristics of employee satisfaction in this country.

Apart from a nation-wide analysis, the industry, region and organization-level evaluation may provide valuable information, too. It will be important to pay more attention to individual factors influencing employee satisfaction. Detailed analysis based on the respondents’ personality, gender, age, education, family status, interests, after-hour activities may result in useful information about satisfaction of certain employee groups. The data based on the nature of work may provide data for job design and organization of work processes. The above presented data may provide information for more adequate staffing and career development decisions, too.

According to my opinion it will be useful to measure not only employees’ attitudes and factors influencing their satisfaction, but the employer organizations’ leadership style and different aspects of HR practice, too. For the analysis of the consequences of satisfaction it is important to have objective data about workers’ individual performance and well-being, just like about organization-level performance indicators. The gap between the real situation and employees’ perception indicates inadequate organizational culture and leadership style and imperfect communication practice.

Based on the most important factors influencing employee satisfaction in Hungary it will be useful to organize regular pilot surveys determining the tendencies of satisfaction formation and data on the effect of organizational actions and external changes on the satisfaction of Hungarian employees.

At the end I would like to emphasize that employee satisfaction surveys may be successful only if based on their valid and reliable data the actions aiming the improvement of employees’ satisfaction are introduced without delay.
5. REFERENCES


6. LIST OF PUBLICATIONS

6.1. List of publications in the topic

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¹ The periodical Strategijski menadžment (Strategic management) according to the classification of Serbian Ministry of Science and Technology Development is a scientific journal, its code is M 53, while its publisher is Faculty of Economics Subotica http://scindeks-bic.nb.rs

**Articles in Hungarian language:**


**Proceeding in foreign language:**


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**6.2. List of other publications**

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2 The periodical *Anali Ekonomskog Fakulteta u Subotici* (Annals of Faculty of Economics Subotica) according to the classification of Serbian Ministry of Science and Technological Development is a national scientific journal, its code is M 52, while its publisher is Faculty of Economics Subotica http://scindeks-bic.nb.rs

3 The periodical *Ekonomske teme* (Economic themes) according to the classification of Serbian Ministry of Science and Technological Development is a national scientific journal, its code is M 52, while its publisher is Faculty of Economics Niš. http://scindeks-bic.nb.rs

29
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