The Impact of Employee Satisfaction and Individual Performance on Corporate Performance: A Field Study on Education and Health Sectors

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Today, a competitive global dimension has forced companies and organizations to survive, compete, and use resources efficiently and productively. The most important resource possessed by organizations and companies is human asset, and employee performance and productivity plays a key role in the success of firms and organizations. Job satisfaction or employee satisfaction must be at a higher level in order for an employee to deliver high performance and efficiency. Work is a part of human life and people spend a high percentage of their lives in work environments. To measure the relationship between employee satisfaction, individual performance, and Corporate performance, a survey was conducted in the education and health sectors through questionnaire. The study was conducted in Nigeria, an African country, and the limitation of the research is that it was conducted using only a small Session of the country (Abuja, the nation’s Federal Capital Territory). The employees selected for the study were people of different nationalities, which added diversity to the study. Within the scope of the study, each individual was asked a total of 45 questions, divided into 3 Sessions, and the questions were prepared according to likert scale of 5. The scale used in the study was prepared by Prof. Halil Zaim. The following results were obtained from the study; there is a positive and statistically meaningful relationship between Employee Satisfaction, Individual Performance and Corporate Performance. For Employee Satisfaction and Individual Performance, the impact on corporate performance is 39.2%. In other words, an increase in employee satisfaction and individual performance variables affects corporate performance by 39.2%.

Key words: Individual Performance, Corporate Performance, Employee Satisfaction

INTRODUCTION

The employee satisfaction concept was introduced for the first time in the 1920s, but began to be widely used in the 1940s. There are two reasons why the concept is important; the first is the life satisfaction that directly affects the spiritual and physical health of the individual. The second is related to productivity. Job dissatisfaction affects the employee negatively and leads to low performance (Akşit & Aşık, 2010). Herzberg argues that the two factors that determine the behavior of the individual in relation to work are unsatisfactory and satisfactory factors. Unsatisfactory factors (also called outdoor factors) include; security, salary, organizational
politics. Satisfactory factors include; individual acceptance, responsibility, development of individuals. These factors are known as job satisfaction (Ünalan et al., 2006).

It is observed that employee satisfaction has been the subject of research in the researches conducted in previous years under job satisfaction. In general, employee satisfaction is expressed as satisfaction of the individual, both from the workplace and from the business. Locke (1976) expresses the concept of employee satisfaction as a satisfying and positive situation that emerges after evaluating an individual's work or work experience (Davras and Gulmez, 2013).

According to Spector (1997: 6), job satisfaction, which is expressed in the literature as "employee satisfaction," is the emotions that individuals feel about their work and the results obtained at the end of the job. In addition, job satisfaction can be defined as a concept that indicates whether people like or dislike the job (Yüksel, H. and Yüksel, M., 2014). Many factors influence job satisfaction. These factors differ from culture to culture, from man to man and from society to society. The factors affecting job satisfaction in the positive and negative direction are expressed as individual factors, organizational and environmental factors. Individual factors include; the level of education, age, gender and level of work. Organizational and environmental factors comprises; working conditions, wages, managerial approaches, job characteristics, relationships among employees and the physical environment (Yüksel, H. and Yüksel, M. 2014). Job satisfaction is influenced by employee's work, feelings and thoughts about the workplace. In other words, job satisfaction includes expectations of the employee towards the workplace, attitudes and behaviors towards the job. Simply put, job satisfaction is dependent on an individual’s expectations matching the reality of the workplace (Akşit & Aşık, 2010).

Job satisfaction can be measured not only by the income earned, but by achieving the organization's objectives.

If the result of the work is satisfied with the needs of the employee, the satisfaction of the employee will increase. The meaning of the work being done for the employee, the positive and negative situation between the employee and the work, the satisfaction of the employee from that work will increase the job satisfaction. Job insecurity, which is the result of negative attitudes of the worker about the work, causes harmony problems between the stress and the group. A low level of job satisfaction leads to emotional exhaustion, later to reaction such as desensitization and low success. (Çetin and Ark, 2013)

The main basis of employee satisfaction is organizational commitment. The higher the organizational commitment of the individuals within the organization, the higher the satisfaction. Commitment can be defined as being identical with the organizations of the individuals, being integral. In other words, commitment is also expressed as the interest of individuals in their loyalty to their own organizations and their success in making the organization successful. If an organization is investing in individuals and losing staff despite this investment, then there is a problem with loyalty. For these reasons, organizations that want the satisfaction of their employees need to increase their organizational commitment first. Research has shown that organizations that have happy and satisfied employees are more successful. This is because, the way to provide excellent service to customers is to have employees who have a high level of
satisfaction. According to the survey, an average increase in employee satisfaction leads to a rise in productivity by at least 20 percent (Ileri and Soylu, 2011).

Employee satisfaction in the total quality management approach is seen as an important factor in providing continuous improvement and customer satisfaction. It emphasizes that having highly competent staff is key to producing quality products and services. In other words, if an organization’s objective is to produce the very best products, having the best staff means it is already half-way to achieving the goal. Research shows that there is a direct relationship between employee satisfaction and customer satisfaction, especially in the service sector. It is also determined that there is a direct relationship between employee satisfaction, customer loyalty and business profitability (Emhan and Gök, 2011)

Employee satisfaction is defined as the beliefs, thoughts, and emotions of individuals about the organizations they work with. As the attitudes of the employees in the human resources management process are directly influenced by the organization, there is an antagonism as an important factor. It is certain that the basis of job satisfaction is the physiological, psychological and social needs of individuals. Within these, individual needs are at the fore-front. Also, the relationship between job choice, place of work, job itself, type, level of knowledge required, purpose, physical conditions, wages, security and organizational members are emerging as important factors affecting satisfaction. (Celik, 2010)

**INDIVIDUAL PERFORMANCE CONCEPT**

Performance is expressed as the amount of goods and services produced within a defined time span. It is also expressed as a result of the interaction of the employee's ability and motivation, as well as the concepts such as "output," "efficiency," "effectiveness." Performance can also be defined as a commodity, service, or thought that occurs within the framework of a responsibility and in a manner that meets predetermined criteria, that the task is accomplished and that the goal is achieved. When we evaluate the performance concept from organizational behavior perspective, it is defined as the product that the employee gets at the end of the actions and transactions related to his work to accomplish his organizational goals. This product could be a good, service, or an idea (Helvacı, 2002).

Performance refers to making, maintaining and concluding a business or event. In the artistic sense, it is commonly expressed as being able to play musical instruments like the guitar, etc., or singing. For management activities to be carried out on an artistic scale in an uncomplicated manner, the values to be taken care of and the enhancement of performance are also assessed in this context. (Özmutaf, 2007)

In the postmodern management process, an overview of individual performance is often seen as providing data on the human resources management practices provided in the result of the measurement, with detailed measurement and evaluation of the results. Research and studies carried out emphasize the importance of continuous performance measurement in order to provide competitive advantage. Given the individual performance underlying the organizational valuation system, it will be seen how effective the individual's performance is on departmental, functional and organizational performance. One of the issues raised in the modern management
process is the creation of high-performance employees, teams and organizations (Ertuğrul and Keskin, 2012)

CORPORATE PERFORMANCE CONCEPT

Organizations that are constantly changing and challenging the competitive environment and trying to be successful today must constantly improve their performance and learn the best practices they can raise and apply them to their organization. The first step is to measure organizational performance. Over the past 20 years there has been a lot of interest in measuring performance and there has been a shift towards non-financial performance measurement rather than financial performance measurement. In addition to cost-related measures, measures to improve quality and service have begun to be taken into account. The institutional performance dimension is not only concerned with the in-house elements but also the outlook of the enterprise has emerged and has been defined as a way of achieving environmental goals, cultural perspectives, global competition, in short, satisfying all stakeholders and achieving their strategic goals. Institutional performance measures can be both financial (quantitative) and non-financial (qualitative). (Cinar, 2015)

Businesses are set up to fulfill specific objectives and tasks. The business management task is to achieve these objectives and tasks in the best possible way and achieve success. It understands what the good is in the top management performance framework. The existence and continuity of the business depends on the validity and validity of the performance understanding. Satisfactory performance levels for businesses may change over time. If the institution is successful, the satisfaction level changes upward, because partners and managers increase their expectations in the face of increased performance. Conversely, performance degradation is reducing expectations downward. Corporate performance is influenced by many factors such as human resources, strategies, production, marketing, support, supply as well as organizational structure. (Cihangir, 2014)

Institutional performance can be defined as the process of determining the priorities of the institution by taking the strategic decisions of the institutions within the scope of the strategic decisions and reaching these priorities from the senior management to the subordinate management and human resources management process and reaching the desired results. (Gazez, 2010)

As a strategic approach, organizations strive to build long-lasting relationships, maintain these relationships, and further develop. The most effective way of achieving long-term success, achieving qualified internal and external resources, is to develop relationships that are secure and continuous. At this stage, top management is important. In his work, Weaver (1999) concluded that top management played a role in accelerating the performance of the company due to increased commitment to corporate ethics theories. Businesses that attach importance to ethical values and act responsibly prefer reflective approaches instead of pragmatic approaches. Pragmatic approaches can leave businesses in a difficult situation nowadays that communication is fast. Putting together a pragmatic approach and a reflective approach, corporate awareness is developed, and a superior corporate reputation and corporate performance will emerge. (Sayli et al., 2009)
EMPLOYEE SATISFACTION - INDIVIDUAL PERFORMANCE RELATIONSHIP

When employees join an organization, they usually have specific goals and expectations of the organization, which if satisfied, result in an increase in productivity and performance. If workers' expectations are unrealistic, then the worker cannot be satisfied and low performance, absenteeism, and labor turnover increase. To increase individual performance, the task the management must fulfill is to take measures to increase the job satisfaction of employees. Along with the job satisfaction, employee satisfaction will increase and individual performance will increase (Akbal, 2010).

The employer generally expects the necessary knowledge and skills related to the job in relation to the job, the motivation supportive support and appropriate working conditions in the job. Both employers and employees want to work with individuals who are fit for their ethical values. In this mixed situation, job satisfaction is important. As a result of job satisfaction, work commitment and individual performance increase. Employee satisfaction occurs when there is a harmony between the characteristics of the job and the willingness of the employee. At the point where job satisfaction is achieved, performance improves. The performance perceived by the employee will also affect performance. As a result, job satisfaction and motivation emerge. The relationship between employee satisfaction and performance is expressed in two dimensions. Employee satisfaction is high performance and high performance brings out rewards and job satisfaction. (Balaban, 2010)

The assumptions that there is a positive relationship between job satisfaction and employee performance level have not been proven. There are approaches to the relationship between employee satisfaction and individual performance. The first of these; improve job satisfaction performance; performance increases job satisfaction, awards increase both employee satisfaction and performance. Research shows that there is no simple and direct relationship between job performance and performance at a certain time and location. Job satisfaction does not improve individual performance, but in some cases it is said that this relationship exists at various degrees. For example, it is highly probable that this relationship will occur in senior and professional employees compared to unskilled, semi-skilled or low-level employees. This relationship was revealed by Edward D. Lawler and Lyman W. Porter. Research shows that "Performance, Job satisfaction" relation is more effective than "Job satisfaction, performance" relation. (Pekel, 2001)

EMPLOYEE SATISFACTION - CORPORATE PERFORMANCE RELEVANCE

Employees whose goals and aims are in line with organizational goals tend to perform better, helping the organization achieve its goals. Because of the high performance employee, the enterprise will also improve corporate performance and productivity. (Akbal, 2010).

According to research, a high level of job satisfaction leads to an increase in competitive advantage and an increase in the overall success of the organization, together with the lack of a high level of relationship between job satisfaction and individual performance. On the other hand, according to researchers such as Carroll and Tosi (1977), a high level of job satisfaction can induce work motivation in some employees and lead them to higher levels of performance. It
is stated that the employees who want to be successful and who have reached the stage of self-
realization will be highly productive (Kök, 2006).

All customer-focused organizations have to pay attention to employee satisfaction. Regardless of
the financial, technological and physical conditions of the institution, if employee satisfaction is
not sufficient, there will be a decline in institutional performance in service quality and
accordingly customer satisfaction. A low employee commitment is a serious cost incentive for
organizations. Employees who are dissatisfied with the organization they are working for, or the
management, who are not satisfied with the remuneration they receive, are absent, late,
unproductive, and can quit the job. This can directly cause the performance of the institution to
fall (www.htaegitimdanismanlik.com).

INDIVIDUAL PERFORMANCE - CORPORATE PERFORMANCE RELATION

An increase or decrease in performance in an organization is an issue that needs to be assessed
both in an individual and an organizational sense. Individuals can come together as a team when
they work on specific issues within the organization. In this case it is possible to talk about
organizational performance. The performance of the organization is evaluated as a sign of the
performance of the individual. Individual performance change is considered to be reflected in
teams, teams and organizations, and finally internal and external team stakeholders on an
enterprise basis. (Özmutf, 2007)

METHOD

In the literature, there are conceptual studies on employee satisfaction, individual performance
and organizational performance, and empirical studies that overlook the relation between these
concepts are insufficient. In order to contribute to this research, the relationship between the
concepts in the research service sector has been examined. Our work is empirical.

Hypothesis and Model
The following hypotheses have been examined in this research.

H1: There is a strong and positive relationship between individual performance and
    corporate performance.
H2: There is a strong and negative relationship between employee satisfaction and
    organizational performance.

The model of the research is as follows.

\[ Y = \beta_0 + B_1X_1 + B_2X_2 \]

<table>
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<tr>
<th>Employee Satisfaction</th>
<th>Corporate/Organizational Performance</th>
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<td>Individual Performance</td>
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Figure 1: Employee Satisfaction, Individual Performance and Crisis Performance Model

Data collection tool

The scale used in the research was developed by Prof Dr Halil Zaim. The scale consists of 50 questions, consisting of 35 questions about employee satisfaction; 7 questions about individual performance and 8 questions about institutional performance. The questionnaire was designed according to the five-point Likert scale. \(1 = \text{absolutely no, } 2 = \text{ no, } 3 = \text{ maybe, } 4 = \text{ yes, } 5 = \text{ absolutely yes.}\) The reliability of the scale (Cronbach's alpha) was calculated as 0.948.

Working Group and Process

The research was conducted in February and March 2016 in Abuja, the Capital of Nigeria. Within the scope of the research, a hospital (Nizamiye Hospital) operating in the service sector, and a university (Nile University) were selected and data were obtained by questionnaire method. The questionnaires were distributed through random sampling; 174 conversions were made from the Nizamiye hospital with 200 questionnaires, of which 21 were not evaluated for various reasons. Nile University, which received 250 surveys, provided 192 transformations, but 153 were evaluated as data. The sample size of this survey was 306.

In the first step of the evaluation, factors were created and the reliability of the factors were tested. In the second stage, the relationship between the related factors was examined by linear regression and correlation test.

RESULTS

Regression analysis was conducted to test the validity of the research hypotheses. In the model, the dependent variable is institutional performance \((Y)\), independent variables are employee satisfaction \((X_1)\) and individual performance \((X_2)\), respectively. The coefficients \(\beta_1, \beta_2\) in the model show how much the increment of one unit in \(X_1, X_2\) will change the dependent variable \(Y\).

\[
Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2
\]

The hypotheses of the Anova test to measure the significace or not significance of this model are as follows.

<table>
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<th>Table 2: Regression Analysis Results</th>
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<td>Variables</td>
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<tr>
<td>Individual Performance</td>
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<td>Employee Satisfaction</td>
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<tr>
<td>Constant</td>
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<td>(R^2)</td>
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<td>Adj– (R^2)</td>
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Based on the above Table, there is a positive and statistically significant relationship between individual performance and institutional performance ($\beta = 0.69; \ p < 0.001$). At the same time, there was a positive and statistically significant relationship between employee satisfaction and organizational performance ($\beta = 5.13; \ p < 0.001$). H1 and H2 hypotheses are supported. As seen in Table 2, 39.2% of the dependent variable in the model ($R^2 = 392$) is explained by the independent variables. This ratio is quite good for corporate performance.

**DISCUSSION**

In today's globalizing environment, organizations are making a serious effort to retain their competitive advantage. As a result of the researches carried out, one of the biggest factors for the organizations to retain their competitive advantage was found as the 'human' factor.

According to Akbal (2010); The employees who enter into the organization with certain goals and expectations are happy when those expectations are met, thus resulting in an increase in their productivity and performance. If goals and expectations do not materialize, employees are not satisfied with work, and undesirable situations such as poor performance, absenteeism, and increase in labor turnover occur.

Research shows that high level of job satisfaction causes an increase in the level of institutional performance and consequently the success of the organization. The high level of job satisfaction results in job motivation for some employees and this leads to high productivity. It is stated that, especially, those who want to be successful and who have achieved self-actualization will be highly productive, which has an impact on institutional performance increase (Kök, 2006).

The relationship between the individual performance, employee satisfaction and corporate performance concepts in our study was examined by analyzing the data obtained from the questionnaires. As a result of the surveys, it was understood that individual performance and employee satisfaction are statistically significant and have a positive relationship to corporate performance.

The variables that affect the concept of employee satisfaction, especially the opinions of employees and their value, are the issues that managers should evaluate. Thus, employee satisfaction may be able to improve corporate performance.

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