

The Impact of Job Satisfaction on Employee Retention and Productivity in Companies

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Abstract

This study aims to explore the relationship between job satisfaction and employee retention and its impact on productivity in Indonesian companies. The background of this study is based on the high level of employee turnover in various sectors which causes a decrease in workforce stability and company productivity. A library research approach is used to analyze related literature, focusing on factors such as motivation, work-life balance, and organizational policies that affect job satisfaction. The results of the study indicate that job satisfaction plays an important role in retaining employees, which ultimately has an impact on increasing company productivity. These findings provide insights that companies can use in designing more effective human resource management strategies.

Keywords: *Job Satisfaction, Employee Retention, Productivity, Human Resource Management, Employee Turnover*

Abstrak

Penelitian ini bertujuan untuk mengeksplorasi hubungan antara kepuasan kerja dengan retensi karyawan dan dampaknya terhadap produktivitas di perusahaan Indonesia. Latar belakang penelitian ini dilandasi oleh tingginya tingkat turnover karyawan di berbagai sektor yang menyebabkan menurunnya stabilitas tenaga kerja dan produktivitas perusahaan. Pendekatan library research digunakan untuk menganalisis literatur terkait, dengan fokus pada faktor-faktor seperti motivasi, keseimbangan kehidupan kerja, dan kebijakan organisasi yang mempengaruhi kepuasan kerja. Hasil penelitian menunjukkan bahwa kepuasan kerja berperan penting dalam mempertahankan karyawan, yang pada akhirnya berdampak pada peningkatan produktivitas perusahaan. Temuan ini memberikan wawasan yang dapat dimanfaatkan perusahaan dalam merancang strategi manajemen sumber daya manusia yang lebih efektif.

Kata Kunci: *Kepuasan Kerja, Retensi Karyawan, Produktivitas, Manajemen Sumber Daya Manusia, Turnover Karyawan.*

Introduction

In the era of globalization, business competition is getting fiercer in all industrial sectors, which encourages companies to continue to increase productivity and retain talented workers. The global phenomenon shows that high employee turnover rates are one of the major challenges in many companies around the world. A report from (World Economic Forum, 2022) noted that more than 30% of

employees in developed countries consider leaving their jobs within 12 months, driven by job dissatisfaction and the desire for better conditions. In Indonesia, a survey (World Bank, 2021) showed that more than 40% of companies in the manufacturing sector have difficulty retaining productive workers due to low levels of job satisfaction.

This article is located on exploring the relationship between job satisfaction and employee retention and its impact on productivity in the context of Indonesian companies. While many previous studies have focused on one aspect, such as retention or productivity alone, this study tries to explore the relationship between job satisfaction, retention, and productivity holistically. This is expected to provide a more comprehensive understanding of the dynamics of work within the company.

This article is increasingly high, considering the challenges of the global economy that force companies to maintain workforce stability, reduce new recruitment costs, and increase productivity in order to compete effectively. Failure to manage employee satisfaction can lead to the loss of talented talent and lower organizational performance. Therefore, understanding how job satisfaction contributes to retention and productivity is key to creating an effective human resource management strategy.

However, companies still face major challenges in measuring and understanding the extent to which job satisfaction directly impacts retention and productivity. Several studies have suggested that low work motivation, mismatch between employee expectations and organizational policies, and work-life imbalance are the main causes of job dissatisfaction (Robbins & Judge, 2019). However, there is still a research gap that discusses the extent to which these factors correlate with productivity that can be measured quantitatively. Therefore, this approach uses a library research method to analyze related literature, explore existing studies, and identify key findings that can provide new insights for companies.

The purpose of this study is to: (1) explore the relationship between job satisfaction and employee retention, (2) analyze the impact of employee retention on company productivity, and (3) provide recommendations based on relevant empirical findings to improve job satisfaction in order to maintain company

performance.

Theoretical Basis

1. Definition of Job Satisfaction

The discussion of job satisfaction needs to be preceded by the assignment that the problem of job satisfaction is not a simple matter, both in terms of its concept and in terms of its analysis, because job satisfaction has various connotations. According to Siagian (2011:295), job satisfaction is a person's perspective, either positive or negative, about their work. According to Handoko (2010:193), job satisfaction is a pleasant or unpleasant emotional state with which employees view their work. (Simanjuntak, Nadapdap, & Winarto, 2017)

According to Locke (1976) as quoted by (Robbins and Judge, 2019), job satisfaction is a pleasant or positive emotional state that results from an assessment of one's work. Job satisfaction includes not only emotional aspects, but also cognitive involvement, such as how individuals view working conditions, salary, relationships with coworkers, and roles and responsibilities.

2. Job Satisfaction Theories

In determining the benchmark for job satisfaction, theories are needed as a reference that can explain a person's behavior in job satisfaction. Theories can be used as a basis for consideration in assessing employee behavior in satisfaction and dissatisfaction with their work. According to Wijono (2015) quoted by (Rahmadhani & Priyanti, 2022), there are three theories of job satisfaction, namely:

1) Discrepancy Theory

Satisfaction and dissatisfaction are seen from two considerations, namely

- a. The perceived discrepancy between what the individual wants and what is received in reality; and
- b. How important is the work desired by the individual (Aji & Aravik, 2023).

2) Model of Field/Section Satisfaction (Face Satisfaction)

An individual's job satisfaction with a particular field/section of his/her job. Individuals who can accept and carry out their work happily in the field/section that they perceive, then the results will be the same as the amount they perceive from

what they actually receive

3) Opponent-Process Theory.

The theory of conflicting processes explains the emotional conditions in satisfaction and dissatisfaction. Individuals who achieve success in their work will feel happy and after a while the feeling of happiness will decrease causing the individual to fear failure.

3. Factors Affecting Job Satisfaction

1) Work Environment

A comfortable work environment, both physically and psychologically, can affect employee satisfaction. A study by (Bakotić, 2016) shows that physical environmental conditions such as lighting, noise, and work atmosphere have an impact on employee performance.

2) Development Opportunities

According to research from (Noe et al., 2015), the opportunity to learn and develop through training, mentoring, and career development plays a big role in increasing employee motivation.

3) Rewards and Recognition

A fair reward system, including compensation and incentives, provides motivation for employees to continue performing well (De Gieter et al., 2018). Recognition of employee hard work also increases emotional satisfaction.

4. Impact of job satisfaction

The impact of job satisfaction needs to be monitored in linking it to the outputs it produces, for example: (Umar, 2000) quoted by (Sunan Ampel State Islamic University, Surabaya)

1) Job satisfaction with productivity

2) Job satisfaction with absenteeism

3) Job satisfaction with other effects such as physical and mental health, ability to learn new jobs and work accidents.

4) Job satisfaction with turnover

Research Methods

This study uses a library research approach to review relevant academic

literature and empirical studies. The study was conducted by collecting secondary data from scientific journals, research reports, and related publications that discuss factors that influence job satisfaction, employee retention, and their relationship to company productivity. The data collected were analyzed descriptively to explore the relationship between job satisfaction and productivity and identify key findings in various existing literature (Creswell & Poth, 2018). This study includes theoretical and empirical approaches from literature originating from various reliable sources to provide a comprehensive picture of the relationship between the variables studied

Results and Discussion

The results of the analysis show a positive correlation between job satisfaction and employee retention. Employees who feel appreciated, have career development opportunities, and work in a supportive environment tend to be more loyal to the company, as concluded by research (Chi et al., 2020). This high retention is related to increased productivity, because experienced workers can work more efficiently than new workers who need time to adapt (Harter et al., 2017). In addition, companies with high levels of job satisfaction tend to experience lower turnover, thus saving costs on recruiting and training new employees.

Increased job satisfaction also has an impact on employee commitment and engagement. When employees feel heard and involved in decision-making, their level of engagement in their work increases, which directly contributes to the company's productivity (Macey & Schneider, 2019). Rewards given not only in financial form, but also non-financial recognition (Aravik, et.al, 2021), such as public praise or opportunities to contribute more, have been shown to strengthen the relationship between management and employees (De Gieter et al., 2018).

In addition, research by Bakker and Demerouti (2017) shows that work-life balance is also an important element. Employees who feel they have the flexibility to organize their work hours tend to be more satisfied and loyal to the company. Policies such as work-life balance programs can increase employee satisfaction, reduce stress, and minimize the risk of burnout. Another factor that contributes to employee retention is an inclusive and supportive work environment. Open communication between managers and employees, as well as a work culture that

encourages innovation and collaboration, create a positive work atmosphere. A study by (Macey & Schneider (2019) emphasized the importance of constructive feedback and recognition of employee achievements in building long-term loyalty. Overall, the results show that efforts focused on increasing job satisfaction have a significant impact on employee retention and company productivity. Strategies that prioritize employee well-being have been shown to strengthen the relationship between the company and its workforce, creating a healthy and productive work climate. Thus, investing in employee development and a conducive work environment is a must for companies that want to achieve competitive advantage in the era of globalization.

Conclusion

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