

In What Ways are Employees Satisfied/Unsatisfied with Their Workplace?

The Effects of Wise Leaders on Employee Satisfaction in Japan

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Source of Organizational Growth

A company's growth process involves not only increased quantitative values, such as productivity and high sales, but employees' motivation and interpersonal relationships and clear decision-making are all essential factors as well. These latter often tend to be pushed aside, but if they are left to gather dust on the shelf they will eventually give rise to very tough structural problems.

For a company to achieve continuous growth, it must change its organizational structure to fit its environment and dynamically correct its strategy to adjust to the speed of its growth. Furthermore, its leaders must carry out their roles by adapting to their respective situations and environments.

In this paper I analyze the data obtained from a national employee satisfaction questionnaire, conducted by FRI's Economic Research Center in February 2011. By looking at how employees feel about their bosses and colleagues within an organization and how that affects their satisfaction level I identify several points for companies to bear in mind.

Factors Affecting Employees' Feelings & Behaviour in Workplace

The item set used in the questionnaire is based on previous studies which have conducted demonstrative analyses to prove the effects of organizational factors on job satisfaction, such as Leadership, Trust, Organizational Citizenship Behaviour, and Social Support, in the context of organization theory. We selected those people who had responded "Employed" on the national census and matched the respondents' distribution of industries to that of the census, thus allowing us to view the questionnaire responses as a microcosm of Japan. The number of total respondents was 5,023.

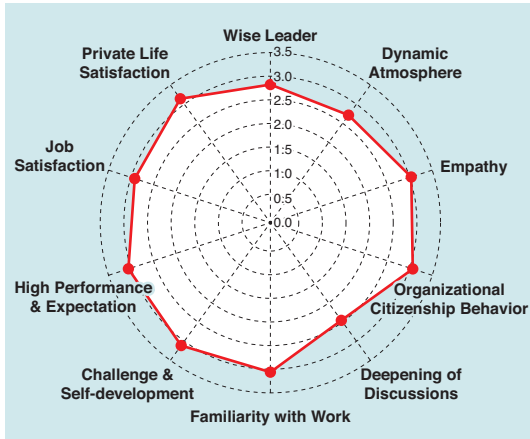
As a result of factor analysis, we found five factors that relate to the employee's external environment, i.e., workplace, such as leadership, co-workers' behaviour, and relationships with colleagues: (1) Wise Leader, (2) Dynamic Atmosphere, (3) Empathy, (4) Organizational Citizenship Behaviour, and (5) Deepening of Discussions. How do these factors affect each employee's feelings, behaviour and satisfaction? To answer this question, we used another five factors related to an employee's internal emotions: (6)

TABLE

		Question items
Satisfaction	Wise Leader	<ul style="list-style-type: none"> The boss often speaks of his/her dreams or vision of the future The boss has a positive attitude re learning even from subordinates or young colleagues if necessary The boss can provide accurate and essential knowledge to the employees The boss sets him/herself as an example The boss talks things over until employees are fully satisfied
	Dynamic Atmosphere	<ul style="list-style-type: none"> The organization seeks out new and important opportunities The organization has an exciting vision of the future The organization has clear direction The organization creates a team-focused environment
	Empathy	<ul style="list-style-type: none"> Employees help each other Employees appreciate other colleagues' achievements and abilities
	Organizational Citizenship Behavior	<ul style="list-style-type: none"> Employees exceed customers' expectations Employees have a "can do" attitude Employees take responsibility for the organization's success
	Deepening of Discussions	<ul style="list-style-type: none"> Employees have enough time to discuss projects' goals, expected results, and their thoughts with each other Employees have enough opportunities to talk with their colleagues on and off the job
	Familiarity with Work	<ul style="list-style-type: none"> Employees can explain a project's fundamentals or their organization's overall direction Employees can explain how their work relates to customers' values
	Challenges & Self-development	<ul style="list-style-type: none"> Employees set challenging goals or actively improve themselves
	High Performance & Expectations	<ul style="list-style-type: none"> The organization expects me to resolve difficult and challenging matters The organization expects me to rethink problems and to provide novel answers and ideas
	Job Satisfaction	<ul style="list-style-type: none"> Satisfaction with one's work Working for the organization offers career advantages
	Private Life Satisfaction	<ul style="list-style-type: none"> Health condition of one's family Time to spend with one's family Overall satisfaction with one's private life

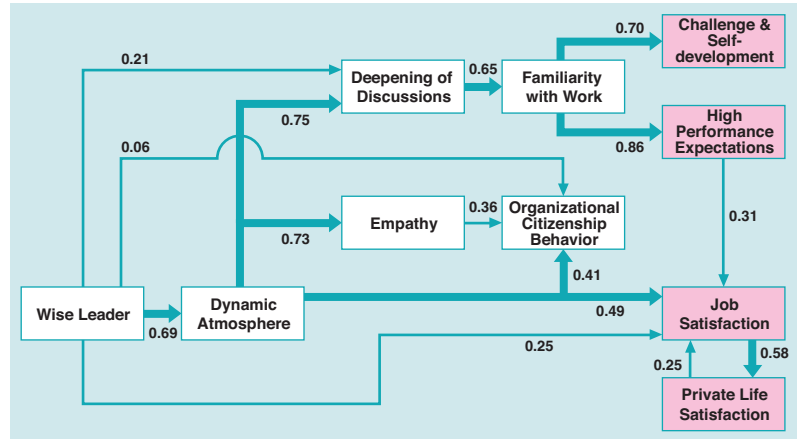
Source: Fujitsu Research Institute

CHART 1



Source: Fujitsu Research Institute

CHART 2



Note: GFI=.911, AGFI=.902, CFI=.943, RMSEA=.040
Source: Fujitsu Research Institute

Familiarity with Work, (7) Challenges & Self-development, (8) High Performance & Expectations, (9) Job Satisfaction, and (10) Private Life Satisfaction. Details of specific questions are omitted, but an outline can be found in [Table](#).

Next, looking at the average for each item in [Chart 1](#), they all tend towards the middle of the 1-5 point scale except for Deepening of Discussions, which has a slightly lower value. This tells us that many employees feel that there is not enough discussion in the workplace about the responsibilities, issues, and goals of their jobs.

There is no clear definition of “leadership.” However, a leader’s style and necessary qualities, and what achievements an ideal leader brings to his or her organization are much-discussed topics. Recently, Nonaka and Takeuchi asserted in “The Wise Leader” (*Harvard Business Review*, May 2011) that Japanese leaders’ practical wisdom helps them do what is right for their companies and society. In their paper they consider creating opportunities for and building an atmosphere conducive to discussion essential qualities of a wise leader. If so, how does a wise leader affect an employee’s feeling of a lack of discussion in the workplace?

Result: Wise Leaders Create Dynamic Atmosphere Leading to Greater Employee Commitment & Satisfaction

Using the ten concepts listed above, we looked at which ones affected the others and via which other concepts. The results are in [Chart 2](#). The arrows represent causal relationships and the numbers above them represent the magnitudes of the relationships. The chart shows that Wise Leader does not directly affect Job Satisfaction, but it does directly affect Dynamic Atmosphere. Dynamic Atmosphere further affects Empathy (employees helping each other and appreciating each other) and Deepening of Discussions. In other words, Wise Leader affects other factors indirectly via Dynamic Atmosphere.

Additionally, looking at the flow of Deepening of Discussions, Familiarity with Work Challenges & Self-development/High Performance/Expectations, we can deduce that having deeper discussions with each other leads employees to a deeper understanding of how their jobs are tied to their clients’ values, which in turn leads to self-development and better job performance.

Previous studies using data from overseas have demonstrated that the effect of Private Life Satisfaction on Job Satisfaction is greater

than the other way around, but this study shows the opposite, i.e., that as Job Satisfaction increases so does Private Life Satisfaction.

Rethinking Employee Satisfaction Post-3.11

In the above analysis, we discovered the pathways through which leaders’ performance affects employees’ behaviour and feelings of satisfaction. A Wise Leader facilitates the creation of a Dynamic Atmosphere in the workplace, which in turn has an impact on Empathy and Discussion among employees. Deep discussion helps employees become familiar with their work, and that encourages employees to challenge themselves and develop.

It is natural to assume that an employee feeling that “the organization expects me to solve difficult and challenging matters,” which we treated as the factor High Performance, is a certain type of satisfaction. The more that is expected of an employee, the more he/she will do his/her best and try to contribute to the company. Also, familiarity with their work encourages employees to set challenging goals and actively develop themselves, because the more employees know their work, the more they try to achieve.

An organization is a collection of the knowledge and feelings of individual employees. Individual-level performance and satisfaction, therefore, should be respected more as one of the sources of organizational growth.

In the aftermath of the massive earthquake and tsunamis that hammered eastern Japan, the transportation network was completely paralyzed and many employees could not go home and were forced to stay overnight at their workplaces. Furthermore, after 3.11 earthquakes and aftershocks continued for a long time, causing people to be in a constant state of fear even as they commuted to work and did their jobs.

For business organizations, the most urgent issue was to return the business environment to normal. A large number of companies changed their organizational structure or revised their long-term vision. Did these companies consider how these changes would affect the motivation and behaviour of its employees?

In this unstable society, companies must return to square one and think about what kind of leader they envisage and how that ideal leader’s actions can bring about the expected results for his or her employees.

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