How Does Job Satisfaction Affect the Job Performance of Employees?

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ABSTRACT

The paper seeks to evaluate OYO Homes & Hotels, an Indian Hotel chain that holds the position of the third-largest hospitality chain in the world. The purpose of this paper is to evaluate how job satisfaction affects the performance of employees in OYO as a service provider company. The research will be based on secondary information gathered from databases, internet and relevant information provided on OYO's official website. To fulfill the objective, the project aims to analyze the employees' main causes of job satisfaction, strategies in dealing with job dissatisfaction, and changes in performance. Finally, with the analysis, the project will establish recommendations for OYO to maximize employee performance in relation to job satisfaction.

Keywords: India, Job Performance, Job Satisfaction, Largest Hospitality Chain, OYO Homes & Hotels

INTRODUCTION

In this modern world, the majority of travelers are seeking high-quality accommodations at an affordable price. To become a strong competitor, OYO aims to provide quality service to the travelers by offering standardized rooms at budget hotels with features such as an air-condition, complimentary breakfast, and Wi-Fi with 24 hours customer service support. Since the services are fully equipped with IT, the guests can order beverages and request for room service via the OYO mobile app. In January 2020, the OYO app has been downloaded a total of 82 million times and has around 41 million customers who have checked in OYO hotels at least once. Therefore, the property owners will be provided with service training from time to time to increase their job performance. The performance of employees is highly affected by their satisfaction with their jobs which is directly affected by a few factors. OYO has always tried its best to maximize the employees' job satisfaction in achieving the company's goal.

OYO Homes & Hotels which stands for “On Your Own” is one of the world’s leading Indian hotel chains founded in 2013 by Ritesh Agarwal. He was selected by the Paypal founder in the Thiel Fellowship, a two-year program which then granted a total of USD 100,000 to pursue his start-up idea. OYO has raised multiple rounds of funding to support the company to grow and expand. In the year end of 2019, OYO has more
than 1500 franchised and leased hotels in Malaysia, Vietnam, Philippines and Indonesia. OYO aims to increase 2 millions of rooms across South East Asia by 2025. OYO mainly partners with budget hotels as well as promises to provide the same amenities and awesome experience across all its rooms. OYO’s vision is to change the way people stay away from home. OYO is currently operating in more than 100 cities in India and has expanded to Malaysia, UAE, Nepal, China, Brazil, Mexico, United Kingdom, Philippines, Japan, Saudi Arabia, Sri Lanka, Indonesia, Vietnam, the United States and more to come. As OYO expands in developing its business, OYO could provide travelers and city dwellers access to over 130,000 homes around the world. On top of that, the OYO team is always in contact and audits the hotels to understand the changes needed to standardize the property as per OYO standards and ensure the details in the partnership agreement are up to date.

OYO has also launched its mobile app that is available in both Android as well as IOS following the rise of technology to make the booking process easier and faster for their customers. Besides, the OYO room mobile app also enables OYO’s guests to order room services directly via their smartphones. This first personal room service mobile app has made OYO become one of the outstanding accommodation service providers. OYO uses technology to enhance its customer experience and this is one of the reasons that OYO is ahead of other competitors.

Other than focusing on the customer’s side, OYO also pays close attention to its employees by providing training and opportunities for career growth. OYO offers a range of employees benefits that support the employees and their family in order to make sure that they have an ideal work-life integration. Benefits provided include competitive market compensation, time off, financial security, healthcare, childcare and mostly, employee stock options. Hence, the purpose of this project is to find out whether the job satisfaction of employees could lead to better job performance, factors that affect the job performance as well as recommendations to improve the employee’s job performance.

Background of The Idea
According to Elton Mayo of the Harvard Business School, research has been conducted on the effect of various conditions on workers’ productivity. These studies suggested that changes in work conditions temporarily increase productivity which is known as the Hawthorne Effect. This finding provided strong evidence that people work for purposes other than pay, which paved the way for researchers to investigate other factors in job satisfaction (Experteer Leading Careers, 2017).

In recent years, the majority of the companies are paying attention to increase the job satisfaction of employees. This is because the companies including OYO Homes & Hotels believe that job satisfaction tends to affect the labor market behavior and influence work productivity in terms of employee's work effort, absenteeism, and turnover rate. Job satisfaction is directly reflecting how employees feel about their work. In Herzberg’s two-factor theory, intrinsic factors are factors that represent less tangible and emotional needs while extrinsic factors are related to more basic needs of the employees. According to the findings of an American psychologist, Herzberg, it has been proven that intrinsic factors tend to increase employees’ motivation while extrinsic factors tend to reduce motivation when they are absent (“Herzberg’s Two-Factor Theory”, n.d.). All of these motivations will directly affect the job satisfaction of
employees and therefore give an impact on their job performance. OYO Homes & Hotels provide both intrinsic factors which include job enrichment and skills development; extrinsic factors such as employee benefits and healthy working environment to employees.

In addition, job satisfaction is being helpful in the enhanced of organizational commitment, which will further results in improving job performance (Qureshi et al, 2019). Satisfied employees are valuable to their organizations because they could perform better and contribute to the overall goals and success of an organization (Shmailan, 2016).

According to Harper et al (2015), the purpose of the journal was to explore the relationship between general employee satisfaction and specific characteristics of the job in the health agency and to make recommendations regarding what health agencies can do to support recruitment and retention. As a summary, the journal reported information about job satisfactions of the employees in the health agencies. It can be said that there was a resource reduction and about 91 percent of all local health agencies have faced job loss mainly due toattrition. The field of public health faces multiple challenges in recruiting the human workforce for the company. High levels of employee turnover can be harmful and inimical for the company's health. In a study by Merck and Company, it is estimated that replacing an employee costs 150 percent of the individual's annual salary and benefits package. New employees will take some time to get used to the company operation and this will highly affect the job performance of employees. In this journal, job satisfaction was measured using the Bowling Green State University JIG Scale. This validated scale includes 8 descriptive words or phrases such as “makes me content” and “better than most” to determine overall job satisfaction. Workplace environment affects job satisfaction of the health agencies. The article focuses on the employees’ perception of the workplace environment and job satisfaction. However, there are also articles stated that other factors such as employee benefits and investment in employees’ skill development will also make the employees feel valued and content. Hence, this will increase their job satisfaction as well as job performance in an organization.

Employee benefits including benefits in kind are various types of non-wage compensation provided to employees in addition to their normal salaries. Sometimes work cultures are infused with high pressure and this will cause employees to become stressed as they strive to meet expectations. A national expert and speaker on employee benefits recommends that employers connect benefits programs to business goals to increase the productivity of employees (Jennifer Benz, personal communication, June 21, 2016). OYO Homes & Hotels provides a reasonable rate of salaries and a lot of benefits in kind, for instance, healthcare and childcare to make their employees feel better and thus possess the ability to focus and perform better at work.

Job enrichment provides an opportunity for the employees to complete tasks that are different from what was originally outlined in their job description (Brookins, 2009). When OYO Homes & Hotels provides its employees with job enrichment opportunities, it is challenging for the employees to stretch their skills beyond what they are used to doing at the company. They feel like they are trusted with greater responsibility and hence increase their motivation to perform better.
Skill development such as learning and training are needed in organizations because it makes employees more committed to organizations by spreading their skills and knowledge, modifying attitudes towards jobs and changing patterns of behavior in the organization (Garwin, 1993). OYO Homes & Hotels notice the importance of providing skill development opportunities to its employees, especially training that corresponds to the dynamic business environment such as helping the employees in adapting to the changing technology environment.

Working environment is a broad term which includes a physical working environment as well as psychological aspects of how the employees' works are organised and their well being. A healthy work environment makes employees feel good about coming to work, providing motivations to work towards achieving the organization's goals. On top of that, every company has its own company culture that determines its value and it usually creates a standard that employees generally follow. A great company culture could lead to productive employees and retain the best employees that can help the company to grow. Hence, the company should always create a positive and supportive workplace culture to ensure that the employees could work efficiently.

RESEARCH METHOD

This research seeks to evaluate the impact of job satisfaction on the performance of the employees of OYO Homes and Hotels. This goal will be achieved through the study of the causes of job satisfaction, strategies in dealing with job dissatisfaction, and changes in performance. On the other hand, the study shows a literature review on the studies in job satisfaction and its impact on the performance of the employees. However, this project is mainly focusing on secondary information due to the virus outbreak that restricted us from interviewing the OYO's employee. In that way, the project has two phases, the first one will be a contextualization based on secondary information gathered in databases such as journals, articles, company's official website as well as the reviews by the employees on the Internet (Glassdoor/OYO-Reviews) while the second one will be the analysis and discussion of results.

RESULTS AND DISCUSSION

Based on the review of employees of OYO Homes & Hotels from Glassdoor and 21 journals related to the topic, the top four factors that will affect employees' job satisfaction are employee benefits, job enrichment, skill development and a healthy working environment.

Employee Benefits
According to Khan A.H. et al (2012), employee benefits such as remunerations are important to employees as they will only feel satisfied when they are satisfied with the pay that is given by the organization. Employee benefits, also known as perks and fringe benefits, are offered to employees far beyond salaries and wages. For instance, the employee benefits consist of overtime, medical insurance, vacation, profit sharing, retirement benefits, and others. According to the data from EBRI's 2018 Health and Workplace Benefits Survey, indicate that employees are generally satisfied with their current benefits package. Over one-half of employees (51 percent) who are very or extremely satisfied with their benefits and another 30 percent are somewhat satisfied.
Besides, the study finds that employee satisfaction with benefits relates to overall job satisfaction. As this study indicates that employees who are very or extremely satisfied with their benefits also ranked job satisfaction as very or extremely high.

OYO Homes & Hotels official website has stated that the organization offers employee benefits to their employees which are competitive market compensation, financial security, healthcare, time off, childcare and employee stock options. OYO Homes & Hotels offered competitive market compensation means that they provide salaries and wages that are at market rate or above. Money sometimes is the main cause of job satisfaction in an organization, when employees spend many of their waking hours in the workplace, they need more money than to satisfy them (Ekechukwu & Ndulue, 2016). Thus, the employees are satisfied with their salaries and wages and it will also lead to job satisfaction. Financial security refers to employees having enough income to cover their expenses such as emergencies and others. According to the Business Today (2020), OYO Homes & Hotels claims that they provide enough financial security to their employees, every employee including the probational staff has been given notice period and at least one month of compensation. Whenever their employees have any emergencies, OYO Homes & Hotels will provide monetary compensation to their employees as they want to make sure their employees have enough liquidity in their bank accounts.

Furthermore, healthcare is also one of the employee benefits provided by OYO Homes & Hotels. OYO Homes & Hotels provided healthcare also known as medical insurance to the employees and their family members. According to the Economic Times (2019), OYO Homes & Hotels was partnered with ACKO General Insurance Company to design a free insurance product that also included medical insurance for employees without any charges on distributor commission. Additionally, OYO Homes & Hotels also offered time off for their employees which included sick leave, public holidays, maternity or paternity leave, emergency leave, and others.

OYO Homes & Hotels also provide childcare for their employees. OYO Homes & Hotels have in-house day-care services named ‘Little O’ at their corporate office Gurugram, India, which is operated by Klay, India’s largest and most trusted pre-school and day-care facilitators. ‘Little O’ is well equipped with a play area, comfortable beds, and the responsible staff to take care of the children needs. Further, OYO Homes & Hotels also provided a reimbursable monthly allowance for OYO parents over the country who utilize other day-care services for their children. Another employee benefit that is provided by OYO Homes & Hotels is employee stock options. Employee stock options are a type of equity compensation granted by companies to their employees and executives. According to Economic Times (2018), OYO Homes & Hotels’ board of directors had approved a new employee stock ownership plan called ESOP Plan 2018. In 2018, OYO Homes & Hotels have 8,893 stock options of the company and they claim that this benefit is aimed to motivate their employees by offering them chances to enjoy the benefits from the growth of OYO Homes & Hotels.

Consequently, according to EBRI’s 2018 Health and Workplace Benefits Survey, employees who are very or extremely satisfied with their benefits also ranked job satisfaction as very or extremely high. Thus, it can conclude that the more the company provides employees benefits to the employees, the higher the employee satisfaction will be, which will lead to high performance from the employees and finally it will also
increase the company's overall profits and revenues. Besides, based on the journal by Benjamin Arzt of "Fringe benefits and job satisfaction", it mentioned that fringe benefits are significant and positive determinants of job satisfaction. Therefore, the findings from this journal have proven that employees' benefits are one of the variables that can increase job satisfaction.

Job Enrichment
According to Choudhary (2016), job enrichment has become a fundamental tool for management in improving employee's motivation as well as to increase their job satisfaction. Job enrichment refers to a general motivational technique used by an organization to add a feeling of satisfaction derived from work itself. Structured jobs make people feel like human beings rather than units of production and that the pressures arising from the obvious discrepancies between social and technological changes are reduced (Walsh, 1974). This means that the organization gives a representative extra duty previously reserved for their manager or other higher-ranking positions. Job enrichment is given the employees to have more responsibility, the employees may have the chance to learn new skills such as decision making and problem-solving. Job enrichment can be viewed as a direct application of job analysis. When a job is enriched then the job description will increase in quality and also change the job specification needed to fill or run a job (Marta & Supartha, 2018).

OYO Homes & Hotels is a company that operates in over 100 cities in India and over the world, thus OYO Homes & Hotels is using empowerment to manage their employees. Empowerment refers to the authority or power given to someone to do something. Employee empowerment has a positive and significant effect on work motivation (Marta & Supartha, 2018). Job satisfaction will be increased when empowerment is given, thus increasing their job performance. For example, in January 2020, OYO Homes & Hotels appointed Raj Kamal as Chief Operating Officer of its Vacation Homes business in the United Kingdom and Europe. OYO Homes & Hotels have given their authority of one location to someone to manage a part of their business. An enriched job offers more autonomy and freedom in executing the related responsibility and adds variety and challenge to an employee’s daily routine (Akinlabi et al., 2017). When employees are given authority or power, they will appreciate it, satisfied with their job and increase their job performance.

Besides, job security is also one of the factors that lead to job satisfaction. Organizations can provide a sense of security through honest communication and transparency about the company's health and long-term viability (Henry & Theresa, 2016). However, based on the review of OYO Homes & Hotels through Glassdoor, the organization lacks job security for its employees. The previous employees reflected that they can be fired if they were not performing well due to a lack of job security. Therefore, the employees are stressed about their job and this will increase employees' dissatisfaction as well as affect their job performance.

Skill Development
According to Abuhashesh et al (2019), the management should focus on training and skill development so that employees can keep pace with new technologies and the current market. If employees can carry out all the business processes in an organization, employees will feel satisfied with the current working condition and reflect on a better job performance. Skill development is a process given by an organization to
its employees to identify the skill gaps and develop the skills that they need. A professional approach can also enable employees to improve their career development. Skills are the keys to raise productivity and performance (Yasin 7 Kunjiapu, 2015). Skill development will fulfill employees’ expectations of the soft skills that they wish to learn throughout the working routine.

In 2016, some news on Times of India stated that OYO Homes & Hotels launched a skill training institute in Gurgaon to train and certify industry. This skill training institute provides a platform for employees to improve their hard and soft skills. Soft skills used to indicate personal transversal competences such as social aptitudes, language and communication capability, friendliness and ability of working in a team and other personality traits that characterize relationships between people (Cimatti, 2015). Throughout the training, employees will have a recognition of prior learning informally and on-the-job learning. As OYO Homes & Hotels always approaches the latest technology, the launching of a skill training institute will help employees adapt to the new technology environment. OYO Homes & Hotels aims to motivate their employees to increase their job productivity. Throughout the skill training, employees can charge-up themselves and at the same time will seek out new ways or a more suitable way to design their work to improve their job performance. Besides, a chance for employees' self-development will also be given to increase their job satisfaction.

Moreover, adequate knowledge and information about their roles and the products or services they are providing help employees perform better on the job, thus, making them better equipped to assist customers (Abuhashesh et al., 2019). Throughout the skill training program, employees can improve their communication skills. Communication skill is very important in OYO Homes & Hotels as the employees need to communicate with their customers. Good communication skills will help employees to deal well with customers. As a result, employees can increase their productivity and commitment. Improvement in soft skills will build confidence and it can ensure that employees' expectations towards jobs will be satisfied. The result of study illustrates that as learning and training (skill development) positively correlated with the level of job satisfaction, industrial worker's perspective on learning could impact their level of job satisfaction in a greater magnitude (Phonthanukitithaworn et al., 2017). This proves that skill development can impact the level of job satisfaction of employees of OYO Homes & Hotels.

Healthy Working Environment
A healthy working environment defines a positive working atmosphere in the workplace which will bring motivation for employees to perform better. Positive values can solidify goals among employees and it creates a healthy company culture in the organization. Company culture characterizes an organization as it is a set of shared goals, attitudes and practices. Teamwork and work life balance are important to build a healthy working environment in an organization. According to Miah, 2018, teams are playing a more noteworthy part in business as organizations are searching to level their structures and drive required alterations of their business forms and organizational culture. It has a positive effect on employees’ emotions and their job performances.

Based on the employees’ review from Glassdoor, OYO Homes & Hotels show a healthy working environment. Teamwork is existing among employees as they have a common set of goals towards the organization. Teamwork requires a significant
comprehension of group dynamics and the approaches wherein a group's specific "personality" turns out as the people gather a record of cooperating. An inordinate execution work environment has practical experience in developing individuals' impact at the business and the impact of strategies, methodologies, the surrounding and age and instruments that improve their jobs (Miah, 2018). The linkage between employees enables them to work together to increase work efficiency. OYO's employees are more content at work when they find that they can easily work together with their co-workers. A good relationship between subordinates and staff will decrease the appearance of feelings among employees, thus decreasing their dissatisfaction. In this way, it could create a better working atmosphere for OYO's employees meanwhile lessening the overall burden of a task in general.

Wellness and lifestyle are also vital elements in a healthy working environment. Quality worklife is important in an organization as it has a direct relationship towards job satisfaction, hence affects employees' job performance. However, according to the review of employees in OYO Homes & Hotels through the Internet, the organization has a lack of work-life balance. This is because they need to work even during the holidays and sometimes they are required to work for overtime. This factor will increase employees' dissatisfaction which will lead to poor job performance. However, the perception of working hours would be different from person to person. An ambitious and enthusiastic employee may prefer to work overtime to get extra paid. This situation varies for everyone. The results of the research showed that the work environment has a positive and significant effect on employee job satisfaction which means that the working environment is one of the important variables that can increase job satisfaction (Suharno et al., 2007). Therefore, this can prove that a healthy working environment is one of the variables to increase job satisfaction of OYO Homes & Hotels' employees.

CONCLUSIONS

We conclude that job satisfaction is important in all organizations both in small and large businesses. The findings of 21 journals have proven that employees with high satisfaction do perform better and contribute to the overall success of an organization. This is mainly because job satisfaction is highly influential in creating a congenial and enjoyable working environment which can result in a boost in productivity in OYO especially in gaining customers to obtain profit. On the other hand, it helps attain employees as they enjoy their working environment thus reducing the turnover rate of employees and employers as well. OYO Homes & Hotels have also undergone job enrichment which enables employees to gain experience in other fields and prevent soullessness in doing the same task repeatedly. However, lacking job security in OYO Homes & Hotels causes dissatisfaction among employees as they might be fired when they are not performing in the organization. This will lead to a stressful working environment which will eventually affect their job performance. We can also conclude that OYO Homes & Hotels have created great benefits to be relished by their working force such as medical benefits and childcare benefits. To improve the skill development of the employees to better attend their customers, OYO Homes & Hotels have taken steps such as launching a skill training institute in Gurgaon to enhance more and create a good bond among the employees. As they work better among each other, the better it is for the organization to sustain its long-time goals and objectives. Hence, building an important working environment strives for better job satisfaction among the working force of OYO Homes & Hotels. OYO Homes & Hotels need to take creative
measures into improving the job satisfaction of the organization for better business working days and generate a large number of profits in the competitive service industry as well as ensuring the right people are selected for the right position which will help to foster employee engagement.

Recommendations
The first recommendation for OYO Homes & Hotels to improve the job satisfaction of employees is OYO should engage with different types of personality in their employees. As workforce demographics shift and global markets emerge, workplace diversity inches closer to become a business necessity. Diversity is important as it allows diverse idea exchange, their unique perspectives often lead to greater creativity. When employees come from different backgrounds, the workplace in OYO has a combination of characters. Hence, OYO should take initiative to understand their employees and find out what works to satisfy them. OYO should be supportive and show concern as well as compassion to their employees to show that OYO does not only care about the progress of the company but also care about the well-being of its employees.

Secondly, OYO should organize more team building activities that are both fun and challenging. This is one of the efficient ways to improve the internal communication among employees enabling them to cooperate and work well with one another. This leads to an increase in job satisfaction as employees rated their communication with their supervisor 80 percent positively, and 20 percent negatively affecting them. This 20 percent negatively-rated communication affects five times more toward employee’s mood which is more than positively-rated communication (Cheng et al., 2017). OYO can organize team building activities to improve communication and problem-solving skills as an individual or as a team. Team building activities do not have to be all about the company itself, it can be a volunteering or charitable event. By doing this, it brings employees closer on a personal level as well as increases OYO's reputation in the business world. Social gatherings such as barbecue night at the end of a workweek or project may sound uninspiring but it could create staff engagement and indirectly encourage team spirit. This will make OYO's employees feel satisfied and worth contributing efforts to their work as well as lead to effective communication between employees.

Thirdly, OYO should use the performance-based pay strategy which means that employees are paid with the basic salary in addition to incentives or bonuses given based on their performance. This will provide an employee with extra motivation to do his job to the very best of his ability. It is an effective way to align a worker’s incentive to earn additional monetary bonuses with the goals of the company. OYO can implement this with the help of the Human Resource Department to monitor and evaluate the performance of employees based on OYO’s standard to avoid biases.

REFERENCES


